

Financial Statements  
June 30, 2011



# Putnam City Independent School District No. 1

Independent Auditor’s Report.....	1
Management's Discussion and Analysis (Unaudited).....	3
Financial Statements	
Statement of Net Assets - Regulatory Basis.....	8
Statement of Activities - Regulatory Basis .....	9
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds - Regulatory Basis.....	10
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds - Regulatory Basis.....	11
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds - Regulatory Basis.....	12
Notes to Financial Statements .....	13
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund (Unaudited).....	25
Notes to Required Supplementary Information.....	26
Other Supplementary Information	
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis .....	27
Combining Statement of Revenues, Expenditures and Fund Balance – Other Governmental Funds – Regulatory Basis.....	28
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis .....	29
Combining Statement of Revenues, Expenditures and Fund Balance – Other Capital Projects Funds – Regulatory Basis.....	31
Budgetary Comparison Schedules – Building and Child Nutrition Fund (Unaudited) .....	33
Combining Statement of Changes in Assets and Fund Balances – All Activity Funds.....	34
Statement of Statutory, Fidelity and Honesty Bonds (Unaudited) .....	37
Schedule of Expenditures of Federal Awards .....	38
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> .....	40
Independent Auditor’s Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	42
Schedule of Findings and Questioned Costs .....	44
Summary of Prior Year Findings.....	47
Schedule of Accountants’ Professional Liability Insurance Affidavit (unaudited).....	48



## Independent Auditor's Report

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

We have audited the accompanying 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, 2011, 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.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously 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, 2011, or changes in financial position for the year then ended.

In our opinion, the financial statements referred to above 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011, on our consideration of Putnam City Independent School District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* and should be considered in assessing the results of our audit.

Accounting principles prescribed by the Oklahoma State Department of Education require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 25-26, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting principles prescribed by the Oklahoma State Department of Education, 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Putnam City Independent School District No. 1's basic financial statements as a whole. The information shown in the table of contents as other supplementary 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 Organizations*, and is also not a required part of the basic financial statements of the District. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The budgetary comparison schedules- building and child nutrition fund, 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.

*Eide Bailly LLP*

Oklahoma City, Oklahoma  
November 23, 2011

**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, 2011. 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 2010 and 2011 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 2011.

**Financial Highlights**

Fiscal Year 2011 operations generated significant budget activity for the district's primary operating fund, the General Fund. Current information is presented alongside that of Fiscal Year 2010 to illustrate changes in General Fund balance. Both years are presented on the regulatory basis of accounting.

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Ending Balance</u>
FY 2010	\$ 7,798,618	\$ 116,385,120	\$ 117,856,933	\$ 6,326,805
FY 2011	6,326,805	124,193,355	114,153,831	16,366,329

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>
2008	\$824,443,145	5.28%
2009	858,874,911	4.18%
2010	896,072,867	4.33%
2011	898,845,574	0.31%
2012	901,481,941	0.29%

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 Assets and Statement of Activities**

These statements provide information about the activities of the whole district. The change in net assets 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 Assets – 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 2,140 full-time people employed by the District.

**Analysis of Financial Statements**

**Putnam City Independent School District No. 1**  
**Table A**  
**Comparative Schedule of Net Assets**  
**For Fiscal years 2010 and 2011**  
(In millions of dollars)

<b>Assets</b>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Difference</u>
Current and Other Assets	\$ 83.43	\$ 86.95	\$ 3.52
Capital Assets	<u>108.91</u>	<u>169.75</u>	<u>60.84</u>
Total Assets	\$ 192.34	\$ 256.70	\$ 64.36
 <b>Liabilities</b>			
Long-Term Debt Outstanding	\$ 57.96	\$ 99.24	\$ 41.28
Other Liabilities	<u>20.13</u>	<u>19.59</u>	<u>(0.54)</u>
Total Liabilities	\$ 78.09	\$ 118.83	\$ 40.74
 <b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 88.10	\$ 99.73	\$ 11.63
Restricted	25.56	27.46	1.90
Unrestricted	<u>0.59</u>	<u>10.68</u>	<u>10.09</u>
Total Net Assets	<u><u>\$ 114.25</u></u>	<u><u>\$ 137.87</u></u>	<u><u>\$ 23.62</u></u>

**Table B**  
**Analysis of Changes in Net Assets**  
(in millions)

	FY2010	FY2011	Difference
Revenues			
Program Revenues:			
Charges for Services	\$ 7.09	\$ 10.04	\$ 2.95
Federal and State Grants	26.11	30.74	4.63
General Revenues:			
Property Taxes	54.29	54.66	0.37
Other Taxes	14.81	15.26	0.45
State Entitlement	48.75	51.00	2.25
Other General Revenues	1.01	0.40	(0.61)
Total Revenues	\$ 152.06	\$ 162.10	\$ 10.04
Expenditures			
Program Expenses:			
Instruction	\$ 78.66	\$ 75.56	\$ (3.10)
Support Services	47.28	47.27	(0.01)
Non-instruction	8.39	7.57	(0.82)
Interest on Long-term Debt	1.97	2.18	0.21
Depreciation-Unallocated	6.40	5.90	(0.50)
Total Expenditures	\$ 142.70	\$ 138.48	\$ (4.22)
Increase in Net Assets	\$ 9.36	\$ 23.62	\$ 14.26

**Net assets**

Net Assets increased \$23.62 million from Fiscal Year 2010 to 2011. The operating position of the district as expressed in terms of change in net assets increased approximately \$14,260,000 in Fiscal Year 2011 due to increased program revenues and decreased expenditures.

**Fund Revenues**

General Fund revenue increased 6.6% from FY 2010 to FY 2011. Contributing factors from the local and state level include increased property taxes, state aid and school land earnings combined with decreased interest earnings. The federal level contained an increase related to ARRA stimulus grants and Education Jobs Funding. Receipts into the Building Fund increased 56.19 %. A \$2.57 million increase in insurance loss recovery proceeds for the roof repair at Dennis Elementary accounted for 98% of the increase. 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.



## **Fund Expenditures**

General Fund expenditures decreased \$3.7 million, or 3.14% from 2010 to 2011. The majority of this decrease was related to reduced staffing and contract lengths. Building Fund expenditures increased 37.9%, primarily due to expenditures related to the insurance loss mentioned previously for roof repairs at Dennis Elementary. Sinking fund expenditures increased 8% due to increased principal payments on general obligation bonds. Other fund expenditures increased 31%, primarily due to expenditures related to construction from general obligation bonds and revenue lease bonds.

## **Fund Balances**

The General Fund balance increased \$10,039,524 to \$16,366,329. Building Fund balance realized an increase of \$1,427,759 to \$9,010,980. Sinking fund realized a decrease of \$487,687 and other government funds realized decreases of a combined total of \$7,577,627.

## **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.

## **Current Issues**

For Fiscal Year 2011-2012 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, Executive Director of Finance and Treasurer, Putnam City Schools, 5401 NW 40th Street, Oklahoma City, Oklahoma 73122.

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Statement of Net Assets – Regulatory Basis  
June 30, 2011

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	Governmental Activities
Assets	
Cash and Cash Investments	\$ 86,919,015
Inventories	31,077
Nondepreciated Capital Assets	82,742,532
Depreciated Capital Assets, Net of Depreciation	87,007,238
Total assets	\$ 256,699,862
Liabilities	
Accounts Payable	1,782,283
Salaries and Related Benefits	12,362,038
Warrants Outstanding	3,054,916
Encumbrances Outstanding	2,386,226
Long-Term Obligations	
Due within one year	35,367,810
Due beyond one year	63,876,453
Total liabilities	\$ 118,829,726
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 99,725,443
Restricted for:	
Debt service	15,084,386
School-based activities	1,987,546
Child nutrition	1,382,948
Buildings	9,010,981
Unrestricted	10,678,832
Total net assets	\$ 137,870,136

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Statement of Activities – Regulatory Basis  
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				Total Governmental Activities
Instruction	\$ 75,562,332	\$ 102,700	\$ 22,877,433	\$ (52,582,199)
Support Services	47,271,569	2,592,206	1,974,650	(42,704,713)
Non-instruction services	7,570,928	7,348,130	5,891,287	5,668,489
Interest on long-term debt	2,183,887	-	-	(2,183,887)
Depreciation - unallocated	5,889,558	-	-	(5,889,558)
Total school district	<u>\$ 138,478,274</u>	<u>\$ 10,043,036</u>	<u>\$ 30,743,370</u>	<u>\$ (97,691,868)</u>

General Revenues:

Taxes

Property taxes, levied for general purposes	32,579,472
Property taxes, levied for building purposes	4,655,495
Property taxes, levied for debt service	17,427,867
General Taxes	15,254,843
State aid - formula grants	50,998,614
Investment earnings	399,224

Total general revenues

\$ 121,315,515

Change in net assets

23,623,647

Net Assets - beginning

114,246,489

Net assets - ending

\$ 137,870,136

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Balance Sheet – Governmental Funds – Regulatory Basis  
June 30, 2011

	General Fund	Debt Service Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Investments	\$ 34,857,058	\$ 15,084,388	\$ 9,486,072	\$ 27,698,713	\$ 87,126,231
Total Assets	<u>\$ 34,857,058</u>	<u>\$ 15,084,388</u>	<u>\$ 9,486,072</u>	<u>\$ 27,698,713</u>	<u>\$ 87,126,231</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Bank Overdraft	\$ -	\$ -	\$ -	\$ 207,216	\$ 207,216
Accounts Payable	1,769,498	-	-	12,785	1,782,283
Salaries and Related Benefits	12,362,038	-	-	-	12,362,038
Warrants Outstanding	2,942,701	-	63,123	49,092	3,054,916
Encumbrances Outstanding	1,416,492	-	411,969	557,765	2,386,226
Principal and Interest Accruals	-	14,190,887	-	-	14,190,887
Total Liabilities	<u>\$ 18,490,729</u>	<u>\$ 14,190,887</u>	<u>\$ 475,092</u>	<u>\$ 826,858</u>	<u>\$ 33,983,566</u>
<b>Fund Balances:</b>					
Restricted	\$ -	\$ 893,501	\$ 9,010,980	\$ 25,113,300	\$ 35,017,781
Committed	-	-	-	1,987,546	1,987,546
Assigned	1,416,492	-	-	1,884	1,418,376
Unassigned	<u>14,949,837</u>	<u>-</u>	<u>-</u>	<u>(230,875)</u>	<u>14,718,962</u>
Fund Balances, End of Year	<u>16,366,329</u>	<u>893,501</u>	<u>9,010,980</u>	<u>26,871,855</u>	53,142,665
Total Liabilities and Fund Balances	<u>\$ 34,857,058</u>	<u>\$ 15,084,388</u>	<u>\$ 9,486,072</u>	<u>\$ 27,698,713</u>	
Amounts reported for governmental activities in the statement of net assets 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 \$231,875,381 and the accumulated depreciation is \$62,125,611.					
					169,749,770
Sinking Fund Principal and Interest Accruals are part of net assets at the district-wide level.					
					14,190,887
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.					
					31,077
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:					
			Bond Payable	\$ 52,225,000	
			Long-Term Lease Payable	41,460,000	
			Compensated Absences	5,559,263	(99,244,263)
Total Net Assets - Governmental Activities					<u>\$ 137,870,136</u>

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, 2011

	General Fund	Debt Service Fund	Building Fund	Other Governmental Funds	Totals Governmental Funds
Revenues:					
Property Taxes	\$ 32,579,472	17,427,867	\$ 4,655,495	\$ -	\$ 54,662,834
Interest	108,761	31,252	22,465	83,089	245,567
County Revenue	4,477,243	-	-	-	4,477,243
State Revenue	63,886,922	624	167	130,798	64,018,511
Federal Revenue	19,680,268	-	-	5,760,489	25,440,757
Other	2,516,201	-	2,572,263	7,216,367	12,304,831
Total Revenues	<u>123,248,867</u>	<u>17,459,743</u>	<u>7,250,390</u>	<u>13,190,743</u>	<u>161,149,743</u>
Expenditures					
Current					
Instruction	74,034,565	-	169,248	1,344,731	75,548,544
Support Services	38,880,584	-	3,384,910	6,774,853	49,040,347
Non-Instruction Services	367,001	-	1,395	8,825,953	9,194,349
Capital Outlay	-	-	2,844,555	8,409,484	11,254,039
Other Outlays	870,937	-	960	10,823,197	11,695,094
Debt Service					
Interest Paid	-	2,183,887	-	-	2,183,887
Principal Retirement	-	15,250,000	-	-	15,250,000
Total Expenditures	<u>114,153,087</u>	<u>17,433,887</u>	<u>6,401,068</u>	<u>36,178,218</u>	<u>174,166,260</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>9,095,780</u>	<u>25,856</u>	<u>849,322</u>	<u>(22,987,475)</u>	<u>(13,016,517)</u>
Adjustments to Prior year Encumbrances	<u>664,743</u>	<u>-</u>	<u>578,397</u>	<u>303,889</u>	<u>1,547,029</u>
Other Financing Sources (Uses)					
Transfers In	287,001	-	40	441,906	728,947
Transfers Out	(8,000)	-	-	(720,947)	(728,947)
Bond Proceeds	-	-	-	15,385,000	15,385,000
Accrued Principal and Interest	-	(661,340)	-	-	(661,340)
Premium on Bonds	-	147,797	-	-	147,797
Total Other Financing Sources (Uses)	<u>279,001</u>	<u>(513,543)</u>	<u>40</u>	<u>15,105,959</u>	<u>14,871,457</u>
Net Change in Fund Balance	10,039,524	(487,687)	1,427,759	(7,577,627)	3,401,969
Beginning Fund Balance	<u>6,326,805</u>	<u>1,381,188</u>	<u>7,583,221</u>	<u>34,449,482</u>	<u>49,740,696</u>
Ending Fund Balances	<u>\$ 16,366,329</u>	<u>\$ 893,501</u>	<u>\$ 9,010,980</u>	<u>\$ 26,871,855</u>	<u>\$ 53,142,665</u>

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, 2011

Total net changes in fund balances - governmental funds			\$ 3,401,969
The change in nets assets 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 exceeds depreciation during the period.	Depreciation Expense	(5,889,558)	
	Capital Outlays	<u>66,725,629</u>	60,836,071
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.			311,952
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, 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 assets. Debt issued this year exceeded repayments.	Debt Issued	\$ (65,205,000)	
	Debt Repayments	<u>\$ 23,610,000</u>	(41,595,000)
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.			7,315
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 assets.			<u>661,340</u>
Change in net assets of governmental activities			<u><u>\$ 23,623,647</u></u>

**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 Assets, the District's governmental activities are reported on 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 assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities, the District's governmental activities are reported on 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 assets 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.

Building Fund is used to account for monies derived from the building fund levy and rental of facilities to be used for erecting, remodeling, repairing or maintaining school buildings, paying energy and utility costs; paying fire and casualty insurance premiums for school facilities, security systems and personnel.



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. Child Nutrition fund accounts for and reports the financial activity related to operating the food service program.
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 modified 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 assets.
- Vendor obligations due and payable for goods and services received but not yet paid.

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 in the general fund and child nutrition fund 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 are 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 Assets and Fund Balance - District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used.

Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt – The component of net assets 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 assets 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 assets 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 assets 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 assets that report 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 has adopted Governmental Accounting Standards Board Statement No. 54 (effective July 1, 2010), 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 has classified Inventory as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year. The District had no nonspendable amounts at June 30, 2011.

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**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 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, 2011, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances:					
Restricted for:					
School construction	\$ -	\$ -	\$ 9,010,980	\$ 23,660,674	\$ 32,671,654
Debt service	-	893,501	-	-	893,501
Food services	-	-	-	1,351,874	1,351,874
Gifts from donors	-	-	-	100,752	100,752
Total Restricted	<u>-</u>	<u>893,501</u>	<u>9,010,980</u>	<u>25,113,300</u>	<u>35,017,781</u>
Committed to:					
School program activities	-	-	-	1,987,546	1,987,546
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,987,546</u>	<u>1,987,546</u>
Assigned to:					
Instruction	435,634	-	-	-	435,634
Support services	972,701	-	-	1,884	974,585
Non-instruction services	5,635	-	-	-	5,635
Other outlays	2,522	-	-	-	2,522
Total Assigned	<u>1,416,492</u>	<u>-</u>	<u>-</u>	<u>1,884</u>	<u>1,418,376</u>
Unassigned	14,949,837	-	-	(230,875)	14,718,962
Total fund balances	<u>\$16,366,329</u>	<u>\$ 893,501</u>	<u>\$ 9,010,980</u>	<u>\$ 26,871,855</u>	<u>\$ 53,142,665</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.

**Note 2 - Deposits**

At June 30, 2011 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2011 was \$86,977,919. 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	\$ 52,090,000	\$ 15,385,000	\$ (15,250,000)	\$ 52,225,000	\$ 16,130,000
Lease Revenue Payable	-	49,820,000	(8,360,000)	41,460,000	17,625,000
Compensated Absences	5,871,215	1,534,784	(1,846,736)	5,559,263	1,612,810
Total governmental activity long-term liabilities	<u>\$ 57,961,215</u>	<u>\$ 66,739,784</u>	<u>\$ (25,456,736)</u>	<u>\$ 99,244,263</u>	<u>\$ 35,367,810</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.

Bonds payable at June 30, 2011 are comprised of the following individual general obligation bond issues:

Issue Amount	Purpose	Date	Annual Payment	Final Payment	Maturity Date	Interest Rates (%)	Outstanding as of June 30, 2011
\$12,210,000	Building	1/1/2007	\$ 3,050,000	\$ 3,060,000	1/1/2012	3.5-4	\$ 3,060,000
12,455,000	Building	6/1/2007	3,100,000	3,155,000	6/1/2012	4-4.25	3,155,000
11,950,000	Building	1/1/2008	3,000,000	3,000,000	1/1/2013	4-4.25	6,000,000
12,140,000	Building	1/1/2009	3,035,000	3,035,000	1/1/2014	5	9,105,000
15,520,000	Building	1/1/2010	3,880,000	3,880,000	1/1/2015	3	15,520,000
15,385,000	Building	1/1/2011	3,845,000	3,850,000	1/1/2016	2.5-3	15,385,000
							<u>\$ 52,225,000</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, 2011 is approximately \$90,148,200.

The annual requirements to amortize all bond debt outstanding as of June 30, 2011 including interest payments are as follows:

Period Ending June 30,	Principal	Interest	Total Debt Service
2012	\$16,130,000	\$ 1,882,937	\$ 18,012,937
2013	13,760,000	1,638,125	15,398,125
2014	10,760,000	721,138	11,481,138
2015	7,725,000	499,000	8,224,000
2016	3,850,000	115,500	3,965,500
	\$52,225,000	\$ 4,856,700	\$ 57,081,700

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 \$30.1 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, 2010 through June 30, 2011 of applicable compensation for the year ended June 30, 2011. 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, 2011, 2010, and 2009 were \$10,182,070, \$10,532,370, and \$10,213,989, 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, 2011 were \$804,370.

**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 \$62.1 million dollars as of June 30, 2011 for outstanding construction projects.

During the year ended June 30, 2011, the District did not reduce insurance coverages from coverage levels in place as of June 30, 2010. No settlements have exceeded coverage levels in place during 2011.

**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, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 4,909,457	\$ -	\$ -	\$ 4,909,457
Construction in progress	34,676,948	64,897,415	(21,741,288)	77,833,075
Total capital assets not being depreciated	<u>39,586,405</u>	<u>64,897,415</u>	<u>(21,741,288)</u>	<u>82,742,532</u>
Capital Assets being depreciated:				
Buildings	112,726,936	21,741,288	-	134,468,224
Equipment and Vehicles	14,191,029	1,828,214	(1,354,618)	14,664,625
Total capital assets being depreciated	<u>126,917,965</u>	<u>23,569,502</u>	<u>(1,354,618)</u>	<u>149,132,849</u>
Less accumulated depreciation for:				
Buildings	(48,945,107)	(4,195,856)	-	(53,140,963)
Equipment and Vehicles	(8,645,564)	(1,693,702)	1,354,618	(8,984,648)
Total accumulated depreciation	<u>(57,590,671)</u>	<u>(5,889,558)</u>	<u>1,354,618</u>	<u>(62,125,611)</u>
Total capital assets being depreciated, net	<u>69,327,294</u>	<u>17,679,944</u>	<u>-</u>	<u>87,007,238</u>
Capital assets, net	<u>\$ 108,913,699</u>	<u>\$ 82,577,359</u>	<u>\$ (21,741,288)</u>	<u>\$ 169,749,770</u>

**Note 8 - Schedule of Transfers**

Transfer From	Transfer To	Amount	Nature of Transfer
Student Activity Fund	General Fund	\$ 73,082	Operating transfer
Gifts and Endowments	General Fund	62,500	Operating transfer
Child Nutrition Fund	General Fund	151,419	Operating transfer
General Fund	Building Fund and Child Nutrition	8,000	Operating transfer
Student Activity Fund	Student Activity Fund	433,946	IntraFund Transfer
	Total Transfers between Funds	<u>\$ 728,947</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, 2011:

<u>Maturity March 1,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2012	\$ 17,625,000	3.50%	1.950%
2013	\$ 9,120,000	4.00%	2.250%
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, 2011 totaled approximately \$44,341,000.

Required Supplementary Information  
June 30, 2011



# 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, 2011

	Budgeted Amounts <u>Original/Final</u>	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 6,326,805	\$ 6,326,805	\$ -
Resources (inflows)			
Property Taxes	31,980,890	32,579,472	598,582
Interest	185,840	108,761	(77,079)
County Revenue	4,292,870	4,477,243	184,373
State Revenue	61,143,726	63,886,922	2,743,196
Federal Revenue	23,279,005	19,680,268	(3,598,737)
Other	2,529,761	3,467,945	938,184
	<u>123,412,092</u>	<u>124,200,611</u>	<u>788,519</u>
Amounts Available for Appropriation	<u>129,738,897</u>	<u>130,527,416</u>	<u>788,519</u>
Charges to Appropriations (outflows)			
Instruction	75,407,873	74,034,565	1,373,308
Support Services	39,785,092	38,880,584	904,508
Non-Instruction Services	430,001	367,001	63,000
Other Outlays	2,056,234	878,937	1,177,297
	<u>117,679,200</u>	<u>114,161,087</u>	<u>3,518,113</u>
Total Charges to Appropriations	<u>117,679,200</u>	<u>114,161,087</u>	<u>3,518,113</u>
Budgetary Fund Balance, June 30	<u><u>\$ 12,059,697</u></u>	<u><u>\$ 16,366,329</u></u>	<u><u>\$ 4,306,632</u></u>

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.

Other Supplementary Information  
June 30, 2011



# Putnam City Independent School District No. 1

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis  
June 30, 2011

	<u>MAPS</u>	<u>Child Nutrition</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>
<b>Assets</b>							
Cash and Cash Investments	\$ 3,332,293	\$ 1,904,187	\$ 105,553	\$ 1,987,546	\$ -	\$ 20,369,134	\$ 27,698,713
Total Assets	<u>3,332,293</u>	<u>1,904,187</u>	<u>105,553</u>	<u>1,987,546</u>	<u>-</u>	<u>20,369,134</u>	<u>27,698,713</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Book Overdraft	-	-	-	-	207,216	-	207,216
Accounts Payable	-	-	-	-	-	12,785	12,785
Warrants Outstanding	-	-	1,233	-	19,891	27,968	49,092
Encumbrances Outstanding	-	552,313	3,568	-	1,884	-	557,765
Total Liabilities	<u>-</u>	<u>552,313</u>	<u>4,801</u>	<u>-</u>	<u>228,991</u>	<u>40,753</u>	<u>826,858</u>
<b>Fund Balances:</b>							
Restricted	3,332,293	1,351,874	100,752	-	-	20,328,381	25,113,300
Committed	-	-	-	1,987,546	-	-	1,987,546
Assigned	-	-	-	-	1,884	-	1,884
Unassigned	-	-	-	-	(230,875)	-	(230,875)
Fund Balances, End of Year	<u>3,332,293</u>	<u>1,351,874</u>	<u>100,752</u>	<u>1,987,546</u>	<u>(228,991)</u>	<u>20,328,381</u>	<u>26,871,855</u>
Total Liabilities and Fund Balances	<u>\$ 3,332,293</u>	<u>\$ 1,904,187</u>	<u>\$ 105,553</u>	<u>\$ 1,987,546</u>	<u>\$ -</u>	<u>\$ 20,369,134</u>	<u>\$ 27,698,713</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, 2011

	MAPS	Child Nutrition	Gifts and Endowments	Student Activity	Co-Op	Other Capital Project Funds	Other Governmental Funds
<b>Revenues</b>							
Interest	\$ 11,495	\$ 5,762	\$ 159	\$ 7,703	\$ -	\$ 57,970	\$ 83,089
State Revenue	-	130,798	-	-	-	-	130,798
Federal Revenue	-	5,760,489	-	-	-	-	5,760,489
Other	1,940,612	1,771,348	39,100	3,452,180	6,291	6,836	7,216,367
<b>Total Revenues</b>	<b>1,952,107</b>	<b>7,668,397</b>	<b>39,259</b>	<b>3,459,883</b>	<b>6,291</b>	<b>64,806</b>	<b>13,190,743</b>
<b>Expenditures</b>							
Current							
Instruction	-	-	8,021	792,036	-	544,674	1,344,731
Support Services	2,197,234	-	351	1,289,561	225,823	3,061,884	6,774,853
Non-Instruction Services	-	7,670,872	59	1,130,077	-	24,945	8,825,953
Capital Outlays	886,784	-	-	-	-	7,522,700	8,409,484
Other Outlays	672,180	-	-	31,614	9,459	10,109,944	10,823,197
<b>Total Expenditures</b>	<b>3,756,198</b>	<b>7,670,872</b>	<b>8,431</b>	<b>3,243,288</b>	<b>235,282</b>	<b>21,264,147</b>	<b>36,178,218</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(1,804,091)	(2,475)	30,828	216,595	(228,991)	(21,199,341)	(22,987,475)
Adjustments to Prior year Encumbrances	-	303,816	73	-	-	-	303,889
<b>Other Financing Sources (Uses)</b>							
Proceeds of Bonds	-	-	-	-	-	15,385,000	15,385,000
Transfers In	-	7,960	-	433,946	-	-	441,906
Transfers Out	-	(151,419)	(62,500)	(507,028)	-	-	(720,947)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(143,459)</b>	<b>(62,500)</b>	<b>(73,082)</b>	<b>-</b>	<b>15,385,000</b>	<b>15,105,959</b>
<b>Net Change in Fund Balances</b>	<b>(1,804,091)</b>	<b>157,882</b>	<b>(31,599)</b>	<b>143,513</b>	<b>(228,991)</b>	<b>(5,814,341)</b>	<b>(7,577,627)</b>
<b>Beginning Fund Balances</b>	<b>5,136,384</b>	<b>1,193,992</b>	<b>132,351</b>	<b>1,844,033</b>	<b>-</b>	<b>26,142,722</b>	<b>34,449,482</b>
<b>Ending Fund Balances</b>	<b>\$ 3,332,293</b>	<b>\$ 1,351,874</b>	<b>\$ 100,752</b>	<b>\$ 1,987,546</b>	<b>\$ (228,991)</b>	<b>\$ 20,328,381</b>	<b>\$ 26,871,855</b>



Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis  
June 30, 2011

	<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>2006A Bond</u>
Assets							
Cash and Cash Investments	\$ 216,829	\$ 400,778	\$ 3,043,627	\$ 907,179	\$ 1,159,194	\$ 1,199,259	\$ 149,414
Total Assets	<u>216,829</u>	<u>400,778</u>	<u>3,043,627</u>	<u>907,179</u>	<u>1,159,194</u>	<u>1,199,259</u>	<u>149,414</u>
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	-	-	-	-	225	-	-
Warrants Outstanding	-	-	-	-	-	-	27,968
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>27,968</u>
Fund Balances:							
Restricted	<u>216,829</u>	<u>400,778</u>	<u>3,043,627</u>	<u>907,179</u>	<u>1,158,969</u>	<u>1,199,259</u>	<u>121,446</u>
Fund Balances, End of Year	<u>216,829</u>	<u>400,778</u>	<u>3,043,627</u>	<u>907,179</u>	<u>1,158,969</u>	<u>1,199,259</u>	<u>121,446</u>
Total Liabilities and Fund Balances	<u>\$ 216,829</u>	<u>\$ 400,778</u>	<u>\$ 3,043,627</u>	<u>\$ 907,179</u>	<u>\$ 1,159,194</u>	<u>\$ 1,199,259</u>	<u>\$ 149,414</u>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis  
June 30, 2011

	<u>2006B Bond</u>	<u>2010A Bond</u>	<u>2010B Bond</u>	<u>2011A Bond</u>	<u>2011B Bond</u>	<u>Total Other Capital Project Funds</u>
<b>Assets</b>						
Cash and Cash Investments	\$ 28,834	\$ 5,440,637	\$ 2,730,064	5,090,563	2,756	\$ 20,369,134
Total Assets	<u>28,834</u>	<u>5,440,637</u>	<u>2,730,064</u>	<u>5,090,563</u>	<u>2,756</u>	<u>20,369,134</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	-	10,600	1,960	-	-	12,785
Warrants Outstanding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,968</u>
Total Liabilities	<u>-</u>	<u>10,600</u>	<u>1,960</u>	<u>-</u>	<u>-</u>	<u>40,753</u>
<b>Fund Balances:</b>						
Restricted	<u>28,834</u>	<u>5,430,037</u>	<u>2,728,104</u>	<u>5,090,563</u>	<u>2,756</u>	<u>20,328,381</u>
Fund Balances, End of Year	<u>28,834</u>	<u>5,430,037</u>	<u>2,728,104</u>	<u>5,090,563</u>	<u>2,756</u>	<u>20,328,381</u>
Total Liabilities and Fund Balances	<u>\$ 28,834</u>	<u>\$ 5,440,637</u>	<u>\$ 2,730,064</u>	<u>\$ 5,090,563</u>	<u>\$ 2,756</u>	<u>\$ 20,369,134</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, 2011

	<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>2006A Bond</u>
Revenues							
Interest	\$ 263	\$ 969	\$ 9,056	\$ 1,789	\$ 4,010	\$ 4,637	\$ 908
Other	-	-	-	-	-	-	-
Total Revenues	<u>263</u>	<u>969</u>	<u>9,056</u>	<u>1,789</u>	<u>4,010</u>	<u>4,637</u>	<u>908</u>
Expenditures							
Current							
Instruction	-	-	-	-	12,356	-	102,082
Support Services	-	-	-	-	191,058	-	77,136
Non-Instruction Services	12,177	12,768	-	-	-	-	-
Capital Outlays	35,506	127,024	953,047	57,763	1,860,642	1,422,181	391,030
Other Outlays	-	-	-	-	-	-	-
Total Expenditures	<u>47,683</u>	<u>139,792</u>	<u>953,047</u>	<u>57,763</u>	<u>2,064,056</u>	<u>1,422,181</u>	<u>570,248</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(47,420)</u>	<u>(138,823)</u>	<u>(943,991)</u>	<u>(55,974)</u>	<u>(2,060,046)</u>	<u>(1,417,544)</u>	<u>(569,340)</u>
Net Change in Fund Balances	(47,420)	(138,823)	(943,991)	(55,974)	(2,060,046)	(1,417,544)	(569,340)
Beginning Fund Balances	<u>264,249</u>	<u>539,601</u>	<u>3,987,618</u>	<u>963,153</u>	<u>3,219,015</u>	<u>2,616,803</u>	<u>690,786</u>
Ending Fund Balances	<u>\$ 216,829</u>	<u>\$ 400,778</u>	<u>\$ 3,043,627</u>	<u>\$ 907,179</u>	<u>\$ 1,158,969</u>	<u>\$ 1,199,259</u>	<u>\$ 121,446</u>

(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, 2011

	<u>2006B Bond</u>	<u>2010A Bond</u>	<u>2010B Bond</u>	<u>2011A Bond</u>	<u>2011B Bond</u>	<u>Total Other Capital Project Funds</u>
Revenues						
Interest	\$ 27	19,649	\$ 8,355	5,551	2,756	\$ 57,970
Other	-	891	5,945	-	-	6,836
Total Revenues	<u>27</u>	<u>20,540</u>	<u>14,300</u>	<u>5,551</u>	<u>2,756</u>	<u>64,806</u>
Expenditures						
Current						
Instruction	-	155,989	274,247	-	-	544,674
Support Services	50,696	1,740,489	809,734	192,771	-	3,061,884
Non-Instruction Services	-	-	-	-	-	24,945
Capital Outlays	9,278	2,101,780	561,232	3,217	-	7,522,700
Other Outlays	-	-	5,944	-	10,104,000	10,109,944
Total Expenditures	<u>59,974</u>	<u>3,998,258</u>	<u>1,651,157</u>	<u>195,988</u>	<u>10,104,000</u>	<u>21,264,147</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(59,947)</u>	<u>(3,977,718)</u>	<u>(1,636,857)</u>	<u>(190,437)</u>	<u>(10,101,244)</u>	<u>(21,199,341)</u>
Other Financing Sources (Uses)						
Proceeds of Bonds	-	-	-	5,281,000	10,104,000	15,385,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,281,000</u>	<u>10,104,000</u>	<u>15,385,000</u>
Net Change in Fund Balances	(59,947)	(3,977,718)	(1,636,857)	5,090,563	2,756	(5,814,341)
Beginning Fund Balances	<u>88,781</u>	<u>9,407,755</u>	<u>4,364,961</u>	<u>-</u>	<u>-</u>	<u>26,142,722</u>
Ending Fund Balances	<u>\$ 28,834</u>	<u>\$ 5,430,037</u>	<u>\$ 2,728,104</u>	<u>\$ 5,090,563</u>	<u>\$ 2,756</u>	<u>\$ 20,328,381</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, 2011

	Building Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Local Revenue	\$ 6,180,800	\$ 6,180,800	\$ 7,250,223	\$ 1,989,183	\$ 1,989,183	\$ 1,777,110
State Revenue	190	190	167	112,235	112,235	130,798
Federal Revenue	-	-	-	5,208,570	5,208,570	5,760,489
<b>Total Revenues</b>	<b>6,180,990</b>	<b>6,180,990</b>	<b>7,250,390</b>	<b>7,309,988</b>	<b>7,309,988</b>	<b>7,668,397</b>
Expenditures						
1000 Instruction	292,144	292,144	169,248	-	-	-
2000 Support Services	6,661,200	6,661,200	3,384,910	-	-	-
3000 Non-Instruction Services	-	-	1,395	7,006,117	7,006,117	7,670,872
4000 Capital Outlays	1,091,908	1,091,908	2,844,555	-	-	-
5000 Other Outlays	25,018	25,018	960	183,331	183,331	-
<b>Total Expenditures</b>	<b>8,070,270</b>	<b>8,070,270</b>	<b>6,401,068</b>	<b>7,189,448</b>	<b>7,189,448</b>	<b>7,670,872</b>
Excess (Deficiency) of Revenues over Expenditures	(1,889,280)	(1,889,280)	849,322	120,540	120,540	(2,475)
Adjustments to Prior year Encumbrances	537,516	537,516	578,397	300,793	300,793	303,816
Other Financing Sources (Uses)						
Transfers In	-	-	40	-	-	7,960
Transfers Out	-	-	-	-	-	(151,419)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>(143,459)</b>
<b>Net Change in Fund Balances</b>	<b>(1,351,764)</b>	<b>(1,351,764)</b>	<b>1,427,759</b>	<b>421,333</b>	<b>421,333</b>	<b>157,882</b>
Beginning Fund Balances	7,583,221	7,583,221	7,583,221	1,193,992	1,193,992	1,193,992
<b>Ending Fund Balances</b>	<b>\$ 6,231,457</b>	<b>\$ 6,231,457</b>	<b>\$ 9,010,980</b>	<b>\$ 1,615,325</b>	<b>\$ 1,615,325</b>	<b>\$ 1,351,874</b>

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, 2011

Assets	Beginning Balance as of June 30, 2010	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2011
Activities				
Activity-General School Fund	\$ 132,523	\$ 194,277	\$ 199,105	\$ 127,695
Administration Activity Fund	24,317	2,014	3,738	22,593
Anthology	-	-	-	-
Apache Team	6,824	4,886	4,682	7,028
Art Club	2,200	1,593	2,047	1,746
Art Festival	406	439	11	834
Art Fund	1,989	12,465	8,967	5,487
Arts in Education	9,503	5,085	6,607	7,981
Asian Club	641	731	819	553
Athletics	268,033	629,927	611,742	286,218
Band	16,123	103,038	105,331	13,830
Be The Change Club	-	1,338	1,275	63
Buffalo Hunters	400	-	-	400
Bus Prof of Amer	1,355	8,548	8,647	1,256
Camp Classen	2,069	19,658	16,711	5,016
Cancer Research Fund	95,967	202,087	215,043	83,011
Cast-Cultural Awareness	100	(100)	-	-
Cheerleading	20,476	20,217	27,392	13,301
Cheyenne Team	859	-	-	859
Chiefs Team	697	-	136	561
Class of 2009	-	-	-	-
Class of 2010	5,249	(2,169)	3,080	-
Class of 2011	19,008	37,787	44,297	12,498
Class of 2012	3,594	67,017	47,477	23,134
Class of 2013	1,378	6,496	5,742	2,132
Class of 2014	-	4,207	2,274	1,933
Clearing-General Fund Ref	(5)	82,109	80,429	1,675
Computer Lab Club	204	255	193	266
Concession	9,446	18,100	16,889	10,657
Crafts	395	1,013	1,228	180
Day Care	123,647	391,519	370,623	144,543
Debate	1,256	4,139	4,119	1,276
Debate/Speech Activities	1,851	2,707	2,110	2,448
Deca	9,919	71,877	70,159	11,637
District Staff Development	32,462	28,823	20,470	40,815
Donations	43,580	124,747	87,589	80,738
Drama	23,421	28,433	25,141	26,713
Dream Catchers Team	788	-	-	788
Employee Courtesy Fund	28,867	26,551	22,987	32,431
English Department Ink	-	-	-	-
English Paper Back	277	-	-	277
Environmental Club	274	680	30	924
Faculty Support	-	-	-	-
Family & Consumers Science	7,333	7,788	10,042	5,079
Fccla	693	21,467	18,511	3,649
Field Trips	1,398	5,322	5,587	1,133
Fifth Grade	2,750	1,977	2,085	2,642
Foods-Ice Cream	-	-	-	-
French Club	364	2,167	1,535	996
Freshman Cheer	262	5,054	5,316	-

(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, 2011

Assets Activities	Beginning Balance as of June 30, 2010	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2011
GED	40	(40)	-	-
General School Fund	106,996	190,463	179,333	118,126
Grants	63	-	-	63
Groundbreakers	3,191	3,178	1,359	5,010
Guidance-Counseling	1,457	3,987	3,661	1,783
Key Club	3	1,314	931	386
Hosa	1,052	450	463	1,039
Latin Club	2,825	4,070	3,064	3,831
Interest	58,932	4,041	920	62,053
International Club	25	-	-	25
Journalism-Newspaper	14,615	33,242	35,972	11,885
Junior Classical League-D	207	-	-	207
Junior Classical Lg-Latin	148	1,196	988	356
Key Club	2,434	1,570	1,429	2,575
La Raza	940	2,964	3,130	774
Latin Club	997	3,120	2,875	1,242
Leadership	19,896	7,888	12,344	15,440
Library Media Services	37	190	203	24
Literary Magazine	-	-	-	-
Maintenance Miscellaneous	581	-	-	581
Mcs-Step Team	4,040	2,306	4,552	1,794
Media Center	33,925	112,539	108,691	37,773
Memorial Fund	2,688	3,123	2,304	3,507
Model United Nations Club	418	612	-	1,030
Mohicans Team	2,582	-	297	2,285
Motivational Program	2,643	18,027	16,824	3,846
Mu Alpha Theta-Math Club	255	-	48	207
Nat'L Forensic Lge-Debate	324	1,225	1,254	295
Nat'L Honor Society	12,680	2,893	4,863	10,710
Orchestra	7,793	53,991	51,863	9,921
Panthers Caring Now	1,609	-	50	1,559
Pass Thru Money	3	455	459	(1)
Peak-Gifted & Talented	26,386	52,480	48,948	29,918
Pep Club	9,575	28,694	32,138	6,131
Philosophy Club	-	-	-	-
Physical Education	6,480	7,649	7,095	7,034
Physics Activities	60	-	-	60
Pictures	61,093	52,959	48,158	65,894
Pirate Line	52	835	718	169
Pom	10,931	34,089	37,118	7,902
Reading	1,150	-	286	864
Refunds	-	715	715	-
Robotics	271	-	-	271
Sadd	-	-	-	-
Science Lab-Nature Center	176	127	107	196
Scholarships	82,269	31,526	13,019	100,776
Science	2,486	1,116	826	2,776
Science & English Club	3,113	223	250	3,086
Senior Class	39	(39)	-	-

(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, 2011

Assets	Beginning Balance as of June 30, 2010	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2011
Activities				
Soaring Eagles	3,729	623	80	4,272
Smart Start Hospitality	-	110	454	(344)
Teen Leadership	98	451	379	170
Spanish Club	1,014	2,458	2,663	809
Special Education	4,004	5,776	6,555	3,225
Special Olympics	6,020	9,595	8,725	6,890
Special Services	231	2,836	501	2,566
Student Council	25,968	95,089	88,499	32,558
Student Store	1,385	2,918	2,006	2,297
Student to Student	1,956	3,475	2,720	2,711
Tech Ed	2,799	2,695	3,212	2,282
Tech Ed-Tsa	40	-	-	40
Tech Student Association	374	300	129	545
Tech Systems Class	193	1,756	1,800	149
Youth & Government	1,637	4,300	4,332	1,605
Theater Arts Academy	18,054	20,862	20,152	18,764
Thunderbirds Team	1,015	686	440	1,261
Tomahawks Team	1,115	-	366	749
Transitional Work Class	2,897	-	435	2,462
Transportation Concession	-	-	-	-
Turkey Bingo	5,303	3,092	3,414	4,981
United Native People	223	-	-	223
Varsity Cheer	1,651	9,752	8,425	2,978
Vending	276,387	642,762	632,618	286,531
Vocal Music	29,835	122,398	126,175	26,058
World Language Club	384	(200)	-	184
Yearbook	66,301	153,003	147,464	71,840
Young Democrats Club	68	(68)	-	-
Young Libertarians Club	423	(423)	-	-
Youth & Government	556	2,136	1,351	1,341
<b>Total Assets</b>	<b>\$ 1,844,033</b>	<b>\$ 3,893,829</b>	<b>\$ 3,750,316</b>	<b>\$ 1,987,546</b>
<b>Liabilities</b>				
Due to Student Groups	\$ 1,844,033	\$ 3,893,829	\$ 3,750,316	\$ 1,987,546
<b>Total Liabilities</b>	<b>\$ 1,844,033</b>	<b>\$ 3,893,829</b>	<b>\$ 3,750,316</b>	<b>\$ 1,987,546</b>

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, 2011

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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, 2010, to June 30, 2011.

The treasurer is bonded by Ohio Casualty Company, bond number 5026722, for the penal sum of \$350,000 for the term of July 1, 2010, to June 30, 2011.

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, 2010, to June 30, 2011.

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2010	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) Balance June 30, 2011
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (32,266)	\$ 152,348	\$ 150,517	\$ (30,435)
Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States	84.048	421/424	(93,161)	344,624	297,386	(45,923)
Passed Through Oklahoma State Regents for Higher Education Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	778	21,450	13,500	15,866	19,084
Passed Through Oklahoma Department of Rehabilitation Services Job Training	84.126	456	-	3,668	3,931	(263)
Passed Through Oklahoma State Department of Education						
Title I, Grants to Local Educational Agencies	84.010	511	(969,915)	4,171,439	4,318,375	(1,116,851)
ARRA, Title I, Improving Basic Programs	84.389	516	(215,469)	2,272,346	2,555,218	(498,341)
			(1,185,384)	6,443,785	6,873,593	(1,615,192)
Special Education - Grants to States	84.027	613/615/621/625	(886,523)	3,405,631	3,298,781	(779,673)
ARRA, Special Education - Grants to States	84.391	622	(128,676)	1,034,228	1,515,736	(610,184)
Special Education - Preschool Grants	84.173	641/642	(18,687)	76,955	76,761	(18,493)
ARRA, Special Education - Preschool Grants	84.392	643	-	97,861	97,861	-
State Personnel Development Grant	84.323	651	(5,684)	5,684	4,826	(4,826)
Special Education Cluster			(1,039,570)	4,620,359	4,993,965	(1,413,176)
Even Start	84.213	514	(27,275)	115,799	119,904	(31,380)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(158,399)	784,097	733,328	(107,630)
Title II Part B Math & Science	84.366	542	(288,053)	332,943	279,013	(234,123)
Title II, Part D Enhancing Education Through Technology	84.318X	546/548	(24,300)	50,001	40,916	(15,215)
Title III Part A English Language Acquisition	84.365	572	(33,849)	147,662	150,535	(36,722)
Safe and Drug Free Schools - State Grants	84.186	551	(78,781)	78,781	-	-
ARRA, SFSF - Education State Grants	84.394	782	-	4,042,563	4,042,563	-
ARRA, Textbooks	84.397	787	814,277	-	814,277	-
State Fiscal Stabilization Fund (SFSF) Cluster			814,277	4,042,563	4,856,840	-
Education Jobs Fund	84.410	790	-	2,163,498	2,893,780	(730,282)
Total U.S. Department of Education			(2,125,311)	19,293,628	21,409,574	(4,241,257)

(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, 2011

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2010	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) Balance June 30, 2011
Environmental Protection Agency Pass Through Programs ARRA, National Clean Diesel Funding Assistance	66.039	785	-	250,000	314,786	(64,786)
U.S. Department of Labor Direct Programs ARRA, COBRA Premium Assistance	17.151	784	(11,078)	-	11,233	(22,311)
Corporation for Nation and Community Service Passed through Oklahoma Community Service Commission ARRA, Americorps	94.006	777	\$ -	\$ 67,100	\$ 184,048	\$ (116,948)
Passed Through Oklahoma State Department of Education Learn and Service America	94.004	781	-	-	1,535	(1,535)
Total Corporation for National and Community Service			-	67,100	185,583	(118,483)
U.S. Department of the Interior Passed through the Oklahoma State Department of Education Indian Education - Assistance to Schools Johnson O'Malley Program	15.130	563/564	(9,135)	69,540	24,279	36,126
U.S. Department of Agriculture Passed through the Oklahoma State Department of Education School Breakfast Program	10.553		-	1,217,221	1,217,221	-
National School Lunch Program - Cash	10.555		-	4,461,808	4,461,808	-
National School Lunch Program - Commodities	10.555		23,422	447,576	440,360	30,638
Summer Food Service Program - Cash	10.559		-	81,460	81,460	-
Summer Food Service Program - Commodities	10.559		336	6,420	6,315	441
Child Nutrition Cluster			23,758	6,214,485	6,207,164	31,079
Total			\$ (2,121,766)	\$ 25,894,753	\$ 28,152,619	\$ (4,379,632)

Note 1 - Basis of Presentation

The above 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.

The amounts relating to fiscal year 2010 project 787 ARRA Textbooks have been presented in the current year schedule of federal awards per the instruction of the Oklahoma State Department of Education. The beginning deferred revenue amount for this project will differ from the schedule of federal awards presented as of June 30, 2010 by \$814,277 and the current year federal expenditures has also been increased by this amount to fully recognize these expenditures by the end of fiscal year 2011.



**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 the financial statements of 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, 2011, and have issued our report thereon November 23, 2011. Our opinions were modified because the District prepares its financial statements on a prescribed regulatory basis of accounting. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Putnam City Independent School District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 11-1 that we consider to be a significant deficiency in internal control over financial reporting. *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.

## 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of Putnam City Independent School District No. 1 in a separate letter dated November 23, 2011.

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.

This report is intended solely for the information and use of the board of education, management, others with the entity, the Oklahoma State Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in cursive script that reads "Eric Sully LLP". The signature is written in black ink and is positioned above the typed name and date.

Oklahoma City, Oklahoma  
November 23, 2011



**Independent Auditor's Report on Compliance with Requirements that  
Could Have a Direct and Material Effect on Each Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133**

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

**Compliance**

We have audited the 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 its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Putnam City Independent School District No. 1's management. Our responsibility is to express an opinion on Putnam City Independent School District No. 1's compliance based on our audit.

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 types of 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. Our audit does not provide a legal determination on Putnam City Independent School District No. 1's compliance with those requirements.

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 on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are 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 item 11-2.

## Internal Control Over Compliance

Management of Putnam City Independent School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Putnam City Independent School District No. 1's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Putnam City Independent School District No. 1'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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 11-2. *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.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the board of education, management, others with the entity, the Oklahoma State Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Oklahoma City, Oklahoma  
November 23, 2011

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted	None reported

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unqualified
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 Cluster	84.010, 84.389
Special Education Cluster	84.027, 84.173, 84.391, 84.392, 84.323
State Fiscal Stabilization Fund Cluster	84.394, 84.397
Education Jobs Funds	84.410
Dollar threshold used to distinguish between Type A and Type B programs	\$ 844,579
Auditee qualified as low-risk auditee	No



**Section II - Findings relating to the Financial Statements**

11-1	Condition:	The year-end financial reporting process did not identify all information relating to capital assets that should have been included with financial statement amounts.
	Criteria:	Controls over capturing capital assets should include review of all potential projects and accounts that would include such activity.
	Cause:	Certain OCAS projects were identified that included capital assets that had not been captured in the District's financial reporting process.
	Context:	During testing of capital assets, it was determined that some construction in progress projects and capital assets were not being captured and were not included in year-end capital asset balances. Total amount of capital assets found in the audit sample that were not included with management schedules was \$121,830.
	Effect:	Risk of understatement of capital assets due to not capturing capital assets during the year and for the year-end reporting process.
	Recommendation:	The District's review process over capital assets should include all OCAS codes for capital assets above capitalized limits to ensure that all capital assets have been included with financial statement amounts.
	Response:	The District will review its review process.

**Section III - Findings and Questioned Costs for Major Federal Awards**

11-2	Lack of Suspension/Debarment Control	
		U.S. Department of Education passed through the Oklahoma State Department of Education Title I Cluster CFDA# 84.010, 84.389 Special Education Cluster CFDA# 84.027, 84.173, 84.391, 84.392, 84.323
	Condition:	The District did not have controls in place to verify vendors paid with Title I and Special Education federal funds were not suspended or debarred per the <i>Excluded Parties List System</i> .
	Criteria:	As defined by OMB Circular A-110, 2 CFR part 180, non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. <i>Covered transactions</i> include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. CFR section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the <i>Excluded Parties List System (EPLS)</i> maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Findings and Questioned Costs  
For the Year Ended June 30, 2011

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Cause: District was not aware that this requirement was in place for federal programs regarding recovery act funds. Applicable covered transactions included in the audit samples were determined not to be suspended or debarred per the federal website.

Context: None of the vendors tested during audit procedures had been verified against the federal EPLS website.

Effect: The District is at risk without a control in place to identify disallowed parties that may not be reimbursed with federal funds and could be out of compliance with OMB Circular A-110, 2 CFR part 180.

Recommendation: Controls need to be implemented to ensure that vendors paid with federal funds are not on the federal government's excluded parties list as being suspended or debarred.

Response: The District has implemented the required controls following the recommendation.

**Section II - Findings relating to the Financial Statements**

- 10-1 Condition: The District's internal control system does not have a review process in place for general journal entries made to the general ledger.  
Current Status: No similar findings found during current year.

**Section III - Findings and Questioned Costs for Major Federal Awards**

- 10-2 Condition: Employees working with the Special Education and Title I Clusters did not have proper time and effort documentation as required by OMB Circular A-87, Attachment B, paragraph 8.h.  
Current Status: No similar findings found during current year.
- 10-3 Condition: Supporting records for the Title I Comparability report did not agree to the report submitted to the State Department of Education.  
Current Status: No similar findings found during current year.

