



Financial Statements
June 30, 2013

Putnam City Independent School District No. 1

Putnam City Independent School District No. 1

Table of Contents

June 30, 2013

Independent Auditor’s Report.....	1
Management's Discussion and Analysis (Unaudited).....	4
Financial Statements	
Statement of Net Position - Regulatory Basis	9
Statement of Activities - Regulatory Basis	10
Balance Sheet-Governmental Funds - Regulatory Basis	11
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds - Regulatory Basis.....	12
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds - Regulatory Basis.....	13
Notes to Financial Statements	14
Other Supplementary Information	
Budgetary Comparison Schedule – General Fund (unaudited)	26
Notes to Required Supplementary Information.....	27
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis	28
Combining Statement of Revenues, Expenditures and Fund Balance – Other Governmental Funds – Regulatory Basis	29
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis	30
Combining Statement of Revenues, Expenditures and Fund Balance – Other Capital Projects Funds – Regulatory Basis	32
Budgetary Comparison Schedules – Building and Child Nutrition Fund (unaudited)	34
Combining Statements of Changes in Assets and Fund Balances – All Activity Funds	35
Statement of Statutory, Fidelity and Honesty Bonds (unaudited)	38
Schedule of Expenditures of Federal Awards	39
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133	44
Schedule of Findings and Questioned Costs	47
Summary of Prior Year Findings.....	50
Schedule of Accountants’ Professional Liability Insurance Affidavit (unaudited).....	51



Independent Auditor's Report

To the Board of Education,
Putnam City Independent School District No. 1
Oklahoma City, Oklahoma:

Report on the Financial Statements

We have audited the accompanying regulatory financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Putnam City Independent School District No. 1 as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Putnam City Independent School District No. 1's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed by the Oklahoma State Department of Education; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1, Putnam City Independent School District No.1 has prepared these financial statements using accounting practices prescribed by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between these regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Putnam City Independent School District No. 1, as of June 30, 2013, or changes in financial position for the year then ended.

Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position on a regulatory basis of the governmental activities, each major fund and the aggregate remaining fund information of the Putnam City Independent School District No. 1, as of June 30, 2013, and the respective changes in financial position on a regulatory basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matter

Effect of Adopting New Accounting Standards

As described in Note 1 to the financial statements, the College adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The opinion is not modified with the implementation of this GASB Statement.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Putnam City Independent School District No. 1's financial statements as a whole. The management's discussion and analysis, the combining nonmajor fund financial statements, the statement of changes in assets and liabilities – all activity funds, the budgetary comparison schedules – general, building, and child nutrition funds, the statement of statutory, fidelity and honesty bonds, and the schedule of accountants' professional liability insurance affidavit information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the financial statements.

The management's discussion and analysis is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the management's discussion and analysis, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The combining nonmajor fund financial statements, the statement of changes in assets and liabilities – all activity funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining nonmajor fund financial statements, , the statement of changes in assets and liabilities – all activity funds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparison schedules – general, building, and child nutrition funds, the statement of statutory, fidelity and honesty bonds, and the schedule of accountants’ professional liability insurance affidavit have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of Putnam City Independent School District No. 1’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Putnam City Independent School District No. 1’s internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
November 26, 2013

Introduction

The discussion and analysis of Putnam City Schools financial performance provides an overall review of district financial activities for the fiscal year ended June 30, 2013. The intent of this discussion is to convey relevant facts and commentary regarding the financial performance of the organization for the reporting period. A thorough examination of the financial statements and thoughtful reading of the related notes to those statements will aid in evaluating the financial position of the district.

Putnam City Schools prepares financial statements in a format consistent with that established by the Governmental Accounting Standards Board (GASB). The financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education and are more fully described in Note 1 to the financial statements. The financial highlights of Fiscal Years 2012 and 2013 and a comparative analysis of financial information from those years is presented to aid the reader in a more meaningful understanding of the district's financial performance for Fiscal Year 2013.

Financial Highlights

Fiscal Year 2013 operations generated significant budget activity for the district's primary operating fund, the General Fund. Current information is presented alongside that of Fiscal Year 2012 to illustrate changes in General Fund balance. Both years are presented on the regulatory basis of accounting.

	Beginning Balance	Revenues	Expenses	Ending Balance
FY 2012	\$ 16,366,325	\$ 123,054,303	\$ 123,260,905	\$ 16,159,723
FY 2013	16,159,723	123,196,032	124,563,153	14,792,602

Net Assessed valuation amounts and growth rates are presented below. Prospects for continued growth in local revenues are being monitored.

<u>Applicable Fiscal Year</u>	<u>Net Assessed Valuation</u>	<u>Growth</u>
2010	896,072,867	1.17%
2011	898,845,574	0.31%
2012	901,481,941	0.29%
2013	900,862,513	-0.07%
2014	913,247,788	1.37%

Net Assessed valuation provides the basis for the calculation of county Ad Valorem (property) taxes that are distributed to the district each year. The benefit of this growth is felt in the Building Fund; however, ad valorem tax revenue is a direct off-set against state aid funding.

Using the Putnam City Schools Audit Report and Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the user can understand Putnam City School District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities

These statements provide information about the activities of the whole district. The change in net position is important because it identifies whether the financial position of the district has improved or diminished. The cause of this change may be the result of many factors, including, but not limited to, state and federal funding, changes in the property tax base, investment rates of return, bond activity and current legislation affecting school funding or education mandates. In the Statement of Net Position – regulatory basis and the Statement of Activities-regulatory basis, all district activities are considered to be of the governmental type. This includes instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Fund Financial Statements

District operations are reported in governmental funds. These funds focus on cash flows, that is how money flows into and out from those funds and the balances left at the end of the fiscal year. These funds are reported using the regulatory basis of accounting described above. The governmental fund statements provide a detailed view of general government operations and the basic services they provide. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

The fund financial statements presented in the report provide detailed information about major funds. The district uses many funds to account for thousands of financial transactions each year. However, these fund financial statements focus on the most significant funds. By way of dollar volume, the most important of these funds are the General Fund, Debt Service Fund and Building Fund.

General Fund Budgeting Highlights

The district budget is constructed according to Oklahoma law and accounts for transactions on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. Putnam City uses a zero-based budgeting method for approximately 90% of the General Fund budget. A zero-based budget builds each cost center budget based upon specific planned expenditures. The remaining ten-percent is programmed using an incremental method of budgeting. This method uses historical spending levels as a base and reduces or increases the base budget for changes in current year needs. Historically, eighty-five to ninety percent of Putnam City Schools General Fund budget is made up of the salary and benefits of the 2,300 full-time people employed by the district.

Analysis of Financial Statements

Putnam City Independent School District No. 1
Table A
Comparative Schedule of Net Position
For Fiscal years 2012 and 2013
 (In millions of dollars)

Assets	<u>FY 2012</u>	<u>FY 2013</u>	<u>Difference</u>
Current and Other Assets	\$ 94.42	\$ 102.44	\$ 8.02
Capital Assets	174.99	175.02	0.03
Total Assets	<u>\$ 269.41</u>	<u>\$ 277.46</u>	<u>\$ 8.05</u>
Liabilities			
Long-Term Debt Outstanding	\$ 91.24	\$ 90.60	\$ (0.64)
Other Liabilities	30.27	29.18	(1.09)
Total Liabilities	<u>\$ 121.51</u>	<u>\$ 119.78</u>	<u>\$ (1.73)</u>
Net Position			
Net Investment in Capital Assets	\$ 107.37	\$ 116.87	\$ 9.50
Restricted	29.99	31.54	1.55
Unrestricted	10.54	9.27	(1.27)
Total net position	<u><u>\$ 147.90</u></u>	<u><u>\$ 157.68</u></u>	<u><u>\$ 9.78</u></u>

Table B
Analysis of Changes in Net Position
(in millions)

	FY2012	FY2013	Difference
Revenues			
Program Revenues:			
Charges for Services	\$ 7.26	\$ 7.24	\$ (0.02)
Federal and State Grants	23.58	24.82	1.24
General Revenues:			
Property Taxes	56.15	55.70	(0.45)
Other Taxes	15.97	16.15	0.18
State Entitlement	56.24	56.59	0.35
Other General Revenues	1.59	0.70	(0.89)
Total Revenues	\$ 160.79	\$ 161.20	\$ 0.41
Expenditures			
Program Expenses:			
Instruction	\$ 79.12	\$ 80.13	\$ 1.01
Support Services	51.48	52.73	1.25
Non-instruction	11.59	9.83	(1.76)
Interest on Long-term Debt	1.88	1.64	(0.24)
Depreciation-Unallocated	6.69	7.09	0.40
Total Expenditures	\$ 150.76	\$ 151.42	\$ 0.66
Increase in net position	\$ 10.03	\$ 9.78	\$ (0.25)

Net Position

Net Position increased \$9.78 million from Fiscal Year 2012 to 2013. The operating position of the district as expressed in terms of General Fund balance decreased \$1,367,122 in Fiscal Year 2013.

Revenues

General Fund revenue increased 0.12% from FY 2012 to FY 2013. Receipts into the Building Fund increased 3.44%. A \$156,000 increase in insurance loss recovery proceeds accounted for the change. Revenues into the Debt Service Fund (also referred to as Sinking Fund) are received pursuant to ad valorem tax levies calculated to meet the fiscal years' principal and interest payments on bonded indebtedness.

Expenditures

General Fund expenditures increased \$1.3 million, or 1.06% from 2012 to 2013. The increase was a result of staffing and salary increases. Building Fund expenditures increased 15.13%, primarily due to expenditures related to construction of a new elementary. Sinking Fund principal retirements decreased \$2,370,000 in FY13 while interest payments decreased \$244,813.

Fund Balances

As mentioned above, the General Fund fund balance decreased \$1,367,122 to \$14,792,605. Building Fund balance realized a decrease of \$918,860 to \$7,811,076. Sinking Fund fund balance decreased \$872,785 in FY13.

Capital Assets

Capital assets increased due to infrastructure improvements, transportation equipment and technology enhancements financed primarily from the Building and Bond funds.

Debt

On November 10, 2009, the Putnam City Schools patrons voted to approve an \$80,655,000 bond issue to be sold in five releases. The delivery of the bond proceeds began in January 2010 and will conclude in January 2014. On March 30, 2010, the District entered into a sublease agreement with the Oklahoma County Finance Authority (the Authority) in which the Authority advanced \$49,820,000 in educational facilities bond, series 2010. The remaining proceeds will be received through the release of General Obligation Bonds. On February 12, 2013 Putnam City patrons voted to approve a \$6,000,000 bond issue to be sold in a single release.

Current Issues

For Fiscal Year 2012-2013 and beyond, the district will seek to establish the most efficient and effective means to align faculty with an increasing overall student population. Since state aid funding is directly linked to weighted average daily membership and grade level fluctuations are unpredictable at best, the projection of future available state resources is challenging.

Contacting the District's Chief Financial Officer

This financial report is intended to provide our citizens, taxpayers, investors and creditors with a general overview of district finances and to confirm our commitment to accountability for the monies entrusted to our stewardship. Questions about this report or additional financial information should be directed to Shannon Meeks, Chief Financial Officer, Putnam City Schools, 5401 NW 40th Street, Oklahoma City, Oklahoma 73122.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Net Position – Regulatory Basis
June 30, 2013

	Governmental Activities
Assets	
Cash and Cash Investments	\$ 102,378,997
Inventories	63,899
Nondepreciated Capital Assets	80,341,211
Depreciated Capital Assets, Net of Depreciation	94,676,451
Total assets	\$ 277,460,558
Liabilities	
Accounts Payable	1,932,811
Salaries and Related Benefits	19,872,888
Warrants Outstanding	3,425,211
Encumbrances Outstanding	3,945,787
Long-Term Obligations	
Due within one year	33,464,022
Due beyond one year	57,136,062
Total liabilities	\$ 119,776,781
Net Position	
Net Investment in Capital Assets	\$ 116,866,721
Restricted for:	
Debt service	20,265,477
School-based activities	1,944,204
Child nutrition	1,521,734
Buildings	7,811,076
Unrestricted	9,274,565
Total net position	\$ 157,683,777

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				Total Governmental Activities
Instruction	\$ 80,132,266	\$ 199,225	\$ 15,306,216	\$ (64,626,825)
Support Services	52,725,114	2,501,381	2,357,880	(47,865,853)
Non-instruction services	9,826,026	4,537,301	7,158,378	1,869,653
Interest on long-term debt	1,638,125	-	-	(1,638,125)
Depreciation - unallocated	7,092,750	-	-	(7,092,750)
Total school district	<u>\$ 151,414,281</u>	<u>\$ 7,237,907</u>	<u>\$ 24,822,474</u>	<u>\$ (119,353,900)</u>

General Revenues:

Taxes

Property taxes, levied for general purposes	\$ 32,946,033
Property taxes, levied for building purposes	4,706,402
Property taxes, levied for debt service	18,047,825
General taxes	16,151,328
State aid - formula grants	56,592,679
Investment earnings	697,407

Total general revenues

\$ 129,141,674

Change in net position

9,787,774

Net Position - beginning

147,896,003

Net Position - ending

\$ 157,683,777

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Investments	41,900,408	20,265,479	\$ 40,305,348	\$ 102,471,235
Total Assets	\$ 41,900,408	\$ 20,265,479	\$ 40,305,348	\$ 102,471,235
Liabilities and Fund Balances				
Liabilities				
Due to Other Funds	\$ -	\$ -	\$ 92,237	\$ 92,237
Accounts Payable	1,932,810	-	-	1,932,810
Salaries and Related Benefits	19,867,477	-	-	19,867,477
Warrants Outstanding	2,979,764	-	450,864	3,430,628
Encumbrances Outstanding	2,327,755	-	1,618,031	3,945,786
Principal and Interest Accruals	-	18,918,410	-	18,918,410
Total Liabilities	\$ 27,107,806	\$ 18,918,410	\$ 2,161,132	\$ 48,187,348
Fund Balances:				
Restricted	\$ -	\$ 1,347,069	\$ 35,944,300	\$ 37,291,369
Committed	-	-	1,944,204	1,944,204
Assigned	2,327,752	-	457,936	2,785,688
Unassigned	12,464,850	-	(202,224)	12,262,626
Fund Balances, End of Year	14,792,602	1,347,069	38,144,216	54,283,887
Total Liabilities and Fund Balances	\$ 41,900,408	\$ 20,265,479	\$ 40,305,348	
<p>Amounts reported for governmental activities in the statement of net position are different because: Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$249,478,897 and the accumulated depreciation is \$74,461,235.</p>				
				175,017,662
<p>Sinking Fund Principal and Interest Accruals are part of net position at the district-wide level.</p>				
				18,918,410
<p>Federal commodities are distributed to the district to be used by the child nutrition program. Governmental Funds are concerned with the flow of financial resources and, therefore, the receipt and usage of commodities are not reported in the Governmental Funds.</p>				
				63,902
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>				
			Bond Payable	\$ 70,465,000
			Long-Term Lease Payable	14,715,000
			Compensated Absences	5,420,084
				(90,600,084)
Total Net Position - Governmental Activities				\$ 157,683,777

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis

For the Year Ended June 30, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
Revenues:				
Property Taxes	\$ 32,946,033	\$ 18,047,825	\$ 4,706,401	\$ 55,700,259
Interest	114,169	-	76,985	191,154
County Revenue	4,825,258	-	-	4,825,258
State Revenue	70,136,920	627	143,303	70,280,850
Federal Revenue	11,762,406	-	6,866,791	18,629,197
Other	2,013,516	17,015	7,860,502	9,891,033
Total Revenues	121,798,302	18,065,467	19,653,982	159,517,751
Expenditures				
Current				
Instruction	78,479,005	-	1,175,038	79,654,043
Support Services	45,548,598	-	7,289,526	52,838,124
Non-Instruction Services	323,631	-	9,896,930	10,220,561
Capital Outlay	-	-	5,875,236	5,875,236
Other Outlays	211,919	-	10,118,092	10,330,011
Debt Service				
Interest Paid	-	1,638,125	-	1,638,125
Principal Retirement	-	13,760,000	-	13,760,000
Total Expenditures	124,563,153	15,398,125	34,354,822	174,316,100
Excess (Deficiency) of Revenues over (under) Expenditures	(2,764,851)	2,667,342	(14,700,840)	(14,798,349)
Adjustments to Prior year Encumbrances	1,009,996	-	172,947	1,182,943
Other Financing Sources (Uses)				
Transfers In	395,134	-	462,002	857,136
Transfers Out	(7,400)	-	(849,736)	(857,136)
Bond Proceeds	-	-	22,295,000	22,295,000
Accrued Principal and Interest	-	(4,022,547)	-	(4,022,547)
Premium on Bonds	-	482,420	-	482,420
Total Other Financing Sources, net	387,734	(3,540,127)	21,907,266	18,754,873
Net Change in Fund Balance	(1,367,121)	(872,785)	7,379,373	5,139,467
Beginning Fund Balance	16,159,723	2,219,854	30,764,843	49,144,420
Ending Fund Balances	\$ 14,792,602	\$ 1,347,069	\$ 38,144,216	\$ 54,283,887

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to Statement of Activities – Regulatory Basis

For the Year Ended June 30, 2013

Total net changes in fund balances - governmental funds \$ 5,139,467

The change in nets position reported in the statement of activities is different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation during the period.

	Depreciation Expense	\$ (7,092,751)	
	Capital Outlays	<u>7,121,063</u>	28,312

In the statement of activities, compensated absences are measured by the amounts earned during the year, however, for governmental funds expenditures for these items are measured in the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave earned exceeded amounts used. 53,132

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Debt repaid this year exceeded issues.

	Debt Issued	\$ (22,295,000)	
	Debt Repayments	<u>22,880,000</u>	585,000

The usage of USDA commodities are not reported as expenditures in the governmental funds but are reflected in the accrual-based government-wide financial statements. (40,684)

Resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are not a liability at the district-wide level but are considered a component of restricted net position. 4,022,547

Change in net position of governmental activities \$ 9,787,774

Note 1 - Summary of Significant Accounting Policies

The Putnam City Independent School District No. 1 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

The District prepares its financial statements in a presentation format that is, in substance, the format established by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

GASB Statement No. 34 established a financial reporting model for state and local governments that included the addition of management's discussion and analysis, district-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The Reporting Entity - The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District does not have any activities classified as business-type activities.

In the government-wide Statement of Net Position, the District's governmental activities are reported on the cash receipts and disbursements basis modified as required by the regulations of the Oklahoma Department of Education to include inventory, capital assets and long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

In the government-wide Statement of Activities, the District's governmental activities, are reported on the cash receipts and disbursements basis modified as required by the regulations of the Oklahoma Department of Education and reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly

associated with the function. Charges for services include charges and fees to students or customers who purchase, use or directly benefit from the goods, services or other privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

All interfund transactions are eliminated in the district-wide statements.

The net costs are normally covered by general revenue (property taxes, State and Federal aid, other taxes etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Basic Financial Statements – Fund Financial Statements

Governmental fund financial statements are reported using the cash receipts and disbursements basis of accounting modified as required by the Oklahoma Department of Education to include investments and inventories on hand, encumbrances issued, and warrants outstanding. The fund financial statements provide reports on the financial condition and results of operations of the governmental fund category on a basis required by the cash basis and budget laws of the State of Oklahoma.

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Additionally, the District reports the following fund types that are included in other governmental funds:

Governmental Funds:

1. Special Revenue Funds – The District accounts for resources restricted to, or designates for, specific purposes by the District or a grantor in a special revenue fund.
2. Capital Projects Funds – The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

As to the basis of accounting, the basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved. The excess of encumbrances issued in the prior year over amounts subsequently paid is shown as an adjustment of prior year encumbrances in the fund financial statements and as a reduction of program expenses in the government-wide statements.
- Warrants/Checks payable are recorded as liabilities when issued.
- Investments and inventories are recorded as assets when purchased and reduced when used.
- Capital assets reported in the government-wide statements are recorded when acquired and depreciated over their useful lives. Capital assets are not recorded at the fund level.
- Long-term debt in the government-wide statements is recorded when incurred. General obligation bonds payable is recorded at the fund level.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred at the district wide level but not at the fund level.
- Financial resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are reported as fund liabilities. In the government-wide statements, these resources are shown as restricted net position.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which would have required the government-wide financial statements to be presented on the accrual basis of accounting. The fund financial statements were to be presented on the modified accrual basis of accounting.

Inventories: Inventories consist of expendable and non-commodity food supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories are accounted for using the consumption method where materials and supplies are recorded as an asset when purchased.

On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue when received at fair value at the date of receipt and as an expense when used. USDA food commodities are not reported in the governmental funds.

Capital Assets: Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School Buildings	50 years
Site Improvements	20 years
Portable Classrooms	25 years
Kitchen Equipment	15 years
Business Machines and Computers	5 years
Licensed Vehicles	8 years
Audio Visual Equipment, Musical Instruments	10 years

Compensated Absences - Support personnel are eligible for paid sick leave benefits after 90 days. Sick leave is accrued at different rates depending on number of contract days worked. Upon termination, resignation, retirement or death, unused sick leave is reimbursable. The rate of reimbursement for support personnel ranges from \$10.25 to \$35.00 per day for sick leave depending on number of years of employment.

Certified personnel are provided 10 days of sick leave and 3 days of personal business leave during each year. Unused personal business leave converts to cumulative sick leave at year end.

Support personnel, who contract for at least twelve months, accrue vacation by month after the completion of a full year. The rate of accrual is based on the number of contract days an employee works. Unused vacation time may be carried to the next year. Reimbursement for unused vacation is at the employee's current rate of pay.

Budgets and Budgetary Accounting - The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. The final budget may be revised upon approval of the Board of Education in open meeting.

A budget is legally adopted by the Board of Education for the General Fund, Building Fund, Child Nutrition Fund, and the Debt Service Fund that includes revenues and expenditures.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year.

Deposits - The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. All short-term cash surpluses are maintained in a cash pool, the earnings from which are allocated to each fund based on month-end deposit balances. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

Property Tax Revenues - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the programs for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Interfund Transfers - During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide services, purchase assets and service debt. Transactions that are normal and recurring between funds are recorded as transfers.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position and Fund Balance - District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used.

Net Position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service – The component of net position that reports the amount of funds restricted for payment of principal and interest on debt. This amount is restricted by enabling legislation.

Restricted for Buildings – The component of net position that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District's buildings. This amount is restricted by enabling legislation.

Restricted for Child Nutrition – The component of net position restricted for use by the child nutrition fund. This amount is restricted by regulations of the Oklahoma State Department of Education.

Restricted for School-based Activities– The component of net position that reports the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by regulations of the Oklahoma State Department of Education.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

Governmental Fund Financial Statements – The District adopted Governmental Accounting Standards Board Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District had no nonspendable amounts at June 30, 2013.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school construction expenditures as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Child Nutrition resources are restricted for food services. Other purposes are restricted for scholarship and endowment purposes from contributors.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities as being committed because their use is imposed by the Board of Education regarding use of expenditures.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. The District has assigned funds for education that are to be used for instruction, support services, outlays and other operating expenditures.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification would also include any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The District has not established a formal stabilization arrangement regarding minimum funding requirements.

As of June 30, 2013, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:				
Restricted for:				
School construction	\$ -	\$ -	\$ 34,385,347	\$ 34,385,347
Debt service	-	1,347,069	-	1,347,069
Food services	-	-	1,457,835	1,457,835
Gifts from donors	-	-	101,118	101,118
Total Restricted	<u>-</u>	<u>1,347,069</u>	<u>35,944,300</u>	<u>37,291,369</u>
Committed to:				
School program activities	-	-	1,944,204	1,944,204
Total Committed	<u>-</u>	<u>-</u>	<u>1,944,204</u>	<u>1,944,204</u>
Assigned to:				
Instruction	780,005	-	-	780,005
Support services	337,083	-	3,148	340,231
Non-instruction services	1,210,664	-	296,322	1,506,986
Capital outlay	-	-	-	-
Capital outlay	-	-	158,466	158,466
Other outlays	-	-	-	-
Total Assigned	<u>2,327,752</u>	<u>-</u>	<u>457,936</u>	<u>2,785,688</u>
Unassigned	<u>12,464,850</u>	<u>-</u>	<u>(202,224)</u>	<u>12,262,626</u>
Total fund balances	<u>\$ 14,792,602</u>	<u>\$ 1,347,069</u>	<u>\$ 38,144,216</u>	<u>\$ 54,283,887</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

New Accounting Pronouncement - In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources as defined by GASB's Concepts Statement No. 4. It also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis- for State and Local Governments*, and other pronouncements by incorporating deferred outflows and deferred inflows of resources into the definition of net assets and by renaming it as net position, rather than net assets. The requirements of this Statement have improved financial reporting by standardizing the presentation of their effects on a government's net position.

Note 2 - Deposits

At June 30, 2013 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2013 was \$85,438,189. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial risk requires compliance with the provisions of state law. The bank balances were completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Note 3 - Long-term Liabilities

The long-term liability balances and activity for the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 61,930,000	\$ 22,295,000	\$ (13,760,000)	\$ 70,465,000	\$ 17,215,000
Lease Revenue Payable	23,835,000	-	(9,120,000)	14,715,000	14,715,000
Compensated Absences	5,473,216	1,620,341	(1,673,473)	5,420,084	1,534,022
Total governmental activity long-term liabilities	<u>\$ 91,238,216</u>	<u>\$ 23,915,341</u>	<u>\$ (24,553,473)</u>	<u>\$ 90,600,084</u>	<u>\$ 33,464,022</u>

Payments on bonds are made by the debt service fund with property taxes. Compensated absences and the obligation under capital leases are generally liquidated by the general fund. Bonds payable includes general obligation bond issues as well as lease revenue activity.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

Bonds payable at June 30, 2013 are comprised of the following individual general obligation bond issues:

<u>Issue Amount</u>	<u>Purpose</u>	<u>Date</u>	<u>Annual Payment</u>	<u>Final</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Total</u>
\$ 12,140,000	Building	1/1/2009	\$ 3,035,000	\$ 3,035,000	1/1/2014	5	\$ 3,035,000
15,520,000	Building	1/1/2010	3,880,000	3,880,000	1/1/2015	3	7,760,000
15,385,000	Building	1/1/2011	3,845,000	3,850,000	1/1/2016	2.5-3	11,540,000
25,835,000	Building	1/1/2012	6,455,000	6,460,000	1/1/2017	3	25,835,000
16,295,000	Building	1/1/2013	4,070,000	4,075,000	1/1/2019	1-1.5	16,295,000
6,000,000	Building	6/1/2013	1,500,000	1,500,000	6/1/2019	2	6,000,000
							<u>\$ 70,465,000</u>

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2013 is approximately \$91,325,000.

The annual requirements to amortize all bond debt outstanding as of June 30, 2013 including interest payments are as follows:

<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 17,215,000	\$ 1,556,188	\$ 18,771,188
2015	19,755,000	1,446,000	21,201,000
2016	15,885,000	1,005,600	16,890,600
2017	12,035,000	625,600	12,660,600
2018	5,575,000	361,050	5,936,050
	<u>\$ 70,465,000</u>	<u>\$ 4,994,438</u>	<u>\$ 75,459,438</u>

Proceeds of general obligation bond issues are recorded in the Capital Projects Fund and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections. There is approximately an additional \$18.7 million in approved but unissued bonds.

Note 4 - Employee Retirement System

Plan Description - The District contributes to the state-administered Oklahoma Teachers' Retirement System ("the System"), a cost-sharing, multiple-employer public employee retirement system (PERS). The System is administered by a board of trustees. PERS provides retirement, disability and death benefits to plan members and beneficiaries. Oklahoma State Statute 70, Article 17 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. The System issues a publicly available report that includes financial statements and required supplementary information for PERS. That report may be obtained by contacting the Oklahoma Teachers' Retirement System.

Funding Policy –Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% from July 1, 2012 through June 30, 2013 of applicable compensation for the year ended June 30, 2012. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. The District's contributions to PERS (net of retirement paid by the State of Oklahoma) for the years ending June 30, 2013, 2012, and 2011 were \$11,310,392, \$10,034,594, and \$10,182,070, respectively, equal to the required contributions for each year. State of Oklahoma contributions to the System on behalf of the District's employees for the year ended June 30, 2013 were \$775,849.

Note 5 - Contingencies and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period pursuant to state law.

The District has designated approximately \$39.1 million dollars as of June 30, 2013 for outstanding construction projects.

During the year ended June 30, 2013, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2013. No settlements have exceeded coverage levels in place during 2014.

Note 6 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 4,909,456	\$ -	\$ -	\$ 4,909,456
Construction in progress	76,924,824	5,786,512	(7,279,582)	75,431,754
Total capital assets not being depreciated	81,834,280	5,786,512	(7,279,582)	80,341,210
Capital Assets being depreciated:				
Buildings	144,356,842	7,279,582	-	151,636,424
Equipment and Vehicles	17,018,266	1,334,551	(851,554)	17,501,263
Total capital assets being depreciated	161,375,108	8,614,133	(851,554)	169,137,687
Less accumulated depreciation for:				
Buildings	(58,059,879)	(5,348,121)	-	(63,408,000)
Equipment and Vehicles	(10,160,159)	(1,744,630)	851,554	(11,053,235)
Total accumulated depreciation	(68,220,038)	(7,092,751)	851,554	(74,461,235)
Total capital assets being depreciated, net	93,155,070	1,521,382	-	94,676,452
Capital assets, net	<u>\$ 174,989,350</u>	<u>\$ 7,307,894</u>	<u>\$ (7,279,582)</u>	<u>\$ 175,017,662</u>

Note 8 - Schedule of Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	General Fund	\$ 7,400	Intrafund Transfer
Student Activity Fund	Student Activity Fund	462,002	Intrafund Transfer
Student Activity Fund	General Fund	387,734	Operating Transfer
	Total Transfers between Funds	<u>\$ 857,136</u>	

Transfers are used for (1) reimbursement of funds collected by one fund that are accounted for in another fund (2) return of funds in excess of budgetary requirements.

Note 9 - Sublease Agreement

The District entered into a sublease agreement on March 30, 2010 with the Oklahoma County Finance Authority (the Authority) in which the Authority advanced \$49,820,000 in educational facilities lease revenue bonds, Series 2010, to the District for the acquisition and construction of buildings, improvements, and furniture and equipment. The District will use future general obligation bonds for repayment of the funds to the Authority. The following schedule presents the revenue and payment activity per the agreement after June 30, 2012:

Maturity March 1,	Principal Amount	Interest Rate	Yield
2014	\$ 14,715,000	4.00%	2.600%

The trustee bank holds the cash and makes payments after authorization from the District.

Upon payment of the lease purchase acquisition payments, legal title will go to the District for all construction, acquisition and renovations completed with the revenue lease bonds. Total lease bond revenue projects in process at June 30, 2013 totaled approximately \$25,468,000.



Other Supplementary Information
June 30, 2013

Putnam City Independent School District No. 1

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – General Fund (unaudited)
For the Year Ended June 30, 2013

	Budgeted Amounts <u>Original/Final</u>	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 16,159,727	\$ 16,159,723	\$ (4)
Resources (inflows)			
Property Taxes	32,172,000	32,946,033	774,033
Interest	109,000	114,169	5,169
County Revenue	4,597,000	4,825,258	228,258
State Revenue	68,303,389	70,136,920	1,833,531
Federal Revenue	11,229,189	11,762,406	533,217
Other	3,295,481	3,418,646	123,165
	<u>119,706,059</u>	<u>123,203,432</u>	<u>3,497,373</u>
Amounts Available for Appropriation	<u>135,865,786</u>	<u>139,363,155</u>	<u>3,497,369</u>
Charges to Appropriations (outflows)			
Instruction	78,485,671	78,479,005	6,666
Support Services	45,922,744	45,548,598	374,146
Non-Instruction Services	387,962	323,631	64,331
Other Outlays	853,783	219,319	634,464
	<u>125,650,160</u>	<u>124,570,553</u>	<u>1,079,607</u>
Total Charges to Appropriations	<u>125,650,160</u>	<u>124,570,553</u>	<u>1,079,607</u>
Budgetary Fund Balance, June 30	<u><u>\$ 10,215,626</u></u>	<u><u>\$ 14,792,602</u></u>	<u><u>\$ 4,576,976</u></u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma
Notes to Other Supplementary Information

June 30, 2013

Budgeting – No later than October 1 of each year, the board of education of each school district shall file with the State Board of Education an itemized expenditure budget and request for state appropriated funds for the ensuing fiscal year and an estimate of revenues from all sources to be received by the district during the ensuing fiscal year. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. The final budget may be revised upon approval of the Board of Education in open meeting.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis
June 30, 2013

	<u>Child Nutrition</u>	<u>Building Fund</u>	<u>Gifts and Endowments</u>	<u>Student Activity</u>	<u>Co-Op</u>	<u>Other Capital Project Funds</u>	<u>Total Other Governmental Funds</u>
Assets							
Cash and Cash Investments	2,617,931	\$ 8,398,586	\$ 101,118	\$ 1,944,204	\$ -	\$ 27,243,509	\$ 40,305,348
Total Assets	<u>2,617,931</u>	<u>8,398,586</u>	<u>101,118</u>	<u>1,944,204</u>	<u>-</u>	<u>27,243,509</u>	<u>40,305,348</u>
Liabilities and Fund Balances							
Liabilities							
Due to Other Funds	-	-	-	-	92,237	-	92,237
Warrants Outstanding	-	132,721	-	-	103,693	214,450	450,864
Encumbrances Outstanding	1,160,095	454,789	-	-	3,147	-	1,618,031
Total Liabilities	<u>1,160,095</u>	<u>587,510</u>	<u>-</u>	<u>-</u>	<u>199,077</u>	<u>214,450</u>	<u>2,161,132</u>
Fund Balances:							
Restricted	1,457,836	\$ 7,356,287	101,118	-	-	27,029,059	35,944,300
Committed	-	-	-	1,944,204	-	-	1,944,204
Assigned	-	454,789	-	-	3,147	-	457,936
Unassigned	-	-	-	-	(202,224)	-	(202,224)
Fund Balances, End of Year	<u>1,457,836</u>	<u>7,811,076</u>	<u>101,118</u>	<u>1,944,204</u>	<u>(199,077)</u>	<u>27,029,059</u>	<u>38,144,216</u>
Total Liabilities and Fund Balances	<u>\$ 2,617,931</u>	<u>\$ 8,398,586</u>	<u>\$ 101,118</u>	<u>\$ 1,944,204</u>	<u>\$ -</u>	<u>\$ 27,243,509</u>	<u>\$ 40,305,348</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balance – Other Governmental Funds – Regulatory Basis

For the Year Ended June 30, 2013

	Child Nutrition	Building Fund	Gifts and Endowments	Student Activity	Co-Op	Other Capital Project Funds	Other Governmental Funds
Revenues							
Property Taxes	\$ -	\$ 4,706,401	\$ -	\$ -	\$ -	\$ -	\$ 4,706,401
Interest	5,343	21,529	152	5,723	-	44,238	76,985
State Revenue	143,140	163	-	-	-	-	143,303
Federal Revenue	6,589,118	-	-	-	277,673	-	6,866,791
Other	1,625,097	439,465	26,505	3,535,210	-	2,234,225	7,860,502
Total Revenues	8,362,698	5,167,558	26,657	3,540,933	277,673	2,278,463	19,653,982
Expenditures							
Current							
Instruction	-	1,710	800	924,142	-	248,386	1,175,038
Support Services	-	3,448,553	3,211	1,221,597	212,728	2,403,437	7,289,526
Non-Instruction Services	8,835,456	-	34,315	1,027,159	-	-	9,896,930
Capital Outlays	-	2,733,693	-	30,173	-	3,111,370	5,875,236
Other Outlays	185,000	1,251	-	476	4,752	9,926,613	10,118,092
Total Expenditures	9,020,456	6,185,207	38,326	3,203,547	217,480	15,689,806	34,354,822
Excess (Deficiency) of Revenues over (under) Expenditures	(657,758)	(1,017,649)	(11,669)	337,386	60,193	(13,411,343)	(14,700,840)
Adjustments to Prior year Encumbrances	69,746	98,789	412	-	4,000	-	172,947
Other Financing Sources (Uses)							
Proceeds of Bonds	-	-	-	-	-	22,295,000	22,295,000
Transfers In	-	-	-	462,002	-	-	462,002
Transfers Out	-	-	-	(849,736)	-	-	(849,736)
Total Other Financing Sources (Uses)	-	-	-	(387,734)	-	22,295,000	21,907,266
Net Change in Fund Balances	(588,012)	(918,860)	(11,257)	(50,348)	64,193	8,883,657	7,379,373
Beginning Fund Balances	2,045,848	8,729,936	112,375	1,994,552	(263,270)	18,145,402	30,764,843
Ending Fund Balances	\$ 1,457,836	\$ 7,811,076	\$ 101,118	\$ 1,944,204	\$ (199,077)	\$ 27,029,059	\$ 38,144,216

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2013

	<u>MAPS</u>	<u>2007A Bond</u>	<u>2007B Bond</u>	<u>2008A Bond</u>	<u>2008B Bond</u>	<u>2009A Bond</u>	<u>2009B Bond</u>	<u>2009C Bond</u>	<u>2006A Bond</u>
Assets									
Cash and Cash Investments	\$ 2,417,739	\$ -	\$ 8,770	\$ 2,070,399	\$ 488,516	\$ 901,095	\$ 320,343	5,197,234	\$ 6,195,489
Total Assets	<u>2,417,739</u>	<u>-</u>	<u>8,770</u>	<u>2,070,399</u>	<u>488,516</u>	<u>901,095</u>	<u>320,343</u>	<u>5,197,234</u>	<u>6,195,489</u>
Liabilities and Fund Balances									
Liabilities									
Warrants Outstanding	-	-	8,770	-	-	-	-	54,716	552
Total Liabilities	<u>-</u>	<u>-</u>	<u>8,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,716</u>	<u>552</u>
Fund Balances:									
Restricted	<u>2,417,739</u>	<u>-</u>	<u>-</u>	<u>2,070,399</u>	<u>488,516</u>	<u>901,095</u>	<u>320,343</u>	<u>5,142,518</u>	<u>6,194,937</u>
Fund Balances, End of Year	<u>2,417,739</u>	<u>-</u>	<u>-</u>	<u>2,070,399</u>	<u>488,516</u>	<u>901,095</u>	<u>320,343</u>	<u>5,142,518</u>	<u>6,194,937</u>
Total Liabilities and Fund Balances	<u>\$ 2,417,739</u>	<u>\$ -</u>	<u>\$ 8,770</u>	<u>\$ 2,070,399</u>	<u>\$ 488,516</u>	<u>\$ 901,095</u>	<u>\$ 320,343</u>	<u>\$ 5,197,234</u>	<u>\$ 6,195,489</u>

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2013

	<u>2006B Bond</u>	<u>2010A Bond</u>	<u>2010B Bond</u>	<u>2011A Bond</u>	<u>2011B Bond</u>	<u>2012 Bond</u>	<u>2013A Bond</u>	<u>Total Other Capital Project Funds</u>
Assets								
Cash and Cash Investments	<u>\$ 5,967,384</u>	<u>\$ 2,453,046</u>	<u>\$ 337,860</u>	<u>\$ 876,913</u>	<u>\$ 2,767</u>	<u>\$ 3,767</u>	<u>\$ 2,187</u>	<u>\$ 27,243,509</u>
Total Assets	<u>5,967,384</u>	<u>2,453,046</u>	<u>337,860</u>	<u>876,913</u>	<u>2,767</u>	<u>3,767</u>	<u>2,187</u>	<u>27,243,509</u>
Liabilities and Fund Balances								
Liabilities								
Warrants Outstanding	<u>11,050</u>	<u>78,757</u>	<u>-</u>	<u>60,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,450</u>
Total Liabilities	<u>11,050</u>	<u>78,757</u>	<u>-</u>	<u>60,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,450</u>
Fund Balances:								
Restricted	<u>5,956,334</u>	<u>2,374,289</u>	<u>337,860</u>	<u>816,308</u>	<u>2,767</u>	<u>3,767</u>	<u>2,187</u>	<u>27,029,059</u>
Fund Balances, End of Year	<u>5,956,334</u>	<u>2,374,289</u>	<u>337,860</u>	<u>816,308</u>	<u>2,767</u>	<u>3,767</u>	<u>2,187</u>	<u>27,029,059</u>
Total Liabilities and Fund Balances	<u>\$ 5,967,384</u>	<u>\$ 2,453,046</u>	<u>\$ 337,860</u>	<u>\$ 876,913</u>	<u>\$ 2,767</u>	<u>\$ 3,767</u>	<u>\$ 2,187</u>	<u>\$ 27,243,509</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balance – Other Capital Projects Funds – Regulatory Basis

For the Year Ended June 30, 2013

	MAPS	2007A Bond	2007B Bond	2008A Bond	2008B Bond	2009A Bond	2009B Bond	2009C Bond	2006A Bond
Revenues									
Interest	\$ 1,220	\$ 49	\$ 98	\$ 6,062	\$ 1,031	\$ 1,752	\$ 510	\$ 15,724	\$ 4,478
Other	2,233,470	-	-	-	-	257	-	-	-
Total Revenues	2,234,690	49	98	6,062	1,031	2,009	510	15,724	4,478
Expenditures									
Current									
Instruction	-	-	-	-	-	-	825	150,176	552
Support Services	216	4,159	-	-	-	275	407	780,311	144,409
Capital Outlays	147,259	125,263	158,505	412,081	238,519	162,405	1	537,880	40,579
Other Outlays	7,115	-	-	-	-	-	-	-	-
Total Expenditures	154,590	129,422	158,505	412,081	238,519	162,680	1,233	1,468,367	185,540
Excess (Deficiency) of Revenues over (under) Expenditures	2,080,100	(129,373)	(158,407)	(406,019)	(237,488)	(160,671)	(723)	(1,452,643)	(181,062)
Other Financing Sources (Uses)									
Proceeds of Bonds	-	-	-	-	-	-	-	-	6,376,000
Total Other Financing Sources	-	-	-	-	-	-	-	-	6,376,000
Net Change in Fund Balances	2,080,100	(129,373)	(158,407)	(406,019)	(237,488)	(160,671)	(723)	(1,452,643)	6,194,938
Beginning Fund Balances	337,639	129,373	158,407	2,476,418	726,004	1,061,766	321,066	6,595,161	(1)
Ending Fund Balances	\$ 2,417,739	\$ -	\$ -	\$ 2,070,399	\$ 488,516	\$ 901,095	\$ 320,343	\$ 5,142,518	\$ 6,194,937

(continued on next page)

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balance – Other Capital Projects Funds – Regulatory Basis

For the Year Ended June 30, 2013

	2006B Bond	2010A Bond	2010B Bond	2011A Bond	2011B Bond	2012 Bond	2013A Bond	Total Other Capital Project Funds
Revenues								
Interest	\$ 134	\$ 7,227	\$ 673	\$ 3,079	\$ 6	\$ 8	\$ 2,187	\$ 44,238
Other	-	498	-	-	-	-	-	2,234,225
Total Revenues	<u>134</u>	<u>7,725</u>	<u>673</u>	<u>3,079</u>	<u>6</u>	<u>8</u>	<u>2,187</u>	<u>2,278,463</u>
Expenditures								
Current								
Instruction	-	-	24,014	72,819	-	-	-	248,386
Support Services	43,800	539,803	454	889,603	-	-	-	2,403,437
Capital Outlays	-	437,924	164,353	686,601	-	-	-	3,111,370
Other Outlays	-	498	-	-	-	-	9,919,000	9,926,613
Total Expenditures	<u>43,800</u>	<u>978,225</u>	<u>188,821</u>	<u>1,649,023</u>	<u>-</u>	<u>-</u>	<u>9,919,000</u>	<u>15,689,806</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(43,666)</u>	<u>(970,500)</u>	<u>(188,148)</u>	<u>(1,645,944)</u>	<u>6</u>	<u>8</u>	<u>(9,916,813)</u>	<u>(13,411,343)</u>
Other Financing Sources (Uses)								
Proceeds of Bonds	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,919,000</u>	<u>22,295,000</u>
Total Other Financing Sources (Uses)	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,919,000</u>	<u>22,295,000</u>
Net Change in Fund Balances	5,956,334	(970,500)	(188,148)	(1,645,944)	6	8	2,187	8,883,657
Beginning Fund Balances	<u>-</u>	<u>3,344,789</u>	<u>526,008</u>	<u>2,462,252</u>	<u>2,761</u>	<u>3,759</u>	<u>-</u>	<u>18,145,402</u>
Ending Fund Balances	<u>\$ 5,956,334</u>	<u>\$ 2,374,289</u>	<u>\$ 337,860</u>	<u>\$ 816,308</u>	<u>\$ 2,767</u>	<u>\$ 3,767</u>	<u>\$ 2,187</u>	<u>\$ 27,029,059</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Budgetary Comparison Schedules – Building and Child Nutrition Fund (unaudited)
For the Year Ended June 30, 2013

	Building Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Local Revenue	\$ 5,104,330	\$ 5,104,330	\$ 4,706,401	\$ 2,036,728	\$ 2,036,728	\$ 1,630,440
State Revenue	-	-	163	-	-	143,140
Federal Revenue	160	160	-	137,000	137,000	6,589,118
Other	-	-	559,783	6,482,472	6,482,472	-
Total Revenues	<u>5,104,490</u>	<u>5,104,490</u>	<u>5,266,347</u>	<u>8,656,200</u>	<u>8,656,200</u>	<u>8,362,698</u>
Expenditures						
1000 Instruction	163,618	163,618	1,710	-	-	-
2000 Support Services	2,890,785	2,890,785	3,448,553	-	-	-
3000 Non-Instruction Services	1,156	1,156	-	8,322,084	8,322,084	8,835,456
4000 Capital Outlays	2,724,854	2,724,854	2,733,693	-	-	-
5000 Other Outlays	1,156	1,156	1,251	195,914	195,914	185,000
Total Expenditures	<u>5,781,569</u>	<u>5,781,569</u>	<u>6,185,207</u>	<u>8,517,998</u>	<u>8,517,998</u>	<u>9,020,456</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(677,079)</u>	<u>(677,079)</u>	<u>(918,860)</u>	<u>138,202</u>	<u>138,202</u>	<u>(657,758)</u>
Adjustments to Prior year Encumbrances	<u>95,157</u>	<u>95,157</u>	<u>-</u>	<u>127,337</u>	<u>127,337</u>	<u>69,746</u>
Net Change in Fund Balances	(581,922)	(581,922)	(918,860)	265,539	265,539	(588,012)
Beginning Fund Balances	<u>9,010,980</u>	<u>9,010,980</u>	<u>8,729,936</u>	<u>2,045,848</u>	<u>2,045,848</u>	<u>2,045,848</u>
Ending Fund Balances	<u>\$ 8,429,058</u>	<u>\$ 8,429,058</u>	<u>\$ 7,811,076</u>	<u>\$ 2,311,387</u>	<u>\$ 2,311,387</u>	<u>\$ 1,457,836</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Statements of Changes in Assets and Fund Balances – All Activity Funds
For the Year Ended June 30, 2013

Assets	Beginning Balance as of June 30, 2012	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2013
Activities				
Activity-School Wide Fund	\$ 171,707	\$ 422,646	\$ 376,488	217,865
Administration Activity Fund	29,616	4,730	5,043	29,303
Apache Team	7,808	4,473	5,039	7,242
Art Club	2,188	4,722	3,192	3,718
Art Festival	1,001	885	702	1,184
Art Fund	7,091	3,986	5,398	5,679
Arts in Education	8,961	3,995	1,836	11,120
Asian Club	498	1,471	1,085	884
Athletics	253,014	689,871	650,617	292,268
Band	17,001	99,867	98,930	17,938
Be The Change Club	415	750	330	835
Buffalo Hunters	400	-	158	242
Bus Prof of Amer	557	874	1,194	237
Camp Classen	4,249	11,448	12,523	3,174
Cancer Research Fund	96,909	197,733	209,310	85,332
Cheerleading	16,916	19,441	25,166	11,191
Cherokee Team	829	-	769	60
Chiefs Team	394	-	380	14
Class of 2012	13,328	(3,757)	9,502	69
Class of 2013	15,836	37,334	40,892	12,278
Class of 2014	3,610	52,311	42,427	13,494
Class of 2015	2,592	7,459	5,558	4,493
Class of 2016	-	4,292	1,809	2,483
Clearing-General Fund Ref	1,144	72,081	71,499	1,726
Computer Lab Club	236	-	192	44
Concession	8,076	15,396	14,872	8,600
Crafts	176	165	276	65
Dance	-	200	-	200
Day Care	171,095	477,711	469,107	179,699
Debate	1,905	3,922	3,750	2,077
Debate/Speech Activities	3,878	3,125	3,010	3,993
Deca	14,134	94,701	94,408	14,427
District Staff Development	42,399	24,200	28,262	38,337
Donations	111,527	141,116	152,764	99,879
Drama	33,245	55,495	59,665	29,075
Dream Catchers Team	788	-	559	229
Employee Courtesy Fund	29,717	22,291	23,119	28,889
English Paper Back	277	-	-	277
Environmental Club	1,181	271	-	1,452
Family & Consumers Science	5,178	9,547	8,876	5,849
Fccla	6,976	15,841	16,792	6,025
Field Trips	1,827	18,664	16,849	3,642
Fifth Grade	1,847	5,491	6,792	546
French Club	1,111	2,060	2,276	895
Freshman Cheer	862	612	1,473	1
Fuel up to play 60	757	(757)	-	-
General School Fund	54,636	(46,900)	7,499	237
Grants	63	24	-	87
Groundbreakers	3,740	2,009	1,034	4,715
Guidance-Counseling	2,190	2,686	1,949	2,927
Hefner Soccer Club	743	602	708	637

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Statements of Changes in Assets and Fund Balances – All Activity Funds
For the Year Ended June 30, 2013

Assets	Beginning Balance as of June 30, 2012	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2013
Activities				
Hispanic Leadership	2	-	-	2
HOSA	1,253	3,300	2,444	2,109
Incentives	796	-	397	399
Interest	61,789	3,229	4,077	60,941
International Club	25	85	-	110
Journalism-Newspaper	16,473	1,132	16,479	1,126
Junior Classical League-Deaf	207	-	-	207
Junior Classical LG-Latin	403	671	940	134
Key Club	2,655	(865)	844	946
La Raza	2,059	12,754	11,376	3,437
Latin Club	1,679	4,328	5,151	856
Latino Club	389	967	594	762
Leadership	13,694	720	8,776	5,638
LEAP	248	4,006	4,247	7
Mcs-Step Team	2,851	3,295	4,016	2,130
Media Center	39,583	123,850	124,038	39,395
Memorial Fund	2,862	180	146	2,896
Model United Nations Club	2	1,054	396	660
Mohicans Team	2,039	560	33	2,566
Motivational Program	936	14,608	15,534	10
Mu Alpha Theta-Math Club	205	(205)	-	-
Native American Club	5	-	-	5
Nat'L Forensic Lge-Debate	306	565	618	253
Nat'L Honor Society	9,838	5,341	6,950	8,229
Orchestra	5,801	54,037	50,500	9,338
Panther Pals	1,948	(320)	1,242	386
Pass-through	-	7,426	7,426	-
Peak-Gifted & Talented	31,783	54,324	57,553	28,554
Pep Club	6,391	39,627	40,888	5,130
Physical Education	8,641	13,272	13,305	8,608
Pictures	70,443	54,897	66,392	58,948
Pirate Line	102	(102)	-	-
Pirate Rowing	26	(26)	-	-
Pom	3,438	38,148	37,022	4,564
Reading	843	-	-	843
Refunds	-	1,400	1,400	-
SADD	-	145	-	145
Science Lab-Nature Center	421	283	190	514
Scholarships	94,979	14,800	16,761	93,018
Science	1,899	1,250	1,092	2,057
Science & English Club	2,828	160	732	2,256
Science Olympiad	-	740	640	100
Soaring Eagles	3,524	-	-	3,524
Sons & Daughters of Liberty	170	750	240	680
Spanish Club	1,504	25	78	1,451
Spanish Cultural	938	2,083	2,259	762

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Statements of Changes in Assets and Fund Balances – All Activity Funds
For the Year Ended June 30, 2013

Assets	Beginning Balance as of June 30, 2012	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2013
Activities				
Special Education	3,647	10,095	8,974	4,768
Special Olympics	5,573	7,785	9,067	4,291
Special Services	1,806	890	982	1,714
Step Team	103	2,635	2,324	414
Stop Hate Club	16	88	90	14
Student Council	22,778	84,852	85,443	22,187
Student Store	2,574	1,266	3,441	399
Tech Ed	3,653	2,690	1,451	4,892
Tech Ed-Tsa	166	258	-	424
Tech Student Association	974	34	825	183
Tech Systems Class	57	160	70	147
Teen Leadership	1,668	871	274	2,265
Theater Arts Academy	14,550	12,996	16,001	11,545
Thunderbirds Team	1,057	-	909	148
Tomahawks Team	450	-	-	450
Transitional Work Class	2,640	757	489	2,908
Turkey Bingo	6,478	4,601	3,095	7,984
United Native People	223	-	-	223
Varsity Cheer	3,832	14,809	15,905	2,736
Vending	295,676	680,728	658,640	317,764
Vocal Music	15,933	98,762	97,363	17,332
World Language Club	184	100	152	132
Yearbook	59,177	130,491	158,470	31,198
Youth & Government	731	489	463	757
Total Assets	\$ 1,994,552	\$ 4,002,935	\$ 4,053,283	\$ 1,944,204
Liabilities				
Due to Student Groups	\$ 1,994,552	\$ 4,002,935	\$ 4,053,283	\$ 1,944,204
Total Liabilities	\$ 1,994,552	\$ 4,002,935	\$ 4,053,283	\$ 1,944,204

Note 1- Basis of Presentation

The above schedule and format is required by the Oklahoma State Department of Education and is not intended to represent a financial statement in accordance with accounting principles prescribed by the Oklahoma State Department of Education.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Statutory, Fidelity and Honesty Bonds (unaudited)
For the Year Ended June 30, 2013

The District has a Public School District Blanket Fidelity Bond with Ohio Casualty Company. The bond number is 3343466. It covers all employees for the penal sum of \$100,000 and is for the term of July 1, 2012, to June 30, 2013.

The treasurer is bonded by Ohio Casualty Company, bond number 5026722, for the penal sum of \$350,000 for the term of July 1, 2012, to June 30, 2013.

The assistant treasurer is bonded by Ohio Casualty Company, bond number 3936319, for the penal sum of \$350,000 for the term of July 1, 2012, to June 30, 2013.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2012	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2013
<u>U.S. Department of Education</u>							
Direct Programs							
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (61,400)	\$ 161,130	\$ 129,810	\$ -	\$ (30,080)
Counseling Program, Grants to Local Educational Agencies	84.215E	775	(91,449)	361,120	335,351	-	(65,680)
Direct Programs			<u>(152,849)</u>	<u>522,250</u>	<u>465,161</u>	<u>-</u>	<u>(95,760)</u>
Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States	84.048	421/426	(84,017)	275,547	253,939	(a) -	(62,409)
Passed Through Oklahoma Community Service Commission Americorp	84.048	777	(118,305)	235,741	184,029	(a) -	(66,593)
Passed Through Oklahoma State Regents for Higher Education Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	778	11,829	-	4,855	-	6,974
Passed Through Oklahoma Department of Rehabilitation Services Job Training	84.126	456	(735)	7,288	8,772	1,679 (1)	(540)
Passed Through Oklahoma State Department of Education Title I, Grants to Local Educational Agencies	84.010	511/512/515/517	(1,942,834)	5,547,454	5,147,961	-	(1,543,341)
Special Education - Grants to States	84.027	613/615/621/625	(1,242,477)	3,819,535	3,789,526	-	(1,212,468)
Special Education - Preschool Grants	84.173	641/642	(24,718)	77,519	77,987	-	(25,186)
Special Education Cluster			<u>(1,267,195)</u>	<u>3,897,054</u>	<u>3,867,513</u>	<u>-</u>	<u>(1,237,654)</u>
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(158,938)	638,758	642,676	-	(162,856)
Title II Part B Math & Science	84.366	542	(275,617)	277,673	225,995	-	(223,939)
Title II, Part D Enhancing Education Through Technology	84.318X	546/548	(2,652)	2,652	-	-	-
Title III Part A English Language Acquisition	84.365	572	(32,005)	259,587	315,244	-	(87,662)
Learn and Serve America	84.048	781	(1,535)	1,535	-	(a) -	-
Education Jobs Fund - ARRA	84.410	790	(137,574)	271,426	133,852	-	-
Total U.S. Department of Education			<u>(4,162,427)</u>	<u>11,936,965</u>	<u>11,249,997</u>	<u>1,679</u>	<u>(3,473,780)</u>

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2012	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2013
<u>U.S. Department of Agriculture</u>							
Passed through the Oklahoma State Department of Education							
Cash assistance:							
Breakfast Program	10.553	764	-	1,444,695	1,444,695	-	-
Lunch Program	10.555	763	-	5,051,168	5,051,168	-	-
Summer Food Service	10.559	766	-	93,255	93,255	-	-
Cash Assistance Subtotal			-	<u>6,589,118</u>	<u>6,589,118</u>	-	-
Non-Cash assistance (Commodities):							
Breakfast Program	10.553	764	23,007	93,746	102,696	-	14,057
Lunch Program	10.555	763	80,525	328,112	359,435	-	49,202
Summer Food Service	10.559	766	1,046	4,262	4,668	-	640
Non-Cash Assistance Subtotal			<u>104,578</u>	<u>426,120</u>	<u>466,799</u>	-	<u>63,899</u>
Child Nutrition Cluster			<u>104,578</u>	<u>7,015,238</u>	<u>7,055,917</u>	-	<u>63,899</u>
Total U.S. Department of Agriculture			<u>104,578</u>	<u>7,015,238</u>	<u>7,055,917</u>	-	<u>63,899</u>
<u>U.S. Department of Homeland Security</u>							
Passed through Oklahoma Office of Homeland Security							
Interoperable Communications Project	97.008	776	<u>(75,749)</u>	<u>75,749</u>	-	-	-
<u>U.S. Department of Labor</u>							
Direct Programs							
COBRA Premium Assistance	17.151	784	<u>(22,311)</u>	<u>24,168</u>	<u>1,857</u>	-	-

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2012	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2013
<u>U.S. Department of the Interior</u>							
Passed through the Oklahoma State Department of Education							
Indian Education - Assistance to Schools							
Johnson O'Malley Program	15.130	563	65,569	13,805	56,473	-	22,901
 Total Expenditures of Federal Awards			<u>\$ (4,090,340)</u>	<u>\$ 19,065,925</u>	<u>\$ 18,364,244</u>	<u>\$ 1,679</u>	<u>\$ (3,386,980)</u>

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Putnam City Independent School District No. 1, Oklahoma County, Oklahoma. The schedule is prepared using a cash receipts and disbursements basis. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Non-cash commodities included in the above schedule are valued at the fair market value of the items received.

(1) Adjustment made for expenditures not expected to be federally reimbursed.

Sum of (a) total for expenditures for CFDA 84.048 equals \$437,968.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education
Putnam City Independent School District No. 1
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam City Independent School District No. 1 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Putnam City Independent School District No. 1's basic financial statements, and have issued our report thereon dated November 26, 2013. Our opinions were modified because the District prepares its financial statements on a prescribed regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Putnam City Independent School District No.1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Putnam City Independent School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Putnam City Independent School District No. 1's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Putnam City Independent School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and question costs as item 2013-A.

Putnam City Independent School District No.1's Response to Findings

Putnam City Independent School District No.1's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Putnam City Independent School District No. 1's responses and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Oklahoma City, Oklahoma
November 26, 2013



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Education
Putnam City Independent School District No. 1
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Putnam City Independent School District No. 1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Putnam City Independent School District No. 1's major federal programs for the year ended June 30, 2013. Putnam City Independent School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of Putnam City Independent School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Putnam City Independent School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Putnam City Independent School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion, Putnam City Independent School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-001. Our opinion on each federal program is not modified with respect to this matter.

Putnam City Independent School District No. 1's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Putnam City Independent School District No. 1's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Putnam City Independent School District No. 1 (the District) is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Oklahoma City, Oklahoma
November 26, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Modified-Adverse based on regulatory basis
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Name of Federal Program or Cluster

CFDA number

Title I	84.010
Child Nutrition Cluster	10.553, 10.555, 10.559
Education Jobs Fund (Ed Jobs) - ARRA	84.410
Dollar threshold used to distinguish between Type A and Type B programs	\$ 550,927
Auditee qualified as low-risk auditee	No

Section II - Findings relating to the Financial Statements

2013-A

Condition:	Student activity receipts are not deposited within the next business day or at least weekly if less than \$100.
Criteria:	Oklahoma Statutes Section 70-5-129 related to student activity funds states “deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week.”
Cause:	Teacher sponsors are not turning funds over to financial secretaries on a daily basis and financial secretaries are not depositing daily as required by District policy and Oklahoma statutes.
Context:	Approximately 23% of deposits tested (9 deposits in our sample of 40) identified receipts where the teacher sponsor did not turn in funds daily to the financial secretary. We noted 2 instances where the financial secretary did not timely turn in the deposits within the next business day.
Effect:	Failure to comply with State law indicating a failure to exercise control over funds received from student activities.
Recommendation:	Requirements for daily submission of student activity funds should be monitored for all sites by District administration.
Response:	In recognition of the timely deposit requirement, the District implemented a Financial Secretary Expectation and a Sponsor Expectation plan in FY13. Seventy percent of the findings occurred prior to or during the implementation. The District is hopeful a decrease in such events will be recognized in the next fiscal year.

Section III - Findings and Questioned Costs for Major Federal Awards

2013-001 Time and Effort Control
U.S. Department of Education passed through the Oklahoma State Department of Education
Title I CFDA #84.010

Condition:	Employees working with the Title I Program did not have proper time and effort documentation as required by OMB Circular A-87, Attachment B, paragraph 8.h.
Criteria:	As defined by OMB Circular A-87, Attachment B, paragraph 8h, documentation should be kept on employees who are paid with federal programs. The documentation certifies the federal program time they have performed, signed by employee and supervisor knowing first-hand knowledge of the work performed by the employee.
Cause:	The District does have a process in place to obtain time and effort documentation but it was not effective in correctly and timely identifying programs in which the employees work.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Context:	Seven of the 38 items selected did not have accurate federal programs identified. One of the 38 items selected was missing one of the year's required certifications..
Questioned costs:	None
Effect:	The District is out of compliance with OMB Circular A-87, Attachment B, paragraph 8h regarding time and effort documentation.
Recommendation:	Control procedures should be implemented to ensure that time and effort documentation is received by employees paid with the federal funds.
Response:	The District recognizes a need for increased training and oversight in relation to time and effort documentation. Corrective actions have been taken.

Section II - Findings relating to the Financial Statements

- 12-1 Condition: Student activity receipts are not deposited within the next business day or at least weekly if less than \$100.
Current Status: Repeat finding in the current year – see 2013-A.

Section III - Findings and Questioned Costs for Major Federal Awards

No findings in prior year.

