



Financial Statements
June 30, 2012

Putnam City Independent School
District No. 1

Putnam City Independent School District No. 1

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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, 2012, 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.

Further in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above 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, 2012, 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, 2012, 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 26, 2012, 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.

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

Eide Bailly LLP

Oklahoma City, Oklahoma
November 26, 2012

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, 2012. 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 2011 and 2012 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 2012.

Financial Highlights

Fiscal Year 2012 operations generated significant budget activity for the district's primary operating fund, the General Fund. Current information is presented alongside that of Fiscal Year 2011 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 2011	\$ 6,326,805	\$ 124,193,355	\$ 114,153,831	\$ 16,366,329
FY 2012	16,366,329	123,054,303	123,260,905	16,159,727

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>
2009	\$858,874,911	4.18%
2010	896,072,867	4.33%
2011	898,845,574	0.31%
2012	901,481,941	0.29%
2013	900,862,513	-0.07%

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 2,220 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 2011 and 2012
(In millions of dollars)

Assets	<u>FY 2011</u>	<u>FY 2012</u>	<u>Difference</u>
Current and Other Assets	\$ 86.95	\$ 94.42	\$ 7.47
Capital Assets	169.75	174.99	5.24
Total Assets	<u>\$ 256.70</u>	<u>\$ 269.41</u>	<u>\$ 12.71</u>
 Liabilities			
Long-Term Debt Outstanding	\$ 99.24	\$ 91.24	\$ (8.00)
Other Liabilities	19.59	30.27	10.68
Total Liabilities	<u>\$ 118.83</u>	<u>\$ 121.51</u>	<u>\$ 2.68</u>
 Net Assets			
Invested in capital assets, net of related debt	\$ 99.73	\$ 107.37	\$ 7.64
Restricted	27.46	29.99	2.53
Unrestricted	10.68	10.54	(0.14)
Total Net Assets	<u><u>\$ 137.87</u></u>	<u><u>\$ 147.90</u></u>	<u><u>\$ 10.03</u></u>

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

	FY2011	FY2012	Difference
Revenues			
Program Revenues:			
Charges for Services	\$ 10.04	\$ 7.26	\$ (2.78)
Federal and State Grants	30.74	23.58	(7.16)
General Revenues:			
Property Taxes	54.66	56.15	1.49
Other Taxes	15.26	15.97	0.71
State Entitlement	51.00	56.24	5.24
Other General Revenues	0.40	1.59	1.19
Total Revenues	\$ 162.10	\$ 160.79	\$ (1.31)
 Expenditures			
Program Expenses:			
Instruction	\$ 75.56	\$ 79.12	\$ 3.56
Support Services	47.27	51.48	4.21
Non-instruction	7.57	11.59	4.02
Interest on Long-term Debt	2.18	1.88	(0.30)
Depreciation-Unallocated	5.90	6.69	0.79
Total Expenditures	\$ 138.48	\$ 150.76	\$ 12.28
Increase in Net Assets	\$ 23.62	\$ 10.03	\$ (13.59)

Net assets

Net Assets increased \$10.03 million from Fiscal Year 2011 to 2012. The operating position of the district as expressed in terms of General Fund balance decreased \$206,602 in Fiscal Year 2012.

Revenues

General Fund revenue decreased 0.92% from FY 2011 to FY 2012. Receipts into the Building Fund decreased 31.2%. A \$2.29 million decrease in insurance loss recovery proceeds combined with a \$32,000 increase in property tax revenue accounted for the change. Revenues into the Debt Service Fund (also referred to as Sinking Fund) are received pursuant to ad valorem tax levies calculated to meet the fiscal years' principal and interest payments on bonded indebtedness.

Expenditures

General Fund expenditures increased \$9.1 million, or 8.0% from 2011 to 2012. The increase was a result of staffing and salary increases as well as one time spring expenditures. Building Fund expenditures decreased 16.1%, primarily due to expenditures related to the insurance loss funds mentioned previously. Sinking Fund principal retirements increased \$880,000 in FY12 while interest payments decreased \$300,949.

Fund Balances

As mentioned above, the General Fund fund balance decreased \$206,602 to \$16,159,727. Building Fund balance realized a decrease of \$281,044 to \$8,729,936. Sinking Fund fund balance increased \$1.326 million in FY12. This increase can be attributed to the realization of \$1.362 in bond premiums during the fiscal year.

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, Chief Financial Officer, Putnam City Schools, 5401 NW 40th Street, Oklahoma City, Oklahoma 73122.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Net Assets – Regulatory Basis
June 30, 2012

	Governmental Activities
Assets	
Cash and Cash Investments	\$ 94,311,067
Inventories	104,578
Nondepreciated Capital Assets	81,834,280
Depreciated Capital Assets, Net of Depreciation	93,155,070
Total assets	\$ 269,404,995
Liabilities	
Accounts Payable	2,011,494
Salaries and Related Benefits	19,466,795
Warrants Outstanding	3,026,900
Encumbrances Outstanding	5,765,587
Long-Term Obligations	
Due within one year	24,438,761
Due beyond one year	66,799,455
Total liabilities	\$ 121,508,992
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 107,369,756
Restricted for:	
Debt service	17,115,716
School-based activities	1,994,552
Child nutrition	2,150,426
Buildings	8,729,936
Unrestricted	10,535,617
Total net assets	\$ 147,896,003

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:		Charges for Services	Operating Grants and Contributions		
Instruction	\$ 79,121,078	\$ 85,962	\$ 15,889,504	\$ -	\$ (63,145,612)
Support Services	51,475,877	2,650,624	846,021	-	(47,979,232)
Non-instruction services	11,594,036	4,521,635	6,849,081	-	(223,320)
Interest on long-term debt	1,882,938	-	-	-	(1,882,938)
Depreciation - unallocated	6,685,239	-	-	-	(6,685,239)
Total school district	\$ 150,759,168	\$ 7,258,221	\$ 23,584,606	\$ -	\$(119,916,341)

General Revenues:

Taxes

Property taxes, levied for general purposes	\$ 32,817,251
Property taxes, levied for building purposes	4,687,221
Property taxes, levied for debt service	18,643,001
General taxes	15,967,259
State aid - formula grants	56,240,740
Investment earnings	1,586,736

Total general revenues

\$ 129,942,208

Change in net assets

10,025,867

Net Assets - beginning

137,870,136

Net assets - ending

\$ 147,896,003

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2012

	General Fund	Debt Service Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Investments	44,297,580	17,115,716	10,132,373	\$ 22,765,398	\$ 94,311,067
Due from Other Funds	<u>135,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,946</u>
Total Assets	<u>\$ 44,433,526</u>	<u>\$ 17,115,716</u>	<u>\$ 10,132,373</u>	<u>\$ 22,765,398</u>	<u>\$ 94,447,013</u>
Liabilities and Fund Balances					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 135,946	\$ 135,946
Accounts Payable	2,011,494	-	-	-	2,011,494
Salaries and Related Benefits	19,466,795	-	-	-	19,466,795
Warrants Outstanding	2,692,559	-	101,223	233,118	3,026,900
Encumbrances Outstanding	4,102,951	-	1,301,214	361,422	5,765,587
Principal and Interest Accruals	<u>-</u>	<u>14,895,862</u>	<u>-</u>	<u>-</u>	<u>14,895,862</u>
Total Liabilities	<u>\$ 28,273,799</u>	<u>\$ 14,895,862</u>	<u>\$ 1,402,437</u>	<u>\$ 730,486</u>	<u>\$ 45,302,584</u>
Fund Balances:					
Restricted	\$ -	\$ 2,219,854	\$ 8,729,936	\$ 20,303,629	\$ 31,253,419
Committed	-	-	-	1,994,552	1,994,552
Assigned	4,102,951	-	-	5,625	4,108,576
Unassigned	<u>12,056,776</u>	<u>-</u>	<u>-</u>	<u>(268,894)</u>	<u>11,787,882</u>
Fund Balances, End of Year	<u>16,159,727</u>	<u>2,219,854</u>	<u>8,729,936</u>	<u>22,034,912</u>	<u>49,144,429</u>
Total Liabilities and Fund Balances	<u>\$ 44,433,526</u>	<u>\$ 17,115,716</u>	<u>\$ 10,132,373</u>	<u>\$ 22,765,398</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 \$243,209,388 and the accumulated depreciation is \$68,220,038.					
					174,989,350
Sinking Fund Principal and Interest Accruals are part of net assets at the district-wide level.					
					14,895,862
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.					
					104,578
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	\$ 61,930,000	
			Long-Term Lease Payable	23,835,000	
			Compensated Absences	<u>5,473,216</u>	<u>(91,238,216)</u>
Total Net Assets - Governmental Activities					<u>\$ 147,896,003</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, 2012

	General Fund	Debt Service Fund	Building Fund	Other Governmental Funds	Totals Governmental Funds
Revenues:					
Property Taxes	\$ 32,817,241	18,643,000	\$ 4,687,221	\$ 612,387	\$ 56,759,849
Interest	108,808	-	18,522	50,664	177,994
County Revenue	4,713,215	-	-	-	4,713,215
State Revenue	69,277,071	366	92	137,500	69,415,029
Federal Revenue	12,923,596	-	-	6,549,240	19,472,836
Other	1,974,024	38,754	282,269	5,403,569	7,698,616
Total Revenues	<u>121,813,955</u>	<u>18,682,120</u>	<u>4,988,104</u>	<u>12,753,360</u>	<u>158,237,539</u>
Expenditures					
Current					
Instruction	76,993,977	-	10,914	1,532,301	78,537,192
Support Services	45,049,941	-	3,649,736	4,013,172	52,712,849
Non-Instruction Services	380,588	-	-	8,843,729	9,224,317
Capital Outlay	96,759	-	1,711,435	7,796,434	9,604,628
Other Outlays	739,640	-	174	3,524,585	4,264,399
Capital Lease Payments	-	-	-	17,625,000	17,625,000
Debt Service					
Interest Paid	-	1,882,938	-	-	1,882,938
Principal Retirement	-	16,130,000	-	-	16,130,000
Total Expenditures	<u>123,260,905</u>	<u>18,012,938</u>	<u>5,372,259</u>	<u>43,335,221</u>	<u>189,981,323</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,446,950)</u>	<u>669,182</u>	<u>(384,155)</u>	<u>(30,581,861)</u>	<u>(31,743,784)</u>
Adjustments to Prior year Encumbrances	<u>662,103</u>	<u>-</u>	<u>103,001</u>	<u>488,271</u>	<u>1,253,375</u>
Other Financing Sources (Uses)					
Transfers In	579,392	-	110	432,173	1,011,675
Transfers Out	(1,147)	-	-	(1,010,528)	(1,011,675)
Bond Proceeds	-	-	-	25,835,000	25,835,000
Accrued Principal and Interest	-	(704,976)	-	-	(704,976)
Premium on Bonds	-	1,362,147	-	-	1,362,147
Total Other Financing Sources, net	<u>578,245</u>	<u>657,171</u>	<u>110</u>	<u>25,256,645</u>	<u>26,492,171</u>
Net Change in Fund Balance	(206,602)	1,326,353	(281,044)	(4,836,945)	(3,998,238)
Beginning Fund Balance	<u>16,366,329</u>	<u>893,501</u>	<u>9,010,980</u>	<u>26,871,857</u>	<u>53,142,667</u>
Ending Fund Balances	<u>\$ 16,159,727</u>	<u>\$ 2,219,854</u>	<u>\$ 8,729,936</u>	<u>\$ 22,034,912</u>	<u>\$ 49,144,429</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, 2012

Total net changes in fund balances - governmental funds \$ (3,998,238)

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	\$ (6,685,240)	
	Capital Outlays	<u>11,924,821</u>	5,239,581

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.

86,047

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	\$ (25,835,000)	
	Debt Repayments	<u>33,755,000</u>	7,920,000

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.

73,501

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.

704,976

Change in net assets of governmental activities

\$ 10,025,867

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.
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.

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

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

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

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

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

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

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

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

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

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

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

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

Property Tax Revenues - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes 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 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 had no nonspendable amounts at June 30, 2012.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2012

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, 2012, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Restricted for:					
School construction	\$ -	\$ -	\$ 8,729,936	\$ 18,145,406	\$ 26,875,342
Debt service	-	2,219,854	-	-	2,219,854
Food services	-	-	-	2,045,848	2,045,848
Gifts from donors	-	-	-	112,375	112,375
Total Restricted	<u>-</u>	<u>2,219,854</u>	<u>8,729,936</u>	<u>20,303,629</u>	<u>31,253,419</u>
Committed to:					
School program activities	-	-	-	1,994,552	1,994,552
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,994,552</u>	<u>1,994,552</u>
Assigned to:					
Instruction	1,030,152	-	-	-	1,030,152
Support services	2,959,196	-	-	5,625	2,964,821
Non-instruction services	6,290	-	-	-	6,290
Capital outlay	96,763	-	-	-	96,763
Other outlays	10,550	-	-	-	10,550
Total Assigned	<u>4,102,951</u>	<u>-</u>	<u>-</u>	<u>5,625</u>	<u>4,108,576</u>
Unassigned					
Total fund balances	<u>12,056,776</u>	<u>-</u>	<u>-</u>	<u>(268,894)</u>	<u>11,787,882</u>
	<u>\$16,159,727</u>	<u>\$ 2,219,854</u>	<u>\$ 8,729,936</u>	<u>\$ 22,034,912</u>	<u>\$ 49,144,429</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, 2012 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2012 was \$86,367,413. 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	\$ 52,225,000	\$ 25,835,000	\$ (16,130,000)	\$ 61,930,000	\$ 13,760,000
Lease Revenue Payable	41,460,000	-	(17,625,000)	23,835,000	9,120,000
Compensated Absences	5,559,263	1,585,717	(1,671,764)	5,473,216	1,558,761
Total governmental activity long-term liabilities	<u>\$ 99,244,263</u>	<u>\$ 27,420,717</u>	<u>\$ (35,426,764)</u>	<u>\$ 91,238,216</u>	<u>\$ 24,438,761</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, 2012 are comprised of the following individual general obligation bond issues:

Issue Amount	Purpose	Date	Annual	Final	Maturity Date	Interest	Total
\$11,950,000	Building	1/1/2008	\$ 3,000,000	\$ 3,000,000	1/1/2013	4-4.25	\$ 3,000,000
12,140,000	Building	1/1/2009	3,035,000	3,035,000	1/1/2014	5	6,070,000
15,520,000	Building	1/1/2010	3,880,000	3,880,000	1/1/2015	3	11,640,000
15,385,000	Building	1/1/2011	3,845,000	3,850,000	1/1/2016	2.5-3	15,385,000
25,835,000	Building	1/1/2012	6,455,000	6,460,000	1/1/2017	3	25,835,000
							<u>\$ 61,930,000</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, 2012 is approximately \$90,086,251.

The annual requirements to amortize all bond debt outstanding as of June 30, 2012 including interest payments are as follows:

Period Ending June 30,	Principal	Interest	Total Debt Service
2013	\$13,760,000	\$ 2,413,175	\$ 16,173,175
2014	17,215,000	1,496,188	18,711,188
2015	14,185,000	1,080,400	15,265,400
2016	10,310,000	503,100	10,813,100
2017	6,460,000	193,800	6,653,800
	<u>\$61,930,000</u>	<u>\$ 5,686,663</u>	<u>\$ 67,616,663</u>

Proceeds of general obligation bond issues are recorded in the Capital Projects Fund and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections. There is approximately an additional \$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, 2011 through June 30, 2012 of applicable compensation for the year ended June 30, 2012. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. The District's contributions to PERS (net of retirement

paid by the State of Oklahoma) for the years ending June 30, 2012, 2011, and 2010 were \$10,034,594, \$10,182,070, and \$10,532,370, 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, 2012 were \$789,737.

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 \$43.1 million dollars as of June 30, 2012 for outstanding construction projects.

During the year ended June 30, 2012, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2011. No settlements have exceeded coverage levels in place during 2012.

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, 2012 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 4,909,456	\$ -	\$ -	\$ 4,909,456
Construction in progress	77,833,075	8,980,367	(9,888,618)	76,924,824
Total capital assets not being depreciated	<u>82,742,531</u>	<u>8,980,367</u>	<u>(9,888,618)</u>	<u>81,834,280</u>
Capital Assets being depreciated:				
Buildings	134,468,224	9,888,618	-	144,356,842
Equipment and Vehicles	14,664,625	2,944,454	(590,813)	17,018,266
Total capital assets being depreciated	<u>149,132,849</u>	<u>12,833,072</u>	<u>(590,813)</u>	<u>161,375,108</u>
Less accumulated depreciation for:				
Buildings	(53,140,963)	(4,918,916)	-	(58,059,879)
Equipment and Vehicles	(8,984,648)	(1,766,324)	590,813	(10,160,159)
Total accumulated depreciation	<u>(62,125,611)</u>	<u>(6,685,240)</u>	<u>590,813</u>	<u>(68,220,038)</u>
Total capital assets being depreciated, net	<u>87,007,238</u>	<u>6,147,832</u>	<u>-</u>	<u>93,155,070</u>
Capital assets, net	<u>\$ 169,749,769</u>	<u>\$ 15,128,199</u>	<u>\$ (9,888,618)</u>	<u>\$ 174,989,350</u>

Note 8 - Schedule of Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$ 186,709	Operating Transfer
Child Nutrition Fund	Child Nutrition Fund	8,012	Intrafund Transfer
General Fund	General Fund	1,037	Intrafund Transfer
General Fund	Building Fund	110	Operating Transfer
Student Activity Fund	Student Activity Fund	424,161	Intrafund Transfer
Student Activity Fund	General Fund	391,646	Operating Transfer
Total Transfers between Funds		<u>\$ 1,011,675</u>	

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

Note 9 - Sublease Agreement

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

Maturity March 1,	Principal Amount	Interest Rate	Yield
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, 2012 totaled approximately \$29,727,000.

Note 10 - Subsequent Event

On July 9, 2012, the District accepted the lowest bid for construction of a new elementary. Total estimated cost of the construction project for the new elementary at the date of acceptance was \$13,837,200.



Other Supplementary Information
June 30, 2012

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, 2012

	Budgeted Amounts Original/Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 16,366,329	\$ 16,366,329	\$ -
Resources (inflows)			
Property Taxes	32,075,000	32,817,241	742,241
Interest	109,008	108,808	(200)
County Revenue	4,480,000	4,713,215	233,215
State Revenue	64,080,453	69,277,071	5,196,618
Federal Revenue	14,667,299	12,923,596	(1,743,703)
Other	2,426,194	3,215,519	789,325
	<u>117,837,954</u>	<u>123,055,450</u>	<u>5,217,496</u>
Amounts Available for Appropriation	<u>134,204,283</u>	<u>139,421,779</u>	<u>5,217,496</u>
Charges to Appropriations (outflows)			
Instruction	78,904,260	76,993,977	1,910,283
Support Services	41,332,921	45,049,941	(3,717,020)
Non-Instruction Services	389,697	380,588	9,109
Other Outlays	928,224	837,546	90,678
	<u>121,555,102</u>	<u>123,262,052</u>	<u>(1,706,950)</u>
Total Charges to Appropriations	<u>121,555,102</u>	<u>123,262,052</u>	<u>(1,706,950)</u>
Budgetary Fund Balance, June 30	<u>\$ 12,649,181</u>	<u>\$ 16,159,727</u>	<u>\$ 3,510,546</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma
Notes to Other Supplementary Information

June 30, 2012

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, 2012

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, 2012

	<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>
Assets						
Cash and Cash Investments	\$ 2,382,141	\$ 132,291	\$ 1,994,552	\$ -	\$ 18,256,414	\$ 22,765,398
Total Assets	<u>2,382,141</u>	<u>132,291</u>	<u>1,994,552</u>	<u>-</u>	<u>18,256,414</u>	<u>22,765,398</u>
Liabilities and Fund Balances						
Liabilities						
Due to Other Funds	-	-	-	135,946	-	135,946
Warrants Outstanding	-	412	-	121,698	111,008	233,118
Encumbrances Outstanding	<u>336,293</u>	<u>19,504</u>	<u>-</u>	<u>5,625</u>	<u>-</u>	<u>361,422</u>
Total Liabilities	<u>336,293</u>	<u>19,916</u>	<u>-</u>	<u>263,269</u>	<u>111,008</u>	<u>730,486</u>
Fund Balances:						
Restricted	2,045,848	112,375	-	-	18,145,406	20,303,629
Committed	-	-	1,994,552	-	-	1,994,552
Assigned	-	-	-	5,625	-	5,625
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(268,894)</u>	<u>-</u>	<u>(268,894)</u>
Fund Balances, End of Year	<u>2,045,848</u>	<u>112,375</u>	<u>1,994,552</u>	<u>(263,269)</u>	<u>18,145,406</u>	<u>22,034,912</u>
Total Liabilities and Fund Balances	<u>\$ 2,382,141</u>	<u>\$ 132,291</u>	<u>\$ 1,994,552</u>	<u>\$ -</u>	<u>\$ 18,256,414</u>	<u>\$ 22,765,398</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, 2012

	Child Nutrition	Endowments	Activity	Co-Op	Project Funds	Funds
Revenues						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 612,387	\$ 612,387
Interest	4,919	128	6,716	-	38,901	50,664
State Revenue	137,500	-	-	-	-	137,500
Federal Revenue	6,315,981	-	-	233,259	-	6,549,240
Other	1,790,746	31,274	3,555,780	12,045	13,724	5,403,569
Total Revenues	8,249,146	31,402	3,562,496	245,304	665,012	12,753,360
Expenditures						
Current						
Instruction	-	20,446	766,034	267,611	478,210	1,532,301
Support Services	-	-	1,323,976	13,630	2,675,566	4,013,172
Non-Instruction Services	7,854,407	-	989,322	-	-	8,843,729
Capital Outlays	-	-	34,121	-	7,762,313	7,796,434
Other Outlays	-	-	50,391	-	3,474,194	3,524,585
Capital Lease Payments	-	-	-	-	17,625,000	17,625,000
Total Expenditures	7,854,407	20,446	3,163,844	281,241	32,015,283	43,335,221
Excess (Deficiency) of Revenues over (under) Expenditures	394,739	10,956	398,652	(35,937)	(31,350,271)	(30,581,861)
Adjustments to Prior year Encumbrances	485,944	667	-	1,660	-	488,271
Other Financing Sources (Uses)						
Proceeds of Bonds	-	-	-	-	25,835,000	25,835,000
Transfers In	8,012	-	424,161	-	-	432,173
Transfers Out	(194,721)	-	(815,807)	-	-	(1,010,528)
Total Other Financing Sources (Uses)	(186,709)	-	(391,646)	-	25,835,000	25,256,645
Net Change in Fund Balances	693,974	11,623	7,006	(34,277)	(5,515,271)	(4,836,945)
Beginning Fund Balances	1,351,874	100,752	1,987,546	(228,992)	23,660,677	26,871,857
Ending Fund Balances	\$ 2,045,848	\$ 112,375	\$ 1,994,552	\$ (263,269)	\$ 18,145,406	\$ 22,034,912

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2012

	<u>MAPS</u>	<u>2007A Bond</u>	<u>2007B Bond</u>	<u>2008A Bond</u>	<u>2008B Bond</u>	<u>2009A Bond</u>	<u>2009B Bond</u>	<u>2009C Bond</u>	<u>2006A Bond</u>
Assets									
Cash and Cash Investments	<u>\$ 339,264</u>	<u>\$ 129,372</u>	<u>\$ 176,281</u>	<u>\$ 2,528,811</u>	<u>\$ 726,004</u>	<u>\$ 1,100,882</u>	<u>\$ 321,068</u>	<u>\$ 6,595,161</u>	<u>\$ -</u>
Total Assets	<u>339,264</u>	<u>129,372</u>	<u>176,281</u>	<u>2,528,811</u>	<u>726,004</u>	<u>1,100,882</u>	<u>321,068</u>	<u>6,595,161</u>	<u>-</u>
Liabilities and Fund Balances									
Liabilities									
Warrants Outstanding	<u>1,625</u>	<u>-</u>	<u>17,874</u>	<u>52,393</u>	<u>-</u>	<u>39,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,625</u>	<u>-</u>	<u>17,874</u>	<u>52,393</u>	<u>-</u>	<u>39,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Restricted	<u>337,639</u>	<u>129,372</u>	<u>158,407</u>	<u>2,476,418</u>	<u>726,004</u>	<u>1,061,766</u>	<u>321,068</u>	<u>6,595,161</u>	<u>-</u>
Fund Balances, End of Year	<u>337,639</u>	<u>129,372</u>	<u>158,407</u>	<u>2,476,418</u>	<u>726,004</u>	<u>1,061,766</u>	<u>321,068</u>	<u>6,595,161</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 339,264</u>	<u>\$ 129,372</u>	<u>\$ 176,281</u>	<u>\$ 2,528,811</u>	<u>\$ 726,004</u>	<u>\$ 1,100,882</u>	<u>\$ 321,068</u>	<u>\$ 6,595,161</u>	<u>\$ -</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2012

	<u>2006B Bond</u>	<u>2010A Bond</u>	<u>2010B Bond</u>	<u>2011A Bond</u>	<u>2011B Bond</u>	<u>2012 Bond</u>	<u>Total Other Capital Project Funds</u>
Assets							
Cash and Cash Investments	\$ -	3,344,789	\$ 526,009	2,462,252	2,762	3,759	\$ 18,256,414
Total Assets	<u>-</u>	<u>3,344,789</u>	<u>526,009</u>	<u>2,462,252</u>	<u>2,762</u>	<u>3,759</u>	<u>18,256,414</u>
Liabilities and Fund Balances							
Liabilities							
Warrants Outstanding	-	-	-	-	-	-	111,008
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,008</u>
Fund Balances:							
Restricted	\$ -	3,344,789	526,009	2,462,252	2,762	3,759	18,145,406
Fund Balances, End of Year	<u>-</u>	<u>3,344,789</u>	<u>526,009</u>	<u>2,462,252</u>	<u>2,762</u>	<u>3,759</u>	<u>18,145,406</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 3,344,789</u>	<u>\$ 526,009</u>	<u>\$ 2,462,252</u>	<u>\$ 2,762</u>	<u>\$ 3,759</u>	<u>\$ 18,256,414</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, 2012

	MAPS	2007A Bond	2007B Bond	2008A Bond	2008B Bond	2009A Bond	2009B Bond	2009C Bond	2006A Bond
Revenues									
Property Taxes	\$ 612,387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	3,095	226	335	5,213	1,542	2,134	995	6,038	101
Other	3,392	-	-	-	-	-	-	-	-
Total Revenues	618,874	226	335	5,213	1,542	2,134	995	6,038	101
Expenditures									
Current									
Instruction	-	-	-	-	-	-	-	73,804	3,002
Support Services	462,629	-	4,641	109,377	-	397	80,070	133,819	4,484
Capital Outlays	987,088	87,683	238,066	463,045	182,717	98,940	799,116	104,254	114,061
Other Outlays	2,163,811	-	-	-	-	-	-	-	-
Capital Lease Payments	-	-	-	-	-	-	-	-	-
Total Expenditures	3,613,528	87,683	242,707	572,422	182,717	99,337	879,186	311,877	121,547
Excess (Deficiency) of Revenues over (under) Expenditures	(2,994,654)	(87,457)	(242,372)	(567,209)	(181,175)	(97,203)	(878,191)	(305,839)	(121,446)
Other Financing Sources (Uses)									
Proceeds of Bonds	-	-	-	-	-	-	-	6,901,000	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	6,901,000	-
Net Change in Fund Balances	(2,994,654)	(87,457)	(242,372)	(567,209)	(181,175)	(97,203)	(878,191)	6,595,161	(121,446)
Beginning Fund Balances	3,332,293	216,829	400,779	3,043,627	907,179	1,158,969	1,199,259	-	121,446
Ending Fund Balances	\$ 337,639	\$ 129,372	\$ 158,407	\$ 2,476,418	\$ 726,004	\$ 1,061,766	\$ 321,068	\$ 6,595,161	\$ -

(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, 2012

	2006B Bond	2010A Bond	2010B Bond	2011A Bond	2011B Bond	2012 Bond	Total Other Capital Project Funds
Revenues							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 612,387
Interest	-	7,457	1,315	6,686	6	3,759	38,901
Other	-	8,950	1,382	-	-	-	13,724
Total Revenues	-	16,407	2,697	6,686	6	3,759	665,012
Expenditures							
Current							
Instruction	-	21,482	28,435	351,487	-	-	478,210
Support Services	7,923	153,007	12,651	1,706,569	-	-	2,675,566
Capital Outlays	20,911	1,927,166	2,162,324	576,941	-	-	7,762,313
Other Outlays	-	-	1,382	-	-	1,309,000	3,474,194
Capital Lease Payments	-	-	-	-	-	17,625,000	17,625,000
Total Expenditures	28,834	2,101,655	2,204,792	2,634,997	-	18,934,000	32,015,283
Excess (Deficiency) of Revenues over (under) Expenditures	(28,834)	(2,085,248)	(2,202,095)	(2,628,311)	6	(18,930,241)	(31,350,271)
Other Financing Sources (Uses)							
Proceeds of Bonds	-	-	-	-	-	18,934,000	25,835,000
Total Other Financing Sources (Use)	-	-	-	-	-	18,934,000	25,835,000
Net Change in Fund Balances	(28,834)	(2,085,248)	(2,202,095)	(2,628,311)	6	3,759	(5,515,271)
Beginning Fund Balances	28,834	5,430,037	2,728,104	5,090,563	2,756	-	23,660,677
Ending Fund Balances	\$ -	\$ 3,344,789	\$ 526,009	\$ 2,462,252	\$ 2,762	\$ 3,759	\$ 18,145,406

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, 2012

	Building Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Local Revenue	\$ 4,658,480	\$ 4,658,480	\$ 4,988,012	\$ 1,983,486	\$ 1,983,486	\$ 1,795,665
County Revenue	-	-	-	-	-	-
State Revenue	300	300	92	130,798	130,798	137,500
Federal Revenue	-	-	-	6,079,401	6,079,401	6,315,981
Total Revenues	4,658,780	4,658,780	4,988,104	8,193,685	8,193,685	8,249,146
Expenditures						
1000 Instruction	163,618	163,618	10,914	-	-	-
2000 Support Services	2,890,785	2,890,785	3,649,736	-	-	-
3000 Non-Instruction Services	1,156	1,156	-	7,429,289	7,429,289	7,854,407
4000 Capital Outlays	2,724,854	2,724,854	1,711,435	-	-	-
5000 Other Outlays	1,156	1,156	174	146,980	146,980	-
Total Expenditures	5,781,569	5,781,569	5,372,259	7,576,269	7,576,269	7,854,407
Excess (Deficiency) of Revenues over Expenditures	(1,122,789)	(1,122,789)	(384,155)	617,416	617,416	394,739
Adjustments to Prior year Encumbrances	95,157	95,157	103,001	486,186	486,186	485,944
Other Financing Sources (Uses)						
Transfers In	-	-	110	-	-	8,012
Transfers Out	-	-	-	-	-	(194,721)
Total Other Financing Sources (Uses)	-	-	110	-	-	(186,709)
Net Change in Fund Balances	(1,027,632)	(1,027,632)	(281,044)	1,103,602	1,103,602	693,974
Beginning Fund Balances	9,010,980	9,010,980	9,010,980	1,193,992	1,193,992	1,351,874
Ending Fund Balances	\$ 7,983,348	\$ 7,983,348	\$ 8,729,936	\$ 2,297,594	\$ 2,297,594	\$ 2,045,848

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, 2012

Assets	Beginning Balance as of June 30, 2011	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2012
Activities				
Activity-General School Fund	\$ 127,695	\$ -	\$ -	127,695
Administration Activity Fund	22,593	8,688	1,665	29,616
Apache Team	7,028	4,949	4,169	7,808
Art Club	1,745	2,597	2,154	2,188
Art Festival	835	1,140	973	1,002
Art Fund	5,488	12,746	11,144	7,091
Arts in Education	7,981	5,611	4,630	8,961
Asian Club	552	387	441	498
Athletics	286,218	623,293	656,497	253,014
Band	13,830	103,289	100,118	17,001
Be The Change Club	63	750	398	415
Buffalo Hunters	400	-	-	400
Bus Prof of Amer	1,257	6,801	7,501	557
Camp Classen	5,015	16,197	16,963	4,249
Cancer Research Fund	83,011	233,812	219,914	96,909
Cheerleading	13,302	33,837	30,223	16,916
Cheyenne Team	859	-	30	829
Chiefs Team	561	-	167	394
Class of 2011	12,499	(4,343)	8,156	-
Class of 2012	23,134	42,022	51,828	13,328
Class of 2013	2,131	56,510	42,805	15,836
Class of 2014	1,933	5,439	3,761	3,611
Class of 2015	-	4,604	2,011	2,593
Clearing-General Fund Ref	1,675	82,295	82,826	1,144
Computer Lab Club	267	122	152	236
Concession	10,657	11,423	14,004	8,076
Crafts	180	876	880	176
Day Care	144,543	471,662	445,109	171,095
Debate	1,277	4,379	3,751	1,905
Debate/Speech Activities	2,448	2,821	1,392	3,878
Deca	11,637	73,620	71,123	14,134
District Staff Development	40,815	24,190	22,606	42,399
Donations	80,738	196,348	165,559	111,527
Drama	26,712	45,063	38,530	33,245
Dream Catchers Team	788	-	-	788
Employee Courtesy Fund	32,431	22,559	25,273	29,717
English Paper Back	277	-	-	277
Environmental Club	924	256	-	1,181
Family & Consumers Science	5,079	8,726	8,627	5,178
Fccla	3,649	19,583	16,256	6,976
Field Trips	1,133	10,669	9,975	1,827
Fifth Grade	2,642	2,005	2,799	1,847
French Club	996	1,938	1,824	1,111
Freshman Cheer	-	3,025	2,163	862
Fuel up to play 60	-	1,000	243	757
General School Fund	118,126	161,453	224,942	54,636
Grants	63	-	-	63
Groundbreakers	5,009	2,836	4,104	3,740
Guidance-Counseling	1,784	4,363	3,956	2,190
Hefner Soccer Club	386	435	78	743

(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, 2012

Assets <u>Activities</u>	Beginning Balance as of June 30, 2011	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2012
Hispanic Leadership	-	2	-	2
HOSA	1,040	979	765	1,253
Incentives	3,831	800	3,835	796
Interest	62,053	3,580	3,844	61,789
International Club	25	-	-	25
Journalism-Newspaper	11,885	15,141	10,553	16,473
Junior Classical League-D	207	-	-	207
Junior Classical LG-Latin	356	1,388	1,341	403
Key Club	2,574	1,272	1,191	2,655
La Raza	774	10,258	8,973	2,059
Latin Club	1,242	4,360	3,924	1,679
Latino Club	-	389	-	389
Leadership	15,441	4,621	6,368	13,694
LEAP	-	2,061	1,814	248
Library Media Services	23	5	28	-
Maintenance Miscellaneous	581	(581)	-	-
Mcs-Step Team	1,794	5,573	4,516	2,851
Media Center	37,772	118,385	116,523	39,634
Memorial Fund	3,507	(445)	200	2,862
Model United Nations Club	1,030	(173)	855	2
Mohicans Team	2,285	-	246	2,039
Motivational Program	3,845	15,481	18,391	936
Mu Alpha Theta-Math Club	207	(3)	-	205
Native American Club	-	5	-	5
Nat'L Forensic Lge-Debate	294	1,315	1,304	306
Nat'L Honor Society	10,710	3,133	4,005	9,838
Orchestra	9,921	40,547	44,668	5,801
Panther Pals	-	6,187	4,239	1,948
Panthers Caring Now	1,559	(1,559)	-	-
Peak-Gifted & Talented	29,918	54,393	52,529	31,783
Pep Club	6,131	26,877	26,616	6,391
Physical Education	7,034	7,890	6,284	8,641
Physics Activities	60	(60)	-	-
Pictures	65,894	51,141	46,240	70,795
Pirate Line	169	(67)	-	102
Pirate Rowing	-	131	105	26
Pom	7,903	41,532	45,997	3,438
Reading	864	-	22	843
Refunds	-	1,146	1,146	-
Robotics	271	(271)	-	-
Science Lab-Nature Center	196	1,467	1,241	421
Scholarships	100,775	12,452	18,248	94,979
School Wide Fund	-	257,736	214,972	42,764
Science	2,776	(23)	855	1,899
Science & English Club	3,086	324	582	2,828
Smart Start Hospitality	30	(30)	-	-
Soaring Eagles	3,898	245	619	3,524
Sons & Daughters of Liberty	170	-	-	170
Spanish Club	810	3,965	3,270	1,504
Spanish Cultural	-	2,153	1,215	939

(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, 2012

Assets	Beginning Balance as of June 30, 2011	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2012
Activities				
Special Education	3,225	8,638	8,217	3,647
Special Olympics	6,891	7,551	8,869	5,573
Special Services	2,566	-	760	1,806
Step Team	-	357	255	103
Stop Hate Club	-	180	164	16
Student Council	32,558	105,011	114,141	23,428
Student Store	2,297	3,661	3,383	2,574
Student to Student	2,710	(2,710)	-	-
Tech Ed	2,282	4,299	2,928	3,653
Tech Ed-Tsa	40	126	-	166
Tech Student Association	545	823	395	974
Tech Systems Class	149	253	345	57
Teen Leadership	1,605	35	(28)	1,668
Theater Arts Academy	18,764	17,625	21,839	14,550
Thunderbirds Team	1,261	-	205	1,057
Tomahawks Team	749	-	299	450
Transitional Work Class	2,461	757	578	2,640
Turkey Bingo	4,980	3,100	1,602	6,478
United Native People	223	-	-	223
Varsity Cheer	2,978	7,978	7,124	3,832
Vending	286,531	588,298	578,939	295,889
Vocal Music	26,059	103,675	113,801	15,933
World Language Club	184	-	-	184
Yearbook	71,840	132,232	144,913	59,159
Youth & Government	1,343	1,072	1,682	733
Total Assets	<u>\$ 1,987,546</u>	<u>\$ 3,986,657</u>	<u>\$ 3,979,651</u>	<u>1,994,552</u>
Liabilities				
Due to Student Groups	<u>\$ 1,987,546</u>	<u>\$ 3,986,657</u>	<u>\$ 3,979,651</u>	<u>\$ 1,994,552</u>
Total Liabilities	<u>\$ 1,987,546</u>	<u>\$ 3,986,657</u>	<u>\$ 3,979,651</u>	<u>\$ 1,994,552</u>

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, 2012

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, 2011, to June 30, 2012.

The treasurer is bonded by Ohio Casualty Company, bond number 5026722, for the penal sum of \$350,000 for the term of July 1, 2011, to June 30, 2012.

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, 2011, to June 30, 2012.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2011	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) Balance June 30, 2012
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (30,435)	\$ 110,072	\$ 141,037	\$ (61,400)
Counseling Program, Grants to Local Education Agencies	84.215E	775	-	-	91,449	(91,449)
Direct Programs			<u>(30,435)</u>	<u>110,072</u>	<u>232,486</u>	<u>(152,849)</u>
Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States	84.048	421/426/777/781	<u>(164,406)</u>	<u>434,395</u>	<u>473,845</u>	<u>(203,856)</u>
Passed Through Oklahoma State Regents for Higher Education Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	778	<u>19,084</u>	<u>18,765</u>	<u>26,020</u>	<u>11,829</u>
Passed Through Oklahoma Department of Rehabilitation Services Job Training	84.126	456	<u>(263)</u>	<u>6,259</u>	<u>6,732</u>	<u>(736)</u>
Passed Through Oklahoma State Department of Education Title I, Grants to Local Educational Agencies	84.010 84.389A	511/512/515/517 516	(1,116,851) (498,341) <u>(1,615,192)</u>	5,003,409 540,897 <u>5,544,306</u>	5,829,392 42,556 <u>5,871,948</u>	(1,942,834) - <u>(1,942,834)</u>
Special Education - Grants to States	84.027	613/615/621/625	(779,673)	3,444,926	3,907,729	(1,242,476)
	84.391	622	(610,184)	1,115,914	505,730	-
Special Education - Preschool Grants	84.173	641/642	(18,493)	68,722	74,947	(24,718)
Special Education - Preschool Grants Special Education Cluster	84.392	643	-	9,125	9,125	-
			<u>(1,408,350)</u>	<u>4,638,687</u>	<u>4,497,531</u>	<u>(1,267,194)</u>
Special Education - State Personnel Development Grants	84.323A	651	<u>(4,826)</u>	<u>8,789</u>	<u>3,963</u>	<u>-</u>
Even Start	84.213	514	(31,380)	37,275	5,895	-
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(107,630)	569,819	621,127	(158,938)
Title II Part B Math & Science	84.366	542	(234,123)	234,354	275,848	(275,617)
Title II, Part D Enhancing Education Through Technology	84.318X	546/548	(15,215)	18,972	6,410	(2,653)
Title III Part A English Language Acquisition	84.365	572	(36,722)	186,856	182,128	(31,994)
Safe and Drug Free Schools - State Grants	84.186	551	-	17,432	17,432	-
Education Jobs Fund	84.410	790	<u>(730,282)</u>	<u>1,020,215</u>	<u>427,507</u>	<u>(137,574)</u>
Total U.S. Department of Education			<u>(4,359,740)</u>	<u>12,846,196</u>	<u>12,648,872</u>	<u>(4,162,416)</u>

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2011	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) Balance June 30, 2012
<u>U.S. Environmental Protection Agency</u>						
Passed through Oklahoma State Department of Environmental Quality National Clean Diesel Funding Assistance Program	66.039	785	(64,786)	250,000	185,214	-
<u>U.S. Department of Homeland Security</u>						
Passed through Oklahoma Office of Homeland Security Interoperable Communications Project	97.008	776	-	-	75,749	(75,749)
<u>U.S. Department of Labor</u>						
Direct Programs						
COBRA Premium Assistance	17.151	784	(22,311)	1,857	1,857	(22,311)
<u>U.S. Department of the Interior</u>						
Passed through the Oklahoma State Department of Education Indian Education - Assistance to Schools Johnson O'Malley Program	15.130	563	36,126	57,279	27,836	65,569
<u>U.S. Department of Agriculture</u>						
Passed through the Oklahoma State Department of Education						
Breakfast Program	10.553	385	-	1,382,331	1,382,331	-
Lunch Program	10.555	385	-	4,845,385	4,845,385	-
Summer Food Service	10.559	385	-	88,265	88,265	-
Child Nutrition Cluster			-	6,315,981	6,315,981	-
Passed through the Oklahoma Department of Human Services Commodities Distributed	10.550	385	31,077	395,600	322,099	104,578
Total U.S. Department of Agriculture			31,077	6,711,581	6,638,080	104,578
Total Expenditures of Federal Awards			\$ (4,379,634)	\$ 19,866,913	\$ 19,577,608	\$ (4,090,329)

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.



CPAs & BUSINESS ADVISORS

**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, 2012, and have issued our report thereon November 26, 2012. 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

Management of Putnam City Independent School District No.1 is responsible for establishing and maintaining effective 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 District'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Putnam City Independent School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and question costs as item 12-01.

We noted certain matters that we have reported to management of Putnam City Independent School District No. 1 in a separate letter dated November 26, 2012.

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 District, 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 "Eide Sully LLP".

Oklahoma City, Oklahoma
November 26, 2012



**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, 2012. 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, 2012.

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.

This report is intended solely for the information and use of the board of education, management, others with the District, 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
November 26, 2012

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 No

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 No

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) No

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

Title II 84.367

Child Nutrition Cluster 10.553, 10.555,
10.559

Dollar threshold used to distinguish
 between Type A and Type B programs \$ 587,328

Auditee qualified as low-risk auditee No

Section II - Findings relating to the Financial Statements

12-1 Condition:	Student activity receipts are not deposited within the next business day or at least weekly if less than \$100.
Criteria:	Oklahoma Statutes Section 70-5-129 "Student Activity Fund: dictates that deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week."
Cause:	Teacher sponsors are not turning funds over to financial secretaries on a daily basis and financial secretaries are not depositing daily as required by District policy and Oklahoma statutes.
Context:	Approximately 30% of deposits tested identified receipts where the teacher sponsor did not turn in funds daily to the financial secretary. Thirty-eight percent of deposits were not deposited within the next business day by the financial secretary.
Effect:	Failure to comply with State law indicating a failure to exercise control over funds received from student activities.
Recommendation:	Requirements for daily submission of student activity funds should be monitored for all sites by District administration.
Response:	The District recognizes the requirement of timely deposits. The District implemented a Financial Secretary Expectation and a Sponsor Expectation plan in FY13. Deposit expectation are covered in this plan. The Expectation Forms are read and signed by each financial secretary and student activity fund project sponsor.

Section III - Findings and Questioned Costs for Major Federal Awards

No current year findings.

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.
Current Status: No similar findings found during current year.

Section III - Findings and Questioned Costs for Major Federal Awards

- 11-2 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 *Excluded Parties List System*.
Current Status: No similar findings found during current year.

Putnam City Independent School District No. 1 Putnam City Independent School District
No. 1
Oklahoma County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)
For the Year Ended June 30, 2012

STATE OF OKLAHOMA)
) ss
County of Oklahoma)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with Putnam City Independent School District No. 1 for the audit year 2011-2012.

Eide Bailly, LLP

BY Vanessa M. Dutton

Subscribed and sworn to before me on this 29 day of November, 2012.

[Signature]
Notary Public

My commission expires 10/7/15 #03012520

