



Financial Statements
June 30, 2016

Putnam City Independent School District No. 1

Putnam City Independent School District No. 1

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June 30, 2016

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying regulatory financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Putnam City Independent School District No. 1 as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Putnam City Independent School District No. 1's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 financial statements are free from material misstatement.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Putnam City Independent School District No. 1, as of June 30, 2016, or changes in financial position for the year then ended.

Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position on a regulatory basis of the governmental activities, each major fund and the aggregate remaining fund information of the Putnam City Independent School District No. 1, as of June 30, 2016, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Putnam City Independent School District No. 1's financial statements as a whole. The management's discussion and analysis, the combining non-major fund financial statements, the combining schedule of changes in assets and liabilities – all activity funds, the budgetary comparison schedules – general, building, and child nutrition funds, the statement of statutory, fidelity and honesty bonds, and the schedule of accountants' professional liability insurance affidavit information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The management's discussion and analysis is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the management's discussion and analysis, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The combining non-major fund financial statements, the combining schedule of changes in assets and liabilities – all activity funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, the combining schedule of changes in assets and liabilities – all activity funds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016 on our consideration of Putnam City Independent School District No. 1’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Putnam City Independent School District No. 1’s internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "Eric Sully LLP".

Oklahoma City, Oklahoma
November 29, 2016

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, 2016. 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 2015 and 2016 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 2016.

Financial Highlights

Fiscal Year 2016 operations generated significant budget activity for the district's primary operating fund, the General Fund. Current information is presented alongside that of Fiscal Year 2015 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 2015 | \$ 14,569,374 | \$ 127,900,653 | \$ 130,022,571 | \$ 12,447,456 |
| FY 2016 | \$ 12,447,456 | \$ 128,401,432 | \$ 132,220,833 | \$ 8,628,055 |

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> |
|-------------------------------|-------------------------------|---------------|
| 2013 | 900,862,513 | -0.07% |
| 2014 | 913,247,788 | 1.37% |
| 2015 | 935,423,329 | 2.43% |
| 2016 | 961,915,222 | 2.83% |
| 2017 | 996,360,920 | 3.58% |

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

Using the Putnam City Schools Audit Report and Financial Statements

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

The Statement of Net Position and Statement of Activities

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

Fund Financial Statements

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

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

General Fund Budgeting Highlights

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

Analysis of Financial Statements

Putnam City Independent School District No. 1
Table A
Comparative Schedule of Net Position
For Fiscal years 2015 and 2016
 (In millions of dollars)

| Assets | FY 2015 | FY 2016 | Difference |
|----------------------------------|----------------|----------------|-------------------|
| Current and Other Assets | \$ 106.39 | \$ 114.89 | \$ 8.50 |
| Capital Assets | 167.28 | 179.04 | 11.76 |
| Total Assets | \$ 273.67 | \$ 293.93 | \$ 20.26 |
| Liabilities | | | |
| Long-Term Debt Outstanding | \$ 75.71 | \$ 85.28 | \$ 9.57 |
| Other Liabilities | 23.71 | 22.05 | (1.66) |
| Total Liabilities | \$ 99.42 | \$ 107.33 | \$ 7.91 |
| Net Position | | | |
| Net Investment in Capital Assets | \$ 109.90 | \$ 120.09 | \$ 10.19 |
| Restricted | 12.42 | 13.96 | 1.54 |
| Unrestricted | 51.93 | 52.55 | 0.62 |
| Total net position | \$ 174.25 | \$ 186.60 | \$ 12.35 |

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

| | FY2015 | FY2016 | Difference |
|---------------------------------|-----------|-----------|------------|
| Revenues | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 5.65 | \$ 6.52 | \$ 0.87 |
| Federal and State Grants | 23.91 | 22.58 | (1.33) |
| General Revenues: | | | |
| Property Taxes | 57.73 | 63.54 | 5.81 |
| Other Taxes | 16.94 | 16.12 | (0.82) |
| State Entitlement | 61.53 | 61.26 | (0.27) |
| Other General Revenues | 0.44 | 0.96 | 0.52 |
| Total Revenues | \$ 166.20 | \$ 170.98 | \$ 4.78 |
| Expenditures | | | |
| Program Expenses: | | | |
| Instruction | \$ 84.27 | \$ 87.27 | \$ 3.00 |
| Support Services | 54.65 | 52.06 | (2.59) |
| Non-instruction | 7.42 | 9.95 | 2.53 |
| Interest on Long-term Debt | 1.46 | 1.83 | 0.37 |
| Loss on capital asset disposals | 0.47 | - | (0.47) |
| Depreciation | 7.79 | 7.51 | (0.28) |
| Total Expenditures | \$ 156.06 | \$ 158.62 | \$ 2.56 |
| Increase in net position | \$ 10.14 | \$ 12.36 | \$ 2.22 |

Net Position

Net Position increased \$12.36 million from Fiscal Year 2015 to 2016. The operating position of the District as expressed in terms of General Fund balance decreased \$3.82 million in Fiscal Year 2016.

Revenues

General Fund revenue only increased \$358,000, 0.28%, in FY2016 compared to FY2015, while Building Fund revenues increased 2.3%, or \$113,000. 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 and increased \$4.6 million in FY2016.

Expenditures

General Fund expenditures increased by \$2.2 million from FY2015 to FY2016. There was an increase of \$2.8 million related to staffing and compensation while operating budgets were decreased \$400,000. Building Fund expenditures decreased from \$4.8 million in FY2015 to \$4.6 million in FY2016. Sinking Fund principal retirements decreased \$1.4 million in FY2016 due to scheduled debt payments while interest payments increased \$376,000 due to increased debt from FY2015.

Fund Balances

The General Fund fund balance decreased \$3.8 million to \$8,628,055. Building Fund's fund balance realized an increase of \$805,301 to \$7,866,125. Sinking Fund's fund balance increased \$566,243 in FY2016. These changes are discussed above in the revenue and expenditure sections.

Debt

On February 12, 2013, Putnam City patrons voted to approve a \$6,000,000 bond issue to be sold in a single release.

On August 26, 2014, Putnam City passed a \$120,000,000 bond issue, to be sold in six releases.

The District issued \$28 million in debt in FY2016 and paid \$28.3 million on principal on debt. See additional discussion over the District's debt at Note 3.

Capital Assets

Other capital assets increased with the completed construction of buildings including HVAC projects.

See additional discussion over the District's capital assets at Note 7.

Current Issues

For Fiscal Year 2016-2017 and beyond, the district will seek to establish the most efficient and effective means to align faculty with an increasing overall student population. Since state aid funding is directly linked to weighted average daily membership and grade level fluctuations are unpredictable at best, the projection of future available state resources is challenging.

Contacting the District's Chief Financial Officer

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

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Net Position – Regulatory Basis
June 30, 2016

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash and Cash Investments | \$ 114,704,011 |
| Inventories | 185,405 |
| Nondepreciated Capital Assets | 85,937,741 |
| Depreciated Capital Assets, Net of Depreciation | 93,100,317 |
| Total assets | \$ 293,927,474 |
| Liabilities | |
| Accounts Payable | \$ 2,305,128 |
| Salaries and Related Benefits | 13,840,553 |
| Warrants Outstanding | 3,734,336 |
| Encumbrances Outstanding | 2,162,335 |
| Long-Term Obligations | |
| Due within one year | 23,511,017 |
| Due beyond one year | 61,764,866 |
| Total liabilities | \$ 107,318,235 |
| Net Position | |
| Net Investment in Capital Assets | \$ 120,092,964 |
| Restricted for: | |
| Debt service | 1,470,673 |
| School-based activities | 2,065,476 |
| Child nutrition | 3,077,432 |
| Buildings | 7,351,772 |
| Unrestricted | 52,550,922 |
| Total net position | \$ 186,609,239 |

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2016

| Functions/Programs | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position Total Governmental Activities</u> |
|--|------------------------------|---------------------------------|---|---|--|
| Governmental Activities: | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position Total Governmental Activities</u> |
| Instruction | \$ 87,274,286 | \$ 208,123 | \$ 13,123,481 | \$ - | \$ (73,942,682) |
| Support services | 52,060,130 | 2,560,252 | 1,315,138 | - | (48,184,740) |
| Non-instruction services | 10,019,391 | 3,747,315 | 8,148,789 | - | 1,876,713 |
| Interest on long-term debt | 1,832,400 | - | - | - | (1,832,400) |
| Loss on disposition of capital assets | (68,550) | - | - | - | 68,550 |
| Depreciation - unallocated | 7,510,105 | - | - | - | (7,510,105) |
| Total school district | <u>\$ 158,627,762</u> | <u>\$ 6,515,690</u> | <u>\$ 22,587,408</u> | <u>\$ -</u> | <u>(129,524,664)</u> |
| General Revenues: | | | | | |
| Taxes | | | | | |
| Property taxes, levied for general purposes | | | | | 34,944,505 |
| Property taxes, levied for building purposes | | | | | 4,991,860 |
| Property taxes, levied for debt service | | | | | 23,605,004 |
| General taxes | | | | | 16,118,740 |
| State aid - formula grants | | | | | 61,260,946 |
| Investment earnings | | | | | <u>955,616</u> |
| Total general revenues | | | | | <u>141,876,671</u> |
| Change in net position | | | | | 12,352,007 |
| Net Position - beginning | | | | | <u>174,257,232</u> |
| Net Position - ending | | | | | <u>\$ 186,609,239</u> |

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2016

| | General Fund | Debt Service Fund | Building Fund | 2016 Bond Fund | Other Governmental Funds | Total Governmental Funds | | | | | | |
|--|----------------------|----------------------|---------------------|----------------------|--------------------------------|--------------------------------|--------------|---------------|--|----------------------|-----------|--------------|
| Assets | | | | | | | | | | | | |
| Cash and Cash Investments | \$ 29,443,116 | \$ 23,031,982 | 8,486,184 | 26,927,155 | \$ 26,815,574 | \$ 114,704,011 | | | | | | |
| Total Assets | \$ 29,443,116 | \$ 23,031,982 | \$ 8,486,184 | \$ 26,927,155 | \$ 26,815,574 | \$ 114,704,011 | | | | | | |
| Liabilities and Fund Balances | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Accounts Payable | \$ 2,305,128 | \$ - | \$ - | \$ - | \$ - | \$ 2,305,128 | | | | | | |
| Salaries and Related Benefits | 13,840,553 | - | - | - | - | 13,840,553 | | | | | | |
| Warrants Outstanding | 3,248,915 | - | 105,706 | 128,788 | 250,927 | 3,734,336 | | | | | | |
| Encumbrances Outstanding | 1,420,465 | - | 514,353 | - | 227,517 | 2,162,335 | | | | | | |
| Principal and Interest Accruals | - | 21,561,309 | - | - | - | 21,561,309 | | | | | | |
| Total Liabilities | 20,815,061 | 21,561,309 | 620,059 | 128,788 | 478,444 | 43,603,661 | | | | | | |
| Fund Balances: | | | | | | | | | | | | |
| Restricted | - | 1,470,673 | 7,351,772 | 26,798,367 | 24,044,513 | 59,665,325 | | | | | | |
| Committed | - | - | - | - | 2,065,476 | 2,065,476 | | | | | | |
| Assigned | 1,420,465 | - | 514,353 | - | 227,141 | 2,161,959 | | | | | | |
| Unassigned | 7,207,590 | - | - | - | - | 7,207,590 | | | | | | |
| Fund Balances, End of Year | 8,628,055 | 1,470,673 | 7,866,125 | 26,798,367 | 26,337,130 | 71,100,350 | | | | | | |
| Total Liabilities and Fund Balances | \$ 29,443,116 | \$ 23,031,982 | \$ 8,486,184 | \$ 26,927,155 | \$ 26,815,574 | | | | | | | |
| <p>Amounts reported for governmental activities in the statement of net position are different because: Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$273,210,861 and the accumulated depreciation is \$94,172,803. 179,038,058</p> <p>Sinking Fund Principal and Interest Accruals are part of net position at the district-wide level. 21,561,309</p> <p>Federal commodities are distributed to the district to be used by the child nutrition program. Governmental Funds are concerned with the flow of financial resources and, therefore, the receipt and usage of commodities are not reported in the Governmental Funds. 185,405</p> <p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p> <table style="width: 100%; margin-left: 400px;"> <tr> <td style="text-align: right;">Bond Payable</td> <td style="text-align: right;">\$ 79,915,000</td> <td></td> </tr> <tr> <td style="text-align: right;">Compensated Absences</td> <td style="text-align: right;">5,360,883</td> <td style="text-align: right;">(85,275,883)</td> </tr> </table> <p>Total Net Position - Governmental Activities \$ 186,609,239</p> | | | | | | | Bond Payable | \$ 79,915,000 | | Compensated Absences | 5,360,883 | (85,275,883) |
| Bond Payable | \$ 79,915,000 | | | | | | | | | | | |
| Compensated Absences | 5,360,883 | (85,275,883) | | | | | | | | | | |

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, 2016

| | General Fund | Debt Service Fund | Building Fund | 2016 Bond Fund | Other Governmental Funds | Totals Governmental Funds |
|--|---------------------|----------------------|---------------------|----------------------|--------------------------------|---------------------------------|
| Revenues: | | | | | | |
| Property Taxes | \$ 34,944,505 | \$ 23,605,004 | \$ 4,991,860 | \$ - | \$ 995,000 | \$ 64,536,369 |
| Interest | 182,946 | 20,352 | 31,209 | 33,395 | 164,951 | 432,853 |
| County Revenue | 5,488,607 | - | - | - | - | 5,488,607 |
| State Revenue | 74,150,852 | 5 | 3 | - | 96,127 | 74,246,987 |
| Federal Revenue | 10,339,486 | - | - | - | 7,399,768 | 17,739,254 |
| Other | 1,591,497 | - | 29,619 | - | 4,956,837 | 6,577,953 |
| Total Revenues | 126,697,893 | 23,625,361 | 5,052,691 | 33,395 | 13,612,683 | 169,022,023 |
| Expenditures | | | | | | |
| Current | | | | | | |
| Instruction | 84,915,432 | - | 1,364 | 449,073 | 1,458,028 | 86,823,897 |
| Support Services | 46,771,712 | - | 3,522,584 | 341,908 | 2,506,381 | 53,142,585 |
| Non-Instruction Services | 404,207 | - | - | - | 9,281,004 | 9,685,211 |
| Capital Outlay | - | - | 1,059,355 | 444,047 | 17,708,221 | 19,211,623 |
| Other Outlays | 129,482 | - | 9,266 | - | 58,122 | 196,870 |
| Debt Service | | | | | | |
| Interest Paid | - | 1,832,400 | - | - | - | 1,832,400 |
| Principal Retirement | - | 18,335,000 | - | - | - | 18,335,000 |
| Total Expenditures | 132,220,833 | 20,167,400 | 4,592,569 | 1,235,028 | 31,011,756 | 189,227,586 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (5,522,940) | 3,457,961 | 460,122 | (1,201,633) | (17,399,073) | (20,205,563) |
| Adjustments to Prior year Encumbrances | 1,135,211 | - | 345,179 | - | 340,681 | 1,821,071 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers In | 568,328 | - | - | - | 244,938 | 813,266 |
| Transfers Out | - | - | - | - | (813,266) | (813,266) |
| Bond Proceeds | - | - | - | 28,000,000 | - | 28,000,000 |
| Accrued Principal and Interest | - | (3,412,451) | - | - | - | (3,412,451) |
| Premium on Bonds | - | 520,733 | - | - | - | 520,733 |
| Total Other Financing Sources, net | 568,328 | (2,891,718) | - | 28,000,000 | (568,328) | 25,108,282 |
| Net Change in Fund Balance | (3,819,401) | 566,243 | 805,301 | 26,798,367 | (17,626,720) | 6,723,790 |
| Beginning Fund Balance | 12,447,456 | 904,430 | 7,060,824 | - | 43,963,850 | 64,376,560 |
| Ending Fund Balances | \$ 8,628,055 | \$ 1,470,673 | \$ 7,866,125 | \$ 26,798,367 | \$ 26,337,130 | \$ 71,100,350 |

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, 2016

Total net changes in fund balances - governmental funds \$ 6,723,790

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

This is the amount by which capital outlays exceed depreciation and loss on disposals during the period.

| | | |
|----------------------|-------------------|------------|
| Depreciation Expense | \$ (7,510,105) | |
| Loss on disposals | (68,550) | |
| Capital Outlays | <u>19,333,432</u> | 11,754,777 |

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 used exceeded amounts earned.

96,503

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

| | | |
|-----------------|-------------------|-------------|
| Debt Issued | \$ (28,000,000) | |
| Debt Repayments | <u>18,335,000</u> | (9,665,000) |

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.

29,486

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

3,412,451

Change in net position of governmental activities

\$ 12,352,007

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

Basic Financial Statements – Government-Wide Statements

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

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

In the government-wide Statement of Activities, the District's governmental activities are reported on the cash receipts and disbursements basis modified as required by the regulations of the Oklahoma Department of Education and reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include charges and fees to students or customers who purchase, use or directly benefit from the goods, services or other privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

Basic Financial Statements – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

Building Fund is used to account for the accumulation of funds to be used for the acquisition or construction of the District's buildings.

2016 Bond Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities related to the 2016 bond issue.

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

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

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

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

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

Inventories - 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, and Child Nutrition Fund that includes revenues and expenditures.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District had no nonspendable amounts at June 30, 2016.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2016

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 through federal and state regulations.

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.

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, 2016, fund balances are comprised of the following:

| | General Fund | Debt Service Fund | Building | 2016 Bond Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------|---------------------|----------------------|---------------------|----------------------|--------------------------------|--------------------------------|
| Fund balances: | | | | | | |
| Restricted for: | | | | | | |
| School construction | \$ - | \$ - | \$ 7,351,772 | \$ 26,798,367 | \$ 20,969,906 | \$ 55,120,045 |
| Debt service | - | 1,470,673 | - | - | - | 1,470,673 |
| Food services | - | - | - | - | 2,892,027 | 2,892,027 |
| Gifts from donors | - | - | - | - | 182,580 | 182,580 |
| Total Restricted | <u>-</u> | <u>1,470,673</u> | <u>7,351,772</u> | <u>26,798,367</u> | <u>24,044,513</u> | <u>59,665,325</u> |
| Committed to: | | | | | | |
| School program activities | - | - | - | - | 2,065,476 | 2,065,476 |
| Total Committed | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,065,476</u> | <u>2,065,476</u> |
| Assigned to: | | | | | | |
| Instruction | \$ 320,890 | \$ - | \$ - | \$ - | \$ 113 | \$ 321,003 |
| Support services | 1,082,061 | - | 233,350 | - | - | 1,315,411 |
| Non-instruction services | 17,000 | - | - | - | 227,028 | 244,028 |
| Capital outlay | - | - | 281,003 | - | - | 281,003 |
| Other outlays | 514 | - | - | - | - | 514 |
| Other | - | - | - | - | - | - |
| Total Assigned | <u>1,420,465</u> | <u>-</u> | <u>514,353</u> | <u>-</u> | <u>227,141</u> | <u>2,161,959</u> |
| Unassigned | <u>7,207,590</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,207,590</u> |
| Total fund balances | <u>\$ 8,628,055</u> | <u>\$ 1,470,673</u> | <u>\$ 7,866,125</u> | <u>\$ 26,798,367</u> | <u>\$ 26,337,130</u> | <u>\$ 71,100,350</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, 2016 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2016 was \$123,747,388. 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 | \$ 70,250,000 | \$ 28,000,000 | \$ (18,335,000) | \$ 79,915,000 | \$ 21,970,000 |
| Compensated Absences | 5,457,386 | 1,593,629 | (1,690,132) | 5,360,883 | 1,541,017 |
| Total governmental activity long-term liabilities | <u>\$ 75,707,386</u> | <u>\$ 29,593,629</u> | <u>\$ (20,025,132)</u> | <u>\$ 85,275,883</u> | <u>\$ 23,511,017</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, 2016 are comprised of the following individual general obligation bond issues:

| Issue Amount | Purpose | Date | Annual Payment | Final | Maturity Date | Interest | Total |
|---------------|----------|----------|----------------|--------------|---------------|----------|---------------------|
| \$ 25,835,000 | Building | 1/1/2012 | \$ 6,460,000 | \$ 6,460,000 | 1/1/2017 | 3 | \$ 6,460,000 |
| 16,295,000 | Building | 1/1/2013 | 4,075,000 | 4,075,000 | 1/1/2019 | 1-1.5 | 8,150,000 |
| 6,000,000 | Building | 6/1/2013 | 1,500,000 | 1,500,000 | 6/1/2019 | 2 | 3,000,000 |
| 18,755,000 | Building | 1/1/2014 | 5,435,000 | 5,435,000 | 1/1/2019 | 2-3 | 16,305,000 |
| 18,000,000 | Building | 1/1/2015 | 4,500,000 | 4,500,000 | 2/1/2020 | 2 | 18,000,000 |
| 28,000,000 | Building | 1/1/2016 | 7,000,000 | 7,000,000 | 1/1/2021 | 2 | 28,000,000 |
| | | | | | | | <u>\$79,915,000</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, 2016 is approximately \$99.6 million.

The annual requirements to amortize all bond debt outstanding as of June 30, 2016 including principal and interest payments are as follows:

| Period Ending June 30, | Principal | Interest | Total Debt Service |
|------------------------------|----------------------|---------------------|-----------------------|
| 2017 | \$ 21,970,000 | \$ 1,785,200 | \$ 23,755,200 |
| 2018 | 22,510,000 | 1,247,225 | 23,757,225 |
| 2019 | 16,935,000 | 763,050 | 17,698,050 |
| 2020 | 11,500,000 | 370,000 | 11,870,000 |
| 2021 | 7,000,000 | 140,000 | 7,140,000 |
| | <u>\$ 79,915,000</u> | <u>\$ 4,305,475</u> | <u>\$ 84,220,475</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.

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 01, 2015 through June 30, 2016 of applicable compensation for the year ended June 30, 2016. 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 11,830,756, \$11,633,970, and \$11,217,727, 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, 2016 were \$784,941.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare financial statements under Generally Accepted Accounting Principles. Since the District prepares its financial statements under a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education, the net pension liability amount is not required to be presented in these financial statements and the notes to the financial statements. The amount of the net pension liability for the District at June 30, 2015 (the latest information available) was \$102.5 million.

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 \$43.3 million dollars as of June 30, 2016 for outstanding construction projects.

During the year ended June 30, 2016, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2015. No settlements have exceeded coverage levels in place during 2016.

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, 2016 was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|---------------|----------------|--------------------|
| Capital Assets not being depreciated: | | | | |
| Land | \$ 4,909,457 | \$ - | \$ - | \$ 4,909,457 |
| Construction in progress | 66,228,695 | 18,301,223 | (3,501,634) | 81,028,284 |
| Total capital assets not being depreciated | 71,138,152 | 18,301,223 | (3,501,634) | 85,937,741 |
| Capital Assets being depreciated: | | | | |
| Buildings | 164,675,637 | 3,501,634 | - | 168,177,271 |
| Equipment and Vehicles | 18,354,251 | 1,032,209 | (290,611) | 19,095,849 |
| Total capital assets being depreciated | 183,029,888 | 4,533,843 | (290,611) | 187,273,120 |
| Less accumulated depreciation for: | | | | |
| Buildings | (74,919,584) | (6,180,333) | - | (81,099,917) |
| Equipment and Vehicles | (11,965,175) | (1,329,772) | 222,061 | (13,072,886) |
| Total accumulated depreciation | (86,884,759) | (7,510,105) | 222,061 | (94,172,803) |
| Total capital assets being depreciated, net | 96,145,129 | (2,976,262) | (68,550) | 93,100,317 |
| Capital assets, net | \$ 167,283,281 | \$ 15,324,961 | \$ (3,570,184) | \$ 179,038,058 |

Note 8 - Schedule of Transfers

| Transfer From | Transfer To | Amount | Nature of Transfer |
|-----------------------|-------------------------------|------------|-----------------------|
| Child Nutrition Fund | General Fund | \$ 185,000 | Operating Transfer |
| Child Nutrition Fund | Child Nutrition Fund | 7,150 | Intrafund Transfer |
| Co-Op Fund | General Fund | 7,476 | Intrafund Transfer |
| Student Activity Fund | Student Activity Fund | 237,788 | Intrafund Transfer |
| Student Activity Fund | General Fund | 375,852 | Operating Transfer |
| | Total Transfers between Funds | \$ 813,266 | |

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.



Other Supplementary Information
June 30, 2016

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, 2016

| | Budgeted Amounts Original/Final | Actual Amounts Budgetary Basis | Variance with Final Budget Positive (Negative) |
|--------------------------------------|---------------------------------------|---|---|
| Budgetary Fund Balance, July 1 | \$ 12,447,456 | \$ 12,447,456 | \$ - |
| Resources (inflows) | | | |
| Property Taxes | 34,451,090 | 34,944,505 | 493,415 |
| Interest | 109,000 | 182,946 | 73,946 |
| County Revenue | 4,970,000 | 5,488,607 | 518,607 |
| State Revenue | 75,320,187 | 74,150,852 | (1,169,335) |
| Federal Revenue | 12,438,944 | 10,339,486 | (2,099,458) |
| Other | 3,123,337 | 3,295,036 | 171,699 |
| | <u>130,412,558</u> | <u>128,401,432</u> | <u>(2,011,126)</u> |
| Amounts Available for Appropriation | <u>142,860,014</u> | <u>140,848,888</u> | <u>(2,011,126)</u> |
| Charges to Appropriations (outflows) | | | |
| Instruction | 85,112,234 | 84,915,432 | 196,802 |
| Support Services | 48,361,956 | 46,771,712 | 1,590,244 |
| Non-Instruction Services | 385,674 | 404,207 | (18,533) |
| Other Outlays | 122,558 | 129,482 | (6,924) |
| | <u>133,982,422</u> | <u>132,220,833</u> | <u>1,761,589</u> |
| Total Charges to Appropriations | <u>133,982,422</u> | <u>132,220,833</u> | <u>1,761,589</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 8,877,592</u> | <u>\$ 8,628,055</u> | <u>\$ (249,537)</u> |

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Other Supplementary Information

June 30, 2016

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

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

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis
June 30, 2016

| | <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 | \$ 3,346,309 | \$ 184,811 | \$ 2,065,476 | \$ - | \$ 21,218,978 | \$ 26,815,574 |
| Total Assets | <u>\$ 3,346,309</u> | <u>\$ 184,811</u> | <u>\$ 2,065,476</u> | <u>\$ -</u> | <u>\$ 21,218,978</u> | <u>\$ 26,815,574</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Warrants Outstanding | \$ - | \$ 1,855 | \$ - | \$ - | \$ 249,072 | \$ 250,927 |
| Encumbrances Outstanding | <u>227,141</u> | <u>376</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>227,517</u> |
| Total Liabilities | <u>227,141</u> | <u>2,231</u> | <u>-</u> | <u>-</u> | <u>249,072</u> | <u>478,444</u> |
| Fund Balances: | | | | | | |
| Restricted | 2,892,027 | 182,580 | - | - | 20,969,906 | 24,044,513 |
| Committed | - | - | 2,065,476 | - | - | 2,065,476 |
| Assigned | <u>227,141</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>227,141</u> |
| Fund Balances, End of Year | <u>3,119,168</u> | <u>182,580</u> | <u>2,065,476</u> | <u>-</u> | <u>20,969,906</u> | <u>26,337,130</u> |
| Total Liabilities and Fund Balances | <u>\$ 3,346,309</u> | <u>\$ 184,811</u> | <u>\$ 2,065,476</u> | <u>\$ -</u> | <u>\$ 21,218,978</u> | <u>\$ 26,815,574</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, 2016

| | Child Nutrition | Gifts and Endowments | Student Activity | Co-Op | Other Capital Project Funds | Other Governmental Funds |
|---|---------------------|----------------------|---------------------|----------------|-----------------------------|--------------------------|
| Revenues | | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ 995,000 | \$ 995,000 |
| Interest | 5,522 | 107 | 5,116 | - | 154,206 | 164,951 |
| State Revenue | 96,127 | - | - | - | - | 96,127 |
| Federal Revenue | 7,399,768 | - | - | - | - | 7,399,768 |
| Other | 1,304,796 | 128,870 | 3,523,171 | - | - | 4,956,837 |
| Total Revenues | 8,806,213 | 128,977 | 3,528,287 | - | 1,149,206 | 13,612,683 |
| Expenditures | | | | | | |
| Current | | | | | | |
| Instruction | - | 21,990 | 739,978 | - | 696,060 | 1,458,028 |
| Support Services | - | 55,803 | 1,209,379 | - | 1,241,199 | 2,506,381 |
| Non-Instruction Services | 8,169,540 | 8,763 | 1,102,701 | - | - | 9,281,004 |
| Capital Outlays | - | - | - | - | 17,708,221 | 17,708,221 |
| Other Outlays | 0 | - | 5,434 | - | 52,688 | 58,122 |
| Total Expenditures | 8,169,540 | 86,556 | 3,057,492 | - | 19,698,168 | 31,011,756 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 636,673 | 42,421 | 470,795 | - | (18,548,962) | (17,399,073) |
| Adjustments to Prior year Encumbrances | 334,919 | 585 | - | 5,177 | - | 340,681 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers In | 7,150 | - | 237,788 | - | - | 244,938 |
| Transfers Out | (192,150) | - | (613,640) | (7,476) | - | (813,266) |
| Total Other Financing Sources (Uses) | (185,000) | - | (375,852) | (7,476) | - | (568,328) |
| Net Change in Fund Balances | 786,592 | 43,006 | 94,943 | (2,299) | (18,548,962) | (17,626,720) |
| Beginning Fund Balances | 2,332,576 | 139,574 | 1,970,533 | 2,299 | 39,518,868 | 43,963,850 |
| Ending Fund Balances | \$ 3,119,168 | \$ 182,580 | \$ 2,065,476 | \$ - | \$ 20,969,906 | \$ 26,337,130 |

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2016

| | <u>MAPS</u> | <u>2007A Bond</u> | <u>2008A Bond</u> | <u>2008B Bond</u> | <u>2009A Bond</u> | <u>2009C Bond</u> | <u>2006A Bond</u> |
|-------------------------------------|---------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| Assets | | | | | | | |
| Cash and Cash Investments | \$ 1,188,831 | \$ 978,811 | \$ 1,371,725 | \$ - | \$ 286,689 | \$ 893,430 | \$ 740,187 |
| Total Assets | <u>\$ 1,188,831</u> | <u>\$ 978,811</u> | <u>\$ 1,371,725</u> | <u>\$ -</u> | <u>\$ 286,689</u> | <u>\$ 893,430</u> | <u>\$ 740,187</u> |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Warrants Outstanding | \$ - | \$ 34,554 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Liabilities | <u>-</u> | <u>34,554</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | | | |
| Restricted | <u>1,188,831</u> | <u>944,257</u> | <u>1,371,725</u> | <u>-</u> | <u>286,689</u> | <u>893,430</u> | <u>740,187</u> |
| Fund Balances, End of Year | <u>1,188,831</u> | <u>944,257</u> | <u>1,371,725</u> | <u>-</u> | <u>286,689</u> | <u>893,430</u> | <u>740,187</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,188,831</u> | <u>\$ 978,811</u> | <u>\$ 1,371,725</u> | <u>\$ -</u> | <u>\$ 286,689</u> | <u>\$ 893,430</u> | <u>\$ 740,187</u> |

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2016

| | <u>2006B Bond</u> | <u>2010A Bond</u> | <u>2010B Bond</u> | <u>2011A Bond</u> | <u>2014 Bond</u> | <u>2014 Bond</u> | <u>2015 Bond</u> | <u>Total Other Capital Project Funds</u> |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|--|
| Assets | | | | | | | | |
| Cash and Cash Investments | <u>\$ 452,896</u> | <u>\$ 859,232</u> | <u>\$ 68,495</u> | <u>\$ 165,684</u> | <u>\$ 5,808,469</u> | <u>\$ 135,086</u> | <u>\$ 8,269,443</u> | <u>\$ 21,218,978</u> |
| Total Assets | <u>\$ 452,896</u> | <u>\$ 859,232</u> | <u>\$ 68,495</u> | <u>\$ 165,684</u> | <u>\$ 5,808,469</u> | <u>\$ 135,086</u> | <u>\$ 8,269,443</u> | <u>\$ 21,218,978</u> |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities | | | | | | | | |
| Warrants Outstanding | <u>\$ 36,000</u> | <u>\$ 5,900</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 550</u> | <u>\$ 172,068</u> | <u>\$ 249,072</u> |
| Total Liabilities | <u>36,000</u> | <u>5,900</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>550</u> | <u>172,068</u> | <u>249,072</u> |
| Fund Balances: | | | | | | | | |
| Restricted | <u>416,896</u> | <u>853,332</u> | <u>68,495</u> | <u>165,684</u> | <u>5,808,469</u> | <u>134,536</u> | <u>8,097,375</u> | <u>20,969,906</u> |
| Fund Balances, End of Year | <u>416,896</u> | <u>853,332</u> | <u>68,495</u> | <u>165,684</u> | <u>5,808,469</u> | <u>134,536</u> | <u>8,097,375</u> | <u>20,969,906</u> |
| Total Liabilities and Fund Balances | <u>\$ 452,896</u> | <u>\$ 859,232</u> | <u>\$ 68,495</u> | <u>\$ 165,684</u> | <u>\$ 5,808,469</u> | <u>\$ 135,086</u> | <u>\$ 8,269,443</u> | <u>\$ 21,218,978</u> |

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

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

For the Year Ended June 30, 2016

| | MAPS | 2007A Bond | 2008A Bond | 2008B Bond | 2009A Bond | 2009C Bond | 2006A Bond |
|--|---------------------|-------------------|---------------------|-----------------|-------------------|--------------------|--------------------|
| Revenues | | | | | | | |
| Property Taxes | \$ 995,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 3,214 | 11,815 | 5,627 | 86 | 2,356 | 12,519 | 10,609 |
| Other | - | - | - | - | - | - | - |
| Total Revenues | <u>998,214</u> | <u>11,815</u> | <u>5,627</u> | <u>86</u> | <u>2,356</u> | <u>12,519</u> | <u>10,609</u> |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| Instruction | - | 300,000 | - | - | - | - | 19,536 |
| Support Services | 3,890 | 491,293 | 10,405 | - | 4,077 | 5,629 | 84,600 |
| Capital Outlays | 1,994,431 | - | 171,344 | 20,498 | 569,596 | 1,053,000 | 1,197,523 |
| Other Outlays | 52,688 | - | - | - | - | - | - |
| Total Expenditures | <u>2,051,009</u> | <u>791,293</u> | <u>181,749</u> | <u>20,498</u> | <u>573,673</u> | <u>1,058,629</u> | <u>1,301,659</u> |
| Excess (Deficiency) of Revenues over (under) Expenditures | <u>(1,052,795)</u> | <u>(779,478)</u> | <u>(176,122)</u> | <u>(20,412)</u> | <u>(571,317)</u> | <u>(1,046,110)</u> | <u>(1,291,050)</u> |
| Net Change in Fund Balances | (1,052,795) | (779,478) | (176,122) | (20,412) | (571,317) | (1,046,110) | (1,291,050) |
| Beginning Fund Balances | <u>2,241,626</u> | <u>1,723,735</u> | <u>1,547,847</u> | <u>20,412</u> | <u>858,006</u> | <u>1,939,540</u> | <u>2,031,237</u> |
| Ending Fund Balances | <u>\$ 1,188,831</u> | <u>\$ 944,257</u> | <u>\$ 1,371,725</u> | <u>\$ -</u> | <u>\$ 286,689</u> | <u>\$ 893,430</u> | <u>\$ 740,187</u> |

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

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

For the Year Ended June 30, 2016

| | 2006B Bond | 2010A Bond | 2010B Bond | 2011A Bond | 2013B Bond | 2014 Bond | 2015 Bond | Total Other Capital Project Funds |
|--|------------|------------|------------|------------|--------------|------------|--------------|---|
| Revenues | | | | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 995,000 |
| Interest | 1,531 | 7,991 | 169 | 483 | - | 63,590 | 34,216 | 154,206 |
| Total Revenues | 1,531 | 7,991 | 169 | 483 | - | 63,590 | 34,216 | 1,149,206 |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| Instruction | - | - | 3,370 | - | - | - | 373,154 | 696,060 |
| Support Services | 285,809 | 58,205 | 450 | 1,062 | 1,000 | - | 294,779 | 1,241,199 |
| Capital Outlays | 12,272 | 385,726 | 43,573 | 144,617 | 3,754,529 | - | 8,361,112 | 17,708,221 |
| Other Outlays | - | - | - | - | - | - | - | 52,688 |
| Total Expenditures | 298,081 | 443,931 | 47,393 | 145,679 | 3,755,529 | - | 9,029,045 | 19,698,168 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (296,550) | (435,940) | (47,224) | (145,196) | (3,755,529) | 63,590 | (8,994,829) | (18,548,962) |
| Net Change in Fund Balances | (296,550) | (435,940) | (47,224) | (145,196) | (3,755,529) | 63,590 | (8,994,829) | (18,548,962) |
| Beginning Fund Balances | 713,446 | 1,289,272 | 115,719 | 310,880 | 9,563,998 | 70,946 | 17,092,204 | 39,518,868 |
| Ending Fund Balances | \$ 416,896 | \$ 853,332 | \$ 68,495 | \$ 165,684 | \$ 5,808,469 | \$ 134,536 | \$ 8,097,375 | \$ 20,969,906 |

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, 2016

| | Building Fund | | | Child Nutrition Fund | | |
|--|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| Revenues | | | | | | |
| Local Revenue | \$ 4,993,520 | \$ 4,993,520 | \$ 4,991,860 | \$ 1,187,190 | \$ 1,187,190 | \$ 1,310,318 |
| County Revenue | - | - | 31,209 | - | - | - |
| State Revenue | - | - | 3 | - | - | 96,127 |
| Federal Revenue | 160 | 160 | - | 149,000 | 149,000 | 7,399,768 |
| Other | - | - | 29,619 | 7,070,275 | 7,070,275 | - |
| Total Revenues | 4,993,680 | 4,993,680 | 5,052,691 | 8,406,465 | 8,406,465 | 8,806,213 |
| Expenditures | | | | | | |
| 1000 Instruction | 51,181 | 51,181 | 1,364 | - | - | - |
| 2000 Support Services | 3,409,727 | 3,409,727 | 3,522,584 | - | - | - |
| 3000 Non-Instruction Services | - | - | - | 8,434,588 | 8,434,588 | 8,169,540 |
| 4000 Capital Outlays | 1,501,135 | 1,501,135 | 1,059,355 | - | - | - |
| 5000 Other Outlays | - | - | 9,266 | 199,446 | 199,446 | - |
| Total Expenditures | 4,962,043 | 4,962,043 | 4,592,569 | 8,634,034 | 8,634,034 | 8,169,540 |
| Excess (Deficiency) of Revenues over Expenditures | 31,637 | 31,637 | 460,122 | (227,569) | (227,569) | 636,673 |
| Adjustments to Prior year Encumbrances | 309,627 | 309,627 | 345,179 | 334,919 | 334,919 | 334,919 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers In | - | - | - | - | - | 7,150 |
| Transfers Out | - | - | - | - | - | (192,150) |
| Total Other Financing Sources (Uses) | - | - | - | - | - | (185,000) |
| Net Change in Fund Balances | 341,264 | 341,264 | 805,301 | 107,350 | 107,350 | 786,592 |
| Beginning Fund Balances | 7,060,824 | 7,060,824 | 7,060,824 | 2,332,578 | 2,332,578 | 2,332,576 |
| Ending Fund Balances | \$ 7,402,088 | \$ 7,402,088 | \$ 7,866,125 | \$ 2,439,928 | \$ 2,439,928 | \$ 3,119,168 |

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
For the Year Ended June 30, 2016

| Activities | Ending Balance as of June 30, 2015 | Total Receipts | Total Disbursements | Ending Balance as of June 30, 2016 |
|------------------------------|--|-------------------|------------------------|--|
| Administration Activity Fund | \$ 28,519 | \$ 3,533 | \$ 4,059 | \$ 27,993 |
| Apache Team | 8,496 | 4,620 | 7,565 | 5,551 |
| Art | 1,071 | 250 | 109 | 1,212 |
| Art Club | 1,327 | 1,063 | 590 | 1,800 |
| Art Festival | 2,554 | 2,075 | 1,899 | 2,730 |
| Art Fund | 7,103 | 5,490 | 4,297 | 8,296 |
| Asian Club | 705 | 396 | 431 | 670 |
| Athletics | 276,365 | 839,739 | 794,650 | 321,454 |
| Avid | 1,839 | 12,931 | 12,857 | 1,913 |
| Band | 13,083 | 90,524 | 86,951 | 16,656 |
| Bus Prof of Amer | 2,132 | 5,769 | 4,569 | 3,332 |
| Camp Classen | 1 | - | 1 | - |
| Cancer Research Fund | 121,098 | 270,963 | 265,654 | 126,407 |
| Cheerleading | 15,357 | 43,234 | 43,827 | 14,764 |
| Class of 2014 | 1 | - | 1 | - |
| Class of 2015 | 19,793 | (17,282) | 2,511 | - |
| Class of 2016 | 24,578 | 35,073 | 37,971 | 21,680 |
| Class of 2017 | 6,992 | 51,823 | 25,711 | 33,104 |
| Class of 2018 | 1,609 | 4,534 | 3,360 | 2,783 |
| Class of 2019 | 300 | 1,400 | 458 | 1,242 |
| Clearing-General Fund Ref | 9,170 | 29,885 | 39,055 | - |
| Concession | 5,886 | 9,236 | 10,631 | 4,491 |
| Crafts | 332 | 479 | 305 | 506 |
| Dance | 3,708 | 13,372 | 13,260 | 3,820 |
| Debate/Speech Activities | 3,024 | 11,188 | 10,628 | 3,584 |
| Deca | 12,418 | 72,219 | 70,399 | 14,238 |
| District Staff Development | 12,580 | 19,155 | 26,725 | 5,010 |
| Donations | 39,627 | 67,144 | 28,472 | 78,299 |
| Drama | 27,770 | 26,697 | 34,945 | 19,522 |
| Employee Courtesy Fund | 13,218 | 19,303 | 17,364 | 15,157 |
| English Paper Back | 77 | (77) | - | - |
| Environmental Club | 893 | (893) | - | - |
| Extended Care | 245,712 | 542,469 | 517,401 | 270,780 |
| Family & Consumers Science | 3,871 | 5,768 | 5,406 | 4,233 |
| Fccla | 4,390 | 26,918 | 25,450 | 5,858 |
| Field Trips | 4,581 | 23,720 | 22,272 | 6,029 |
| Fifth Grade | 617 | 8,028 | 5,856 | 2,789 |
| French Club | 720 | 5,229 | 4,926 | 1,023 |
| Grants | - | 5,659 | - | 5,659 |
| Groundbreakers | 4,444 | 2,016 | 1,489 | 4,971 |
| Guidance-Counseling | 3,835 | 4,410 | 5,558 | 2,687 |
| Hefner Soccer Club | 636 | (318) | - | 318 |

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
For the Year Ended June 30, 2016

| Activities | Ending Balance as of June 30, 2015 | Total Receipts | Total Disbursements | Ending Balance as of June 30, 2016 |
|-----------------------------|--|-------------------|------------------------|--|
| HOSA | 3,512 | 1,888 | 2,699 | 2,701 |
| Interest | 58,436 | 2,997 | - | 61,433 |
| International Club | 179 | (25) | - | 154 |
| Journalism-Newspaper | 1,714 | 6,851 | 5,452 | 3,113 |
| Jr Assn of the Deaf | 207 | - | - | 207 |
| JROTC | 1,499 | 37,235 | 34,776 | 3,958 |
| Junior Classical LG-Latin | 190 | 899 | 549 | 540 |
| Key Club | 963 | 840 | 743 | 1,060 |
| La Raza | 3,603 | 7,454 | 7,796 | 3,261 |
| Latin Club | 275 | 7,780 | 5,409 | 2,646 |
| Latino Club | 1,567 | 6,340 | 5,428 | 2,479 |
| Leadership | 3,670 | 2,224 | 3,049 | 2,845 |
| Mcs-Step Team | 547 | - | - | 547 |
| Media | 48,714 | 121,181 | 116,601 | 53,294 |
| Memorial Fund | 2,542 | 360 | 390 | 2,512 |
| Model United Nations | 348 | 322 | 665 | 5 |
| Mohicans Team | 2,991 | 1,774 | 3,055 | 1,710 |
| Motivational Program | 3,607 | 19,097 | 19,161 | 3,543 |
| Nat'L Honor Society | 10,338 | 4,457 | 3,993 | 10,802 |
| Nat'L Junior Honor Society | 3,498 | 1,775 | 2,528 | 2,745 |
| Orchestra | 20,235 | 78,232 | 75,552 | 22,915 |
| Peak-Gifted & Talented | 32,933 | 57,894 | 50,741 | 40,086 |
| Pep Club | 3,442 | 17,959 | 19,909 | 1,492 |
| Phys Ed | 8,528 | 11,840 | 8,918 | 11,450 |
| Pictures | 61,337 | 48,236 | 50,929 | 58,644 |
| Pom | 6,561 | 22,769 | 18,945 | 10,385 |
| Refunds | - | 2,000 | 2,000 | - |
| Scholarships | 94,108 | 11,950 | 12,100 | 93,958 |
| School Wide Fund | 329,948 | 472,064 | 483,015 | 318,997 |
| Science | 3,061 | 3,320 | 4,013 | 2,368 |
| Science & Engineering Club | 1,651 | 3,154 | 2,451 | 2,354 |
| Science Club - Lab | 334 | 1,829 | 772 | 1,391 |
| Science Olympiad | 68 | 1,063 | 1,098 | 33 |
| Soaring Eagles | 2,708 | - | 220 | 2,488 |
| Sons & Daughters of Liberty | 170 | - | 63 | 107 |
| Spanish Club | 1,446 | 545 | 405 | 1,586 |
| Spanish Cultural | 1,354 | 3,191 | 3,162 | 1,383 |
| Special Education | 3,244 | 31,223 | 27,712 | 6,755 |
| Special Olympics | 10,629 | 7,876 | 9,500 | 9,005 |
| Special Services | 1,748 | 2,095 | 1,934 | 1,909 |
| Step Team | 2,869 | 4,325 | 2,860 | 4,334 |
| Stop Hate Club | 33 | (33) | - | - |
| Student Council | 35,538 | 90,133 | 87,279 | 38,392 |

(continued on next page)

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
For the Year Ended June 30, 2016

| Activities | Ending Balance as of June 30, 2015 | Total Receipts | Total Disbursements | Ending Balance as of June 30, 2016 |
|-----------------------------|--|---------------------|------------------------|--|
| Tech Ed | 6,811 | 5,695 | 4,341 | 8,165 |
| Tech Ed Student Association | 3 | 512 | 495 | 20 |
| Tech Ed-Tsa | 444 | 140 | 305 | 279 |
| Tech Systems Class | 12 | (12) | - | - |
| Theater Arts Academy | 2,192 | 9,767 | 7,443 | 4,516 |
| Tomahawks Team | 747 | 235 | 89 | 893 |
| Transitional Work Class | 3,516 | 1,533 | 1,150 | 3,899 |
| Turkey Bingo | 9,564 | (6,483) | 3,081 | - |
| United Native People | 223 | - | - | 223 |
| Varsity Cheer | 4,478 | 10,923 | 12,822 | 2,579 |
| Vending | 154,233 | 182,230 | 210,789 | 125,674 |
| Vocal Music | 21,655 | 112,856 | 105,863 | 28,648 |
| Yearbook | 65,697 | 102,648 | 108,022 | 60,323 |
| Youth & Government | 181 | 3,175 | 3,247 | 109 |
| Total Assets | <u>\$ 1,970,533</u> | <u>\$ 3,766,075</u> | <u>\$ 3,671,132</u> | <u>\$ 2,065,476</u> |
| Liabilities | | | | |
| Due to Student Groups | <u>\$ 1,970,533</u> | <u>\$ 3,766,075</u> | <u>\$ 3,671,132</u> | <u>\$ 2,065,476</u> |
| Total Liabilities | <u>\$ 1,970,533</u> | <u>\$ 3,766,075</u> | <u>\$ 3,671,132</u> | <u>\$ 2,065,476</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, 2016

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 01, 2015, to June 30, 2016.

The treasurer is bonded by Ohio Casualty Company, bond number 5026722, for the penal sum of \$350,000 for the term of July 01, 2015, to June 30, 2016.

The assistant treasurer is bonded by Ohio Casualty Company, bond number 3936319, for the penal sum of \$350,000 for the term of July 01, 2015, to June 30, 2016.

The superintendent is bonded by Ohio Casualty Company, bond number 601072182, for the penal sum of \$100,000 for the term of July 01, 2015, to June 30, 2016.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

| Federal Grantor/Pass- Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Project Number | Deferred Revenue (Accounts Receivable) Balance June 30, 2015 | Federal Grant Receipts | Federal Grant Expenditures | Adjustments | Deferred Revenue (Accounts Receivable) Balance June 30, 2016 |
|--|---------------------------|--|---|---------------------------|-------------------------------|------------------|---|
| U.S. Department of Education | | | | | | | |
| Direct Programs | | | | | | | |
| Indian Education, Grants to Local Educational Agencies | 84.060 | 561 | \$ (24,139) | \$ 121,425 | \$ 139,917 | \$ - | \$ (42,631) |
| Counseling Program, Grants to Local Educational Agencies | 84.215E | 775 | (99,550) | 99,899 | - | (349) | - |
| PEP Grant, Grants to Local Educational Agencies | 84.215F | 774 | (19,252) | 553,835 | 759,482 | (70,785) | (295,684) |
| Direct Programs | | | <u>(142,941)</u> | <u>775,159</u> | <u>899,399</u> | <u>(71,134)</u> | <u>(338,315)</u> |
| Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States | 84.048 | 421/424/426 | (191,873) | 256,227 | 219,242 | 678 | (154,210) |
| Passed Through Oklahoma Community Service Commission Americorp | 84.048 | 777 | (25,782) | 87,646 | 136,216 | - | (74,352) |
| 84.048 Total | 84.048 | | <u>(217,655)</u> | <u>343,873</u> | <u>355,458</u> | <u>678</u> | <u>(228,562)</u> |
| Passed Through Oklahoma State Regents for Higher Education Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | 778 | 1,312 | - | - | - | 1,312 |
| Passed Through Oklahoma Department of Rehabilitation Services Job Training | 84.126 | 456 | (489) | 3,625 | 3,998 | - | (862) |
| Passed Through Oklahoma State Department of Education Title I, Grants to Local Educational Agencies | 84.010 | 511/515/517/786 | (1,257,624) | 4,751,667 | 4,874,262 | (6,758) | (1,386,977) |
| Special Education - Grants to States | 84.027 | 615/621/625 | (1,232,359) | 3,404,593 | 3,610,180 | (38,927) | (1,476,873) |
| Special Education - Preschool Grants | 84.173 | 641/642 | (34,115) | 86,998 | 91,906 | - | (39,023) |
| Special Education Cluster | | | <u>(1,266,474)</u> | <u>3,491,591</u> | <u>3,702,086</u> | <u>(38,927)</u> | <u>(1,515,896)</u> |
| Title II, Part A Teacher and Principal Training and Recruiting Fund | 84.367 | 541 | (126,973) | 532,130 | 555,074 | (276) | (150,193) |
| Title II Part B Math & Science | 84.366 | 542/544 | (35,076) | 35,591 | - | (515) | - |
| Title III Part A English Language Acquisition | 84.365 | 571/572 | (53,044) | 225,983 | 220,109 | - | (47,170) |
| Title X Part C Education for Homeless Children and Youth | 84.196 | 596 | (4,295) | 83,792 | 64,122 | (28,244) | (12,869) |
| Total U.S. Department of Education | | | <u>(3,103,259)</u> | <u>10,243,411</u> | <u>10,674,508</u> | <u>(145,176)</u> | <u>(3,679,532)</u> |

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

| Federal Grantor/Pass- Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Project Number | Deferred Revenue (Accounts Receivable) Balance June 30, 2015 | Federal Grant Receipts | Federal Grant Expenditures | Adjustments | Deferred Revenue (Accounts Receivable) Balance June 30, 2016 |
|---|---------------------------|--|---|---------------------------|-------------------------------|-------------|---|
| <u>U.S. Department of Agriculture</u> | | | | | | | |
| Passed through the Oklahoma State Department of Education | | | | | | | |
| Cash assistance: | | | | | | | |
| Breakfast Program | 10.553 | 764 | - | 1,671,889 | 1,671,889 | - | - |
| Lunch Program | 10.555 | 763 | - | 5,673,213 | 5,673,213 | - | - |
| Summer Food Service | 10.559 | 766 | - | 44,192 | 44,192 | - | - |
| Cash Assistance Subtotal | | | <u>-</u> | <u>7,389,294</u> | <u>7,389,294</u> | <u>-</u> | <u>-</u> |
| Non-Cash assistance (Commodities): | | | | | | | |
| Breakfast Program | 10.553 | 764 | 34,301 | 143,637 | 137,149 | - | 40,789 |
| Lunch Program | 10.555 | 763 | 120,054 | 502,728 | 480,020 | - | 142,762 |
| Summer Food Service | 10.559 | 766 | 1,559 | 6,529 | 6,234 | - | 1,854 |
| Non-Cash Assistance Subtotal | | | <u>155,914</u> | <u>652,894</u> | <u>623,403</u> | <u>-</u> | <u>185,405</u> |
| Child Nutrition Cluster | | | <u>155,914</u> | <u>8,042,188</u> | <u>8,012,697</u> | <u>-</u> | <u>185,405</u> |
| Child Nutrition Discretionary Grants -Farm Bill Equipment Grant | 10.579 | 791 | (10,474) | 10,474 | - | - | - |
| Total U.S. Department of Agriculture | | | <u>145,440</u> | <u>8,052,662</u> | <u>8,012,697</u> | <u>-</u> | <u>185,405</u> |
| <u>U.S. Department of Defense</u> | | | | | | | |
| Direct Programs | | | | | | | |
| JROTC | Not Available | 771 | (5,191) | 61,688 | 58,387 | (3,401) | (5,291) |

Putnam City Independent School District No. 1
 Oklahoma County, Oklahoma
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

| Federal Grantor/Pass- Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Project Number | Deferred Revenue (Accounts Receivable) Balance June 30, 2015 | Federal Grant Receipts | Federal Grant Expenditures | Adjustments | Deferred Revenue (Accounts Receivable) Balance June 30, 2016 |
|---|---------------------------|--|---|---------------------------|-------------------------------|---------------------|---|
| <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 | 563/564 | 34,695 | 34,386 | 33,695 | - | 35,386 |
| Total Expenditures of Federal Awards | | | <u>\$ (2,928,315)</u> | <u>\$ 18,392,147</u> | <u>\$ 18,779,287</u> | <u>\$ (148,577)</u> | <u>\$ (3,464,032)</u> |

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Putnam City Independent School District No. 1 (the District), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Putnam City Independent School District No. 1 received federal awards both directly from federal agencies and indirectly through pass-through entities.

Prior to FY2016, the schedule of expenditures of federal awards was presented under the cash basis of accounting but was updated at the request of the Oklahoma State Department of Education. The adjustments represented are a result of this transition.

Note B – Significant Accounting Policies

Governmental fund types account for the District's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The District's summary of significant accounting policies is presented in Note 1 in the District's basic financial statements.

The organization has not elected to use the 10% de minimis cost rate.

Note C — Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2016, the District had food commodities totaling approximately \$185,000 in inventory.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam City Independent School District No. 1 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Putnam City Independent School District No. 1's basic financial statements, and have issued our report thereon dated November 29, 2016. Our opinions were modified because the District prepares its financial statements on a prescribed regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Putnam City Independent School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-A.

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

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

Purpose of this Report

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



Oklahoma City, Oklahoma
November 29, 2016



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited 's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Putnam City Independent School District No. 1's major federal programs for the year ended June 30, 2016. Putnam City Independent School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of Putnam City Independent School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Putnam City Independent School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Putnam City Independent School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Oklahoma City, Oklahoma
November 29, 2016

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None reported |
| Type of auditor's report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance CFR 200.516: | No |

Identification of Major Programs

| | |
|---|---------------------------|
| | <u>CFDA number</u> |
| Title I | 84.010 |
| Child Nutrition Cluster | 10.553, 10.555, 10.559 |
| Physical Education Program (PEP) Grant | 84.215F |
| Dollar threshold used to distinguish between Type A and Type B programs | \$ 750,000 |
| Auditee qualified as low-risk auditee | No |

Section II – Financial Statement Findings

**2016-A Student Activity Receipts
Compliance**

- Criteria: Oklahoma Statutes Section 70-5-129 related to student activity funds states “deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week.”
- Condition: Student activity receipts are not deposited within the next business day or at least weekly if less than \$100. Further, deposits were not adequately supported by receipts.
- Cause: Teacher sponsors are not turning funds over to financial secretaries on a daily basis and resulting in financial secretaries not depositing by the timelines required by District policy and Oklahoma statutes.
- Context: Approximately 5% of the deposits tested (2 in our sample of 40) identified receipts where the teacher sponsor did not turn in funds daily to the financial secretary resulting in noncompliance with State Statutes.
- 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.
- Views of Responsible Officials: The District administration will continue to emphasize the legal requirements effective immediately.

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section III – Federal Award Findings and Questioned Costs

None noted

Section II - Findings relating to the Financial Statements

2015-A Condition: Student activity receipts are not deposited within the next business day or at least weekly if less than \$100.

Initial Fiscal Year
Finding Occurred: 2010

Current Status: Repeat finding in the current year – see 2016-A.

Section III - Findings and Questioned Costs for Major Federal Awards

**2015-001 U.S. Department of Education passed through the Oklahoma State Department of Education:
Title I CFDA #84.010 and Physical Education Program Grant CFDA #84.215F
Suspension and Debarment
Material Weakness in Internal Control Over Compliance**

Finding Summary: The District does not appear to have a control in place to check vendors for potential suspension and/or debarment. However, no vendors selected in our testwork were listed as suspended or debarred.

Initial Fiscal Year
Finding Occurred: 2015

Current Status: No such findings in the current year.

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, 2016

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 2015-2016.

Eide Bailly, LLP

Vanessa M. Dutton

BY _____

Subscribed and sworn to before me on this 29th day of November, 2016.

Jo Carroll

Notary Public

My commission expires 7-21-19

