



Financial Statements – Regulatory Basis  
And Reports Required by Uniform Guidance  
June 30, 2019

**Putnam City Independent School  
District No. 1**

Putnam City Independent School District No. 1

Table of Contents

June 30, 2019

---

Independent Auditor’s Report .....	1
Management's Discussion and Analysis (unaudited) .....	4
Financial Statements	
Statement of Net Position – Regulatory Basis .....	9
Statement of Activities – Regulatory Basis .....	10
Balance Sheet – Governmental Funds – Regulatory Basis and Reconciliation to Statement of Net Position – Regulatory Basis .....	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis .....	12
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to Statement of Activities – Regulatory Basis .....	13
Notes to Financial Statements .....	14
Other Supplementary Information	
Budgetary Comparison Schedule – General Fund (unaudited).....	25
Budgetary Comparison Schedule – Building .....	26
Budgetary Comparison Schedule – Child Nutrition Fund (unaudited) .....	27
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis .....	29
Combining Statement of Revenues, Expenditures and Fund Balance – Other Governmental Funds – Regulatory Basis.....	30
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis.....	31
Combining Statement of Revenues, Expenditures and Fund Balances – Other Capital Projects Funds – Regulatory Basis .....	33
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds .....	35
Statement of Statutory, Fidelity and Honesty Bonds (unaudited) .....	38
Schedule of Expenditures of Federal Awards .....	39
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	42
Independent Auditor’s Report on Compliance for Its Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	44
Schedule of Findings and Questioned Costs .....	46
Schedule of Accountant’s Professional Liability Insurance Affidavit (unaudited).....	49



## 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, the major funds and the aggregate remaining fund information of Putnam City Independent School District No. 1 (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

What inspires you, inspires us. | [eidebailly.com](http://eidebailly.com)

### **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 the 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, 2019, 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, the major fund and the aggregate remaining fund information of the Putnam City Independent School District No. 1, as of June 30, 2019, 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. 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is 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 22, 2019 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, grant agreements, and other matters. The purpose of that report is solely 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.

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

Oklahoma City, Oklahoma  
November 22, 2019

**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, 2019. 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 2018 and 2019 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 2019.

**Financial Highlights**

Fiscal Year 2019 operations generated significant budget activity for the district's primary operating fund, the General Fund. Current information is presented alongside that of Fiscal Year 2018 to illustrate changes in General Fund balance. Both years are presented on the regulatory basis of accounting.

	<u>Beginning</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Balance</u>
FY 2018	\$ 12,759,670	\$ 128,328,958	\$ 129,804,291	\$ 11,284,337
FY 2019	\$ 11,284,337	\$ 153,302,007	\$ 148,704,503	\$ 15,881,841

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>
2015	\$935,423,329	2.43%
2016	\$961,915,222	2.83%
2017	\$996,360,920	3.58%
2018	\$1,036,475,690	4.03%
2019	\$1,059,644,306	2.83%

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.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Management's Discussion & Analysis (unaudited)

June 30, 2019

**Analysis of Financial Statements**

**Table A**  
**Comparative Schedule of Net Position**  
**For Fiscal years 2018 and 2019**  
(In millions of dollars)

<b>Assets</b>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Difference</u>
Current and Other Assets	\$ 135.27	\$ 130.57	\$ (4.70)
Capital Assets	198.55	229.06	30.51
Total Assets	<u>\$ 333.82</u>	<u>\$ 359.63</u>	<u>\$ 25.81</u>
<b>Liabilities</b>			
Long-Term Debt Outstanding	\$ 93.78	\$ 94.35	\$ 0.57
Other Liabilities	21.73	24.48	2.75
Total Liabilities	<u>\$ 115.51</u>	<u>\$ 118.83</u>	<u>\$ 3.32</u>
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 171.91	\$ 186.71	\$ 14.80
Restricted	40.06	43.16	3.10
Unrestricted	6.34	10.93	4.59
Total net position	<u><u>\$ 218.31</u></u>	<u><u>\$ 240.80</u></u>	<u><u>\$ 22.49</u></u>



Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Management's Discussion & Analysis (unaudited)

June 30, 2019

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

<b>Revenues</b>	<u>FY2018</u>	<u>FY2019</u>	<u>Difference</u>
Program Revenues:			
Charges for Services	\$ 5.75	\$ 6.32	\$ 0.57
Federal and State Grants	17.34	27.91	10.57
General Revenues:			
Property Taxes	67.71	69.78	2.07
Other Taxes	15.83	15.77	(0.06)
State Entitlement	64.93	77.28	12.35
Other General Revenues	1.77	2.91	1.14
Total Revenues	<u>\$ 173.33</u>	<u>\$ 199.97</u>	<u>\$ 26.64</u>
<b>Expenditures</b>			
Program Expenses:			
Instruction	\$ 82.87	\$ 95.20	\$ 12.33
Support Services	55.78	62.79	7.01
Non-instruction	10.78	7.36	(3.42)
Interest on Long-term Debt	2.17	2.21	0.04
Depreciation	8.57	9.93	1.36
Total Expenditures	<u>\$ 160.17</u>	<u>\$ 177.49</u>	<u>\$ 17.32</u>
Increase in net position	<u>\$ 13.16</u>	<u>\$ 22.48</u>	<u>\$ 9.32</u>

**Net Position/Fund Balance**

Net Position increased \$22.49 million from Fiscal Year 2018 to 2019. The operating position of the District as expressed in terms of General Fund fund balance increased \$4.6 million in Fiscal Year 2019.

**Revenues**

General Fund revenue increased \$24,973,049, (19.4%), in FY2019 compared to FY2018, while Building Fund revenues increased 5.7%, or \$303,712. 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 \$286,649, or 1.2%, in FY2019. The 2019 Bond Fund revenue had \$22,750,000 due to the 2019 bond issuance and related interest.

## **Expenditures**

General Fund expenditures increased by \$18.9 million from FY2018 to FY2019 related to staffing and compensation. Building Fund expenditures increased from \$805,941 million in FY2018 to \$5.4 million in FY2019. Sinking Fund principal retirements decreased \$325,000 in FY2019 due to scheduled debt payments while interest payments increased \$41,000 due to increased debt from FY2018. The 2019 Bond Fund expenditures totaled \$0.6 million due to the start of capital outlays for the bond issuance that are still in process.

## **Fund Balances**

The General Fund's fund balance increased \$4.6 million to \$15,881,841. Building Fund's fund balance realized an increase of \$517,000 to \$10,449,010. Sinking Fund's fund balance increased \$824,000 to \$2,674,859 in FY2019. These changes are discussed above in the revenue and expenditure sections.

## **Debt**

The District issued \$22,750,000 in debt in FY2019 and paid \$22.2 million on principal on debt. See additional discussion over the District's debt at Note 4.

## **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 3.

## **Current Issues**

For Fiscal Year 2019-2020 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 40<sup>th</sup> Street, Oklahoma City, Oklahoma 73122.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Statement of Net Position – Regulatory Basis

June 30, 2019

	<u>Governmental Activities</u>
Cash and Cash Investments	\$ 130,499,810
Inventories	74,431
Nondepreciated Capital Assets	64,400,002
Depreciated Capital Assets, Net of Depreciation	<u>164,655,788</u>
Total assets	<u>\$ 359,630,031</u>
 Liabilities	
Accounts Payable	\$ 2,945,297
Salaries and Related Benefits	16,429,416
Warrants Outstanding	3,119,782
Encumbrances Outstanding	1,983,744
Long-Term Obligations	
Due within one year	26,462,478
Due beyond one year	<u>67,891,869</u>
Total liabilities	<u>\$ 118,832,586</u>
 Net Position	
Net Investment in Capital Assets	\$ 186,706,996
Restricted for:	
Debt service	26,298,609
School-based activities	2,498,410
Child nutrition	3,913,626
Buildings	10,449,010
Unrestricted	<u>10,930,794</u>
Total net position	<u><u>\$ 240,797,445</u></u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma  
Statement of Activities – Regulatory Basis  
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 95,197,169	\$ 114,412	\$ 18,493,949	\$ (76,588,808)
Support services	62,794,837	2,944,874	283,059	(59,566,904)
Non-instruction services	7,361,600	3,265,088	9,134,918	5,038,406
Interest on long-term debt	2,209,025	-	-	(2,209,025)
Depreciation - unallocated	9,932,421	-	-	(9,932,421)
<b>Total school district</b>	<b>\$ 177,495,052</b>	<b>\$ 6,324,374</b>	<b>\$ 27,911,926</b>	<b>(143,258,752)</b>

General Revenues:

Taxes

Property taxes, levied for general purposes	38,913,282
Property taxes, levied for building purposes	5,572,562
Property taxes, levied for debt service	25,297,030
General taxes	15,770,531
State aid - formula grants	77,281,220
Investment earnings	2,913,856

Total general revenues

165,748,481

Change in net position

22,489,729

Net Position - beginning

218,307,716

Net Position - ending

\$ 240,797,445

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Balance Sheet – Governmental Funds – Regulatory Basis and Reconciliation to  
Statement of Net Position – Regulatory Basis  
June 30, 2019

	General Fund	Debt Service Fund	Building Fund	2019 Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Cash Investments	\$ 39,401,634	\$ 26,298,609	\$ 11,165,008	22,342,779	\$ 31,291,780	\$ 130,499,810
<b>Total Assets</b>	<b><u>\$ 39,401,634</u></b>	<b><u>\$ 26,298,609</u></b>	<b><u>\$ 11,165,008</u></b>	<b><u>\$ 22,342,779</u></b>	<b><u>\$ 31,291,780</u></b>	<b><u>\$ 130,499,810</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 2,945,297	\$ -	\$ -	\$ -	\$ -	\$ 2,945,297
Salaries and Related Benefits	16,429,308	-	-	-	108	16,429,416
Warrants Outstanding	2,738,742	-	351,220	9,699	20,121	3,119,782
Encumbrances Outstanding	1,406,446	-	364,778	-	212,520	1,983,744
Principal and Interest Accruals	-	23,623,750	-	-	-	23,623,750
<b>Total Liabilities</b>	<b><u>23,519,793</u></b>	<b><u>23,623,750</u></b>	<b><u>715,998</u></b>	<b><u>9,699</u></b>	<b><u>232,749</u></b>	<b><u>48,101,989</u></b>
<b>Fund Balances:</b>						
Restricted	-	2,674,859	10,084,232	22,333,080	30,846,511	65,938,682
Assigned	1,406,444	-	364,778	-	212,520	1,983,742
Unassigned	14,475,397	-	-	-	-	14,475,397
<b>Fund Balances, End of Year</b>	<b><u>15,881,841</u></b>	<b><u>2,674,859</u></b>	<b><u>10,449,010</u></b>	<b><u>22,333,080</u></b>	<b><u>31,059,031</u></b>	<b><u>82,397,821</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 39,401,634</u></b>	<b><u>\$ 26,298,609</u></b>	<b><u>\$ 11,165,008</u></b>	<b><u>\$ 22,342,779</u></b>	<b><u>\$ 31,291,780</u></b>	
<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 \$308,384,318 and the accumulated depreciation is \$109,837,977.</p>						229,055,790
<p>Sinking Fund Principal and Interest Accruals are part of net position at the district-wide level.</p>						23,623,750
<p>Federal commodities are distributed to the district to be used by the child nutrition program. Governmental Funds are concerned with the flow of financial resources and, therefore, the receipt and usage of commodities are not reported in the Governmental Funds.</p>						74,431
<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>						
					\$ 89,250,000	
					5,104,347	(94,354,347)
<b>Total Net Position - Governmental Activities</b>						<b><u>\$ 240,797,445</u></b>

# 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, 2019

	General Fund	Debt Service Fund	Building Fund	2019 Bond Fund	Other Governmental Funds	Totals Governmental Funds
<b>Revenues:</b>						
Property Taxes	\$ 39,026,014	\$ 25,184,293	\$ 5,572,562	\$ -	\$ -	\$ 69,782,869
Interest	822,911	-	86,580	189,072	590,688	1,689,251
County Revenue	5,365,401	-	-	-	-	5,365,401
State Revenue	89,055,568	-	-	-	87,207	89,142,775
Federal Revenue	16,216,864	-	-	-	8,334,264	24,551,128
Other	2,008,660	-	7,302	-	4,727,307	6,743,269
<b>Total Revenues</b>	<b>152,495,418</b>	<b>25,184,293</b>	<b>5,666,444</b>	<b>189,072</b>	<b>13,739,466</b>	<b>197,274,693</b>
<b>Expenditures</b>						
<b>Current</b>						
Instruction	93,626,391	-	10,457	53,104	1,041,019	94,730,971
Support Services	54,315,110	-	3,651,995	184,065	5,158,574	63,309,744
Non-Instruction Services	662,142	-	5,034	-	9,826,114	10,493,290
Capital Outlay	-	-	1,710,767	368,823	34,428,028	36,507,618
Other Outlays	100,860	-	-	-	824	101,684
Debt Service						
Interest Paid	-	2,209,025	-	-	-	2,209,025
Principal Retirement	-	22,185,000	-	-	-	22,185,000
<b>Total Expenditures</b>	<b>148,704,503</b>	<b>24,394,025</b>	<b>5,378,253</b>	<b>605,992</b>	<b>50,454,559</b>	<b>229,537,332</b>
Excess (Deficiency) of Revenues over (under) Expenditures	3,790,915	790,268	288,191	(416,920)	(36,715,093)	(32,262,639)
Adjustments to Prior year Encumbrances	288,213	-	229,216	-	299,190	816,619
<b>Other Financing Sources (Uses)</b>						
Transfers In	518,376	-	-	-	748,952	1,267,328
Transfers Out	-	-	-	-	(1,267,328)	(1,267,328)
Bond Proceeds	-	-	-	22,750,000	-	22,750,000
Accrued Principal and Interest	-	(1,188,163)	-	-	-	(1,188,163)
Premium on Bonds	-	1,222,259	-	-	-	1,222,259
<b>Total Other Financing Sources, net</b>	<b>518,376</b>	<b>34,096</b>	<b>-</b>	<b>22,750,000</b>	<b>(518,376)</b>	<b>22,784,096</b>
Net Change in Fund Balance	4,597,504	824,364	517,407	22,333,080	(36,934,279)	(8,661,924)
Beginning Fund Balance	11,284,337	1,850,495	9,931,603	-	67,993,310	91,059,745
<b>Ending Fund Balances</b>	<b>\$ 15,881,841</b>	<b>\$ 2,674,859</b>	<b>\$ 10,449,010</b>	<b>\$ 22,333,080</b>	<b>\$ 31,059,031</b>	<b>\$ 82,397,821</b>

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, 2019

Total net changes in fund balances - governmental funds \$ (8,661,924)

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	\$	(9,932,421)	
Loss on disposals		(59,966)	
Capital Outlays		40,501,838	30,509,451

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. (5,448)

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 was less than repayments.

Debt Issued	\$	(22,750,000)	
Debt Repayments		22,185,000	(565,000)

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. 24,487

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. 1,188,163

Change in net position of governmental activities \$ 22,489,729

## **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 fund). 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, 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.

2019 Bond Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities related to the 2019 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 and other postemployment benefit (OPEB) 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, 2019.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2019

**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 bond purpose. Child Nutrition resources are restricted for food services. The District has classified school program activities as being restricted because their use is imposed by the Oklahoma State Department of Education regarding use of expenditures. 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. There were no committed funds as of June 30, 2019.

**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, 2019, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Building	2019 Bond, Issued FY 19	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Restricted for:						
School construction	\$ -	\$ -	\$ 10,084,231	\$ 22,333,080	\$ 28,551,984	\$ 60,969,295
Debt service	-	2,674,859	-	-	-	2,674,859
School program activities	-	-	-	-	2,294,528	2,294,528
<b>Total Restricted</b>	<b>-</b>	<b>2,674,859</b>	<b>10,084,231</b>	<b>22,333,080</b>	<b>30,846,512</b>	<b>65,938,682</b>
Assigned to:						
Instruction	\$ 101,706	\$ -	\$ -	\$ -	\$ 237	\$ 101,943
Support services	1,299,053	-	325,807	-	-	1,624,860
Non-instruction services	3,599	-	-	-	212,282	215,881
Capital outlay	-	-	38,972	-	-	38,972
Other outlays	2,086	-	-	-	-	2,086
<b>Total Assigned</b>	<b>1,406,444</b>	<b>-</b>	<b>364,779</b>	<b>-</b>	<b>212,519</b>	<b>1,983,742</b>
Unassigned	14,475,397	-	-	-	-	14,475,397
<b>Total fund balances</b>	<b>\$ 15,881,841</b>	<b>\$ 2,674,859</b>	<b>\$ 10,449,010</b>	<b>\$ 22,333,080</b>	<b>\$ 31,059,031</b>	<b>\$ 82,397,821</b>

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, 2019 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2019 was \$114,363,198. 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 - Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balances	Increases	Transfers	Decreases	Ending Balances
Capital Assets not being depreciated:					
Land	\$ 4,909,457	\$ -	\$ -	\$ -	\$ 4,909,457
Construction in progress	65,104,321	36,304,337	(41,918,113)	-	59,490,545
Total capital assets not being depreciated	<u>70,013,778</u>	<u>36,304,337</u>	<u>(41,918,113)</u>	<u>-</u>	<u>64,400,002</u>
Capital Assets being depreciated:					
Buildings	217,259,868	-	41,918,113	-	259,177,981
Equipment and Vehicles	21,110,673	4,197,501	-	(1,914,719)	23,393,455
Total capital assets being depreciated	<u>238,370,541</u>	<u>4,197,501</u>	<u>41,918,113</u>	<u>(1,914,719)</u>	<u>282,571,436</u>
Less accumulated depreciation for:					
Buildings	(94,584,652)	(8,448,349)	-	-	(103,033,001)
Equipment and Vehicles	(15,253,328)	(1,484,072)	-	1,854,753	(14,882,647)
Total accumulated depreciation	<u>(109,837,980)</u>	<u>(9,932,421)</u>	<u>-</u>	<u>1,854,753</u>	<u>(117,915,648)</u>
Total capital assets being depreciated, net	<u>128,532,561</u>	<u>(5,734,920)</u>	<u>41,918,113</u>	<u>(59,966)</u>	<u>164,655,788</u>
Capital assets, net	<u>\$ 198,546,339</u>	<u>\$ 30,569,417</u>	<u>\$ -</u>	<u>\$ (59,966)</u>	<u>\$ 229,055,790</u>

Depreciation is not allocated by function in the statement of activities.

**Note 4 - 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	\$ 88,685,000	\$ 22,750,000	\$ (22,185,000)	\$ 89,250,000	\$ 24,810,000
Compensated Absences	5,098,899	1,563,503	(1,558,055)	5,104,347	1,652,478
Total governmental activity long-term liabilities	<u>\$ 93,783,899</u>	<u>\$ 24,313,503</u>	<u>\$ (23,743,055)</u>	<u>\$ 94,354,347</u>	<u>\$ 26,462,478</u>

Payments on bonds are made by the debt service fund with property taxes. Compensated absences are generally liquidated by the general fund. Bonds payable includes general obligation bond issues.

Bonds payable at June 30, 2019 are comprised of the following individual general obligation bond issues issued for the purpose of buildings:

Issue Amount	Issue Date	Annual Payment	Final Payment	Maturity Date	Interest Rates (%)	Total Outstanding
\$ 18,000,000	1/1/2015	\$ 4,500,000	\$ 4,500,000	2/1/2020	2%	\$ 4,500,000
28,000,000	1/1/2016	7,000,000	7,000,000	1/1/2021	2%	14,000,000
21,000,000	1/1/2017	5,250,000	5,250,000	1/1/2022	3-4%	15,750,000
32,250,000	4/1/2018	8,060,000	8,070,000	4/1/2023	3%	32,250,000
22,750,000	1/1/2019	8,060,000	8,070,000	1/1/2024	3%	22,750,000
						<u>\$ 89,250,000</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, 2019 is approximately \$109.4 million.

The annual requirements to amortize all bond debt outstanding as of June 30, 2019 including principal and interest payments are as follows:

Period Ending June 30,	Principal	Interest	Total Debt
2020	\$ 24,810,000	\$ 2,715,650	\$ 27,525,650
2021	25,995,000	2,033,850	28,028,850
2022	18,995,000	1,324,000	20,319,000
2023	13,755,000	697,300	14,452,300
2024	5,695,000	227,800	5,922,800
	<u>\$ 89,250,000</u>	<u>\$ 6,998,600</u>	<u>\$ 96,248,600</u>

Proceeds of general obligation bond issues are recorded in the respective 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 5 - Transfers**

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$ 207,920	Operating Transfer
Child Nutrition Fund	Child Nutrition Fund	6,100	Intrafund Transfer
Student Activity Fund	Student Activity Fund	742,852	Intrafund Transfer
Student Activity Fund	General Fund	310,456	Operating Transfer
Total Transfers between Funds		<u>\$ 1,267,328</u>	

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

**Note 6 - Employee Retirement System**

Plan Description - The District contributes to the state-administered Teachers' Retirement System of Oklahoma ("the System"), a cost-sharing, multiple-employer public employee retirement system (TRS). The System is administered by a board of trustees. TRS provides retirement, other postemployment benefits, 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 TRS Board of Trustees. The System issues a publicly available report that includes financial statements and required supplementary information for TRS. That report may be obtained by contacting the Teachers' Retirement System of Oklahoma.

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, 2018 through June 30, 2019 of applicable compensation for the year ended June 30, 2019. 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 TRS (net of retirement paid \$14,248,578 and \$11,609,601 June 30, 2019 and 2018, respectively, equal to the required contributions for each year.

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, 2018 (the latest information available) was \$117.1 million.

GASB Statement 75 became effective for fiscal years beginning after June 15, 2017, and significantly changes other postemployment benefit (OPEB) accounting and financial reporting for governmental employers who participate in an OPEB 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 OPEB liability amount is not required to be presented in these financial statements and the notes to the financial statements. The amount of the net OPEB asset for the District at June 30, 2018 (the latest information available) was \$1.25 million.

#### **Note 7 - 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 \$46.9 million dollars as of June 30, 2019 for outstanding construction projects.

During the year ended June 30, 2019, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2018. No settlements have exceeded coverage levels in place during 2019.

#### **Note 8 - 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.



Other Supplementary Information  
June 30, 2019

**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, 2019

	Budgeted Amounts Original/Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 11,284,337	\$ 11,284,337	\$ -
Resources (inflows)			
Property Taxes	37,872,000	39,026,014	1,154,014
Interest	345,000	822,911	477,911
County Revenue	5,533,000	5,365,401	(167,599)
State Revenue	89,213,142	89,055,568	(157,574)
Federal Revenue	16,755,530	16,216,864	(538,666)
Other	2,124,630	2,296,873	172,243
Transfers from Other Funds	-	518,376	518,376
	<u>151,843,302</u>	<u>153,302,007</u>	<u>1,458,705</u>
Amounts Available for Appropriation	<u>163,127,639</u>	<u>164,586,344</u>	<u>1,458,705</u>
Charges to Appropriations (outflows)			
Instruction	95,313,065	93,626,391	1,686,674
Support Services	55,838,947	54,315,110	1,523,837
Non-Instruction Services	607,203	662,142	(54,939)
Other Outlays	108,205	100,860	7,345
Total Charges to Appropriations	<u>151,867,420</u>	<u>148,704,503</u>	<u>3,162,917</u>
Budgetary Fund Balance, June 30	<u>\$ 11,260,219</u>	<u>\$ 15,881,841</u>	<u>\$ 4,621,622</u>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedule – Building Fund (unaudited)  
For the Year Ended June 30, 2019

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Local Revenue	\$ 5,452,070	\$ 5,666,444	\$ 214,374
State Revenue	110	-	(110)
Total Revenues	<u>5,452,180</u>	<u>5,666,444</u>	<u>214,264</u>
Expenditures			
1000 Instruction	-	10,457	(10,457)
2000 Support Services	5,171,842	3,651,995	1,519,847
3000 Non-Instruction Services	-	5,034	(5,034)
4000 Capital Outlays	1,593,158	1,710,767	(117,609)
Total Expenditures	<u>6,765,000</u>	<u>5,378,253</u>	<u>1,386,747</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,312,820)</u>	<u>288,191</u>	<u>1,601,011</u>
Adjustments to Prior year Encumbrances	<u>229,216</u>	<u>229,216</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,083,604)	517,407	1,601,011
Beginning Fund Balances	<u>9,931,603</u>	<u>9,931,603</u>	<u>-</u>
Ending Fund Balances	<u>\$ 8,847,999</u>	<u>\$ 10,449,010</u>	<u>\$ 1,601,011</u>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedule – Child Nutrition Fund (unaudited)  
For the Year Ended June 30, 2019

	Original/Final Budget	Actual	Final Budget Positive (Negative)
Revenues			
Local Revenue	\$ 1,201,736	\$ 790,182	\$ (411,554)
State Revenue	96,754	87,207	(9,547)
Federal Revenue	8,478,732	8,334,264	(144,468)
Total Revenues	<u>9,777,222</u>	<u>9,211,653</u>	<u>(565,569)</u>
Expenditures			
3000 Non-Instruction Services	8,870,247	8,530,346	339,901
5000 Other Outlays	146,981	421,180	(274,199)
Total Expenditures	<u>9,017,228</u>	<u>8,951,526</u>	<u>65,702</u>
Excess (Deficiency) of Revenues over Expenditures	<u>759,994</u>	<u>260,127</u>	<u>(499,867)</u>
Adjustments to Prior year Encumbrances	<u>300,435</u>	<u>297,317</u>	<u>(3,118)</u>
Other Financing Sources (Uses)			
Transfers In	-	6,100	6,100
Transfers Out	-	(214,020)	(214,020)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(207,920)</u>	<u>(207,920)</u>
Net Change in Fund Balances	1,060,429	349,524	(710,905)
Beginning Fund Balances	<u>3,489,671</u>	<u>3,489,671</u>	<u>-</u>
Ending Fund Balances	<u>\$ 4,550,100</u>	<u>\$ 3,839,195</u>	<u>\$ (710,905)</u>

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

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

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Governmental Funds – Regulatory Basis  
June 30, 2019

	<u>Child Nutrition</u>	<u>Gifts and Endowments</u>	<u>Student Activity</u>	<u>Other Capital Project Funds</u>	<u>Total Other Governmental Funds</u>
<b>Assets</b>					
Cash and Cash Investments	\$ 4,051,477	\$ 153,991	\$ 2,498,410	\$ 24,587,902	\$ 31,291,780
Total Assets	<u>\$ 4,051,477</u>	<u>\$ 153,991</u>	<u>\$ 2,498,410</u>	<u>\$ 24,587,902</u>	<u>\$ 31,291,780</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Salaries and Related Benefits	\$ -	\$ 108	\$ -	\$ -	108
Warrants Outstanding	-	345	-	19,776	\$ 20,121
Encumbrances Outstanding	<u>212,282</u>	<u>238</u>	<u>-</u>	<u>-</u>	<u>212,520</u>
Total Liabilities	<u>212,282</u>	<u>691</u>	<u>-</u>	<u>19,776</u>	<u>232,749</u>
<b>Fund Balances:</b>					
Restricted	3,626,913	153,062	2,498,410	24,568,126	30,846,511
Assigned	<u>212,282</u>	<u>238</u>	<u>-</u>	<u>-</u>	<u>212,520</u>
Fund Balances, End of Year	<u>3,839,195</u>	<u>153,300</u>	<u>-</u>	<u>24,568,126</u>	<u>31,059,031</u>
Total Liabilities and Fund Balances	<u>\$ 4,051,477</u>	<u>\$ 153,991</u>	<u>\$ 2,498,410</u>	<u>\$ 24,587,902</u>	<u>\$ 31,291,780</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, 2019

	Child Nutrition	Gifts and Endowments	Student Activity	Other Capital Project Funds	Other Governmental Funds
<b>Revenues</b>					
Interest	\$ 43,851	\$ 863	\$ 19,414	\$ 526,560	\$ 590,688
State Revenue	87,207	-	-	-	87,207
Federal Revenue	8,334,264	-	-	-	8,334,264
Other	746,331	61,149	3,919,827	-	4,727,307
<b>Total Revenues</b>	<b>9,211,653</b>	<b>62,012</b>	<b>3,939,241</b>	<b>526,560</b>	<b>13,739,466</b>
<b>Expenditures</b>					
Current					
Instruction	-	50,976	606,698	383,345	1,041,019
Support Services	-	19,647	1,759,899	3,379,028	5,158,574
Non-Instruction Services	8,530,346	2,552	1,057,482	235,734	9,826,114
Capital Outlays	421,180	-	-	34,006,848	34,428,028
Other Outlays	-	-	824	-	824
<b>Total Expenditures</b>	<b>8,951,526</b>	<b>73,175</b>	<b>3,424,903</b>	<b>38,004,955</b>	<b>50,454,559</b>
Excess (Deficiency) of Revenues over (under) Expenditures	260,127	(11,163)	514,338	(37,478,395)	(36,715,093)
Adjustments to Prior year Encumbrances	297,317	1,873	-	-	299,190
<b>Other Financing Sources (Uses)</b>					
Transfers In	6,100	-	742,852	-	748,952
Transfers Out	(214,020)	-	(1,053,308)	-	(1,267,328)
<b>Total Other Financing Sources (Uses)</b>	<b>(207,920)</b>	<b>-</b>	<b>(310,456)</b>	<b>-</b>	<b>(518,376)</b>
<b>Net Change in Fund Balances</b>	<b>349,524</b>	<b>(9,290)</b>	<b>203,882</b>	<b>(37,478,395)</b>	<b>(36,934,279)</b>
Beginning Fund Balances	3,489,671	162,590	2,294,528	62,046,521	67,993,310
<b>Ending Fund Balances</b>	<b>\$ 3,839,195</b>	<b>\$ 153,300</b>	<b>\$ 2,498,410</b>	<b>\$ 24,568,126</b>	<b>\$ 31,059,031</b>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis  
June 30, 2019

	<u>MAPS</u>	<u>2009 Bond, Issued FY13</u>	<u>2013 Bond, Issued FY13</u>	<u>2009 Bond, Issued FY14</u>	<u>2005 Bond, Issued FY08</u>	<u>2009 Bond, Issued FY12</u>	<u>2007 Bond, Issued FY10</u>	<u>2009 Bond, Issued FY10</u>
<b>Assets</b>								
Cash and Cash Investments	<u>\$ -</u>	<u>\$ 68,651</u>	<u>\$ 214,748</u>	<u>\$ 65,825</u>	<u>\$ 5,373</u>	<u>\$ 50,420</u>	<u>\$ 99,084</u>	<u>\$ 14,277</u>
Total Assets	<u>\$ -</u>	<u>\$ 68,651</u>	<u>\$ 214,748</u>	<u>\$ 65,825</u>	<u>\$ 5,373</u>	<u>\$ 50,420</u>	<u>\$ 99,084</u>	<u>\$ 14,277</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Warrants Outstanding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>								
Restricted	<u>-</u>	<u>68,651</u>	<u>214,748</u>	<u>65,825</u>	<u>5,373</u>	<u>50,420</u>	<u>99,084</u>	<u>14,277</u>
Fund Balances, End of Year	<u>-</u>	<u>68,651</u>	<u>214,748</u>	<u>65,825</u>	<u>5,373</u>	<u>50,420</u>	<u>99,084</u>	<u>14,277</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 68,651</u>	<u>\$ 214,748</u>	<u>\$ 65,825</u>	<u>\$ 5,373</u>	<u>\$ 50,420</u>	<u>\$ 99,084</u>	<u>\$ 14,277</u>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis  
June 30, 2019

	<u>2009 Bond, Issued FY11</u>	<u>2014 Bond, Issued FY18</u>	<u>2017 Bond, Issued FY18</u>	<u>2014 Bond, Issued FY14</u>	<u>2014 Bond, Issued FY15</u>	<u>2014 Bond, Issued FY16</u>	<u>2017 Bond Issued FY18</u>	<u>Total Other Capital Project Funds</u>
<b>Assets</b>								
Cash and Cash Investments	\$ 138,733	\$ 8,731,020	\$ 3,593,395	\$ 76,426	\$ 863,004	\$ 2,004,149	8,662,797	\$ 24,587,902
Total Assets	<u>\$ 138,733</u>	<u>\$ 8,731,020</u>	<u>\$ 3,593,395</u>	<u>\$ 76,426</u>	<u>\$ 863,004</u>	<u>\$ 2,004,149</u>	<u>\$ 8,662,797</u>	<u>\$ 24,587,902</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Warrants Outstanding	\$ -	\$ 1,735	\$ 6,833	\$ -	\$ -	\$ -	11,208	\$ 19,776
Total Liabilities	<u>-</u>	<u>1,735</u>	<u>6,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,208</u>	<u>19,776</u>
<b>Fund Balances:</b>								
Restricted	<u>138,733</u>	<u>8,729,285</u>	<u>3,586,562</u>	<u>76,426</u>	<u>863,004</u>	<u>2,004,149</u>	<u>8,651,589</u>	<u>\$ 24,568,126</u>
Fund Balances, End of Year	<u>138,733</u>	<u>8,729,285</u>	<u>3,586,562</u>	<u>76,426</u>	<u>863,004</u>	<u>2,004,149</u>	<u>8,651,589</u>	<u>24,568,126</u>
Total Liabilities and Fund Balances	<u>\$ 138,733</u>	<u>\$ 8,731,020</u>	<u>\$ 3,593,395</u>	<u>\$ 76,426</u>	<u>\$ 863,004</u>	<u>\$ 2,004,149</u>	<u>\$ 8,662,797</u>	<u>\$ 24,587,902</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, 2019

	<u>MAPS</u>	<u>2009 Bond, Issued FY 13</u>	<u>2013 Bond, Issued FY13</u>	<u>2009 Bond, Issued FY14</u>	<u>2005 Bond, Issued FY08</u>	<u>2009C Bond Issued FY12</u>	<u>2007 Bond, Issued FY10</u>
Revenues							
Interest	\$ 936	\$ 613	\$ 2,627	\$ 2,882	\$ 1,089	\$ 1,134	\$ 900
Other	-	-	-	-	-	-	-
Total Revenues	<u>936</u>	<u>613</u>	<u>2,627</u>	<u>2,882</u>	<u>1,089</u>	<u>1,134</u>	<u>900</u>
Expenditures							
Current							
Instruction	-	2,128	30,135	-	-	-	-
Support Services	1,648	23,747	38,252	800	-	-	4,824
Non-Instruction Services	235,734	-	-	-	-	-	-
Capital Outlays	-	43,730	1,951	-	11,285	139,389	66,506
Total Expenditures	<u>237,382</u>	<u>69,605</u>	<u>70,338</u>	<u>800</u>	<u>11,285</u>	<u>139,389</u>	<u>71,330</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(236,446)</u>	<u>(68,992)</u>	<u>(67,711)</u>	<u>2,082</u>	<u>(10,196)</u>	<u>(138,255)</u>	<u>(70,430)</u>
Net Change in Fund Balances	(236,446)	(68,992)	(67,711)	2,082	(10,196)	(138,255)	(70,430)
Beginning Fund Balances	<u>236,446</u>	<u>137,643</u>	<u>282,459</u>	<u>63,743</u>	<u>15,569</u>	<u>188,675</u>	<u>169,514</u>
Ending Fund Balances	<u>\$ -</u>	<u>\$ 68,651</u>	<u>\$ 214,748</u>	<u>\$ 65,825</u>	<u>\$ 5,373</u>	<u>\$ 50,420</u>	<u>\$ 99,084</u>

(continued on next page)

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, 2019

	2009 Bond, Issued FY10	2009 Bond, Issued FY11	2014 Bond, Issued FY18	2017 Bond, Issued FY18	2014 Bond, Issued FY14	2014 Bond, Issued FY15	2014 Bond, Issued FY16	2017 Bond	2018 Bond	Total Other Capital Project Funds
Revenues										
Interest	\$ 184	\$ 1,411	\$ 64,659	\$ -	\$ 45,309	\$ 13,360	\$ 132,271	126,543	\$ 132,642	\$ 526,560
Other	-	-	-	-	-	-	-	-	-	-
Total Revenues	184	1,411	64,659	-	45,309	13,360	132,271	126,543	132,642	526,560
Expenditures										
Current										
Instruction	-	-	219,715	-	-	-	10,960	113,167	7,240	383,345
Support Services	-	11,112	135,717	-	7,290	97,609	13,728	198,737	2,845,564	3,379,028
Non-Instruction Services	-	-	-	-	-	-	-	-	-	235,734
Capital Outlays	14,235	548	945,666	91,246	156,318	2,109,404	7,522,128	9,340,822	13,563,620	34,006,848
Total Expenditures	14,235	11,660	1,301,098	91,246	163,608	2,207,013	7,546,816	9,652,726	16,416,424	38,004,955
Excess (Deficiency) of Revenues over (under) Expenditures	(14,051)	(10,249)	(1,236,439)	(91,246)	(118,299)	(2,193,653)	(7,414,545)	(9,526,183)	(16,283,782)	(37,478,395)
Net Change in Fund Balances	(14,051)	(10,249)	(1,236,439)	(91,246)	(118,299)	(2,193,653)	(7,414,545)	(9,526,183)	(16,283,782)	(37,478,395)
Beginning Fund Balances	28,328	148,982	9,965,724	91,246	194,725	3,056,657	9,418,694	18,177,772	19,870,344	62,046,521
Ending Fund Balances	\$ 14,277	\$ 138,733	\$ 8,729,285	\$ -	\$ 76,426	\$ 863,004	\$ 2,004,149	\$ 8,651,589	\$ 3,586,562	\$ 24,568,126

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, 2019

Activities	Ending Balance as of June 30, 2018	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2019
Academic Team	\$ -	\$ 400	\$ 400	\$ -
Administration	29,414	9,295	7,229	31,480
Art	3,583	(3,171)	180	232
Art Club	1,595	3,065	1,158	3,502
Art Festival	2,349	1,291	2,287	1,353
Art Fund	10,613	12,902	10,377	13,138
Asian Club	385	(385)	-	-
Athletics	311,324	949,061	894,387	365,998
Band	15,736	72,775	73,018	15,493
Black Student Alliance	-	621	169	452
Bus Prof Of Amer	1,491	14,504	14,759	1,236
Cancer Research Fund	111,427	230,437	245,572	96,292
Carnival	12,164	2,052	5,081	9,135
Cast-Cultural Awareness	-	87	21	66
Cheerleading	23,461	90,004	90,939	22,526
Class Of 2016	1,341	(1,341)	-	-
Class Of 2018	25,879	(24,609)	1,270	-
Class Of 2019	28,390	38,770	41,261	25,899
Class Of 2020	4,457	50,532	26,515	28,474
Class Of 2021	163	5,835	2,367	3,631
Class of 2022	-	1,698	964	734
Clearing-General Fund Ref	9	21,644	21,532	121
Crafts	1,408	7	104	1,311
Dance	4,672	7,644	5,606	6,710
Debate/Speech Activities	3,827	7,067	7,736	3,158
DECA	11,128	99,076	100,855	9,349
District Staff Development	5,569	18,815	17,534	6,850
Donations	123,342	146,844	95,097	175,089
Drama	13,819	25,981	26,952	12,848
8th Grade	1,687	2,650	1,063	3,274
Employee Courtesy	14,424	20,594	21,669	13,349
Extended Care	536,333	966,705	1,009,067	493,971
Family & Consumers Scienc	1,253	1,734	1,268	1,719
FCCLA	8,131	21,527	21,585	8,073
Field Trips	13,329	32,958	32,916	13,371
Fifth Grade	7,389	11,925	11,015	8,299
Fishing Club	45	-	-	45
French Club	1,166	6,364	5,857	1,673
Gay Straight Alliance	-	87	-	87
Fuel Up To Play 60	556	-	556	-
Grants	7,939	9,711	9,916	7,734
Groundbreakers	5,802	2,821	3,205	5,418
Guidance-Counseling	4,753	2,080	2,121	4,712
Hefner Soccer Club	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, 2019

Activities	Ending Balance as of June 30, 2018	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2019
HOSA	\$ 2,679	\$ 1,420	\$ 1,055	\$ 3,044
Interest	8,342	7,229	7,546	8,025
International Club	154	-	-	154
Journalism-Newspaper	4,595	2,439	4,074	2,960
Jr Assn Of The Deaf	207	-	-	207
JROTC	6,432	91,150	87,124	10,458
Junior Classical Lg-Latin	400	631	834	197
Key Club	679	1,796	1,289	1,186
La Raza	179	-	-	179
Latin Club	1,374	260	812	822
Latino Club	3,201	914	2,694	1,421
Leadership	4,271	8,691	9,563	3,399
LINK Crew	1,931	4,194	3,909	2,216
MCS-Step Team	1,872	556	1,127	1,301
Media	48,328	111,377	117,358	42,347
Memorial Fund	2,891	1,040	183	3,748
Model United Nations	750	-	475	275
Motivational Program	2,620	18,202	19,489	1,333
Nat'L Honor Society	9,428	11,289	9,810	10,907
Nat'L Jr Honor Society	2,265	3,046	2,437	2,874
Orchestra	24,368	449,690	285,348	188,710
Peak-Gifted & Talented	39,232	54,761	49,258	44,735
Pep Club	1,128	24,112	23,132	2,108
Phys Ed	17,579	10,135	8,126	19,588
Pictures	60,423	41,024	30,177	71,270
Pom	13,209	32,383	37,248	8,344
Pup Club	51	2,033	1,249	835
Reading	187	-	187	-
Refunds	942	887	887	942
Scholarships	102,929	13,645	6,000	110,574
School Wide Fund	252,911	387,799	374,881	265,829
Science	2,348	1,385	1,098	2,635
Science & Engineering	767	27,794	27,810	751
Science Club - Lab	2,318	150	405	2,063
Science Olympiad	161	-	36	125
7th Grade	492	-	110	382
6th Grade	179	167	200	146
Soaring Eagles	380	6,828	5,929	1,279
Sons & Daughters Of Liber	325	1,334	1,296	363
Spanish Club	149	165	78	236
Spanish Cultural	2,083	1,925	2,353	1,655
Special Education	7,076	15,802	11,941	10,937

(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, 2019

Activities	Ending Balance as of June 30, 2018	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2019
Special Olympics	\$ 10,979	\$ 20,395	\$ 18,372	\$ 13,002
Special Services	1,495	3,003	3,337	1,161
Stagecraft/Auditorium	-	3,327	1,005	2,322
Step Team	3,300	2,853	1,971	4,182
Student Council	40,783	62,586	74,429	28,940
Tech Ed	8,734	7,493	8,438	7,789
Tech Ed Student Assn	20	460	450	30
Tech Ed-TSA	1,499	2,603	1,472	2,630
The Fandom Zone	-	790	329	461
Theater Arts Academey	7,952	13,432	11,161	10,223
Transitional Work Class	4,172	1,087	806	4,453
United Native People	223	-	-	223
Varsity Cheer	2,159	11,581	13,547	193
Vending	113,404	164,847	173,916	104,335
Vocal Music	36,644	112,663	119,389	29,918
Yearbook	78,046	73,848	92,885	59,009
Youth & Government	2,612	4,815	5,568	1,859
	<u>\$ 2,294,528</u>	<u>\$ 4,682,093</u>	<u>\$ 4,478,211</u>	<u>\$ 2,498,410</u>
<b>Total Assets</b>	<u>\$ 2,294,528</u>	<u>\$ 4,682,093</u>	<u>\$ 4,478,211</u>	<u>\$ 2,498,410</u>
<b>Liabilities</b>				
Due to Student Groups	<u>\$ 2,294,528</u>	<u>\$ 4,682,093</u>	<u>\$ 4,478,211</u>	<u>\$ 2,498,410</u>
<b>Total Liabilities</b>	<u>\$ 2,294,528</u>	<u>\$ 4,682,093</u>	<u>\$ 4,478,211</u>	<u>\$ 2,498,410</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, 2019

---

The District has a Public School District Blanket Fidelity Bond with Liberty Mutual Insurance Company. The bond number is 601072182. It covers all employees for the penal sum of \$100,000 and is for the term of July 1, 2018, to June 30, 2019.

The treasurer is bonded by Ohio Casualty Insurance Company, bond number LSF042007, for the penal sum of \$350,000 for the term of April 1, 2019 to April 1, 2020.

The assistant treasurer is bonded by Ohio Casualty Insurance Company, bond number 601081093, for the penal sum of \$180,000 for the term of July 1, 2018 to July 1, 2019.

The superintendent is bonded by Ohio Insurance Casualty Company, bond number 601072182, for the penal sum of \$100,000 for the term of July 01, 2018, to June 30, 2019.

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2018	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2019
<u>U.S. Department of Education</u>							
Direct Programs							
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ -	\$ 127,361	\$ 192,882	\$ (2,933)	\$ (68,454)
Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States	84.048	421/424/426	(220,446)	425,083	241,298	-	(36,661)
Passed through Oklahoma Community Service Commission Americorp	84.048	777	<u>(37,193)</u>	<u>162,192</u>	<u>155,413</u>	<u>-</u>	<u>(30,414)</u>
84.048 Total			<u>(257,639)</u>	<u>587,275</u>	<u>396,711</u>	<u>-</u>	<u>(67,075)</u>
Passed Through Oklahoma Department of Rehabilitation Services Job Training	84.126	456	<u>-</u>	<u>515</u>	<u>515</u>	<u>-</u>	<u>-</u>
Passed Through Oklahoma State Department of Education							
Title I, Grants to Local Educational Agencies	84.010	511/515/517/786	<u>(4,277,266)</u>	<u>8,655,555</u>	<u>5,494,880</u>	<u>561</u>	<u>(1,116,030)</u>
Special Education - Grants to States	84.027	613/615/616/621/62	(1,216,117)	4,310,510	3,979,536	(129)	(885,272)
Special Education - Preschool Grants	84.173	641/642	(19,767)	74,629	67,320	-	(12,458)
Special Education Cluster			<u>(1,235,884)</u>	<u>4,385,139</u>	<u>4,046,856</u>	<u>(129)</u>	<u>(897,730)</u>
Title I, Part E Striving Readers	84.371	538	<u>(49,466)</u>	<u>432,214</u>	<u>427,191</u>	<u>-</u>	<u>(44,443)</u>
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	<u>(435,592)</u>	<u>1,172,136</u>	<u>882,336</u>	<u>(561)</u>	<u>(146,353)</u>
Title III Part A English Language Acquisition	84.365	571/572	<u>(53,941)</u>	<u>358,402</u>	<u>366,087</u>	<u>-</u>	<u>(61,626)</u>
Title IV Part A	84.424A	551/552	<u>-</u>	<u>172,868</u>	<u>209,565</u>	<u>-</u>	<u>(36,697)</u>
Title X Part C Education for Homeless Children and Youth	84.196	596	<u>(34,172)</u>	<u>144,977</u>	<u>121,658</u>	<u>-</u>	<u>(10,853)</u>
Total U.S. Department of Education			<u>(6,343,960)</u>	<u>16,036,442</u>	<u>12,138,681</u>	<u>(3,062)</u>	<u>(2,449,261)</u>

(continued on next page)

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2018	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2019
<u>U.S. Department of Agriculture</u>							
Passed through the Oklahoma State Department of Education							
Cash assistance:							
Breakfast Program	10.553	764	\$ -	\$ 1,953,086	\$ 1,953,086	\$ -	\$ -
Lunch Program	10.555	763	-	6,285,063	6,285,063	-	-
Summer Food Service	10.559	766	-	8,674	8,674	-	-
Cash Assistance Subtotal			<u>-</u>	<u>8,246,823</u>	<u>8,246,823</u>	<u>-</u>	<u>-</u>
Non-Cash assistance (Commodities):							
Breakfast Program	10.553	764	11,488	167,192	161,238	-	17,442
Lunch Program	10.555	763	37,960	538,027	519,857	-	56,130
Summer Food Service	10.559	766	500	8,228	7,869	-	859
Non-Cash Assistance Subtotal			<u>49,948</u>	<u>713,447</u>	<u>688,964</u>	<u>-</u>	<u>74,431</u>
Child Nutrition Cluster			<u>49,948</u>	<u>8,960,270</u>	<u>8,935,787</u>	<u>-</u>	<u>74,431</u>
Passed through the Oklahoma State Department of Education							
Child and Adult Care	10.558	769	<u>-</u>	<u>87,441</u>	<u>87,441</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>49,948</u>	<u>9,047,711</u>	<u>9,023,228</u>	<u>-</u>	<u>74,431</u>
<u>U.S. Department of Defense</u>							
Direct Programs							
JROTC	Not Available	771	<u>(10,752)</u>	<u>171,139</u>	<u>168,135</u>	<u>-</u>	<u>(7,748)</u>
<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 - Cluster 477	15.130	563/564	<u>71,213</u>	<u>9,283</u>	<u>22,327</u>	<u>-</u>	<u>58,169</u>
Total Expenditures of Federal Awards			<u>\$ (6,233,551)</u>	<u>\$ 25,264,575</u>	<u>\$ 21,352,371</u>	<u>\$ (3,062)</u>	<u>\$ (2,324,409)</u>

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Putnam City Independent School District No. 1 (the District) under programs of the federal government for the year ended June 30, 2019. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Putnam City Independent School District No. 1, it is not intended to and does not present the financial position or the changes in net position or fund balance of {Putnam City Independent School District No. 1.

**Note B – Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C — Indirect Cost Rate**

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

**Note D — Food Donation**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the District had food commodities totaling approximately \$74,400 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, the major funds, and the aggregate remaining fund information of Putnam City Independent School District No. 1 (the District) as of and for the year ended June 30, 2019, 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 . 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 the District'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 the District’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.

**What inspires you, inspires us. | [eidebailly.com](http://eidebailly.com)**

**Compliance and Other Matters**

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

**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.

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

Oklahoma City, Oklahoma  
November 22, 2019



## **Independent Auditor’s Report on Compliance for Its Major Federal Program and 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 the Major Federal Program**

We have audited Putnam City Independent School District No. 1’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Putnam City Independent School District No. 1’s major federal program for the year ended June 30, 2019. Putnam City Independent School District No. 1’s major federal program is 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 of Putnam City Independent School District No. 1’s major federal program 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 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 its major federal program. However, our audit does not provide a legal determination of Putnam City Independent School District No. 1’s compliance.

**What inspires you, inspires us. | [eidebailly.com](http://eidebailly.com)**

### **Opinion on the 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 its major federal program for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of Putnam City Independent School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Putnam City Independent School District No. 1's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 Putnam City Independent School District No. 1's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 22, 2019



**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued	Modified-Adverse on GAAP due to regulatory basis Unmodified - 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

CFDA number

Title I, Grants to Local Educational Agencies	84.010
-----------------------------------------------	--------

Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367
---------------------------------------------------------------------	--------

Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
-------------------------------------------------------------------------	------------

Auditee qualified as low-risk auditee	Yes
---------------------------------------	-----

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

---

---

**Section II – Financial Statement Findings**

---

None

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

---

---

**Section III – Federal Award Findings and Questioned Costs**

---

None

