

**Notice of Sale and  
Official Statement**

**New Issue- Book Entry Only**

**\$22,750,000  
BUILDING BONDS  
OF 2019**

**INDEPENDENT SCHOOL DISTRICT NO. 1  
OKLAHOMA COUNTY, OKLAHOMA  
(Putnam City Board of Education)**

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Date of Sale

December 13, 2018  
11:45 o'clock a.m.

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Financial Advisor

**Stephen L. Smith Corp.**  
531 East A Street, Suite 301  
Jenks, Oklahoma 74037

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy within any jurisdiction to any person to whom it is unlawful to make such offer or solicitation within such jurisdiction. In connection with the offering of these Bonds, no dealer, salesman or any other person has been authorized to give any information or to make any representation other than contained herein. If given or made, such information or representation must not be relied upon.

The information contained in the Official Statement, including the cover page hereto, has been obtained from public officials, official records and from other sources which are deemed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. The delivery of this Official Statement does not at any time imply that information contained herein is correct as of any date subsequent to its date.

Any statements contained in this Official Statement involving matters of opinion, estimation or projection, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement shall not be construed as a contract or agreement between the School District and the purchasers or holders of any of the Bonds.

THE DATE OF THIS OFFICIAL STATEMENT IS NOVEMBER 9, 2018.

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**INDEPENDENT SCHOOL DISTRICT NO. 1  
OKLAHOMA COUNTY, OKLAHOMA  
(Putnam City Board of Education)**

Officers and Members of the Board of Education

BECKY HALIBURTON, President and Member  
GAIL LOPRESTO, Vice President and Member  
SANDY LEMASTER, Clerk and Non-Member  
CINDY GIBBS, Member  
JAY SHERRILL, Member  
BILL WETMORE, Member

School District Officials

FRED RHODES, Superintendent  
SHANNON L. MEEKS, Treasurer

Financial Advisor

**STEPHEN L. SMITH CORP.**  
531 East A Street, Suite 301  
Jenks, Oklahoma 74037  
Telephone: (918) 296-9980

NOTICE OF SALE OF BONDS

In accordance with 62 O.S. 2011, § 354, notice is hereby given that the Board of Education of Independent School District Number 1 of Oklahoma County, Oklahoma will receive bids by; sealed bid, facsimile bid, electronic (Parity®) bid or similar secure electronic bid on the 13<sup>th</sup> day of December, 2018, until 11:45 o'clock a.m., and the Board of Education will award said Bonds at 12:00 o'clock noon on the 13<sup>th</sup> day of December, 2018, at the Board Room, Administration Building, Putnam City Public Schools, 5401 NW 40<sup>th</sup> Street, Oklahoma City, Oklahoma, for the sale of \$22,750,000 of Building Bonds of said School District, which Bonds will mature \$5,685,000 annually in two (2) years from their date and \$5,685,000 annually each year thereafter until paid; except that the last installment shall be for \$5,695,000.

Said Bonds shall be sold to the bidder bidding the lowest rate of interest the Bonds shall bear and agreeing to pay par and accrued interest for the Bonds. Each bidder shall submit with his bid a sum in cash, cashier's or certified check, electronic (wire) transfer or surety bond payable to the Treasurer of the District, equal to two (2%) percent of the amount of his bid. The Board reserves the right to reject all bids.

WITNESS my official hand and seal this 9<sup>th</sup> day of November, 2018.

/s/ SANDY LEMASTER  
Clerk, Board of Education

(SEAL)

CONDITIONS OF THE SALE

**INDEPENDENT SCHOOL DISTRICT NO. 1  
OKLAHOMA COUNTY, OKLAHOMA  
(Putnam City Board of Education)**

**\$22,750,000 Building Bonds of 2019**

PLACE AND TIME OF THE SALE

The Board of Education of Independent School District No. 1 of Oklahoma County, Oklahoma, will receive sealed bids at the Board Room, Administration Building, Putnam City Public Schools, 5401 NW 40<sup>th</sup> Street, Oklahoma City, Oklahoma, until 11:45 o'clock a.m., and award bid at 12:00 o'clock noon local time, Thursday, December 13, 2018, for the sale of the \$22,750,000 Building Bonds of 2019 ("the Bonds"), more completely described in the "Official Statement" which is a part hereof.

ADDRESS OF BIDS

Sealed bids plainly marked "Bid for Bonds" may be mailed either to "Dr. Fred Rhodes, Superintendent of Schools, Putnam City Public Schools, 5401 NW 40<sup>th</sup> Street, Oklahoma City, OK 73122", or to the Financial Advisor at the address set out on the cover page hereof. Sealed bids must be submitted in duplicate on the Official Bid Form furnished herein.

TYPES OF BIDS AND INTEREST RATES

The Bonds will be sold in one block, all or none, and no bid of less than par and accrued interest will be considered. Bidders must specify the rate or rates of interest the Bonds will bear. However, no interest rate in excess of ten percent (10%) will be considered. Bidders shall specify the rate or rates of interest in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent per annum. Bidders are not restricted as to the number of rates that may be named, provided that the same rate shall be specified for all bonds of the same maturity.

BASIS FOR AWARD

For the purpose of awarding the Bonds, the interest cost of each bid will be computed by determining, at the rate or rates specified therein, the total of all interest on the Bonds from the date thereof to their respective maturities, and deducting therefrom the premium bid, if any. The Bonds, if sold, will be awarded to the bidder whose bid, on the basis of the above computation, produces the lowest interest cost to the School District. **THE SCHOOL DISTRICT RESERVES THE RIGHT TO REJECT ALL BIDS AND TO WAIVE ANY MINOR IRREGULARITIES.**

GOOD FAITH DEPOSIT

Each bid must be accompanied by a good faith deposit in the form of a Certified or Cashier's Check made payable to the Treasurer of the School District in the amount of two percent (2%) of the par value of the Bonds. The good faith deposit of the successful bidder will be retained by the School District to assure performance of the contract on the part of said bidder. In the event said bidder should fail or refuse to take up and pay for the Bonds in accordance with his bid, then said check will be cashed as full liquidated damages. Otherwise, said check will be returned to the purchaser upon payment for the Bonds. No interest will be allowed on said check. Checks of unsuccessful bidders will be promptly returned.

### BOOK-ENTRY ONLY BONDS

The Bonds are being issued book-entry only and a complete transcript of the legal proceedings had in connection with the issuance of the Bonds will be furnished to the purchaser at no expense.

### LEGAL OPINION

Bids may be submitted subject to the opinion of the Attorney General of the State of Oklahoma and Phillips Murrah P.C., which will be provided by the School District without cost to the purchaser.

### THE INTERNAL REVENUE CODE OF 1986

The School District anticipates that the aggregate amount of “qualified tax-exempt obligations” as defined in Section 265 (b)(3)(B) of the Internal Revenue Code of 1986 (the “Code”), which will be issued by the School District and all subordinate entities during calendar year 2019 will exceed \$10,000,000. Therefore, **the \$22,750,000 Building Bonds of 2019 will not be designated as “qualified tax-exempt obligations” (as defined in Section 265(b)(3)(B) of the Code).**

### EXEMPTION FROM OKLAHOMA STATE INCOME TAXATION

Pursuant to Title 68, Oklahoma Statutes 2011, Section 2358.4, the Bonds issued by the School District shall be exempt from Oklahoma Income Taxation.

### NON-LITIGATION CERTIFICATE

At the time of delivery of the Bonds, the School District will execute and furnish the purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain or enjoin the issuance or delivery of the Bonds, or affecting the provisions made for their payment or security, or in any manner questioning the validity of the Bonds.

### THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12

The School District has prepared the accompanying Official Statement, and for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. The School District will furnish to the Purchaser or Purchasers acting through a designated senior representative, in accordance with instructions received from the Purchaser(s), within seven (7) business days from the sale date a maximum of forty (40) copies of the Official Statement including a like number of copies of a supplement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of any Official Statement and Supplement in excess of the number specified shall be prepared and distributed at the cost of the Purchaser(s). The Purchaser(s) shall be responsible for providing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the sale. Except as noted above, the School District assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Bonds.

### RULE 10B-5 STATEMENT

Nothing that has come to our attention has caused us to believe that the Official Statement, as of its date or as of the time and date of delivery of this letter, contained any untrue statement of a material fact or omitted to state a material fact (required to be stated therein or) necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

### CUSIP NUMBERS

CUSIP identification numbers will be printed on the Bonds if assigned by the CUSIP Service Bureau, but neither the failure to print the numbers nor any error with respect thereto shall constitute cause for refusal by the purchaser to accept delivery of the Bonds. All expenses in relation to the printing of the CUSIP Service Bureau numbers shall be paid by the School District except that the CUSIP Service Bureau charge for the assignment of numbers shall be the responsibility of and paid by the purchaser.

### DELIVERY OF BONDS

Delivery of the Bonds shall be made at any bank in Oklahoma City or Tulsa, Oklahoma, designated by the purchaser, against payment of the agreed upon purchase price. Delivery of the Bonds to the purchaser is anticipated on or about January 31, 2019.

ADDITIONAL INFORMATION MAY BE OBTAINED FROM THE FINANCIAL ADVISOR, STEPHEN L. SMITH CORP., 531 EAST A STREET, SUITE 301, JENKS, OKLAHOMA 74037, PHONE: 918-296-9980 FAX: 918-296-9902.

In the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code as amended to date and existing regulations, published rulings and court decisions, except as explained under "Tax Exemption" herein.

**NEW ISSUE- BOOK-ENTRY ONLY**  
**Standard & Poor's Rating: A+/Stable**  
**Rating: Oklahoma Number: 1**

Maximum Rate: 10%

**\$22,750,000 Building Bonds of 2019**  
**INDEPENDENT SCHOOL DISTRICT NO. 1**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**(PUTNAM CITY BOARD OF EDUCATION)**

**Dated: January 1, 2019**

**Due: January 1, as shown below**

The Bonds are being issued by Independent School District No. 1 of Oklahoma County, Oklahoma (the "School District"). The Bonds are dated as of January 1, 2019. Interest on the Bonds is payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing July 1, 2020. The Bonds will be initially issued, in fully registered form, in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases of the Bonds will be made in book-entry form only, through brokers and dealers who are, or who act through DTC participants. Purchases of the Bonds may be made in the denomination of \$5,000 or any integral multiple thereof. **Beneficial owners of the Bonds will not receive physical delivery of Bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds.** So long as DTC or its nominee is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be payable by UMB Bank, N.A., Oklahoma City, Oklahoma, as initial Paying Agent and Registrar (the "Paying Agent and Registrar"), to DTC or its nominee and disbursement of such payments to DTC Participants will be the responsibility of DTC and disbursement of such payments to beneficial owners of the Bonds will be the responsibility of DTC Participants and Indirect Participants. No physical delivery of the Bonds will be made to the owners thereof. (see "The Bonds- Book-Entry-Only System" herein).

The Bonds are not callable prior to their stated maturities.

The proceeds from the Bonds will be used to Construct, equip, repair and/or remodel and acquire additional furniture and equipment at Elementary School Sites to include but not be limited to: installing security doors, security lighting and flooring at Downs Elementary School; installing security doors at classroom entrance, remodel restrooms, acquiring and install bleachers and stage curtains at Harvest Hills Elementary School; remodeling restrooms, installing a walking track, installing HVAC, installing bleachers and entrance door from lobby to the cafeteria at Overholser Elementary School; installing electrical upgrades and acquiring bleacher covers and HVAC music and art and electrical upgrades at Wiley Post Elementary School; installing acoustical treatment in the cafeteria at Windsor Hills Elementary School; installing electrical upgrades and re-surfacing playground and east parking at Will Rogers Elementary School and acquiring and installing bleachers at Western Oaks Elementary School; Construct, equip, repair, remodel and acquire additional furniture and equipment at Middle School Sites to include but not be limited to: renovating restrooms, HVAC and acquiring bleacher covers at Mayfield Middle School and renovating restrooms and acquiring bleacher covers and curtains at Western Oaks Middle School; Construct, equip and furnish the Centennial Center; Construct, equip, renovate/and/or remodel and acquire additional furniture and equipment at High School Sites, to include but not be limited to: renovating visitors basketball locker rooms and renovating Gymnasium/Storm Shelter at Putnam City High School; installing walls in pods, renovating serving line/kitchen and construct, equip and furnish a new Fine Arts Building Addition/Storm Shelter Performing Arts at Putnam City North High School and acquiring electrical upgrades, new lighting, science room renovations and new gymnasium entrance at Putnam City West High School; Install new roofing under cooling tower at the Putnam City Center; Acquire and install the fifth series of new school district equipment throughout the district, to include but not be limited to: security, roof maintenance, maintenance equipment, fine art and athletic uniforms, musical instruments, flooring, technology, paving, textbooks, HVAC repairs, food services equipment and addition school district furniture and equipment.

The Bonds are direct and general obligations of the School District and are payable as to principal and interest from ad valorem taxes which are required to be levied on all taxable property within the School District, without limitation as to rate or amount.

**MATURITY SCHEDULE**

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Price or Yield</u>
1/1/2021	\$5,685,000	%	%
1/1/2022	\$5,685,000		
1/1/2023	\$5,685,000		
1/1/2024	\$5,695,000		

This cover page contains only a brief description of the Bonds and the security therefore. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

*The Bonds are offered when, as and if issued by the School District, and subject to the approving opinion of Bond Counsel as to validity and tax exemption. It is expected that the Bonds will be available for delivery on or about January 31, 2019.*

**FINANCIAL ADVISOR: STEPHEN L. SMITH CORP., Jenks, Oklahoma**

PURPOSE OF THE BOND ISSUE

The proceeds of the Building Bonds will be used for the following purposes and in the respective amounts shown:

Construct, equip, repair and/or remodel and acquire additional furniture and equipment at Elementary School Sites to include but not be limited to: installing security doors, security lighting and flooring at Downs Elementary School; installing security doors at classroom entrance, remodel restrooms, acquiring and install bleachers and stage curtains at Harvest Hills Elementary School; remodeling restrooms, installing a walking track, installing HVAC, installing bleachers and entrance door from lobby to the cafeteria at Overholser Elementary School; installing electrical upgrades and acquiring bleacher covers and HVAC music and art and electrical upgrades at Wiley Post Elementary School; installing acoustical treatment in the cafeteria at Windsor Hills Elementary School; installing electrical upgrades and re-surfacing playground and east parking at Will Rogers Elementary School and acquiring and installing bleachers at Western Oaks Elementary School; Construct, equip, repair, remodel and acquire additional furniture and equipment at Middle School Sites to include but not be limited to: renovating restrooms, HVAC and acquiring bleacher covers at Mayfield Middle School and renovating restrooms and acquiring bleacher covers and curtains at Western Oaks Middle School; Construct, equip and furnish the Centennial Center; Construct, equip, renovate/and/or remodel and acquire additional furniture and equipment at High School Sites, to include but not be limited to: renovating visitors basketball locker rooms and renovating Gymnasium/Storm Shelter at Putnam City High School; installing walls in pods, renovating serving line/kitchen and construct, equip and furnish a new Fine Arts Building Addition/Storm Shelter Performing Arts at Putnam City North High School and acquiring electrical upgrades, new lighting, science room renovations and new gymnasium entrance at Putnam City West High School; Install new roofing under cooling tower at the Putnam City Center; Acquire and install the fifth series of new school district equipment throughout the district, to include but not be limited to: security, roof maintenance, maintenance equipment, fine art and athletic uniforms, musical instruments, flooring, technology, paving, textbooks, HVAC repairs, food services equipment and addition school district furniture and equipment.

**TOTAL:                   \$22,750,000.00**

AUTHORITY FOR THE ISSUANCE OF BONDS

Political subdivisions in the State of Oklahoma must have authorization from the voters of such political subdivisions in order to become indebted for either a period of time beyond one year or for an amount in excess of the income and revenue provided for such year.

The Bonds were authorized to be issued at an election held in the School District for such purpose on August 26, 2014. The Bonds are being issued pursuant to the provisions of Article X, Section 26 of the Oklahoma Constitution, as amended, and Title 70, Article 15, Oklahoma Statutes 2011, and laws of the State of Oklahoma supplementary thereto. All existing indebtedness of the School District has been issued pursuant to Article X, Section 26 of the Oklahoma Constitution.

Under Article X, Section 26, political subdivisions issuing bonds under such section may issue obligations in a total amount such that the total aggregate net indebtedness (including judicial judgments) shall not exceed 10% of the net assessed valuation of the taxable property therein; provided that three-fifths of the voters voting in an election held for such purpose shall approve the issuance of such obligations.

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds, in the opinion of Bond Counsel, will be direct and general obligations of the School District and will be payable from ad valorem taxes which may be levied WITHOUT LIMITATION AS TO RATE OR AMOUNT on all taxable property within the School District to pay the principal of and interest on the Bonds when due.

Ad valorem taxes for the Bonds shall be levied annually beginning in Fiscal Year 2019-2020, shall become delinquent one-half on January 1 and one-half on April 1 of each year, and are required to be collected by the County Treasurer, apportioned and paid over to the School District Treasurer, and then deposited directly and only into the Sinking Fund of the School District. IN NO EVENT MAY SUCH AD VALOREM TAXES BE DEPOSITED INTO THE GENERAL FUND OR ANY FUND OF THE SCHOOL DISTRICT OTHER THAN THE SINKING FUND.

As previously stated, the Bonds are payable from ad valorem taxes on the taxable property within the School District including real, personal and public service property, and any other monies available for such purpose. Real and personal property in the School District is currently assessed at a rate of approximately 11% of estimated full market value. The Oklahoma State Tax Commission determines public service property assessments, and currently the assessment ratio is approximately 22.85% of estimated full market value. Pursuant to Oklahoma statutes, County Assessors are required to reassess property within the County at least once each five years. The School District is required to pay its proportionate share of the cost of such reassessment.

Ad valorem tax rates for Sinking Fund purposes are determined by ascertaining the actual dollars of revenues required for payment of principal and interest on indebtedness, fees to fiscal and paying agents and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contributions made into the Sinking Fund. To the resulting net requirements a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20% of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all real, personal and public service property in order to determine the appropriate tax rate for each property owner.

One hundred percent (100%) of the School District's Sinking (Debt Service) Fund revenues come from locally collected ad valorem taxes. None of these ad valorem taxes are collected or disbursed by the State of Oklahoma. Furthermore, as stated above, Sinking Fund taxes are collected by the County Treasurers of the counties in which the School District is located, apportioned by the County Treasurers, and paid over to the School District Treasurer and cannot, by Oklahoma Law, be placed in any fund of the School District other than the Sinking Fund. They may be used only for the payment of principal of and interest on indebtedness of the School District.

#### TAX LEVY AND COLLECTION PROCEDURES

Oklahoma statutes require that the School District each year make an ad valorem tax levy for a Sinking Fund which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following fiscal year.

After review and approval by the Board of Education, copies of the Sinking Fund Estimates are submitted to the County Excise Board to determine the ad valorem tax levy and appropriations. This submission is required to be made by July 20 of each year. The estimates are for the purposes of determining the ad valorem tax required to fund general operations and the Sinking Fund. The amounts contained in the Estimate of Needs are verified by the County Excise Board and, upon verification, the levies contained therein are ordered to be certified to the County Assessor in order that the County Assessor may extend said levies upon the tax rolls for the year for which the Estimate of Needs is submitted. The County Excise Board further certifies that the appropriations contained in the Estimate of Needs and the millage rates are within the limitations provided by law. While the County Excise Board may make recommendations with respect to the levy request, it only has the authority to change the reserve for delinquent taxes.

The County Assessor is required to file a tax roll report on or before October 1 of each year with the County Treasurer indicating the net assessed valuation for each municipality within the County. This report includes the assessed valuation for all real, personal and public service property (public service property assessed valuations are determined by the Oklahoma Tax Commission). The County Treasurer has fifteen (15) days after receipt of the tax roll report to start collecting taxes. The first half of taxes is due and payable on November 1 of each year. The second half is due and payable on or before April 1 of each year. However, if the first half is not paid by January 1, both first and second half are declared delinquent as of January 1. If the first half taxes are paid in a timely manner and the second half taxes are not paid on or before April 1, the taxes are considered delinquent. Interest accrues on delinquent taxes at the rate of 1.5% monthly (18% annually), to a maximum of 100% of the taxes due and owing, until such time as the delinquent taxes are paid. In the event taxes and accrued interest are not paid, the property is sold at tax sale on October 1 and the purchaser is issued a certificate of ownership; however, the original owner of the property has two (2) years in which to redeem the property by paying the taxes, interest and penalties owed. If, at the end of two years the original owner has not done so, the purchaser is issued a deed to the property.

COMPLIANCE WITH CONSTITUTIONAL DEBT LIMITATION

(As of June 30, 2018)

The current, abbreviated financial statement of the School District revised from that officially filed with the State of Oklahoma as of June 30, 2018, is shown below:

Estimated Full Market Value:	\$ 9,750,222,776.96
ASSESSED VALUE, Including Homestead Exemptions:	\$ 1,086,544,102.00
ASSESSED VALUE, Excluding Homestead Exemptions:	\$ 1,059,644,306.00
Outstanding General Obligation Bonded Indebtedness (including the Bonds)	\$ 111,435,000.00
<u>Less: Current Sinking Fund Balance</u>	<u>\$ 19,852,036.40</u>
Net General Obligation Bonded Indebtedness:	\$ 91,582,963.60
Ratio of Net General Obligation Bonded Indebtedness to Net Assessed Valuation:	8.63%
Approximate Area of the School District:	47 square miles
Approximate Population of the School District:	96,500 people
Per Capita Net Indebtedness:	\$949.05 per person

PAYMENT RECORD

The School District has no default of record.

AUTHORIZED BUT UNISSUED BONDS

In the same proposition from the August 26, 2014, election which authorized these Bonds, an additional \$20,000,000 in Building Bonds were voted and are remaining to be issued. It is anticipated that the remaining bonds will be issued in series in 2020.

**SCHEDULE OF OUTSTANDING INDEBTEDNESS**  
(Including the Bonds)

Date of Issue	Original Principal Amount	Remaining Maturities	Maturity Date	Total Outstanding
1/1/2014	\$18,755,000	\$5,435,000	1/1/2019	\$ 5,435,000
2/1/2015	\$18,000,000	\$4,500,000	2/1/2019-2020	\$ 9,000,000
1/1/2016	\$28,000,000	\$7,000,000	1/1/2019-2021	\$21,000,000
1/1/2017	\$21,000,000	\$5,250,000	1/1/2019-2022	\$21,000,000
4/1/2018	\$32,250,000	\$8,060,000 \$8,070,000	4/1/2020-2022 4/1/2023	\$32,250,000
1/1/2019	\$22,750,000	\$5,685,000 \$5,695,000	1/1/2021-2023 1/1/2024	\$22,750,000
Total Outstanding Indebtedness				\$ 111,435,000

**ESTIMATED SCHEDULED PRINCIPAL AND INTEREST PAYMENTS**  
(Including the Bonds)

Fiscal Year Ending 6-30	Maturing Principal-All Bonds	Interest Due All Bonds*	Total Principal and Interest - All Bonds
2019	\$ 22,185,000.00	\$ 1,716,525.00	\$ 23,901,525.00
2020	\$ 24,810,000.00	\$ 1,862,500.00	\$ 26,672,500.00
2021	\$ 25,995,000.00	\$ 2,773,200.00	\$ 28,768,200.00
2022	\$ 18,995,000.00	\$ 1,238,675.00	\$ 20,233,675.00
2023	\$ 13,755,000.00	\$ 640,400.00	\$ 14,395,400.00
2024	<u>\$ 5,695,000.00</u>	<u>\$ 199,325.00</u>	<u>\$ 5,894,325.00</u>
Totals	\$ 111,435,000.00	\$ 8,430,625.00	\$ 119,865,625.00

\*Assumes 3.50% interest on the Bonds.

**ESTIMATED SCHEDULED SINKING FUND LEVIES TO RETIRE BONDS**  
(Including the Bonds)

Fiscal Year Ending 6/30	Principal Levy- All Bonds	Interest Levy All Bonds*°	Total Levy - All Bonds
2019	\$ 23,200,000.00	\$ 2,382,187.50	\$ 25,582,187.50
2020	\$ 24,387,500.00	\$ 2,793,528.13	\$ 27,181,028.13
2021	\$ 17,387,500.00	\$ 1,642,865.63	\$ 19,030,365.63
2022	\$ 12,137,500.00	\$ 946,153.13	\$ 13,083,653.13
2023	\$ 12,137,500.00	\$ 505,303.11	\$ 12,642,803.11
<b>Total</b>	<b>\$ 89,250,000.00</b>	<b>\$ 8,270,037.50</b>	<b>\$ 97,520,037.50</b>
	<b>ADD: SINKING FUND BALANCE</b>		<b>\$ 19,852,036.40</b>
	<b>ADD: REMAINING '17-'18 COLLECTIONS</b>		<b>\$ 2,704,103.60</b>
	<b>TOTAL</b>		<b>\$ 120,076,177.50</b>

\* Does not include levies for judgments or reserve for uncollected taxes.

° Assumes 3.50% interest on the Bonds.

**OVERLAPPING AND UNDERLYING INDEBTEDNESS**

Direct, underlying and overlapping indebtedness within the School District includes debt of the District, Cities of Warr Acres, Bethany, and Oklahoma City, the town of Woodlawn Park, Francis Tuttle Technology Center and Oklahoma County as shown.

Municipality	Net Debt	Percent Applicable to School District	Overlapping Debt to School District	Per Capita Debt
Putnam City Schools	\$ 91,582,963	100%	\$ 91,582,963	\$ 949.05
Oklahoma County	\$ 55,008,175	14.63%	\$ 8,049,840	\$ 83.42
Francis Tuttle Tech. Ctr.	\$ 0	n/a	\$ 0	\$ 0.00
City of Bethany	\$ 8,180,000	84.41	\$ 6,904,746	\$ 71.55
City of Warr Acres	\$ 0	n/a	\$ 0	\$ 0.00
City of Oklahoma City	\$ 668,031,898	18.73%	\$ 125,122,374	\$ 1,296.60
Town of Woodlawn Park	\$ 0	n/a	\$ 0	\$ 0.00
<b>Total</b>	<b>\$ 822,803,036</b>		<b>\$ 231,659,923</b>	<b>\$ 2,400.62</b>

COMPOSITION AND GROWTH OF THE NET ASSESSED VALUATION

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2014-2015 is as follows:

Property	Oklahoma County	Total	Percentage to Assessed Valuation
Gross Real	\$ 911,807,160	\$ 911,807,160	
Homestead	\$ 26,899,796	\$ 26,899,796	
Net Real Estate	\$ 884,907,364	\$ 884,907,364	83.51%
Personal	\$ 147,703,374	\$ 147,703,374	13.94%
Public Service	\$ 27,033,568	\$ 27,033,568	2.55%
Gross Valuation	\$ 1,086,544,102	\$ 1,086,544,102	
Net Valuation	\$ 1,059,644,306	\$ 1,059,644,306	

The growth of the Net Assessed Valuation for the past ten years has been as follows:

Fiscal Year	Valuation	Fiscal Year	Valuation
2018-2019	\$ 1,059,644,306	2013-2014	\$ 913,247,788
2017-2018	\$ 1,036,475,690	2012-2013	\$ 900,862,513
2016-2017	\$ 996,360,920	2011-2012	\$ 901,481,941
2015-2016	\$ 961,915,222	2010-2011	\$ 898,845,574
2014-2015	\$ 935,423,329	2009-2010	\$ 896,072,867

SINKING FUND TAX COLLECTIONS

Fiscal Year	Net Levy	Gross Levy	Net Collections	Gross Collections
2017-2018	\$ 24,040,165	\$ 25,242,173	in progress	in progress
2016-2017	\$ 22,817,286	\$ 23,958,150	\$ 23,978,627	\$ 24,629,890
2015-2016	\$ 22,675,421	\$ 23,809,192	\$ 23,620,177	\$ 24,146,094
2014-2015	\$ 18,217,423	\$ 19,128,294	\$ 18,566,361	\$ 19,008,599
2013-2014	\$ 18,540,878	\$ 19,467,922	\$ 18,963,181	\$ 19,014,262
2012-2013	\$ 17,133,178	\$ 17,989,837	\$ 17,498,324	\$ 18,047,826
2011-2012	\$ 17,823,213	\$ 18,714,373	\$ 18,111,140	\$ 18,643,001
2010-2011	\$ 16,721,601	\$ 17,557,682	\$ 16,867,288	\$ 17,427,867
2009-2010	\$ 16,940,005	\$ 17,787,005	\$ 17,083,179	\$ 17,487,804
2008-2009	\$ 15,580,957	\$ 16,360,004	\$ 15,779,803	\$ 16,051,644

### PERCENTAGE OF TAXES COLLECTED

The ratio of Net and Gross Sinking Fund Tax Collections to the Net Sinking Fund Levy (the levy prior to addition of the reserve for uncollected taxes) is as follow:

Fiscal Year	Ratio of Net Tax Collection to Net Levy	Ratio of Gross Tax Receipts to Net Levy
2016-2017	105.09%	107.94%
2015-2016	104.17%	106.49%
2014-2015	101.92%	104.34%
2013-2014	102.28%	102.55%
2012-2013	102.13%	105.34%
2011-2012	101.62%	104.60%
2010-2011	100.87%	104.22%
2009-2010	100.85%	103.23%
2008-2009	101.28%	103.02%
2007-2008	101.29%	105.24%

The ratio of Net and Gross Sinking Fund Tax Collections to the Gross Sinking Fund Levy (the levy after addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Net Tax Collection to Gross Levy	Ratio of Gross Tax Receipts to Gross Levy
2016-2017	100.09%	102.80%
2015-2016	99.21%	101.42%
2014-2015	97.06%	99.37%
2013-2014	97.41%	97.67%
2012-2013	97.27%	100.32%
2011-2012	96.78%	99.62%
2010-2011	96.07%	99.26%
2009-2010	96.04%	98.32%
2008-2009	96.45%	98.12%
2007-2008	96.47%	100.23%

TREND OF TAX RATES OF MAJOR TAXING UNITS

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Fiscal Year	Okla. County	Putnam City Schools	Tulsa Vo-Tech	City of Oklahoma City	Total Levy
2017-18	\$ 23.28	\$ 66.02	\$ 15.69	\$ 14.81	\$ 119.80
2016-17	\$ 23.81	\$ 65.72	\$ 15.69	\$ 14.81	\$ 120.03
2015-16	\$ 23.72	\$ 66.42	\$ 15.69	\$ 15.62	\$ 121.45
2014-15	\$ 23.58	\$ 62.12	\$ 15.69	\$ 15.45	\$ 116.84
2013-14	\$ 23.87	\$ 62.99	\$ 15.69	\$ 15.99	\$ 118.54
2012-13	\$ 23.97	\$ 61.64	\$ 15.69	\$ 16.00	\$ 117.30
2011-12	\$ 24.06	\$ 62.43	\$ 15.69	\$ 15.98	\$ 118.16
2010-11	\$ 24.27	\$ 61.20	\$ 15.69	\$ 15.91	\$ 117.07
2009-10	\$ 24.79	\$ 61.52	\$ 15.69	\$ 14.77	\$ 116.77
2008-09	\$ 23.18	\$ 60.72	\$ 15.69	\$ 14.97	\$ 114.56

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\*Expressed in dollars per \$1,000 of net assessed valuation

**INDEPENDENT SCHOOL DISTRICT NO. 1 OF OKLAHOMA COUNTY, OKLAHOMA**

Independent School District No. 1 of Oklahoma County, Oklahoma (Putnam City Public Schools) is a 47 square mile school district serving the northwestern portion of Oklahoma City (Population: 591,967), the county seat of Oklahoma County and the State Capital of Oklahoma, and the surrounding area in Oklahoma City, Oklahoma. The City of Oklahoma City is located at the crossroads of two of our country's major interstates, I-35 and I-40. I-44 also intersect through the City. By valuation, 99.82% of the School District is located inside the city limits of Oklahoma City and surrounding communities and 0.18% is located in the surrounding unincorporated areas of Oklahoma County. School District administrators estimate the population of the district to be approximately 96,500 people. The School District employs approximately 1,509 certified employees, 765 support employees and has a current enrollment of 19,516. The School District is fully accredited by the Oklahoma State Department of Education and Putnam City High School, Putnam City North High School and Putnam City West High School are also accredited by AdvancED.

The School District's physical facilities include 18 elementary schools serving grades kindergarten through fifth, 5 middle schools serving grades six through eight and 3 high schools serving grades nine through twelve. Other physical plant facilities include an administration building, campus police building, transportation building, maintenance building, student services center, alternative learning center and carpenter shop. All of the physical plant facilities are constructed of brick except for the maintenance building which is metal and the transportation building which is concrete block.

Residents of the School District are employed at businesses throughout the Oklahoma City Metropolitan Area. No separate employment figures are available for the School District; however preliminary figures provided by the Oklahoma Employment Security Commission indicate the current unemployment rate for the Oklahoma City Metropolitan Statistical Area is 3.8% and Oklahoma County is 3.8% compared to a 4.4% in the State of Oklahoma as a whole, and 5.1% for the United States.

### STUDENT ENROLLMENT TREND

<u>School Year</u>	<u>Total Enrollment</u>	<u>Percentage Change</u>
2017-2018	19,516	0.21%
2016-17	19,476	0.57%
2015-16	19,365	-0.42%
2014-15	19,447	0.00%
2013-14	19,447	0.78%
2012-13	19,296	0.43%
2011-12	19,213	0.76%
2010-11	19,068	1.97%
2009-10	18,700	-0.48%
2008-09	18,790	0.09%
2007-08	18,774	-0.46%
2006-07	18,861	

### ECONOMIC INDICES

#### **Unemployment Rate (Twelve Month Moving Average)**

	<u>June 2018</u>	<u>June 2017</u>	<u>June 2016</u>
United States	4.0%	4.4%	4.9%
State of Oklahoma	3.9%	4.4%	4.8%
Oklahoma County	3.4%	4.5%	4.7%

Source: Oklahoma Employment Security Commission

#### **Largest Ad Valorem Taxpayers**

<u>Name</u>	<u>Type of Business</u>	<u>NAV</u>
Oklahoma Gas & Electric	Electric Utility	\$15,338,628
Deaconess Health System LLC	Hospital	\$11,620,515
Warren Power & Machinery	Heavy equipment sales	\$5,779,157
TLM Division of STC	Business Services	\$5,051,001
Oklahoma Natural Gas	Gas Utility	\$3,963,790
Dell USA LP	Dell Site	\$3,948,692
International Bank of Commerce	Commercial Bank Property	\$3,894,104
Boyd C L Co. Inc.	Heavy Equip Sales	\$3,700,522
Central Liquor Company	Distilled Alcohol Bev	\$3,617,518
PSL Pinehurst LLC	Apartments	\$3,561,182

Source: Oklahoma County Assessor's Office

### District's Major Employers

<u>Name of Employer</u>	<u>Type of Business</u>	<u>No. of Employees</u>
Integris Baptist Medical Center	Health Care	6,000
Dell	Sales	1,800
UPS	Transportation	1,800
Express	Employment	1,500
Blue Cross/Blue Shield	Insurance	1,100
Deaconess Hospital	Health Care	1,000
Sprint	Customer Service	900
Hartford Insurance	Insurance	700
Mathis Brothers	Sales	500
Francis Tuttle Tech. Center	Education	308

### Sales Tax Collections- City of Oklahoma City

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Total</u> <u>Collections</u>
2017	\$394,368,195
2016	\$403,082,944
2015	\$412,598,423
2014	\$417,396,171
2013	\$400,322,000
2012	\$392,001,846
2011	\$368,968,183
2010	\$330,083,026
2009	\$349,778,299
2008	\$349,154,416
2007	\$335,007,135

RECORD DATE

The record date shall be defined as the fifteenth (15<sup>th</sup>) day preceding any interest payment date.

RATINGS

The 2019 Building Bonds have been rated “A+/Stable” by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“S&P”). An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of the companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2018 Bonds.

UNDERWRITING

The Bonds have been sold at public sale by the School District to the Underwriters, and the Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Bonds. The successful proposal for the Bonds was submitted by \_\_\_\_\_ as representative of the Underwriters.

LITIGATION

There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the legality of the Bonds or proceedings and authority under which the Bonds are to be issued. There is no litigation pending which in any manner questions the right of the School District to construct or finance the proposed improvements.

APPROVAL OF LEGALITY

All matters incident to the authorization and issuance of the bonds are subject to the approval of the Attorney General of the State of Oklahoma and to the approval of Phillips Murrah P.C., as Bond Counsel. Bond Counsel has not participated in the preparation of the Official Statement. Accordingly, Bond Counsel has no responsibility for the accuracy, sufficiency or completeness of any information furnished in connection with any offer or sale of the Bonds.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes, regulations, published rulings and court decisions, interest on the Bonds is excludable from the gross income of the owners of the Bonds for Federal income tax purposes. In expressing their opinion that interest on the Bonds is excludable from the gross income of the owners of the Bonds, Bond Counsel will rely on the School District's No-Arbitrage Certificate and will assume compliance by the School District with certain covenants of the School District with respect to the use and investment of the proceeds of the Bonds. Failure by the School District to comply with these covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds. Except as stated above with respect to the exclusion of the interest on the Bonds from gross income, Bond Counsel expresses no opinion as to any other Federal income tax consequences of acquiring, carrying, owning or disposing of the Bonds.

The law upon which Bond Counsel have based their opinion is subject to change by the Congress and Department of the Treasury and to subsequent judicial and administrative interpretation. There can be no assurance that such law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

The County covenants to not use the proceeds of this bond for anything that would result in the loss of the tax-exempt status of the bonds.

For taxable years beginning after 1986, a portion of the interest on the Bonds will be includable as an adjustment for book income or adjusted earnings and profits to calculate alternative minimum tax imposed on corporations by Section 55 of the Internal Revenue Code of 1986 (the "Code"), and for purposes of the environmental tax imposed on corporations by Section 59A of the Code. In addition, certain foreign corporations doing business in the United States may be subject to the new "branch profits tax" on their effectively-connected earnings and profits including tax-exempt interest such as interest on the Bonds. Furthermore, in the case of a Subchapter S Corporation, interest on the Bonds is treated as passive investment income which is subject to the tax imposed by Section 1375 of the Code.

The Code includes as an individual and corporate alternative minimum tax preference item, the interest on certain "private activity bonds" issued after August 7, 1986. In the opinion of Bond Counsel, the Bonds are not "private activity bonds" and the interest on the Bonds is not an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Code. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers falling within any of these categories should consult their own tax advisers as to the applicability of these consequences.

Pursuant to Title 68, Oklahoma Statutes 2011, Section 2358.4, the Bonds issued by the School District shall be exempt from Oklahoma Income Taxation.

#### QUALIFIED TAX-EXEMPT OBLIGATIONS

Section 265 of the Internal Revenue Code of 1986 provides, in general, that interest expense incurred to acquire or carry tax-exempt obligations is not deductible from the gross income of the holder. For certain holders that are "financial institutions" within the meaning of such section, complete disallowance of such expense would apply to taxable years beginning after December 31, 1986, with respect to tax-exempt obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this rule for interest expense incurred by financial institutions to acquire or carry tax-exempt obligations (other than "private activity bonds") which are designated by an issuer as 'qualified tax-exempt obligations' where not more than \$10 million of tax-exempt obligations are issued by the issuer during the calendar year in which the issue so designated is issued. The School District expects to NOT designate the Bonds as "qualified tax-exempt obligations".

#### REGISTRATION AND TRANSFER

Bonds presented to the Registrar for transfer after the close of business on a Record Date, defined as the fifteenth (15<sup>th</sup>) day preceding any interest payment due, and before the close of business on the next subsequent Interest Payment Date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depositor Trust Company ("DTC") New York, New York, which will act as securities depository for the Bonds. Principal and interest on the Bonds will be paid by the Paying Agent and Registrar to DTC. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described in the section titled "Book-Entry System."

## BOOK-ENTRY-ONLY SYSTEM

The information in this section, “Book-Entry System”, has been furnished by The Depository Trust Company. No representation is made by the School District as to the completeness or accuracy of such information. The School District shall have no responsibility or obligation to DTC Participants, Indirect Participants or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered certificate will be issued for each maturity of the Bonds in the aggregate amount of each such maturity, and will be deposited with DTC at the office of the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfer and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.**

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC (or the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Bonds with DTC (or the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, who may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participant to Beneficial Owners will be governed by arrangements among them, subject to a statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made by the Paying Agent and Registrar to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Agent, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the issuer or the Agent. Under such circumstances, the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The School District may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

*Use of Certain Terms in other Sections of the Official Statement.* In reading this Official Statement it should be understood that while the Bond certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statement have been or will be realized. Information in this Official Statement has been derived by the School District from official and other sources and is believed by the School District to be accurate and reliable. Information other than that obtained from official records of the School District has not been independently confirmed or verified by the School District and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be construed as or as a part of a contract with the original purchasers or subsequent owners of the Bonds.

INDEPENDENT SCHOOL DISTRICT NUMBER 1  
OKLAHOMA COUNTY, OKLAHOMA

/s/ BECKY HALIBURTON  
President, Board of Education

ATTEST:

/s/ SANDY LEMASTER  
Clerk, Board of Education

## ADDENDUM "A"

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 1 of Oklahoma County, Oklahoma, (the "Issuer") in connection with the issuance of \$22,750,000 Building Bonds of 2019 (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated the \_\_\_\_ day of December, 2018. The Issuer covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders, including beneficial owners, and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

**"Annual Report"** shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

**"Audited Financial Statements"** shall mean the School District's annual financial statements, prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State. Revenues are recorded as received in cash, except for revenues susceptible to accrual and material revenues that are not received at the normal time of receipt. Expenditures are recorded in the accounting period in which the fund liability is incurred and encumbered.

**"Dissemination Agent"** shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

**"EMMA"** shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

**"Listed Events"** shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

**"National Repository"** shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system is the National Repository. Annual Reports and notices of material events are to be electronically filed at the EMMA website: [www.emma.msrb.org](http://www.emma.msrb.org).

The names and addresses of all current NRMSIRs should be verified each time information is delivered pursuant to this Certificate.

**"Participating Underwriter"** shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

**"Repository"** shall mean each National Repository and each State Repository.

**"Rule"** shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**"State"** shall mean the State of Oklahoma.

**"State Repository"** shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

### **SECTION 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than ten months

following the end of the fiscal year (as of the date of this Disclosure Certificate, June 30 is the end of the fiscal year), provide annually to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to each Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and (if the Dissemination Agent is other than the Issuer)

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

**SECTION 4. Content of Annual Reports.** The Issuer's Annual Report shall contain or incorporate by reference the financial information or operating data with respect to the Issuer of the type included in Appendix A of the final official statement. If Audited Financial Statements are not available by the time the Annual Report must be provided, unaudited financial statements will be provided as part of the Annual Report and Audited Financial Statements will be provided, when and if available, to each Repository.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

**SECTION 5. Reporting of Significant Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults; if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the security;
7. Modification to rights of security holders;
8. Bond calls; if material
9. Defeasances, release, substitution, or sale of property securing repayment of the securities; if material
10. Rating changes;
11. Tender offers;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. Merger, consolidation, or acquisition of the obligated person, if material;
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material
15. Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material;
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties;

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall take the actions specified in subsection (c) hereof.

(c) The Issuer shall within ten (10) business days file a notice of the occurrence of a Listed Event with the Municipal Securities Rulemaking Board and each State Repository, if material. Provided, that any event under subsections (a)(8), (9) or (11) will always be material. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

**SECTION 6. Termination of Reporting Obligation.** The Issuer's obligation under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**SECTION 7. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of the Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

**SECTION 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any bondholder, including beneficial owners, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 12. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Bondholders, including beneficial owners, from time to time of the Bonds, and shall create no rights in any other person or entity.

**SECTION 13. Previous Undertaking.** The Issuer has not defaulted or failed to disclose any continuing disclosure obligations or events on any other undertaking under the SEC Rule 15c2-12(b), except for the following:

- (a) Issuer failed to submit their June 30, 2013, Annual Audit in the required time frame. The audit has been posted to the repository as of the date of this Official Statement.

Procedures have been put in place to ensure that the annual audits are submitted within the 10 month time frame following the end of the Issuer's fiscal year.

**APPENDIX A**

**FINANCIAL INFORMATION AND OPERATING DATA**

**SCHEDULE OF OUTSTANDING INDEBTEDNESS**

(Including the Bonds)

Date of Issue	Original Principal Amount	Remaining Maturities	Maturity Date	Total Outstanding
1/1/2014	\$18,755,000	\$5,435,000	1/1/2019	\$ 5,435,000
2/1/2015	\$18,000,000	\$4,500,000	2/1/2019-2020	\$ 9,000,000
1/1/2016	\$28,000,000	\$7,000,000	1/1/2019-2021	\$21,000,000
1/1/2017	\$21,000,000	\$5,250,000	1/1/2019-2022	\$21,000,000
4/1/2018	\$32,250,000	\$8,060,000 \$8,070,000	4/1/2020-2022 4/1/2023	\$32,250,000
1/1/2019	\$22,750,000	\$5,685,000 \$5,695,000	1/1/2021-2023 1/1/2024	\$22,750,000
Total Outstanding Indebtedness				\$ 111,435,000

**ESTIMATED SCHEDULED PRINCIPAL AND INTEREST PAYMENTS**

(Including the Bonds)

Fiscal Year Ending 6-30	Maturing Principal-All Bonds	Interest Due All Bonds*	Total Principal and Interest - All Bonds
2019	\$ 22,185,000.00	\$ 1,716,525.00	\$ 23,901,525.00
2020	\$ 24,810,000.00	\$ 1,862,500.00	\$ 26,672,500.00
2021	\$ 25,995,000.00	\$ 2,773,200.00	\$ 28,768,200.00
2022	\$ 18,995,000.00	\$ 1,238,675.00	\$ 20,233,675.00
2023	\$ 13,755,000.00	\$ 640,400.00	\$ 14,395,400.00
2024	\$ 5,695,000.00	\$ 199,325.00	\$ 5,894,325.00
Totals	\$ 111,435,000.00	\$ 8,430,625.00	\$ 119,865,625.00

\*Assumes 3.50% interest on the Bonds.

**ESTIMATED SCHEDULED SINKING FUND LEVIES TO RETIRE BONDS**  
(Including the Bonds)

Fiscal Year Ending 6/30	Principal Levy- All Bonds	Interest Levy All Bonds*°	Total Levy - All Bonds
2019	\$ 23,200,000.00	\$ 2,382,187.50	\$ 25,582,187.50
2020	\$ 24,387,500.00	\$ 2,793,528.13	\$ 27,181,028.13
2021	\$ 17,387,500.00	\$ 1,642,865.63	\$ 19,030,365.63
2022	\$ 12,137,500.00	\$ 946,153.13	\$ 13,083,653.13
2023	\$ 12,137,500.00	\$ 505,303.11	\$ 12,642,803.11
<b>Total</b>	<b>\$ 89,250,000.00</b>	<b>\$ 8,270,037.50</b>	<b>\$ 97,520,037.50</b>
			<b>ADD: SINKING FUND BALANCE</b>
			<b>\$ 19,852,036.40</b>
			<b>ADD: REMAINING '17-'18 COLLECTIONS</b>
			<b><u>\$ 2,704,103.60</u></b>
			<b>TOTAL</b>
			<b>\$ 120,076,177.50</b>

\* Does not include levies for judgments or reserve for uncollected taxes.

° Assumes 3.50% interest on the Bonds.

**OVERLAPPING AND UNDERLYING INDEBTEDNESS**

Direct, underlying and overlapping indebtedness within the School District includes debt of the District, Cities of Warr Acres, Bethany, and Oklahoma City, the town of Woodlawn Park, Francis Tuttle Technology Center and Oklahoma County as shown.

Municipality	Net Debt	Percent Applicable to School District	Overlapping Debt to School District	Per Capita Debt
Putnam City Schools	\$ 91,582,963	100%	\$ 91,582,963	\$ 949.05
Oklahoma County	\$ 55,008,175	14.63%	\$ 8,049,840	\$ 83.42
Francis Tuttle Tech. Ctr.	\$ 0	n/a	\$ 0	\$ 0.00
City of Bethany	\$ 8,180,000	84.41	\$ 6,904,746	\$ 71.55
City of Warr Acres	\$ 0	n/a	\$ 0	\$ 0.00
City of Oklahoma City	\$ 668,031,898	18.73%	\$ 125,122,374	\$ 1,296.60
Town of Woodlawn Park	<u>\$ 0</u>	n/a	<u>\$ 0</u>	<u>\$ 0.00</u>
<b>Total</b>	<b>\$ 822,803,036</b>		<b>\$ 231,659,923</b>	<b>\$ 2,400.62</b>

COMPOSITION AND GROWTH OF THE NET ASSESSED VALUATION

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2014-2015 is as follows:

Property	Oklahoma County	Total	Percentage to Assessed Valuation
Gross Real	\$ 911,807,160	\$ 911,807,160	
Homestead	\$ 26,899,796	\$ 26,899,796	
Net Real Estate	\$ 884,907,364	\$ 884,907,364	83.51%
Personal	\$ 147,703,374	\$ 147,703,374	13.94%
Public Service	\$ 27,033,568	\$ 27,033,568	2.55%
Gross Valuation	\$ 1,086,544,102	\$ 1,086,544,102	
Net Valuation	\$ 1,059,644,306	\$ 1,059,644,306	

The growth of the Net Assessed Valuation for the past ten years has been as follows:

Fiscal Year	Valuation	Fiscal Year	Valuation
2018-2019	\$ 1,059,644,306	2013-2014	\$ 913,247,788
2017-2018	\$ 1,036,475,690	2012-2013	\$ 900,862,513
2016-2017	\$ 996,360,920	2011-2012	\$ 901,481,941
2015-2016	\$ 961,915,222	2010-2011	\$ 898,845,574
2014-2015	\$ 935,423,329	2009-2010	\$ 896,072,867

SINKING FUND TAX COLLECTIONS

Fiscal Year	Net Levy	Gross Levy	Net Collections	Gross Collections
2017-2018	\$ 24,040,165	\$ 25,242,173	in progress	in progress
2016-2017	\$ 22,817,286	\$ 23,958,150	\$ 23,978,627	\$ 24,629,890
2015-2016	\$ 22,675,421	\$ 23,809,192	\$ 23,620,177	\$ 24,146,094
2014-2015	\$ 18,217,423	\$ 19,128,294	\$ 18,566,361	\$ 19,008,599
2013-2014	\$ 18,540,878	\$ 19,467,922	\$ 18,963,181	\$ 19,014,262
2012-2013	\$ 17,133,178	\$ 17,989,837	\$ 17,498,324	\$ 18,047,826
2011-2012	\$ 17,823,213	\$ 18,714,373	\$ 18,111,140	\$ 18,643,001
2010-2011	\$ 16,721,601	\$ 17,557,682	\$ 16,867,288	\$ 17,427,867
2009-2010	\$ 16,940,005	\$ 17,787,005	\$ 17,083,179	\$ 17,487,804
2008-2009	\$ 15,580,957	\$ 16,360,004	\$ 15,779,803	\$ 16,051,644

**PERCENTAGE OF TAXES COLLECTED**

The ratio of Net and Gross Sinking Fund Tax Collections to the Net Sinking Fund Levy (the levy prior to addition of the reserve for uncollected taxes) is as follow:

Fiscal Year	Ratio of Net Tax Collection to Net Levy	Ratio of Gross Tax Receipts to Net Levy
2016-2017	105.09%	107.94%
2015-2016	104.17%	106.49%
2014-2015	101.92%	104.34%
2013-2014	102.28%	102.55%
2012-2013	102.13%	105.34%
2011-2012	101.62%	104.60%
2010-2011	100.87%	104.22%
2009-2010	100.85%	103.23%
2008-2009	101.28%	103.02%
2007-2008	101.29%	105.24%

The ratio of Net and Gross Sinking Fund Tax Collections to the Gross Sinking Fund Levy (the levy after addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Net Tax Collection to Gross Levy	Ratio of Gross Tax Receipts to Gross Levy
2016-2017	100.09%	102.80%
2015-2016	99.21%	101.42%
2014-2015	97.06%	99.37%
2013-2014	97.41%	97.67%
2012-2013	97.27%	100.32%
2011-2012	96.78%	99.62%
2010-2011	96.07%	99.26%
2009-2010	96.04%	98.32%
2008-2009	96.45%	98.12%
2007-2008	96.47%	100.23%

**TREND OF TAX RATES OF MAJOR TAXING UNITS**

Fiscal Year	Okla. County	Putnam City Schools	Tulsa Vo-Tech	City of Oklahoma City	Total Levy
2017-18	\$ 23.28	\$ 66.02	\$15.69	\$ 14.81	\$ 119.80
2016-17	\$ 23.81	\$ 65.72	\$15.69	\$ 14.81	\$ 120.03
2015-16	\$ 23.72	\$ 66.42	\$15.69	\$ 15.62	\$ 121.45
2014-15	\$ 23.58	\$ 62.12	\$15.69	\$ 15.45	\$ 116.84
2013-14	\$ 23.87	\$ 62.99	\$15.69	\$ 15.99	\$ 118.54
2012-13	\$23.97	\$ 61.64	\$15.69	\$ 16.00	\$ 117.30
2011-12	\$ 24.06	\$ 62.43	\$15.69	\$ 15.98	\$ 118.16
2010-11	\$ 24.27	\$ 61.20	\$15.69	\$ 15.91	\$ 117.07
2009-10	\$ 24.79	\$ 61.52	\$15.69	\$ 14.77	\$ 116.77
2008-09	\$ 23.18	\$ 60.72	\$15.69	\$ 14.97	\$ 114.56

\*Expressed in dollars per \$1,000 of net assessed valuation

**STUDENT ENROLLMENT TREND**

School Year	Total Enrollment	Percentage Change
2017-2018	19,516	0.21%
2016-17	19,476	0.57%
2015-16	19,365	-0.42%
2014-15	19,447	0.00%
2013-14	19,447	0.78%
2012-13	19,296	0.43%
2011-12	19,213	0.76%
2010-11	19,068	1.97%
2009-10	18,700	-0.48%
2008-10	18,790	0.09%
2007-09	18,774	-0.46%
2006-08	18,861	

**ECONOMIC INDICES**

**Unemployment Rate (Twelve Month Moving Average)**

	June 2018	June 2017	June 2016
United States	4.0%	4.4%	4.9%
State of Oklahoma	3.9%	4.4%	4.8%
Oklahoma County	3.4%	4.5%	4.7%

Source: Oklahoma Employment Security Commission

**Largest Ad Valorem Taxpayers**

<u>Name</u>	<u>Type of Business</u>	<u>NAV</u>
Oklahoma Gas & Electric	Electric Utility	\$15,338,628
Deaconess Health System LLC	Hospital	\$11,620,515
Warren Power & Machinery	Heavy equipment sales	\$5,779,157
TLM Division of STC	Business Services	\$5,051,001
Oklahoma Natural Gas	Gas Utility	\$3,963,790
Dell USA LP	Dell Site	\$3,948,692
International Bank of Commerce	Commercial Bank Property	\$3,894,104
Boyd C L Co. Inc.	Heavy Equip Sales	\$3,700,522
Central Liquor Company	Distilled Alcohol Bev	\$3,617,518
PSL Pinehurst LLC	Apartments	\$3,561,182

Source: Oklahoma County Assessor's Office

**District's Major Employers**

<u>Name of Employer</u>	<u>Type of Business</u>	<u>No. of Employees</u>
Integris Baptist Medical Center	Health Care	6,000
Dell	Sales	1,800
UPS	Transportation	1,800
Express	Employment	1,500
Blue Cross/Blue Shield	Insurance	1,100
Deaconess Hospital	Health Care	1,000
Sprint	Customer Service	900
Hartford Insurance	Insurance	700
Mathis Brothers	Sales	500
Francis Tuttle Tech. Center	Education	308

**Sales Tax Collections- City of Oklahoma City**

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Total</u> <u>Collections</u>
2017	\$394,368,195
2016	\$403,082,944
2015	\$412,598,423
2014	\$417,396,171
2013	\$400,322,000
2012	\$392,001,846
2011	\$368,968,183
2010	\$330,083,026
2009	\$349,778,299
2008	\$349,154,416
2007	\$335,007,135



Financial Statements – Regulatory Basis  
And Reports Required by Uniform Guidance  
June 30, 2017

# Putnam City Independent School District No. 1

Putnam City Independent School District No. 1

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June 30, 2017

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying regulatory financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Putnam City Independent School District No. 1 (the District) as of and for the year ended June 30, 2017, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Putnam City Independent School District No. 1, as of June 30, 2017, or changes in financial position for the year then ended.

### **Opinions on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position on a regulatory basis of the governmental activities, each major fund and the aggregate remaining fund information of the Putnam City Independent School District No. 1, as of June 30, 2017, and the respective changes in financial position on a regulatory basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Putnam City Independent School District No. 1's financial statements as a whole. The management's discussion and analysis, the combining non-major fund financial statements, the combining schedule of changes in assets and liabilities – all activity funds, the budgetary comparison schedules – general, building, and child nutrition funds, the statement of statutory, fidelity and honesty bonds, and the schedule of accountants' professional liability insurance affidavit information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 December 1, 2017 on our consideration of Putnam City Independent School District No. 1’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Putnam City Independent School District No. 1’s internal control over financial reporting and compliance.

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

Oklahoma City, Oklahoma  
December 1, 2017

**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, 2017. 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 2016 and 2017 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 2017.

**Financial Highlights**

Fiscal Year 2017 operations generated significant budget activity for the district's primary operating fund, the General Fund. Current information is presented alongside that of Fiscal Year 2016 to illustrate changes in General Fund balance. Both years are presented on the regulatory basis of accounting.

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Ending Balance</u>
FY 2016	\$ 12,447,456	\$ 128,401,430	\$ 132,220,833	\$ 8,628,053
FY 2017	\$ 8,628,053	\$ 129,731,348	\$ 125,599,732	\$ 12,759,669

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>
2014	\$913,247,788	1.37%
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%

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

## **Using the Putnam City Schools Audit Report and Financial Statements**

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

## **The Statement of Net Position and Statement of Activities**

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

## **Fund Financial Statements**

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

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

## **General Fund Budgeting Highlights**

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

**Analysis of Financial Statements**

**Table A**  
**Comparative Schedule of Net Position**  
**For Fiscal years 2016 and 2017**  
 (In millions of dollars)

<b>Assets</b>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Difference</u>
Current and Other Assets	\$ 114.89	\$ 121.34	\$ 6.45
Capital Assets	179.04	188.22	9.18
Total Assets	<u>\$ 293.93</u>	<u>\$ 309.56</u>	<u>\$ 15.63</u>
 <b>Liabilities</b>			
Long-Term Debt Outstanding	\$ 85.28	\$ 84.13	\$ (1.15)
Other Liabilities	22.05	20.28	(1.77)
Total Liabilities	<u>\$ 107.33</u>	<u>\$ 104.41</u>	<u>\$ (2.92)</u>
 <b>Net Position</b>			
Net Investment in Capital Assets	\$ 146.89	\$ 159.76	\$ 12.87
Restricted	35.52	36.85	1.33
Unrestricted	4.19	8.54	4.35
Total net position	<u><u>\$ 186.60</u></u>	<u><u>\$ 205.15</u></u>	<u><u>\$ 18.55</u></u>

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

<b>Revenues</b>	<u>FY2016</u>	<u>FY2017</u>	<u>Difference</u>
Program Revenues:			
Charges for Services	\$ 6.52	\$ 6.22	\$ (0.30)
Federal and State Grants	22.58	20.30	(2.28)
General Revenues:			
Property Taxes	63.54	65.28	1.74
Other Taxes	16.12	15.44	(0.68)
State Entitlement	61.26	63.28	2.02
Other General Revenues	0.96	1.41	0.45
Total Revenues	<u>\$ 170.98</u>	<u>\$ 171.93</u>	<u>\$ 0.95</u>
 <b>Expenditures</b>			
Program Expenses:			
Instruction	\$ 87.27	\$ 81.47	\$ (5.80)
Support Services	52.06	52.08	0.02
Non-instruction	9.95	9.28	(0.67)
Interest on Long-term Debt	1.83	2.62	0.79
Depreciation	7.51	7.94	0.43
Total Expenditures	<u>\$ 158.62</u>	<u>\$ 153.39</u>	<u>\$ (5.23)</u>
Increase in net position	<u>\$ 12.36</u>	<u>\$ 18.54</u>	<u>\$ 6.18</u>

**Net Position**

Net Position increased \$18.54 million from Fiscal Year 2016 to 2017. The operating position of the District as expressed in terms of General Fund balance increased \$4.13 million in Fiscal Year 2017.

**Revenues**

General Fund revenue only increased \$1,621,909, 1.28%, in FY2017 compared to FY2016, while Building Fund revenues increased 2.95%, or \$148,905. 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 \$175,975, or less than 1%, in FY2017.

## **Expenditures**

General Fund expenditures decreased by \$6.6 million from FY2016 to FY2017 related to staffing and compensation. Building Fund expenditures decreased from \$4.6 million in FY2016 to \$4.4 million in FY2017. Sinking Fund principal retirements increased \$3.6 million in FY2017 due to scheduled debt payments while interest payments increased \$786,000 due to increased debt from FY2016.

## **Fund Balances**

The General Fund's fund balance increased \$4.1 million to \$12,759,669. Building Fund's fund balance realized an increase of \$1.1 million to \$8,918,548. Sinking Fund's fund balance increased \$340,000 to \$1,812,604 in FY2017. These changes are discussed above in the revenue and expenditure sections.

## **Debt**

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

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

The District issued \$21 million in debt in FY2017 and paid \$21.9 million on principal on debt. See additional discussion over the District's debt at Note 3.

## **Capital Assets**

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

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

## **Current Issues**

For Fiscal Year 2017-2018 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, 2017

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	Governmental Activities
Assets	
Cash and Cash Investments	\$ 121,153,944
Inventories	185,405
Nondepreciated Capital Assets	92,510,169
Depreciated Capital Assets, Net of Depreciation	95,706,648
Total assets	\$ 309,556,166
Liabilities	
Accounts Payable	\$ 2,428,883
Salaries and Related Benefits	13,415,978
Warrants Outstanding	2,923,160
Encumbrances Outstanding	1,514,922
Long-Term Obligations	
Due within one year	24,033,180
Due beyond one year	60,091,973
Total liabilities	\$ 104,408,096
Net Position	
Net Investment in Capital Assets	\$ 159,755,671
Restricted for:	
Debt service	23,073,060
School-based activities	2,186,311
Child nutrition	3,459,799
Buildings	8,128,585
Unrestricted	8,544,644
Total net position	\$ 205,148,070

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Statement of Activities – Regulatory Basis  
For the Year Ended June 30, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction	\$ 81,465,673	\$ 129,220	\$ 12,150,885	\$ (69,185,568)
Support services	52,081,915	2,650,614	345,768	(49,085,533)
Non-instruction services	9,286,273	3,435,939	7,801,718	1,951,384
Interest on long-term debt	2,618,813	-	-	(2,618,813)
Depreciation - unallocated	7,939,962	-	-	(7,939,962)
Total school district	\$ 153,392,636	\$ 6,215,773	\$ 20,298,371	(126,878,492)
General Revenues:				
Taxes				
Property taxes, levied for general purposes				36,326,348
Property taxes, levied for building purposes				5,159,133
Property taxes, levied for debt service				23,794,378
General taxes				15,442,928
State aid - formula grants				63,284,152
Investment earnings				1,410,388
				145,417,327
Change in net position				18,538,835
Net Position - beginning				186,609,235
Net Position - ending				\$ 205,148,070

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, 2017

	General Fund	Debt Service Fund	Building Fund	2016 Bond Fund	2017 Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and Cash Investments	\$ 31,687,862	\$ 23,073,060	\$ 9,802,541	\$ 16,450,727	\$ 19,979,666	\$ 20,160,088	\$ 121,153,944
<b>Total Assets</b>	<b>\$ 31,687,862</b>	<b>\$ 23,073,060</b>	<b>\$ 9,802,541</b>	<b>\$ 16,450,727</b>	<b>\$ 19,979,666</b>	<b>\$ 20,160,088</b>	<b>\$ 121,153,944</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 2,428,883	\$ -	\$ 78	\$ -	\$ -	\$ -	\$ 2,428,961
Salaries and Related Benefits	13,415,900	-	-	-	-	-	13,415,900
Warrants Outstanding	2,392,275	-	93,952	49,042	106,711	281,180	2,923,160
Encumbrances Outstanding	691,135	-	789,963	-	-	33,824	1,514,922
Principal and Interest Accruals	-	21,260,456	-	-	-	-	21,260,456
<b>Total Liabilities</b>	<b>18,928,193</b>	<b>21,260,456</b>	<b>883,993</b>	<b>49,042</b>	<b>106,711</b>	<b>315,004</b>	<b>41,543,399</b>
<b>Fund Balances:</b>							
Restricted	-	1,812,604	8,128,585	16,401,685	19,872,955	19,811,260	66,027,089
Assigned	691,136	-	789,963	-	-	33,824	1,514,923
Unassigned	12,068,533	-	-	-	-	-	12,068,533
<b>Fund Balances, End of Year</b>	<b>12,759,669</b>	<b>1,812,604</b>	<b>8,918,548</b>	<b>16,401,685</b>	<b>19,872,955</b>	<b>19,845,084</b>	<b>79,610,545</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 31,687,862</b>	<b>\$ 23,073,060</b>	<b>\$ 9,802,541</b>	<b>\$ 16,450,727</b>	<b>\$ 19,979,666</b>	<b>\$ 20,160,088</b>	
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 \$289,767,545 and the accumulated depreciation is \$101,550,728.							
							188,216,817
Sinking Fund Principal and Interest Accruals are part of net position at the district-wide level.							
							21,260,456
Federal commodities are distributed to the district to be used by the child nutrition program. Governmental Funds are concerned with the flow of financial resources and, therefore, the receipt and usage of commodities are not reported in the Governmental Funds.							
							185,405
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:							
						\$ 78,945,000	
						5,180,153	(84,125,153)
<b>Total Net Position - Governmental Activities</b>							<b>\$ 205,148,070</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, 2017

	General Fund	Debt Service Fund	Building Fund	2016 Bond Fund	2017 Bond Fund	Other Governmental Funds	Totals Governmental Funds
<b>Revenues:</b>							
Property Taxes	\$ 36,326,348	\$ 23,794,378	\$ 5,159,133	\$ -	\$ -	\$ -	\$ 65,279,859
Interest	275,740	6,125	35,471	107,405	30,982	122,500	578,223
County Revenue	5,351,359	-	-	-	-	-	5,351,359
State Revenue	73,781,345	833	180	-	-	89,816	73,872,174
Federal Revenue	11,012,333	-	-	-	-	7,711,902	18,724,235
Other	1,572,677	-	6,812	-	-	4,933,892	6,513,381
<b>Total Revenues</b>	<b>128,319,802</b>	<b>23,801,336</b>	<b>5,201,596</b>	<b>107,405</b>	<b>30,982</b>	<b>12,858,110</b>	<b>170,319,231</b>
<b>Expenditures</b>							
Current							
Instruction	80,105,287	-	-	237,404	5,105	797,268	81,145,064
Support Services	44,926,824	-	3,425,970	1,575,993	1,000,689	1,944,296	52,873,772
Non-Instruction Services	452,571	-	-	-	-	10,032,041	10,484,612
Capital Outlay	-	-	992,019	8,690,690	152,233	6,099,621	15,934,563
Other Outlays	115,050	-	-	-	-	164,680	279,730
Debt Service							
Interest Paid	-	2,618,814	-	-	-	-	2,618,814
Principal Retirement	-	21,970,000	-	-	-	-	21,970,000
<b>Total Expenditures</b>	<b>125,599,732</b>	<b>24,588,814</b>	<b>4,417,989</b>	<b>10,504,087</b>	<b>1,158,027</b>	<b>19,037,906</b>	<b>185,306,555</b>
Excess (Deficiency) of Revenues over (under) Expenditures	2,720,070	(787,478)	783,607	(10,396,682)	(1,127,045)	(6,179,796)	(14,987,324)
Adjustments to Prior year Encumbrances	873,353	-	268,815	-	-	225,946	1,368,114
Other Financing Sources (Uses)							
Transfers In	538,193	-	-	-	-	406,033	944,226
Transfers Out	-	-	-	-	-	(944,226)	(944,226)
Bond Proceeds	-	-	-	-	21,000,000	-	21,000,000
Accrued Principal and Interest	-	300,854	-	-	-	-	300,854
Premium on Bonds	-	828,555	-	-	-	-	828,555
<b>Total Other Financing Sources, net</b>	<b>538,193</b>	<b>1,129,409</b>	<b>-</b>	<b>-</b>	<b>21,000,000</b>	<b>(538,193)</b>	<b>22,129,409</b>
<b>Net Change in Fund Balance</b>	<b>4,131,616</b>	<b>341,931</b>	<b>1,052,422</b>	<b>(10,396,682)</b>	<b>19,872,955</b>	<b>(6,492,043)</b>	<b>8,510,199</b>
Beginning Fund Balance	8,628,053	1,470,673	7,866,126	26,798,367	-	26,337,127	71,100,346
<b>Ending Fund Balances</b>	<b>\$ 12,759,669</b>	<b>\$ 1,812,604</b>	<b>\$ 8,918,548</b>	<b>\$ 16,401,685</b>	<b>\$ 19,872,955</b>	<b>\$ 19,845,084</b>	<b>\$ 79,610,545</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, 2017

Total net changes in fund balances - governmental funds \$ 8,510,199

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

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

Depreciation Expense	\$ (7,939,962)	
Loss on disposals	(13,283)	
Capital Outlays	<u>17,132,005</u>	9,178,760

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.

180,730

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	\$ (21,000,000)	
Debt Repayments	<u>21,970,000</u>	970,000

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.

(300,854)

Change in net position of governmental activities

\$ 18,538,835

## **Note 1 - Summary of Significant Accounting Policies**

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

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

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

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

### **Basic Financial Statements – Government-Wide Statements**

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

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

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

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

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

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

### **Basic Financial Statements – Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

2017 Bond Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities related to the 2017 bond issue.

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

#### **Governmental Funds:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2017

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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, 2017.

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school construction expenditures as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Child Nutrition resources are restricted for food services. 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, 2017.

**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, 2017, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Building	2016 Bond Fund	2017 Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Restricted for:							
School construction	\$ -	\$ -	\$ 8,128,585	\$ 16,401,685	\$ 19,872,955	\$ 17,624,949	\$ 62,028,174
Debt service	-	1,812,604	-	-	-	-	1,812,604
School program activities	-	-	-	-	-	2,186,311	2,186,311
<b>Total Restricted</b>	<b>-</b>	<b>1,812,604</b>	<b>8,128,585</b>	<b>16,401,685</b>	<b>19,872,955</b>	<b>19,811,260</b>	<b>66,027,089</b>
Assigned to:							
Instruction	\$ 142,754	\$ -	\$ -	\$ -	\$ -	\$ 221	\$ 142,975
Support services	548,200	-	319,129	-	-	456	867,785
Non-instruction services	-	-	-	-	-	33,147	33,147
Capital outlay	-	-	470,834	-	-	-	470,834
Other outlays	182	-	-	-	-	-	182
<b>Total Assigned</b>	<b>691,136</b>	<b>-</b>	<b>789,963</b>	<b>-</b>	<b>-</b>	<b>33,824</b>	<b>1,514,923</b>
Unassigned	12,068,533	-	-	-	-	-	12,068,533
<b>Total fund balances</b>	<b>\$ 12,759,669</b>	<b>\$ 1,812,604</b>	<b>\$ 8,918,548</b>	<b>\$ 16,401,685</b>	<b>\$ 19,872,955</b>	<b>\$ 19,845,084</b>	<b>\$ 79,610,545</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, 2017 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2017 was \$136,058,996. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial risk requires compliance with the provisions of state law. The bank balances were completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

## Note 3 - Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 79,915,000	\$ 21,000,000	\$ (21,970,000)	\$ 78,945,000	\$ 22,510,000
Compensated Absences	5,360,883	1,490,846	(1,671,576)	5,180,153	1,523,180
Total governmental activity long-term liabilities	<u>\$ 85,275,883</u>	<u>\$ 22,490,846</u>	<u>\$ (23,641,576)</u>	<u>\$ 84,125,153</u>	<u>\$ 24,033,180</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, 2017 are comprised of the following individual general obligation bond issues:

Issue Amount	Purpose	Issue Date	Annual	Final Payment	Maturity Date	Interest Rates	Total
\$ 16,295,000	Building	1/1/2013	\$ 4,075,000	\$ 4,075,000	1/1/2018	1-1.5	\$ 4,075,000
6,000,000	Building	6/1/2013	1,500,000	1,500,000	6/1/2018	2	1,500,000
18,755,000	Building	1/1/2014	5,435,000	5,435,000	1/1/2019	2-3	10,870,000
18,000,000	Building	1/1/2015	4,500,000	4,500,000	2/1/2020	2	13,500,000
28,000,000	Building	1/1/2016	7,000,000	7,000,000	1/1/2021	2	28,000,000
21,000,000	Building	1/1/2017	5,250,000	5,250,000	1/1/2022	3-4%	21,000,000
							<u>\$78,945,000</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, 2017 is approximately \$103.6 million.

The annual requirements to amortize all bond debt outstanding as of June 30, 2017 including principal and interest payments are as follows:

Period Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 22,510,000	\$ 1,982,225	\$ 24,492,225
2019	22,185,000	1,498,050	23,683,050
2020	16,750,000	895,000	17,645,000
2021	12,250,000	455,000	12,705,000
2022	5,250,000	157,500	5,407,500
	<u>\$ 78,945,000</u>	<u>\$ 4,987,775</u>	<u>\$ 83,932,775</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 4 - Employee Retirement System**

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

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

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% from July 01, 2016 through June 30, 2017 of applicable compensation for the year ended June 30, 2017. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. The District's contributions to PERS (net of retirement paid \$11,583,031, \$11,830,756, and \$11,633,970, June 30, 2017, 2016, and 2015 respectively, equal to the required contributions for each year. State of Oklahoma contributions to the System on behalf of the District's employees for the year ended June 30, 2017 were \$783,685.

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, 2016 (the latest information available) was \$151.1 million.

#### **Note 5 - Contingencies and Commitments**

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

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

The District has designated approximately \$87.6 million dollars as of June 30, 2017 for outstanding construction projects.

During the year ended June 30, 2017, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2016. No settlements have exceeded coverage levels in place during 2017.

#### **Note 6 - Risk Management**

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

**Note 7 - Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 4,909,457	\$ -	\$ -	\$ 4,909,457
Construction in progress	81,028,284	15,026,131	(8,453,703)	87,600,712
Total capital assets not being depreciated	<u>85,937,741</u>	<u>15,026,131</u>	<u>(8,453,703)</u>	<u>92,510,169</u>
Capital Assets being depreciated:				
Buildings	168,177,271	8,453,702	-	176,630,973
Equipment and Vehicles	19,095,849	2,105,874	(575,320)	20,626,403
Total capital assets being depreciated	<u>187,273,120</u>	<u>10,559,576</u>	<u>(575,320)</u>	<u>197,257,376</u>
Less accumulated depreciation for:				
Buildings	(81,099,917)	(6,427,089)	-	(87,527,006)
Equipment and Vehicles	(13,072,886)	(1,512,873)	562,037	(14,023,722)
Total accumulated depreciation	<u>(94,172,803)</u>	<u>(7,939,962)</u>	<u>562,037</u>	<u>(101,550,728)</u>
Total capital assets being depreciated, net	<u>93,100,317</u>	<u>2,619,614</u>	<u>(13,283)</u>	<u>95,706,648</u>
Capital assets, net	<u>\$ 179,038,058</u>	<u>\$ 17,645,745</u>	<u>\$ (8,466,986)</u>	<u>\$ 188,216,817</u>

**Note 8 - Schedule of Transfers**

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$ 185,000	Operating Transfer
Child Nutrition Fund	Child Nutrition Fund	6,800	Intrafund Transfer
Student Activity Fund	Student Activity Fund	399,233	Intrafund Transfer
Student Activity Fund	General Fund	353,193	Operating Transfer
	Total Transfers between Funds	<u>\$ 944,226</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.



Other Supplementary Information  
June 30, 2017

# 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, 2017

	Budgeted Amounts Original/Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 8,628,053	\$ 8,628,053	\$ -
Resources (inflows)			
Property Taxes	35,656,090	36,326,348	670,258
Interest	109,000	275,740	166,740
County Revenue	5,265,000	5,351,359	86,359
State Revenue	74,434,486	73,781,345	(653,141)
Federal Revenue	12,517,715	11,012,333	(1,505,382)
Other	2,830,450	2,984,223	153,773
	<u>130,812,741</u>	<u>129,731,348</u>	<u>(1,081,393)</u>
Amounts Available for Appropriation	<u>139,440,794</u>	<u>138,359,401</u>	<u>(1,081,393)</u>
Charges to Appropriations (outflows)			
Instruction	82,240,778	80,105,287	2,135,491
Support Services	44,664,670	44,926,824	(262,154)
Non-Instruction Services	392,144	452,571	(60,427)
Other Outlays	127,059	115,050	12,009
	<u>127,424,651</u>	<u>125,599,732</u>	<u>1,824,919</u>
Total Charges to Appropriations	<u>127,424,651</u>	<u>125,599,732</u>	<u>1,824,919</u>
Budgetary Fund Balance, June 30	<u>\$ 12,016,143</u>	<u>\$ 12,759,669</u>	<u>\$ 743,526</u>

# Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Other Supplementary Information

June 30, 2017

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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, 2017

	Child Nutrition	Gifts and Endowments	Student Activity	Other Capital Project Funds	Total Other Governmental Funds
Assets					
Cash and Cash Investments	\$ 3,340,688	\$ 143,272	\$ 2,186,311	\$ 14,489,817	\$ 20,160,088
Total Assets	\$ 3,340,688	\$ 143,272	\$ 2,186,311	\$ 14,489,817	\$ 20,160,088
Liabilities and Fund Balances					
Liabilities					
Warrants Outstanding	\$ -	\$ 577	\$ -	\$ 280,603	\$ 281,180
Encumbrances Outstanding	33,147	677	-	-	33,824
Total Liabilities	33,147	1,254	-	280,603	315,004
Fund Balances:					
Restricted	3,274,394	141,341	2,186,311	14,209,214	19,811,260
Assigned	33,147	677	-	-	33,824
Fund Balances, End of Year	3,307,541	142,018	2,186,311	14,209,214	19,845,084
Total Liabilities and Fund Balances	\$ 3,340,688	\$ 143,272	\$ 2,186,311	\$ 14,489,817	\$ 20,160,088

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, 2017

	Child Nutrition	Gifts and Endowments	Student Activity	Other Capital Project Funds	Other Governmental Funds
Revenues					
Interest	\$ 15,321	\$ 305	\$ 9,616	\$ 97,258	\$ 122,500
State Revenue	89,816	-	-	-	89,816
Federal Revenue	7,711,902	-	-	-	7,711,902
Other	1,164,682	45,098	3,724,112	-	4,933,892
Total Revenues	8,981,721	45,403	3,733,728	97,258	12,858,110
Expenditures					
Current					
Instruction	-	46,317	723,573	27,378	797,268
Support Services	-	39,694	1,331,139	573,463	1,944,296
Non-Instruction Services	8,834,194	54	1,197,793	-	10,032,041
Capital Outlays	-	-	6,850	6,092,771	6,099,621
Other Outlays	-	-	345	164,335	164,680
Total Expenditures	8,834,194	86,065	3,259,700	6,857,947	19,037,906
Excess (Deficiency) of Revenues over (under) Expenditures	147,527	(40,662)	474,028	(6,760,689)	(6,179,796)
Adjustments to Prior year Encumbrances	225,846	100	-	-	225,946
Other Financing Sources (Uses)					
Transfers In	6,800	-	399,233	-	406,033
Transfers Out	(191,800)	-	(752,426)	-	(944,226)
Total Other Financing Sources (Uses)	(185,000)	-	(353,193)	-	(538,193)
Net Change in Fund Balances	188,373	(40,562)	120,835	(6,760,689)	(6,492,043)
Beginning Fund Balances	3,119,168	182,580	2,065,476	20,969,903	26,337,127
Ending Fund Balances	\$ 3,307,541	\$ 142,018	\$ 2,186,311	\$ 14,209,214	\$ 19,845,084

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis  
June 30, 2017

	<u>MAPS</u>	<u>2006A Bond</u>	<u>2006B Bond</u>	<u>2007A Bond</u>	<u>2008A Bond</u>	<u>2009A Bond</u>	<u>2009C Bond</u>
Assets							
Cash and Cash Investments	\$ 33	\$ 652,281	\$ 319,924	\$ 905,374	\$ 491,111	\$ 196,035	\$ 629,349
Total Assets	<u>\$ 33</u>	<u>\$ 652,281</u>	<u>\$ 319,924</u>	<u>\$ 905,374</u>	<u>\$ 491,111</u>	<u>\$ 196,035</u>	<u>\$ 629,349</u>
Liabilities and Fund Balances							
Liabilities							
Warrants Outstanding	\$ -	\$ 178,532	\$ 49	\$ 58,920	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>178,532</u>	<u>49</u>	<u>58,920</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Restricted	<u>33</u>	<u>473,749</u>	<u>319,875</u>	<u>846,454</u>	<u>491,111</u>	<u>196,035</u>	<u>629,349</u>
Fund Balances, End of Year	<u>33</u>	<u>473,749</u>	<u>319,875</u>	<u>846,454</u>	<u>491,111</u>	<u>196,035</u>	<u>629,349</u>
Total Liabilities and Fund Balances	<u>\$ 33</u>	<u>\$ 652,281</u>	<u>\$ 319,924</u>	<u>\$ 905,374</u>	<u>\$ 491,111</u>	<u>\$ 196,035</u>	<u>\$ 629,349</u>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis  
June 30, 2017

	<u>2010A Bond</u>	<u>2010B Bond</u>	<u>2011A Bond</u>	<u>2013B Bond</u>	<u>2014 Bond</u>	<u>2015 Bond</u>	<u>Total Other Capital Project Funds</u>
<b>Assets</b>							
Cash and Cash Investments	\$ 713,434	\$ 36,513	\$ 157,229	\$ 4,729,367	\$ 168,963	\$ 5,490,204	\$ 14,489,817
Total Assets	<u>\$ 713,434</u>	<u>\$ 36,513</u>	<u>\$ 157,229</u>	<u>\$ 4,729,367</u>	<u>\$ 168,963</u>	<u>\$ 5,490,204</u>	<u>\$ 14,489,817</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Warrants Outstanding	\$ -	\$ -	\$ -	\$ 33,130	\$ -	\$ 9,972	\$ 280,603
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,130</u>	<u>-</u>	<u>9,972</u>	<u>280,603</u>
<b>Fund Balances:</b>							
Restricted	<u>713,434</u>	<u>36,513</u>	<u>157,229</u>	<u>4,696,237</u>	<u>168,963</u>	<u>5,480,232</u>	<u>14,209,214</u>
Fund Balances, End of Year	<u>713,434</u>	<u>36,513</u>	<u>157,229</u>	<u>4,696,237</u>	<u>168,963</u>	<u>5,480,232</u>	<u>14,209,214</u>
Total Liabilities and Fund Balances	<u>\$ 713,434</u>	<u>\$ 36,513</u>	<u>\$ 157,229</u>	<u>\$ 4,729,367</u>	<u>\$ 168,963</u>	<u>\$ 5,490,204</u>	<u>\$ 14,489,817</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, 2017

	<u>MAPS</u>	<u>2006A Bond</u>	<u>2006B Bond</u>	<u>2007A Bond</u>	<u>2008A Bond</u>	<u>2009A Bond</u>	<u>2009C Bond</u>
Revenues							
Interest	\$ 632	\$ 6,154	\$ 1,403	\$ 5,526	\$ 5,564	\$ 536	\$ 2,251
Total Revenues	<u>632</u>	<u>6,154</u>	<u>1,403</u>	<u>5,526</u>	<u>5,564</u>	<u>536</u>	<u>2,251</u>
Expenditures							
Current							
Instruction	-	1,005	-	-	-	-	-
Support Services	-	75,262	96,804	10,081	1,794	-	28,394
Capital Outlays	1,025,095	196,325	1,619	93,248	884,385	91,190	237,938
Other Outlays	164,335	-	-	-	-	-	-
Total Expenditures	<u>1,189,430</u>	<u>272,592</u>	<u>98,423</u>	<u>103,329</u>	<u>886,179</u>	<u>91,190</u>	<u>266,332</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,188,798)</u>	<u>(266,438)</u>	<u>(97,020)</u>	<u>(97,803)</u>	<u>(880,615)</u>	<u>(90,654)</u>	<u>(264,081)</u>
Net Change in Fund Balances	(1,188,798)	(266,438)	(97,020)	(97,803)	(880,615)	(90,654)	(264,081)
Beginning Fund Balances	<u>1,188,831</u>	<u>740,187</u>	<u>416,895</u>	<u>944,257</u>	<u>1,371,726</u>	<u>286,689</u>	<u>893,430</u>
Ending Fund Balances	<u>\$ 33</u>	<u>\$ 473,749</u>	<u>\$ 319,875</u>	<u>\$ 846,454</u>	<u>\$ 491,111</u>	<u>\$ 196,035</u>	<u>\$ 629,349</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, 2017

	<u>2010A Bond</u>	<u>2010B Bond</u>	<u>2011A Bond</u>	<u>2013B Bond</u>	<u>2014 Bond</u>	<u>2015 Bond</u>	<u>Total Other Capital Project Funds</u>
Revenues							
Interest	\$ 7,420	\$ 150	\$ 384	\$ -	\$ 34,427	\$ 32,811	\$ 97,258
Total Revenues	<u>7,420</u>	<u>150</u>	<u>384</u>	<u>-</u>	<u>34,427</u>	<u>32,811</u>	<u>97,258</u>
Expenditures							
Current							
Instruction	-	-	-	-	-	26,373	27,378
Support Services	42,915	13,045	5,680	-	-	299,488	573,463
Capital Outlays	104,402	19,087	3,158	1,112,232	-	2,324,092	6,092,771
Other Outlays	-	-	-	-	-	-	164,335
Total Expenditures	<u>147,317</u>	<u>32,132</u>	<u>8,838</u>	<u>1,112,232</u>	<u>-</u>	<u>2,649,953</u>	<u>6,857,947</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(139,897)</u>	<u>(31,982)</u>	<u>(8,454)</u>	<u>(1,112,232)</u>	<u>34,427</u>	<u>(2,617,142)</u>	<u>(6,760,689)</u>
Net Change in Fund Balances	(139,897)	(31,982)	(8,454)	(1,112,232)	34,427	(2,617,142)	(6,760,689)
Beginning Fund Balances	<u>853,331</u>	<u>68,495</u>	<u>165,683</u>	<u>5,808,469</u>	<u>134,536</u>	<u>8,097,374</u>	<u>20,969,903</u>
Ending Fund Balances	<u>\$ 713,434</u>	<u>\$ 36,513</u>	<u>\$ 157,229</u>	<u>\$ 4,696,237</u>	<u>\$ 168,963</u>	<u>\$ 5,480,232</u>	<u>\$ 14,209,214</u>

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedules – Building and Child Nutrition Fund (unaudited)  
For the Year Ended June 30, 2017

	Building Fund		Child Nutrition Fund	
	Original/Final Budget	Actual	Original/Final Budget	Actual
Revenues				
Local Revenue	\$ 5,168,030	\$ 5,159,133	\$ 1,208,697	\$ 1,180,003
County Revenue	-	35,471	-	-
State Revenue	130	180	96,126	89,816
Federal Revenue	-	-	7,587,294	7,711,902
Other	-	6,812	-	-
Total Revenues	<u>5,168,160</u>	<u>5,201,596</u>	<u>8,892,117</u>	<u>8,981,721</u>
Expenditures				
1000 Instruction	1,550	-	-	-
2000 Support Services	3,961,693	3,425,970	-	-
3000 Non-Instruction Services	-	-	8,650,236	8,834,194
4000 Capital Outlays	1,193,623	992,019	-	-
5000 Other Outlays	10,334	-	259,764	-
Total Expenditures	<u>5,167,200</u>	<u>4,417,989</u>	<u>8,910,000</u>	<u>8,834,194</u>
Excess (Deficiency) of Revenues over Expenditures	<u>960</u>	<u>783,607</u>	<u>(17,883)</u>	<u>147,527</u>
Adjustments to Prior year Encumbrances	<u>218,552</u>	<u>268,815</u>	<u>225,846</u>	<u>225,846</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	6,800
Transfers Out	-	-	-	(191,800)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,000)</u>
Net Change in Fund Balances	219,512	1,052,422	207,963	188,373
Beginning Fund Balances	<u>7,866,126</u>	<u>7,866,126</u>	<u>3,119,168</u>	<u>3,119,168</u>
Ending Fund Balances	<u>\$ 8,085,638</u>	<u>\$ 8,918,548</u>	<u>\$ 3,327,131</u>	<u>\$ 3,307,541</u>

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, 2017

Activities	Ending Balance as of June 30, 2016	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2017
Administration	\$ 27,993	\$ 3,581	\$ 4,205	\$ 27,369
Art	1,212	3,680	1,892	3,000
Art Club	1,800	1,219	1,086	1,933
Art Festival	2,730	1,400	1,558	2,572
Art Fund	8,296	6,150	6,868	7,578
Asian Club	670	194	93	771
Athletics	321,454	1,050,938	1,046,551	325,841
AVID	1,913	2,457	3,850	520
Band	16,656	89,882	90,434	16,104
Bus Prof Of Amer	3,332	11,624	14,114	842
Cancer Research Fund	126,407	250,462	265,854	111,015
Carnival	-	13,352	2,490	10,862
Cheerleading	14,764	55,064	49,581	20,247
Class Of 2016	21,680	(20,475)	1,205	-
Class Of 2017	33,104	35,553	49,571	19,086
Class Of 2018	2,783	51,647	22,432	31,998
Class Of 2019	1,242	4,666	2,970	2,938
Class Of 2020	-	2,473	1,101	1,372
Class Of 2021	-	127	-	127
Clearing-General Fund Ref	-	42,850	42,892	(42)
Concession	4,491	(4,491)	-	-
Crafts	506	1,420	1,684	242
Dance	3,820	13,443	13,292	3,971
Debate/Speech Activities	3,584	13,866	13,913	3,537
DECA	14,238	70,632	72,760	12,110
District Staff Development	5,010	20,127	22,543	2,594
Donations	78,299	201,504	136,176	143,627
Drama	19,522	28,217	30,462	17,277
8th Grade	5,551	-	3,274	2,277
Employee Courtesy	15,157	16,555	16,311	15,401
Extended Care	270,780	592,123	475,800	387,103
Family & Consumers Science	4,233	1,332	4,545	1,020
FCCLA	5,858	27,537	26,854	6,541
Field Trips	6,029	40,096	38,570	7,555
Fifth Grade	2,789	15,816	14,577	4,028
French Club	1,023	5,271	5,573	721
Grants	5,659	750	621	5,788
Groundbreakers	4,971	1,851	1,889	4,933
Guidance-Counseling	2,687	4,285	4,036	2,936
Hefner Soccer Club	318	-	-	318

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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, 2017

Activities	Ending Balance as of June 30, 2016	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2017
HOSA	\$ 2,701	\$ 1,440	\$ 2,076	\$ 2,065
Interest	61,433	3,647	698	64,382
International Club	154	-	-	154
Journalism-Newspaper	3,113	6,137	4,487	4,763
Jr Assn Of The Deaf	207	-	-	207
JROTC	3,958	63,412	54,582	12,788
Junior Classical Lg-Latin	540	515	550	505
Key Club	1,060	1,335	1,322	1,073
La Raza	3,261	15,815	18,897	179
Latin Club	2,646	5,273	6,093	1,826
Latino Club	2,479	3,823	4,110	2,192
Leadership	2,845	4,975	5,600	2,220
LINK Crew	-	1,006	499	507
MCS-Step Team	547	1,149	718	978
Media	53,294	111,911	118,972	46,233
Memorial Fund	2,512	360	255	2,617
Model United Nations	5	3,531	3,033	503
Motivational Program	3,543	18,015	19,391	2,167
Nat'L Honor Society	10,802	6,754	7,485	10,071
Nat'L Jr Honor Society	2,745	3,924	4,080	2,589
Orchestra	22,915	95,962	98,352	20,525
Peak-Gifted & Talented	40,086	48,026	42,990	45,122
Pep Club	1,492	31,867	33,223	136
Phys Ed	11,450	10,843	7,857	14,436
Pictures	58,644	39,291	47,022	50,913
Pom	10,385	34,903	36,347	8,941
Refunds	-	2,000	2,000	-
Scholarships	93,958	16,171	9,400	100,729
School Wide Fund	318,997	396,489	446,691	268,795
Science	2,368	506	1,200	1,674
Science & Engineering	2,354	1,498	2,214	1,638
Science Club - Lab	1,391	2,248	838	2,801
Science Olympiad	33	-	-	33
7th Grade	1,710	-	1,218	492
6th Grade	893	60	849	104
Soaring Eagles	2,488	863	887	2,464
Sons & Daughters Of Liber	107	1,777	1,285	599
Spanish Club	1,586	215	99	1,702
Spanish Cultural	1,383	3,498	3,094	1,787
Special Education	6,755	28,302	26,184	8,873

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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, 2017

Activities	Ending Balance as of June 30, 2016	Total Receipts	Total Disbursements	Ending Balance as of June 30, 2017
Special Olympics	\$ 9,005	\$ 9,143	\$ 8,646	\$ 9,502
Special Services	1,909	4,410	4,601	1,718
Step Team	4,334	3,477	4,366	3,445
Student Council	38,392	85,910	82,848	41,454
Tech Ed	8,165	15,764	13,460	10,469
Tech Ed Student Assn	20	405	405	20
Tech Ed-TSA	279	908	89	1,098
Theater Arts Academy	4,516	2,993	906	6,603
Transitional Work Class	3,899	1,087	1,168	3,818
United Native People	223	-	-	223
Varsity Cheer	2,579	13,140	13,955	1,764
Vending	125,674	150,094	167,470	108,298
Vocal Music	28,648	106,171	94,769	40,050
Yearbook	60,323	104,841	104,732	60,432
Youth & Government	109	9,899	8,486	1,522
<b>Total Assets</b>	<b>\$ 2,065,476</b>	<b>\$ 4,132,961</b>	<b>\$ 4,012,126</b>	<b>\$ 2,186,311</b>
<b>Liabilities</b>				
Due to Student Groups	\$ 2,065,476	\$ 4,132,961	\$ 4,012,126	\$ 2,186,311
<b>Total Liabilities</b>	<b>\$ 2,065,476</b>	<b>\$ 4,132,961</b>	<b>\$ 4,012,126</b>	<b>\$ 2,186,311</b>

Note 1- Basis of Presentation

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

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Statement of Statutory, Fidelity and Honesty Bonds (unaudited)  
For the Year Ended June 30, 2017

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The District has a Public School District Blanket Fidelity Bond with Liberty Mutual Surety. The bond number is 3343466. It covers all employees for the penal sum of \$100,000 and is for the term of July 01, 2016, to June 30, 2017.

The treasurer is bonded by Ohio Casualty Company, bond number LSF042007, for the penal sum of \$350,000 for the term of March 1, 2016 to March 1, 2017 and March 1, 2017 to March 1, 2018.

The assistant treasurer is bonded by Ohio Casualty Company, bond number 601090996, for the penal sum of \$350,000 for the term of March 1, 2016 to March 1, 2017 and March 1, 2017 to March 1, 2018.

The superintendent is bonded by Ohio Casualty Company, bond number 601072182, for the penal sum of \$100,000 for the term of July 01, 2016, to June 30, 2017.

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2016	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2017
<u>U.S. Department of Education</u>							
Direct Programs							
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (42,631)	\$ 145,922	\$ 150,474	\$ -	\$ (47,183)
PEP Grant, Grants to Local Educational Agencies	84.215F	774	(295,684)	472,914	379,164	(36)	(201,970)
Direct Programs			<u>(338,315)</u>	<u>618,836</u>	<u>529,638</u>	<u>(36)</u>	<u>(249,153)</u>
Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States	84.048	421/424/426	(154,125)	259,550	232,261	-	(126,836)
Passed Through Oklahoma Community Service Commission Americorp	84.048	777	(74,350)	178,428	141,001	(286)	(36,923)
84.048 Total			<u>(228,475)</u>	<u>437,978</u>	<u>373,262</u>	<u>(286)</u>	<u>(163,759)</u>
Passed Through Oklahoma State Regents for Higher Education Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	778	1,312	-	-	(1,312)	-
Passed Through Oklahoma Department of Rehabilitation Services Job Training	84.126	456	(863)	5,945	5,423	341	-
Passed Through Oklahoma State Department of Education Title I, Grants to Local Educational Agencies	84.010	511/515/517/786	(1,386,978)	4,944,536	5,049,845	-	(1,492,287)
Special Education - Grants to States	84.027	615/621/625	(1,476,873)	3,937,741	3,718,349	-	(1,257,481)
Special Education - Preschool Grants	84.173	641/642	(39,023)	97,267	87,352	-	(29,108)
Special Education Cluster			<u>(1,515,896)</u>	<u>4,035,008</u>	<u>3,805,701</u>	<u>-</u>	<u>(1,286,589)</u>
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(150,194)	523,520	507,504	-	(134,178)
Title III Part A English Language Acquisition	84.365	571/572	(47,170)	199,599	214,412	-	(61,983)
Title X Part C Education for Homeless Children and Youth	84.196	596	(12,869)	92,658	134,098	-	(54,309)
Total U.S. Department of Education			<u>(3,679,448)</u>	<u>10,858,080</u>	<u>10,619,883</u>	<u>(1,293)</u>	<u>(3,442,258)</u>

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Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) Balance June 30, 2016	Federal Grant Receipts	Federal Grant Expenditures	Adjustments	Deferred Revenue (Accounts Receivable) Balance June 30, 2017
<u>U.S. Department of Agriculture</u>							
Passed through the Oklahoma State Department of Education							
Cash assistance:							
Breakfast Program	10.553	764	-	1,782,580	1,782,580	-	-
Lunch Program	10.555	763	-	5,874,005	5,874,005	-	-
Summer Food Service	10.559	766/769	-	55,317	55,317	-	-
Cash Assistance Subtotal			-	<u>7,711,902</u>	<u>7,711,902</u>	-	-
Non-Cash assistance (Commodities):							
Breakfast Program	10.553	764	42,829	135,691	153,756	-	24,764
Lunch Program	10.555	763	141,279	447,603	507,194	-	81,688
Summer Food Service	10.559	766	1,298	4,112	4,659	-	751
Non-Cash Assistance Subtotal			<u>185,406</u>	<u>587,406</u>	<u>665,609</u>	-	<u>107,203</u>
Child Nutrition Cluster			<u>185,406</u>	<u>8,299,308</u>	<u>8,377,511</u>	-	<u>107,203</u>
Total U.S. Department of Agriculture			<u>185,406</u>	<u>8,299,308</u>	<u>8,377,511</u>	-	<u>107,203</u>
<u>U.S. Department of Defense</u>							
Direct Programs							
JROTC	Not Available	771	(5,292)	115,720	116,046	-	(5,618)
<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	35,388	38,532	31,589	-	42,331
Total Expenditures of Federal Awards			<u>\$ (3,463,946)</u>	<u>\$ 19,311,640</u>	<u>\$ 19,145,029</u>	<u>\$ (1,293)</u>	<u>\$ (3,298,342)</u>

**Note A – Basis of Presentation**

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

**Note B – Significant Accounting Policies**

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

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

**Note C — Food Donation**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2017, the District had food commodities totaling approximately \$185,000 in inventory.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam City Independent School District No. 1 (the District) as of and for the year ended June 30, 2017, 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 December 1, 2017. 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.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Putnam City Independent School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-A.

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

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

**Purpose of this Report**

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

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

Oklahoma City, Oklahoma  
December 1, 2017



## **Independent Auditor's Report on Compliance for Each 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 Each Major Federal Program**

We have audited Putnam City Independent School District No. 1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Putnam City Independent School District No. 1's major federal programs for the year ended June 30, 2017. Putnam City Independent School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, Putnam City Independent School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2017.

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## 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

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  
December 1, 2017

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

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

Financial Statements

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

Federal Awards

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

Identification of Major Programs

	<u>CFDA number</u>
Title I, Grants to Local Educational Agencies	84.010
Special Education	
Grants to States	84.027
Preschool Grants	84.173
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee	No

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**Section II – Financial Statement Findings**

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**2017-A Student Activity Receipts  
Noncompliance Not Material to the Financial Statements**

Criteria: Oklahoma Statutes Section 70-5-129 related to student activity funds states “deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week.”

Condition: Student activity receipts are not deposited within the next business day or at least weekly if less than \$100. Further, deposits were not adequately supported by receipts.

Cause: Teacher sponsors are not turning funds over to financial secretaries on a daily basis and resulting in financial secretaries not depositing by the timelines required by District policy and Oklahoma statutes.

Context: Approximately 5% of the deposits tested (3 in our sample of 60) identified receipts where the teacher sponsor did not turn in funds daily to the financial secretary resulting in noncompliance with State Statutes.

Effect: Failure to comply with State law indicating a failure to exercise control over funds received from student activities.

Recommendation: Requirements for daily submission of student activity funds should be monitored for all sites by District administration.

Views of Responsible  
Officials:

The District administration will continue to emphasize the legal requirements effective immediately.

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

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

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None

Putnam City Independent School District No. 1  
Oklahoma County, Oklahoma  
Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)  
For the Year Ended June 30, 2017

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STATE OF OKLAHOMA )  
 ) ss  
County of Oklahoma )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with Putnam City Independent School District No. 1 for the audit year 2016-2017.

Eide Bailly, LLP

BY Vanessa M. Dutton

Subscribed and sworn to before me on this 1st day of December, 2017.

Jo Carroll  
Notary Public

My commission expires 7-21-19

