

**Notice of Sale and
Official Statement**

New Issue- Book Entry Only

**\$26,250,000
GENERAL OBLIGATION
COMBINED PURPOSE BONDS
OF 2023**

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

Date of Sale

March 8, 2023
11:45 o'clock a.m.

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 FEBRUARY 1, 2022.

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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

JUDY MULLEN-HOPPER, President and Member
CHARITY AVERY, Vice President and Member
TINA LOSAWYER, Clerk and Non-Member
STEVE BURGER, Member
JAY SHERRILL, Member
GAIL LOPRESTO, Member

School District Officials

FRED RHODES, Superintendent
RYAN SPILMAN, 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. 2021, § 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 8th day of March, 2023, until 11:45 o'clock a.m., and the Board of Education will award said Bonds at 12:00 o'clock noon on the 8th day of March, 2023, at the Board Room, Administration Building, Putnam City Public Schools, 5401 NW 40th Street, Oklahoma City, Oklahoma, for the sale of \$26,250,000 of General Obligation Combined Purpose Bonds of said School District, which Bonds will mature \$26,250,000 annually in two (2) years from their date until paid.

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 17th day of January, 2023.

/s/ TINA LOSAWYER
Clerk, Board of Education

(SEAL)

CONDITIONS OF THE SALE

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

\$26,250,000 General Obligation Combined Purpose Bonds of 2023

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 40th Street, Oklahoma City, Oklahoma, until 11:45 o'clock a.m., and award bid at 12:00 o'clock noon local time, Wednesday, March 8, 2023, for the sale of the \$26,250,000 General Obligation Combined Purpose Bonds of 2023 ("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 40th 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 2022 will exceed \$10,000,000. **Therefore, the \$26,250,000 General Obligation Combined Purpose Bonds of 2023 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 2021, 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 April 26, 2023.

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%

\$26,250,000 General Obligation Combined Purpose Bonds of 2023
INDEPENDENT SCHOOL DISTRICT NO. 1
OKLAHOMA COUNTY, OKLAHOMA
(PUTNAM CITY BOARD OF EDUCATION)

Dated: April 1, 2023

Due: April 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 April 1, 2023. Interest on the Bonds is payable semiannually on April 1 and October 1 of each year (each an "Interest Payment Date"), commencing April 1, 2024. 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, furnish, acquire and install District wide restroom upgrades and replacement of furniture to include but not be limited to enhancing educational environments; Construct, equip and furnish an upgrade to the transportation facility; acquire school maintenance vehicles and acquire band/athletic uniforms; and acquire student transportation 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>
4/1/2025	\$26,250,000	%	%

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 April 26, 2023.

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, furnish, acquire and install District wide restroom upgrades and replacement of furniture to include but not be limited to enhancing educational environments; Construct, equip and furnish an upgrade to the Transportation facility; acquire school maintenance vehicles and acquire band/athletic uniforms	\$ 25,050,000.00
Acquire student transportation equipment	<u>\$ 1,200,000.00</u>
TOTAL:	\$ 26,250,000.00

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 held February 11, 2020. 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 2021, 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 2023-2024, 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, 2022)

The current, abbreviated financial statement of the School District revised from that officially filed with the State of Oklahoma as of June 30, 2022, is shown below:

Estimated Full Market Value:	\$ 11,079,810,658.78
ASSESSED VALUE, Including Homestead Exemptions:	\$ 1,233,532,758.00
ASSESSED VALUE, Excluding Homestead Exemptions:	\$ 1,204,821,897.00
Outstanding General Obligation Bonded Indebtedness (including the Bonds)	\$ 103,550,000.00
<u>Less: Current Sinking Fund Balance</u>	<u>\$ 42,914,167.07</u>
Net General Obligation Bonded Indebtedness:	\$ 60,635,832.93
Ratio of Net General Obligation Bonded Indebtedness to Net Assessed Valuation:	5.03%
Approximate Area of the School District:	47 square miles
Approximate Population of the School District:	96,500 people
Per Capita Net Indebtedness:	\$628.35 per person

PAYMENT RECORD

The School District has no default of record.

AUTHORIZED BUT UNISSUED BONDS

In the same proposition from the February 11, 2020, election which authorized these Bonds, an additional \$48,350,000 in Building Bonds were voted and are remaining to be issued; and an additional \$2,400,000 in Transportation Equipment bond were voted and are remaining to be issued. It is anticipated that the remaining bonds will be issued in series in over the next two (2) years.

SCHEDULE OF OUTSTANDING INDEBTEDNESS
(Including the Bonds)

Date of Issue	Original Principal Amount	Remaining Maturities	Maturity Date	Total Outstanding
4/1/2018	\$32,250,000	\$8,070,000	4/1/2023	\$ 8,070,000
1/1/2019	\$22,750,000	\$5,695,000	1/1/2024	\$ 5,695,000
5/1/2020	\$38,750,000	\$12,915,000 \$12,920,000	5/1/2023 5/1/2024	\$25,835,000
4/1/2021	\$28,500,000	\$9,500,000	4/1/2023-2025	\$28,500,000
4/1/2022	\$ 9,200,000	\$2,300,000	4/1/2024-2027	\$ 9,200,000
4/1/2023	\$26,250,000	\$26,250,000	4/1/2025	\$26,250,000
Total Outstanding Indebtedness				\$ 103,550,000

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
2023	\$ 30,485,000.00	\$ 1,008,800.00	\$ 31,493,800.00
2024	\$ 30,415,000.00	\$ 2,458,550.00	\$ 32,873,550.00
2025	\$ 38,050,000.00	\$ 1,604,275.00	\$ 39,654,275.00
2026	\$ 2,300,000.00	\$ 75,150.00	\$ 2,370,150.00
2027	<u>\$ 2,300,000.00</u>	<u>\$ 35,650.00</u>	<u>\$ 2,335,650.00</u>
Totals	\$ 103,550,000.00	\$ 5,177,425.00	\$ 108,727,425.00

*Assumes 5.00% 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* ^o	Total Levy - All Bonds
2023	\$ 30,790,000.00	\$ 2,080,462.50	\$ 32,870,462.50
2024	\$ 31,777,500.00	\$ 2,434,556.25	\$ 34,212,056.25
2025	\$ 22,090,000.00	\$ 1,220,743.75	\$ 23,310,743.75
2026	\$ 1,840,000.00	\$ 61,525.00	\$ 1,901,525.00
2027	\$ 1,840,000.00	\$ 26,737.50	\$ 1,866,737.50
Total	\$ 88,337,500.00	\$ 5,824,025.00	\$ 94,161,525.00
			<u>\$ 42,914,167.07</u>
			\$ 137,075,692.07

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

^o Assumes 5.00% 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	\$ 60,635,832	100%	\$ 60,635,832	\$ 628.35
Oklahoma County	\$ 7,323,694	13.79%	\$ 1,010,182	\$ 10.47
Francis Tuttle Tech. Ctr.	\$ 0	n/a	\$ 0	\$ 0.00
City of Bethany	\$ 5,690,485	84.41%	\$ 4,803,338	\$ 49.78
City of Warr Acres	\$ 10,187,970	100%	\$ 10,187,970	\$ 105.57
City of Oklahoma City	\$ 905,917,348	16.38%	\$ 148,389,261	\$ 1,537.71
Town of Woodlawn Park	<u>\$ 0</u>	n/a	<u>\$ 0</u>	<u>\$ 0.00</u>
Total	\$ 989,755,329		\$ 225,026,583	\$ 2,331.88

Source: State Budget Reports and District Administration

COMPOSITION AND GROWTH OF THE NET ASSESSED VALUATION

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2022-2023 is as follows:

Property	Oklahoma County	Total	Percentage to Assessed Valuation
Gross Real	\$ 1,058,368,761	\$ 1,058,368,761	
Homestead	<u>\$ 28,710,861</u>	<u>\$ 28,710,861</u>	
Net Real Estate	\$ 1,029,657,900	\$ 1,029,657,900	85.46%
Personal	\$ 146,715,100	\$ 146,715,100	12.18%
Public Service	\$ 28,448,897	\$ 28,448,897	2.36%
Gross Valuation	\$ 1,233,532,758	\$ 1,233,532,758	
Net Valuation	\$ 1,204,821,897	\$ 1,204,821,897	

Source: Oklahoma County Assessor

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

Fiscal Year	Valuation	Fiscal Year	Valuation
2022-2023	\$ 1,204,821,897	2017-2018	\$1,036,475,690
2021-2022	\$ 1,146,845,663	2016-2017	\$ 996,360,920
2020-2021	\$ 1,142,595,397	2015-2016	\$ 961,915,222
2019-2020	\$ 1,094,067,307	2014-2015	\$ 935,423,329
2018-2019	\$ 1,059,644,306	2013-2014	\$ 913,247,788

Source: Oklahoma County Assessor

SINKING FUND TAX COLLECTIONS

Fiscal Year	Net Levy	Gross Levy	Net Collections	Gross Collections
2022-2023	\$ 31,601,071	\$ 33,181,125	in progress	in progress
2021-2022	\$ 29,726,475	\$ 31,212,799	\$ 30,197,679	\$ 30,995,866
2020-2021	\$ 27,977,613	\$ 29,376,494	\$ 29,476,336	\$ 30,269,163
2019-2020	\$ 24,595,078	\$ 25,824,832	\$ 26,410,254	\$ 27,067,603
2018-2019	\$ 23,731,691	\$ 24,918,276	\$ 25,384,742	\$ 26,406,551
2017-2018	\$ 24,040,165	\$ 25,242,173	\$ 25,105,997	\$ 25,890,661
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

Source: State Budget Reports and School Administration

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
2021-2022	101.59%	104.27%
2020-2021	105.36%	108.19%
2019-2020	107.38%	110.05%
2018-2019	106.97%	111.27%
2017-2018	104.43%	107.70%
2016-2017	105.09%	107.94%
2015-2016	104.17%	106.49%
2014-2015	101.92%	104.34%
2013-2014	102.28%	102.55%

Source: State Budget Reports

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
2021-2022	96.75%	99.30%
2020-2021	100.34%	103.04%
2019-2020	102.27%	104.81%
2018-2019	101.87%	105.97%
2017-2018	99.46%	102.57%
2016-2017	100.09%	102.80%
2015-2016	99.21%	101.42%
2014-2015	97.06%	99.37%
2013-2014	97.41%	97.67%

Source: State Budget Reports

TREND OF TAX RATES OF MAJOR TAXING UNITS

Fiscal Year	Okla. County	Putnam City Schools	Vo-Tech	City of Oklahoma City	Total Levy
2021-22	\$ 23.05	\$ 69.21	\$15.69	\$ 15.46	\$ 123.41
2021-22	\$ 22.92	\$ 68.89	\$15.69	\$ 14.73	\$ 122.23
2020-21	\$ 23.38	\$ 67.38	\$15.69	\$ 15.23	\$ 121.68
2019-20	\$ 23.49	\$ 65.27	\$15.69	\$ 15.41	\$ 119.86
2018-19	\$ 23.64	\$ 65.19	\$15.69	\$ 15.51	\$ 120.03
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

*Expressed in dollars per \$1,000 of net assessed valuation
 Source: State Budget Reports

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 1,564 employees and has a current enrollment of 18,905. 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, campus police, transportation, maintenance offices/warehouse, student services center, and alternative learning center buildings are constructed of brick or concrete blocks. The carpenter shop, building/custodial offices/warehouse, and grounds buildings are metal.

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 3.4% compared to a 2.9% in the State of Oklahoma as a whole, and 3.6% for the United States.

STUDENT ENROLLMENT TREND

School Year	Total Enrollment	Percentage Change
2022-23	18,905	3.32%
2021-22	18,298	0.64%
2020-21	18,221	-7.8%
2019-20	19,652	0.70%
2018-19	19,516	0.00%
2017-18	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%

Source: State Budget Reports

ECONOMIC INDICES

Unemployment Rate (Twelve Month Moving Average)

	June 2022	June 2021	June 2020
United States	3.6%	5.8%	11.1%
State of Oklahoma	2.9%	3.7%	7.1%
Oklahoma County	3.4%	4.1%	7.2%

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	\$15,988,560
Warren Power & Machinery Inc.	Heavy Equip Sales	\$11,123,115
Central Liquor Company LP	Distilled Alcohol Bev	\$6,509,753
Isola Bella Phase 2	Apartments	\$6,154,854
Oklahoma Natural Gas	Gas Utility	\$4,893,032
Arches DC Assets	Computer Centers	\$4,059,770
Mathis Brothers Distr. Center	Furniture Distribution	\$3,867,338
International Bank of Commerce	Commercial Bank Property	\$3,787,828
Mathis Brothers OK City	Furniture Store	\$3,619,716
Wal-Mart Stores	Retail Store	\$3,491,072

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

Source: Oklahoma County Assessor

Tax Collections- City of Oklahoma City

<u>Fiscal Year Ending June 30</u>	<u>Total Collections</u>
2022	\$556,571,000
2021	\$486,268,000
2020	\$460,973,000
2019	\$470,803,000
2018	\$443,804,000
2017	\$404,518,000
2016	\$403,082,944
2015	\$412,598,423
2014	\$417,396,171
2013	\$400,322,000

Source: City of Oklahoma City

RECORD DATE

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

RATINGS

The 2023 General Obligation Combined Purpose Bonds have been rated “A+/Stable” by S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC (“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 2023 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.

GLOBAL HEALTH EMERGENCY

The outbreak of COVID-19, a respiratory illness caused by a new strain of coronavirus, has affected global, national, state and local economic activity. In response to the spread of the disease, national, state and local governments, businesses and other institutions, and individuals appear to be altering behaviors in a manner that may negatively impact economies. In addition, there has been significant volatility in the U.S. and global stock and bond markets that has been attributed to concerns about the spread of COVID-19. In light of concerns regarding the spread of COVID-19, on January 31, 2020 the Secretary of Health and Human Services (HHS) declared a public health emergency, under section 319 of the Public Health Service Act (42 U.S.C. 247d). On March 13, 2020 the President of the United States found and proclaimed that, beginning March 1, 2020, the COVID-19 outbreak in the United States constitutes a national emergency.

On March 15, 2020, the Governor of Oklahoma issued Executive Order 2020-7 (the “Order”) declaring that a state of emergency caused by the impending threat of COVID-19 to the people of Oklahoma and the public’s peace, health and safety existed in all 77 of Oklahoma’s counties. Executive order 2020-7 was amended to commit the resources of all State Departments and Agencies in areas such as public health, civil emergency preparedness and actions intended to address the spread of COVID-19. The Oklahoma State Department of Health provides information relating to COVID-19 and related developments in the State of Oklahoma on its website, <http://coronavirus.health.ok.gov>.*

The District is monitoring daily developments and directives of federal, state and local officials to determine what precautions and procedures may need to be implemented by the District in the event of the continued spread of COVID-19. Some procedures and precautions resulting from the spread of COVID-19 with respect to operations, personnel and services may be mandated by federal and/or State entities. The continued spread of COVID-19 in the future and the continued financial impact specifically on the District, as well as the financial markets, generally, may have certain adverse financial impacts, which may include but are not limited to: (i) limit the ability of the District to conduct their operations and to provide services on a timely basis, if at all, (ii) significantly increase the cost of operations of the District, (iii) significantly impact the ability of the District to provide personnel to carry out its respective routine services; (iv) affect financial markets and consequently have a materially adverse effect on the returns and value of the investment portfolios of the District, and (v) affect the secondary market with respect to the Bonds. The extent of the impact to the District and their financial conditions will depend on future developments, which are uncertain and cannot be predicted by the District, including the duration of the outbreak and measures taken to address the outbreak.

On January 5, 2021, the beginning of second semester, the School District returned to in-person learning, following an AB schedule, to ensure the safety and well-being of the students and staff. The School District utilized CDC recommended guidelines for a safe return to school. The District has spent significant general and building fund dollars on personal protection equipment for students and staff and sanitization chemicals and supplies. Overall, the state of Oklahoma saw a dramatic shift in student population decline from traditional K12 schools to the virtual charter schools. As a result, the School District saw a decline in state funding of \$ 9.8 million dollars due to the negative economic impact of COVID-19 on state revenue and the shift of students to virtual charter schools. The School District received \$ 4.5 million dollars of CARES ACT funding and is expecting to receive an additional allocation of \$ 21.4 million dollars from the funding bill that was passed on December 20, 2020. This federal funding will help offset the decline in state funded revenue. All information related to the School District's COVID-19 Plan and current COVID-19 data can be found at <https://www.putnamcityschools.org/departments/health-services/covid-19-awareness-information>.

*References to website addresses presented herein are for informational purposes only. Such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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 2021, 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 (15th) 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/ JUDY MULLEN-HOPPER
President, Board of Education

ATTEST:

/s/ TINA LOSAWYER
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 \$26,250,000 General Obligation Combined Purpose Bonds of 2023 (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated the 8th day of March, 2023. 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.

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
4/1/2018	\$32,250,000	\$8,070,000	4/1/2023	\$ 8,070,000
1/1/2019	\$22,750,000	\$5,695,000	1/1/2024	\$ 5,695,000
5/1/2020	\$38,750,000	\$12,915,000 \$12,920,000	5/1/2023 5/1/2024	\$25,835,000
4/1/2021	\$28,500,000	\$9,500,000	4/1/2023-2025	\$28,500,000
4/1/2022	\$ 9,200,000	\$2,300,000	4/1/2024-2027	\$ 9,200,000
4/1/2023	\$26,250,000	\$26,250,000	4/1/2025	\$26,250,000
Total Outstanding Indebtedness				\$ 103,550,000

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
2023	\$ 30,485,000.00	\$ 1,008,800.00	\$ 31,493,800.00
2024	\$ 30,415,000.00	\$ 2,458,550.00	\$ 32,873,550.00
2025	\$ 38,050,000.00	\$ 1,604,275.00	\$ 39,654,275.00
2026	\$ 2,300,000.00	\$ 75,150.00	\$ 2,370,150.00
2027	<u>\$ 2,300,000.00</u>	<u>\$ 35,650.00</u>	<u>\$ 2,335,650.00</u>
Totals	\$ 103,550,000.00	\$ 5,177,425.00	\$ 108,727,425.00

*Assumes 5.00% 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* ^o	Total Levy - All Bonds
2023	\$ 30,790,000.00	\$ 2,080,462.50	\$ 32,870,462.50
2024	\$ 31,777,500.00	\$ 2,434,556.25	\$ 34,212,056.25
2025	\$ 22,090,000.00	\$ 1,220,743.75	\$ 23,310,743.75
2026	\$ 1,840,000.00	\$ 61,525.00	\$ 1,901,525.00
2027	\$ 1,840,000.00	\$ 26,737.50	\$ 1,866,737.50
Total	\$ 88,337,500.00	\$ 5,824,025.00	\$ 94,161,525.00
			<u>\$ 42,914,167.07</u>
			\$ 137,075,692.07

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

^o Assumes 5.00% 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	\$ 60,635,832	100%	\$ 60,635,832	\$ 628.35
Oklahoma County	\$ 7,323,694	13.79%	\$ 1,010,182	\$ 10.47
Francis Tuttle Tech. Ctr.	\$ 0	n/a	\$ 0	\$ 0.00
City of Bethany	\$ 5,690,485	84.41%	\$ 4,803,338	\$ 49.78
City of Warr Acres	\$ 10,187,970	100%	\$ 10,187,970	\$ 105.57
City of Oklahoma City	\$ 905,917,348	16.38%	\$ 148,389,261	\$ 1,537.71
Town of Woodlawn Park	<u>\$ 0</u>	n/a	<u>\$ 0</u>	<u>\$ 0.00</u>
Total	\$ 989,755,329		\$ 225,026,583	\$ 2,331.88

Source: State Budget Reports and District Administration

COMPOSITION AND GROWTH OF THE NET ASSESSED VALUATION

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2022-2023 is as follows:

Property	Oklahoma County	Total	Percentage to Assessed Valuation
Gross Real	\$ 1,058,368,761	\$ 1,058,368,761	
Homestead	<u>\$ 28,710,861</u>	<u>\$ 28,710,861</u>	
Net Real Estate	\$ 1,029,657,900	\$ 1,029,657,900	85.46%
Personal	\$ 146,715,100	\$ 146,715,100	12.18%
Public Service	\$ 28,448,897	\$ 28,448,897	2.36%
Gross Valuation	\$ 1,233,532,758	\$ 1,233,532,758	
Net Valuation	\$ 1,204,821,897	\$ 1,204,821,897	

Source: Oklahoma County Assessor

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

Fiscal Year	Valuation	Fiscal Year	Valuation
2022-2023	\$ 1,204,821,897	2017-2018	\$1,036,475,690
2021-2022	\$ 1,146,845,663	2016-2017	\$ 996,360,920
2020-2021	\$ 1,142,595,397	2015-2016	\$ 961,915,222
2019-2020	\$ 1,094,067,307	2014-2015	\$ 935,423,329
2018-2019	\$ 1,059,644,306	2013-2014	\$ 913,247,788

Source: Oklahoma County Assessor

SINKING FUND TAX COLLECTIONS

Fiscal Year	Net Levy	Gross Levy	Net Collections	Gross Collections
2022-2023	\$ 31,601,071	\$ 33,181,125	in progress	in progress
2021-2022	\$ 29,726,475	\$ 31,212,799	\$ 30,197,679	\$ 30,995,866
2020-2021	\$ 27,977,613	\$ 29,376,494	\$ 29,476,336	\$ 30,269,163
2019-2020	\$ 24,595,078	\$ 25,824,832	\$ 26,410,254	\$ 27,067,603
2018-2019	\$ 23,731,691	\$ 24,918,276	\$ 25,384,742	\$ 26,406,551
2017-2018	\$ 24,040,165	\$ 25,242,173	\$ 25,105,997	\$ 25,890,661
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

Source: State Budget Reports and School Administration

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
2021-2022	101.59%	104.27%
2020-2021	105.36%	108.19%
2019-2020	107.38%	110.05%
2018-2019	106.97%	111.27%
2017-2018	104.43%	107.70%
2016-2017	105.09%	107.94%
2015-2016	104.17%	106.49%
2014-2015	101.92%	104.34%
2013-2014	102.28%	102.55%

Source: State Budget Reports

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
2021-2022	96.75%	99.30%
2020-2021	100.34%	103.04%
2019-2020	102.27%	104.81%
2018-2019	101.87%	105.97%
2017-2018	99.46%	102.57%
2016-2017	100.09%	102.80%
2015-2016	99.21%	101.42%
2014-2015	97.06%	99.37%
2013-2014	97.41%	97.67%

Source: State Budget Reports

TREND OF TAX RATES OF MAJOR TAXING UNITS

Fiscal Year	Okla. County	Putnam City Schools	Vo-Tech	City of Oklahoma City	Total Levy
2021-22	\$ 23.05	\$ 69.21	\$15.69	\$ 15.46	\$ 123.41
2021-22	\$ 22.92	\$ 68.89	\$15.69	\$ 14.73	\$ 122.23
2020-21	\$ 23.38	\$ 67.38	\$15.69	\$ 15.23	\$ 121.68
2019-20	\$ 23.49	\$ 65.27	\$15.69	\$ 15.41	\$ 119.86
2018-19	\$ 23.64	\$ 65.19	\$15.69	\$ 15.51	\$ 120.03
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

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

Source: State Budget Reports

STUDENT ENROLLMENT TREND

School Year	Total Enrollment	Percentage Change
2022-23	18,905	3.32%
2021-22	18,298	0.64%
2020-21	18,221	-7.8%
2019-20	19,652	0.70%
2018-19	19,516	0.00%
2017-18	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%

Source: State Budget Reports

ECONOMIC INDICES

Unemployment Rate (Twelve Month Moving Average)

	<u>June 2022</u>	<u>June 2021</u>	<u>June 2020</u>
United States	3.6%	5.8%	11.1%
State of Oklahoma	2.9%	3.7%	7.1%
Oklahoma County	3.4%	4.1%	7.2%

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	\$15,988,560
Warren Power & Machinery Inc.	Heavy Equip Sales	\$11,123,115
Central Liquor Company LP	Distilled Alcohol Bev	\$6,509,753
Isola Bella Phase 2	Apartments	\$6,154,854
Oklahoma Natural Gas	Gas Utility	\$4,893,032
Arches DC Assets	Computer Centers	\$4,059,770
Mathis Brothers Distr. Center	Furniture Distribution	\$3,867,338
International Bank of Commerce	Commercial Bank Property	\$3,787,828
Mathis Brothers OK City	Furniture Store	\$3,619,716
Wal-Mart Stores	Retail Store	\$3,491,072

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>
Integrus 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

Source: Oklahoma County Assessor

Tax Collections- City of Oklahoma City

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Total</u> <u>Collections</u>
2022	\$556,571,000
2021	\$486,268,000
2020	\$460,973,000
2019	\$470,803,000
2018	\$443,804,000
2017	\$404,518,000
2016	\$403,082,944
2015	\$412,598,423
2014	\$417,396,171
2013	\$400,322,000

Source: City of Oklahoma City



Financial Statements – Regulatory Basis and
Report Required by *Government Auditing Standards*

June 30, 2021

Putnam City Independent School
District No. 1

Putnam City Independent School District No. 1

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June 30, 2021

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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Putnam City Independent School District No. 1, as of June 30, 2021, 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, 2021, 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.

Correction of Error

As discussed in Note 9 to the financial statements, an error resulting in the overstatement of capital assets as of June 30, 2020, was discovered by management of the District during the current year. Accordingly, adjustments have been made to net position to correct the error. Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Putnam City Independent School District No. 1's financial statements. The management's discussion and analysis; the combining balance sheet and statement of revenues, expenditures and funds balances – other governmental funds, combining balance sheet and statement of revenues, expenditures and funds balances – other capital projects funds; 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 balance sheet and statement of revenues, expenditures and funds balances – other governmental funds, combining balance sheet and statement of revenues, expenditures and funds balances – other capital projects funds, 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, combining balance sheet and statement of revenues, expenditures and funds balances – other governmental funds, combining balance sheet and statement of revenues, expenditures and funds balances – other capital projects funds, 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 May 16, 2022 on our consideration of Putnam City Independent School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Putnam City Independent School District No. 1's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
May 16, 2022

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, 2021. 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 2020 and 2021 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 2021.

Financial Highlights

Fiscal Year 2021 operations generated significant budget activity for the district's primary operating fund, the General Fund. Current information is presented alongside that of Fiscal Year 2020 to illustrate changes in General Fund balance. Both years are presented on the regulatory basis of accounting.

	<u>Beginning</u>	<u>Revenues & Other Financing Sources</u>	<u>Expenditures & Other Financing Uses</u>	<u>Ending Balance</u>
FY 2021	\$ 11,848,276	\$ 162,396,859	\$ 168,110,883	\$ 6,134,252
FY 2020	\$ 15,881,843	\$ 151,811,009	\$ 155,844,576	\$ 11,848,276

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>
2017	\$996,360,920	3.58%
2018	\$1,036,475,690	4.03%
2019	\$1,059,644,306	2.83%
2020	\$1,142,595,397	4.44%
2021	\$1,146,845,663	2.20%

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

Using the Putnam City Schools Audit Report and Financial Statements

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

The Statement of Net Position and Statement of Activities

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

Fund Financial Statements

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

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

General Fund Budgeting Highlights

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

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Management's Discussion & Analysis (unaudited)

June 30, 2021

Analysis of Financial Statements

Table A
Comparative Schedule of Net Position
For Fiscal years 2021 and 2020
(In millions of dollars)

Assets	<u>FY 2021</u>	<u>FY 2020 *</u>	<u>Difference</u>
Current and Other Assets	\$ 129.18	\$ 130.40	\$ (1.22)
Capital Assets	271.66	251.85	19.81
Total Assets	<u>\$ 400.83</u>	<u>\$ 382.25</u>	<u>\$ 18.58</u>
 Liabilities			
Long-Term Debt Outstanding	\$ 111.21	\$ 108.59	\$ 2.62
Other Liabilities	32.59	28.74	3.85
Total Liabilities	<u>\$ 143.81</u>	<u>\$ 137.33</u>	<u>\$ 6.47</u>
 Net Position			
Net Investment in Capital Assets	\$ 217.07	\$ 197.28	\$ 19.79
Restricted	14.88	17.96	(3.08)
Unrestricted	25.08	29.68	(4.60)
Total net position	<u>\$ 257.02</u>	<u>\$ 244.92</u>	<u>\$ 12.11</u>

* See Note 9 to Financial Statements for restatement.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Management's Discussion & Analysis (unaudited)

June 30, 2021

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

Revenues	<u>FY2021</u>	<u>FY2020</u>	<u>Difference</u>
Program Revenues:			
Charges for Services	\$ 4.54	\$ 5.18	\$ (0.64)
Federal and State Grants	38.02	19.38	18.64
General Revenues:			
Property Taxes	76.05	71.01	5.04
Other Taxes	16.38	16.62	(0.24)
State Entitlement	71.45	81.53	(10.08)
Other General Revenues	1.66	2.90	(1.24)
Total Revenues	<u>\$ 208.09</u>	<u>\$ 196.62</u>	<u>\$ 11.47</u>
Expenses			
Program Expenses:			
Instruction	\$ 107.34	\$ 100.94	\$ 6.40
Support Services	62.13	65.11	(2.98)
Non-instruction	9.86	8.87	0.99
Interest on Long-term Debt	3.22	2.97	0.25
Depreciation	13.45	11.71	1.74
Total Expenditures	<u>\$ 196.00</u>	<u>\$ 189.60</u>	<u>\$ 6.40</u>
Increase in net position	<u>\$ 12.09</u>	<u>\$ 7.02</u>	<u>\$ 5.07</u>

Net Position/Fund Balance

Change in net position increased \$5.07 million from Fiscal Year 2020 to 2021. The operating position of the District is expressed in terms of fund balance in the General Fund which decreased \$5.71 million in Fiscal Year 2021.

Revenues

General Fund revenue increased \$10.79 million, (7%), in FY2021 compared to FY2020, while Building Fund revenues increased 35%, or \$2.06 million. Revenues into the Debt Service Fund (also referred to as Sinking Fund) are received pursuant to ad valorem tax levies calculated to meet the fiscal years' principal and interest payments on bonded indebtedness and increased \$4.6 million, or 18%, in FY2021. The 2021 Bond Fund's revenue had \$28.5 million due to the 2021 bond issuance and related interest.

Expenditures

General Fund expenditures increased by \$12.26 million from FY2020 to FY2021 related to staffing and compensation. Building Fund expenditures increased from \$6.0 million in FY2020 to \$12.7 million in FY2021.

Sinking Fund principal retirements increased \$1.18 million in FY2021 due to scheduled debt payments while interest payments increased \$253,400 due to increased debt from FY2020. The 2020 and 2021 Bond Fund expenditures totaled \$4.8 million and \$5.59 million, respectively, due to the capital outlays for the bond issuance that are in process

Fund Balances

The General Fund's fund balance decreased \$5.7 million to \$6,134,252. Building Fund's fund balance realized a decrease of \$4.2 million to \$6,249,772. Sinking Fund's fund balance decreased \$180,973 to \$2,291,550 in FY2021. These changes are discussed above in the revenue and expenditure sections.

Debt

The District issued \$28,500,000 in debt in FY2021 and paid \$25.99 million on principal on debt. See additional discussion over the District's debt at Note 4.

Capital Assets

Other capital assets increased by \$33.4 million due to continued construction of buildings and offset by \$13.5 million in depreciation in FY2021.

See additional discussion over the District's capital assets at Note 3.

Current Issues

For Fiscal Year 2021-2022 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 Oklahoma's economic picture, the impact of COVID19 has made the projection of future available state resources challenging.

Contacting the District's Chief Financial Officer

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

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Statement of Net Position – Regulatory Basis

June 30, 2021

	<u>Governmental Activities</u>
Cash and Cash Investments	\$ 128,943,059
Inventories	235,012
Nondepreciated Capital Assets	102,853,888
Depreciated Capital Assets, Net of Depreciation	<u>168,802,128</u>
Total assets	<u>\$ 400,834,087</u>
 Liabilities	
Accounts Payable	\$ 2,909,644
Salaries and Related Benefits	16,769,354
Warrants Outstanding	8,597,001
Encumbrances Outstanding	4,314,410
Long-Term Obligations	
Due within one year	33,397,300
Due beyond one year	<u>77,825,786</u>
Total liabilities	<u>\$ 143,813,495</u>
 Net Position	
Net Investment in Capital Assets	\$ 217,068,468
Restricted for:	
Debt service	2,291,550
School-based activities	1,975,907
Child nutrition	4,355,313
Buildings	6,249,772
Unrestricted	<u>25,079,582</u>
Total net position	<u><u>\$ 257,020,592</u></u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma
Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 107,338,379	\$ 77,210	\$ 30,335,433	\$ (76,925,736)
Support services	62,134,648	837,016	347,283	(60,950,349)
Non-instruction services	9,856,470	3,628,380	7,339,399	1,111,309
Interest on long-term debt	3,220,625	-	-	(3,220,625)
Depreciation - unallocated	13,453,078	-	-	(13,453,078)
Total school district	<u>\$ 196,003,200</u>	<u>\$ 4,542,606</u>	<u>\$ 38,022,115</u>	<u>(153,438,479)</u>

General Revenues:

Taxes	
Property taxes, levied for general purposes	41,236,827
Property taxes, levied for building purposes	5,837,174
Property taxes, levied for debt service	28,976,551
General taxes	16,378,049
State aid - formula grants	71,445,480
Investment earnings	1,814,009
Other	(158,773)
Total general revenues	<u>165,529,317</u>
Change in net position	12,090,838
Net Position - beginning, as restated (See Note 9)	<u>244,929,754</u>
Net Position - ending	<u>\$ 257,020,592</u>

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, 2021

	General Fund	Debt Service Fund	Building Fund	2021 Bond Fund, Issued 2021	2020 Bond Fund, Issued 2020	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Investments	30,756,952	\$ 26,642,525	\$ 9,697,930	\$ 28,433,796	\$ 11,380,948	\$ 22,486,042	\$ 129,398,193
Total Assets	\$ 30,756,952	\$ 26,642,525	\$ 9,697,930	\$ 28,433,796	\$ 11,380,948	\$ 22,486,042	\$ 129,398,193
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 2,909,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,909,645
Salaries and Related Benefits	17,224,487	-	-	-	-	-	17,224,487
Warrants Outstanding	3,116,602	-	505,714	-	86,480	4,888,205	8,597,001
Encumbrances Outstanding	1,371,966	-	2,942,444	-	-	-	4,314,410
Principal and Interest Accruals	-	24,350,975	-	-	-	-	24,350,975
Total Liabilities	24,622,700	24,350,975	3,448,158	-	86,480	4,888,205	57,396,518
Fund Balances:							
Restricted	-	2,291,550	6,233,788	28,433,796	11,294,468	17,597,837	65,851,439
Assigned	6,134,252	-	15,984	-	-	-	6,150,236
Fund Balances, End of Year	6,134,252	2,291,550	6,249,772	28,433,796	11,294,468	17,597,837	72,001,675
Total Liabilities and Fund Balances	\$ 30,756,952	\$ 26,642,525	\$ 9,697,930	\$ 28,433,796	\$ 11,380,948	\$ 22,486,042	
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 \$416,232,284 and the accumulated depreciation is \$144,576,268							271,656,016
Sinking Fund Principal and Interest Accruals are part of net position at the district-wide level.							24,350,975
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.							235,012
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:							
						\$ 105,695,000	
						5,528,086	(111,223,086)
Total Net Position - Governmental Activities							\$ 257,020,592

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, 2021

	General Fund	Debt Service Fund	Building Fund	2021 Bond Fund, Issued 2021	2020 Bond Fund, Issued 2020	Other Governmental Funds	Totals Governmental Funds
Revenues:							
Property Taxes	\$ 41,248,233	\$ 28,976,593	\$ 5,837,183	\$ -	\$ -	\$ -	\$ 76,062,009
Interest	160,340	-	15,984	43,461	97,007	204,535	521,327
County Revenue	6,225,606	-	-	-	-	-	6,225,606
State Revenue	84,055,334	-	-	-	-	106,391	84,161,725
Federal Revenue	28,054,133	-	-	-	-	6,267,515	34,321,648
Other	1,819,106	-	2,018,888	-	5,391	1,102,286	4,945,671
Total Revenues	161,562,752	28,976,593	7,872,055	43,461	102,398	7,680,727	206,237,986
Expenditures							
Current							
Instruction	106,820,869	-	20,849	1,299	359,352	805,455	108,007,824
Support Services	58,097,847	-	3,552,201	83,449	3,418,553	1,965,764	67,117,814
Non-Instruction Services	948,808	-	-	-	-	3,950,030	4,898,838
Capital Outlay	2,109,707	-	9,131,156	24,917	1,809,628	20,032,730	33,108,138
Other Outlays	129,852	-	1,607	-	-	187	131,646
Debt Service							
Interest Paid	-	3,220,625	-	-	-	-	3,220,625
Principal Retirement	-	25,995,000	-	-	-	-	25,995,000
Total Expenditures	168,107,083	29,215,625	12,705,813	109,665	5,587,533	26,754,166	242,479,885
Excess (Deficiency) of Revenues over (under) Expenditures	(6,544,331)	(239,032)	(4,833,758)	(66,204)	(5,485,135)	(19,073,439)	(36,241,899)
Adjustments to Prior year Encumbrances	631,690	-	655,626	-	-	-	1,287,316
Other Financing Sources (Uses)							
Transfers In	202,417	-	-	-	-	110,840	313,257
Transfers Out	(3,800)	-	-	-	-	(309,457)	(313,257)
Bond Proceeds	-	-	-	28,500,000	-	-	28,500,000
Accrued Principal and Interest	-	(1,234,511)	-	-	-	-	(1,234,511)
Premium on Bonds	-	1,292,570	-	-	-	-	1,292,570
Total Other Financing Sources, net	198,617	58,059	-	28,500,000	-	(198,617)	28,558,059
Net Change in Fund Balance	(5,714,024)	(180,973)	(4,178,132)	28,433,796	(5,485,135)	(19,272,056)	(6,396,524)
Beginning Fund Balance	11,848,276	2,472,523	10,427,904	-	16,779,603	36,869,893	78,398,199
Ending Fund Balances	\$ 6,134,252	\$ 2,291,550	\$ 6,249,772	\$ 28,433,796	\$ 11,294,468	\$ 17,597,837	\$ 72,001,675

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, 2021

Total net changes in fund balances - governmental funds \$ (6,396,524)

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	\$	(13,453,078)	
Loss on disposals		(167,394)	
Capital Outlays		33,416,153	19,795,681

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. (120,835)

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	\$	(28,500,000)	
Debt Repayments		25,995,000	(2,505,000)

The usage of USDA commodities are not reported as expenditures in the governmental funds but are reflected in the accrual-based government-wide financial statements. 83,005

Resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are not a liability at the district-wide level but are considered a component of restricted net position. 1,234,511

Change in net position of governmental activities \$ 12,090,838

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

Basic Financial Statements – Government-Wide Statements

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

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

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

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

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

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

Basic Financial Statements – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

2021 Bond Fund, Issued 2021 is used to account for financial resources to be used for the acquisition or construction of major capital facilities related to the 2021 bond issue.

2020 Bond Fund, Issued 2020 is used to account for financial resources to be used for the acquisition or construction of major capital facilities related to the 2020 bond issue.

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

Governmental Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District had no nonspendable amounts at June 30, 2021.

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2021

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

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. There were no committed funds as of June 30, 2021.

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, 2021, fund balances are comprised of the following:

	General Fund	Debt Service Fund	Building	2021 Bond Fund, Issued 2021	2020 Bond Fund, Issued 2020	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Restricted for:							
School construction	\$ -	\$ -	\$ 6,233,788	\$ 28,433,796	\$ 11,294,468	\$ 15,621,930	\$ 61,583,982
Debt service	-	2,291,550	-	-	-	-	2,291,550
School program activities	-	-	-	-	-	1,975,907	1,975,907
Total Restricted	-	2,291,550	6,233,788	28,433,796	11,294,468	17,597,837	65,851,439
Assigned to:							
School instruction	\$ -	\$ -	\$ 15,984	\$ -	\$ -	\$ -	\$ 15,984
General operations	6,134,252	-	-	-	-	-	6,134,252
Total Assigned	6,134,252	-	15,984	-	-	-	6,150,236
Total fund balances	\$ 6,134,252	\$ 2,291,550	\$ 6,249,772	\$ 28,433,796	\$ 11,294,468	\$ 17,597,837	\$ 72,001,675

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2021

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, 2021 the cash balance includes cash pool amounts and certificates of deposits. The bank balance of deposits at June 30, 2021 was \$131,214,839. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial risk requires compliance with the provisions of state law. The bank balances were completely covered by federal depository insurance and by collateral held by the District's third-party agent in the District's name.

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances (As Restated)	Increases	Transfers	Decreases	Ending Balances
Capital Assets not being depreciated:					
Land	\$ 4,909,457	\$ -	\$ -	\$ -	\$ 4,909,457
Construction in progress	75,802,757	30,061,891	(7,920,217)	-	97,944,431
Total capital assets not being depreciated	<u>80,712,214</u>	<u>30,061,891</u>	<u>(7,920,217)</u>	<u>-</u>	<u>102,853,888</u>
Capital Assets being depreciated:					
Buildings	279,946,599	27,696	7,920,217	-	287,894,512
Equipment and Vehicles	23,505,420	3,326,566	-	(1,348,102)	25,483,884
Total capital assets being depreciated	<u>303,452,019</u>	<u>3,354,262</u>	<u>7,920,217</u>	<u>(1,348,102)</u>	<u>313,378,396</u>
Less accumulated depreciation for:					
Buildings	(115,937,691)	(11,865,107)	-	-	(127,802,798)
Equipment and Vehicles	(16,366,207)	(1,587,971)	-	1,180,708	(16,773,470)
Total accumulated depreciation	<u>(132,303,898)</u>	<u>(13,453,078)</u>	<u>-</u>	<u>1,180,708</u>	<u>(144,576,268)</u>
Total capital assets being depreciated, net	<u>171,148,121</u>	<u>(10,098,816)</u>	<u>7,920,217</u>	<u>(167,394)</u>	<u>168,802,128</u>
Capital assets, net	<u>\$ 251,860,335</u>	<u>\$ 19,963,075</u>	<u>\$ -</u>	<u>\$ (167,394)</u>	<u>\$ 271,656,016</u>

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

Note 4 - Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 103,190,000	\$ 28,500,000	\$ (25,995,000)	\$ 105,695,000	\$ 31,910,000
Compensated Absences	5,407,251	1,517,299	(1,396,464)	5,528,086	1,487,300
Total governmental activity long-term liabilities	<u>\$ 108,597,251</u>	<u>\$ 30,017,299</u>	<u>\$ (27,391,464)</u>	<u>\$ 111,223,086</u>	<u>\$ 33,397,300</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, 2021 are comprised of the following individual general obligation bond issues issued for the purpose of buildings:

Issue Amount	Issue Date	Annual Payment	Final Payment	Maturity Date	Interest Rates (%)	Total Outstanding
\$ 21,000,000	1/1/2017	\$ 5,250,000	\$ 5,250,000	1/1/2022	3-4%	\$ 5,250,000
32,250,000	4/1/2018	8,060,000	8,070,000	4/1/2023	3%	16,130,000
22,750,000	1/1/2019	8,060,000	8,070,000	1/1/2024	3%	17,065,000
38,750,000	5/1/2020	1,292,000	12,915,000	5/1/2024	3-4%	38,750,000
28,500,000	4/1/2020	9,500,000	9,500,000	4/1/2025	2%	28,500,000
						<u>\$ 105,695,000</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, 2021 is approximately \$114.3 million.

The annual requirements to amortize all bond debt outstanding as of June 30, 2021 including principal and interest payments are as follows:

Period Ending June 30,	Principal	Interest	Total Debt
2022	\$ 31,910,000	\$ 3,274,800	\$ 35,184,800
2023	36,170,000	2,131,500	38,301,500
2024	28,115,000	4,415,400	32,530,400
2025	9,500,000	190,000	9,690,000
	<u>\$ 105,695,000</u>	<u>\$ 10,011,700</u>	<u>\$ 115,706,700</u>

Proceeds of general obligation bond issues are recorded in the respective Capital Projects Fund and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections.

Note 5 - Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$ 73,968	Operating Transfer
General Fund	Child Nutrition Fund	3,800	Intrafund Transfer
Student Activity Fund	Student Activity Fund	107,039	Intrafund Transfer
Student Activity Fund	General Fund	132,250	Operating Transfer
Total Transfers between Funds		<u>\$ 317,057</u>	

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

Note 6 - Employee Retirement System

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

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

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% from July 01, 2020 through June 30, 2021 of applicable compensation for the year ended June 30, 2021. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. The District's contributions to TRS were \$8.86 million in June 30, 2021, equal to the required contributions for each year.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare financial statements under Generally Accepted Accounting Principles. Since the District prepares its financial statements under a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education, the net pension liability amount is not required to be presented in these financial statements and the notes to the financial statements. The amount of the net pension liability for the District at June 30, 2020 (the latest information available) was \$188.6 million.

GASB Statement 75 became effective for fiscal years beginning after June 15, 2017, and significantly changes other postemployment benefit (OPEB) accounting and financial reporting for governmental employers who participate in an OPEB plan, such as the System, and who prepare financial statements under Generally Accepted Accounting Principles. Since the District prepares its financial statements under a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education, the net OPEB liability amount is not required to be presented in these financial statements and the notes to the financial statements. The amount of the net OPEB asset for the District at June 30, 2020 (the latest information available) was \$0.2 million.

Note 7 - Contingencies and Commitments

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

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

The District has designated approximately \$48.6 million dollars as of June 30, 2021 for outstanding construction projects.

During the year ended June 30, 2021, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2020. No settlements have exceeded coverage levels in place during 2021.

While the full impact of the COVID-19 pandemic is unknown, budgets for FY2022 are being monitored closely to ensure that if revenues decrease more than expected due to the pandemic, spending will be adjusted as well.

Note 8 - Risk Management

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

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Financial Statements

June 30, 2021

Note 9 - Correction of Error

During the current year, management determined that capital assets of June 30, 2020 was overstated in the governmental activities.

The beginning net position of the government-wide statement of activities -regulatory basis was restated at July 1, 2020 as follows:

	<u>Governmental Activities</u>
Beginning net position, as previously reported	\$ 247,818,928
Correction of overstated capital assets	<u>(2,889,174)</u>
Beginning net position, as restated	<u><u>\$ 244,929,754</u></u>



Other Supplementary Information
June 30, 2021

**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, 2021

	Budgeted Amounts Original/Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 11,848,276	\$ 11,848,276	\$ -
Resources (inflows)			
Property Taxes	40,876,000	41,248,233	372,233
Interest	120,000	160,340	40,340
County Revenue	5,922,000	6,225,606	303,606
State Revenue	88,124,691	84,055,334	(4,069,357)
Federal Revenue	41,852,837	28,054,133	(13,798,704)
Other	1,054,300	2,450,796	1,396,496
Transfers from Other Funds	411,331	202,417	(208,914)
	<u>178,361,159</u>	<u>162,396,859</u>	<u>(15,964,300)</u>
Amounts Available for Appropriation	<u>190,209,435</u>	<u>174,245,135</u>	<u>(15,964,300)</u>
Charges to Appropriations (outflows)			
Instruction	128,923,222	106,820,869	22,102,353
Support Services	58,097,847	58,097,847	-
Non-Instruction Services	948,807	948,808	(1)
Other Outlays	2,239,559	2,243,359	(3,800)
Total Charges to Appropriations	<u>190,209,435</u>	<u>168,110,883</u>	<u>22,098,552</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ 6,134,252</u>	<u>\$ 6,134,252</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – Building Fund (unaudited)
For the Year Ended June 30, 2021

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Local Revenue	\$ 5,892,570	\$ 7,872,055	\$ 1,979,485
State Revenue	91,826	-	(91,826)
Total Revenues	<u>5,984,396</u>	<u>7,872,055</u>	<u>1,887,659</u>
Expenditures			
1000 Instruction	20,849	20,849	-
2000 Support Services	7,258,689	3,552,201	3,706,488
4000 Capital Outlays	9,132,762	9,131,156	1,606
Total Expenditures	<u>16,412,300</u>	<u>12,705,813</u>	<u>3,706,487</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(10,427,904)</u>	<u>(4,833,758)</u>	<u>5,594,146</u>
Adjustments to Prior year Encumbrances	-	655,626	655,626
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(10,427,904)	(4,178,132)	6,249,772
Beginning Fund Balances	<u>10,427,904</u>	<u>10,427,904</u>	<u>-</u>
Ending Fund Balances	<u>\$ -</u>	<u>\$ 6,249,772</u>	<u>\$ 6,249,772</u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – Child Nutrition Fund (unaudited)
For the Year Ended June 30, 2021

	Original/Final Budget	Actual	Final Budget Positive (Negative)
Revenues			
Local Revenue	\$ 736,695	\$ 69,908	\$ (666,787)
State Revenue	103,000	106,391	3,391
Federal Revenue	7,177,355	6,267,515	(909,840)
Total Revenues	<u>8,017,050</u>	<u>6,443,814</u>	<u>(1,573,236)</u>
Expenditures			
3000 Non-Instruction Services	9,378,615	3,688,878	5,689,737
4000 Capital Outlays	1,114,301	1,114,300	1
5000 Other Outlays	73,967	-	73,967
Total Expenditures	<u>10,566,883</u>	<u>4,803,178</u>	<u>5,763,705</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,549,833)</u>	<u>1,640,636</u>	<u>4,190,469</u>
Adjustments to Prior year Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	-	3,800	3,800
Transfers Out	-	(73,968)	(73,968)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(70,168)</u>	<u>(70,168)</u>
Net Change in Fund Balances	(2,549,833)	1,570,468	4,120,301
Beginning Fund Balances	<u>2,549,833</u>	<u>2,549,833</u>	<u>-</u>
Ending Fund Balances	<u>\$ -</u>	<u>\$ 4,120,301</u>	<u>\$ 4,120,301</u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Notes to Other Supplementary Information

June 30, 2021

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, 2021

	<u>Child Nutrition</u>	<u>Gifts and Endowments</u>	<u>Student Activity</u>	<u>Other Capital Project Funds</u>	<u>Total Other Governmental Funds</u>
Assets					
Cash and Cash Investments	<u>\$ 9,008,161</u>	<u>\$ 122,686</u>	<u>\$ 1,975,907</u>	<u>\$ 11,379,288</u>	<u>\$ 22,486,042</u>
Total Assets	<u><u>\$ 9,008,161</u></u>	<u><u>\$ 122,686</u></u>	<u><u>\$ 1,975,907</u></u>	<u><u>\$ 11,379,288</u></u>	<u><u>\$ 22,486,042</u></u>
Liabilities and Fund Balances					
Liabilities					
Warrants Outstanding	<u>\$ 4,887,860</u>	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 4,888,205</u>
Total Liabilities	<u>4,887,860</u>	<u>245</u>	<u>-</u>	<u>100</u>	<u>4,888,205</u>
Fund Balances:					
Restricted	<u>4,120,301</u>	<u>122,441</u>	<u>1,975,907</u>	<u>11,379,188</u>	<u>17,597,837</u>
Fund Balances, End of Year	<u>4,120,301</u>	<u>122,441</u>	<u>1,975,907</u>	<u>11,379,188</u>	<u>17,597,837</u>
Total Liabilities and Fund Balances	<u><u>\$ 9,008,161</u></u>	<u><u>\$ 122,686</u></u>	<u><u>\$ 1,975,907</u></u>	<u><u>\$ 11,379,288</u></u>	<u><u>\$ 22,486,042</u></u>

Putnam City Independent School District No. 1

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Fund Balance – Other Governmental Funds – Regulatory Basis

For the Year Ended June 30, 2021

	Child Nutrition	Gifts and Endowments	Student Activity	Other Capital Project Funds	Other Governmental Funds
Revenues					
Interest	\$ 2,188	\$ 59	\$ 5,964	\$ 196,324	\$ 204,535
State Revenue	106,391	-	-	-	106,391
Federal Revenue	6,267,515	-	-	-	6,267,515
Other	67,720	17,483	1,017,083	-	1,102,286
Total Revenues	6,443,814	17,542	1,023,047	196,324	7,680,727
Expenditures					
Current					
Instruction	-	8,452	351,541	445,462	805,455
Support Services	-	11,766	658,745	1,295,253	1,965,764
Non-Instruction Services	3,688,878	848	260,304	-	3,950,030
Capital Outlays	1,114,300	-	-	18,918,430	20,032,730
Other Outlays	-	-	187	-	187
Total Expenditures	4,803,178	21,066	1,270,777	20,659,145	26,754,166
Excess (Deficiency) of Revenues over (under) Expenditures	1,640,636	(3,524)	(247,730)	(20,462,821)	(19,073,439)
Adjustments to Prior year Encumbrances	-	-	-	-	-
Other Financing Sources (Uses)					
Transfers In	3,800	-	107,040	-	110,840
Transfers Out	(73,968)	-	(235,489)	-	(309,457)
Total Other Financing Sources (Uses)	(70,168)	-	(128,449)	-	(198,617)
Net Change in Fund Balances	1,570,468	(3,524)	(376,179)	(20,462,821)	(19,272,056)
Beginning Fund Balances	2,549,833	125,965	2,352,086	31,842,009	36,869,893
Ending Fund Balances	\$ 4,120,301	\$ 122,441	\$ 1,975,907	\$ 11,379,188	\$ 17,597,837

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2021

	<u>2009 Bond, Issued FY13</u>	<u>2013 Bond, Issued FY13</u>	<u>2009 Bond, Issued FY14</u>	<u>2005 Bond, Issued FY08</u>	<u>2009 Bond, Issued FY12</u>	<u>2007 Bond, Issued FY10</u>	<u>2009 Bond, Issued FY10</u>	<u>2014 Bond, Issued FY16</u>
Assets								
Cash and Cash Investments	<u>\$ 19,252</u>	<u>\$ 174,715</u>	<u>\$ 60,214</u>	<u>\$ 1,675</u>	<u>\$ 1,105</u>	<u>\$ 4</u>	<u>\$ 9,073</u>	<u>558,082</u>
Total Assets	<u><u>\$ 19,252</u></u>	<u><u>\$ 174,715</u></u>	<u><u>\$ 60,214</u></u>	<u><u>\$ 1,675</u></u>	<u><u>\$ 1,105</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 9,073</u></u>	<u><u>\$ 558,082</u></u>
Liabilities and Fund Balances								
Liabilities								
Warrants Outstanding	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Restricted	<u>19,252</u>	<u>174,615</u>	<u>60,214</u>	<u>1,675</u>	<u>1,105</u>	<u>4</u>	<u>9,073</u>	<u>558,082</u>
Fund Balances, End of Year	<u>19,252</u>	<u>174,615</u>	<u>60,214</u>	<u>1,675</u>	<u>1,105</u>	<u>4</u>	<u>9,073</u>	<u>558,082</u>
Total Liabilities and Fund Balances	<u><u>\$ 19,252</u></u>	<u><u>\$ 174,715</u></u>	<u><u>\$ 60,214</u></u>	<u><u>\$ 1,675</u></u>	<u><u>\$ 1,105</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 9,073</u></u>	<u><u>\$ 558,082</u></u>

Putnam City Independent School District No. 1
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2021

	<u>2009 Bond, Issued FY11</u>	<u>2014 Bond, Issued FY18</u>	<u>2014 Bond, Issued FY18</u>	<u>2014 Bond Fund, Issued 2020</u>	<u>2009 Bond, Issued FY15</u>	<u>2014 Bond, Issued FY15</u>	<u>2014 Bond, Issued FY16</u>	<u>2014 Bond, Issued FY19</u>	<u>Total Other Capital Project Funds</u>
Assets									
Cash and Cash Investments	<u>\$ 139,829</u>	<u>\$ 712,952</u>	<u>\$ 769,204</u>	<u>\$ 7,116,269</u>	<u>\$ 24,001</u>	<u>151,312</u>	<u>627,606</u>	<u>1,013,995</u>	<u>\$ 11,379,288</u>
Total Assets	<u>\$ 139,829</u>	<u>\$ 712,952</u>	<u>\$ 769,204</u>	<u>\$ 7,116,269</u>	<u>\$ 24,001</u>	<u>\$ 151,312</u>	<u>\$ 627,606</u>	<u>\$ 1,013,995</u>	<u>\$ 11,379,288</u>
Liabilities and Fund Balances									
Liabilities									
Warrants Outstanding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Fund Balances:									
Restricted	<u>139,829</u>	<u>712,952</u>	<u>769,204</u>	<u>7,116,269</u>	<u>24,001</u>	<u>151,312</u>	<u>627,606</u>	<u>1,013,995</u>	<u>\$ 11,379,188</u>
Fund Balances, End of Year	<u>139,829</u>	<u>712,952</u>	<u>769,204</u>	<u>7,116,269</u>	<u>24,001</u>	<u>151,312</u>	<u>627,606</u>	<u>1,013,995</u>	<u>11,379,188</u>
Total Liabilities and Fund Balances	<u>\$ 139,829</u>	<u>\$ 712,952</u>	<u>\$ 769,204</u>	<u>\$ 7,116,269</u>	<u>\$ 24,001</u>	<u>\$ 151,312</u>	<u>\$ 627,606</u>	<u>\$ 1,013,995</u>	<u>\$ 11,379,288</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, 2021

	2009 Bond, Issued FY 13	2013 Bond, Issued FY13	2009 Bond, Issued FY14	2005 Bond, Issued FY08	2009C Bond Issued FY12	2007 Bond, Issued FY10	2009 Bond, Issued FY10	2009 Bond, Issued FY11
Revenues								
Interest	\$ 9	\$ 133	\$ 35	\$ -	\$ 7	\$ 4	\$ 6	\$ 73
Other	-	-	-	-	-	-	-	-
Total Revenues	<u>9</u>	<u>133</u>	<u>35</u>	<u>-</u>	<u>7</u>	<u>4</u>	<u>6</u>	<u>73</u>
Expenditures								
Current								
Instruction	2,533	-	-	-	-	-	-	-
Support Services	5,585	17,118	-	-	-	-	-	-
Capital Outlays	<u>28,715</u>	<u>-</u>	<u>2,117</u>	<u>3,699</u>	<u>18,716</u>	<u>43,461</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>36,833</u>	<u>17,118</u>	<u>2,117</u>	<u>3,699</u>	<u>18,716</u>	<u>43,461</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(36,824)</u>	<u>(16,985)</u>	<u>(2,082)</u>	<u>(3,699)</u>	<u>(18,709)</u>	<u>(43,457)</u>	<u>6</u>	<u>73</u>
Net Change in Fund Balances	(36,824)	(16,985)	(2,082)	(3,699)	(18,709)	(43,457)	6	73
Beginning Fund Balances	<u>56,076</u>	<u>191,600</u>	<u>62,296</u>	<u>5,374</u>	<u>19,814</u>	<u>43,461</u>	<u>9,067</u>	<u>139,756</u>
Ending Fund Balances	<u>\$ 19,252</u>	<u>\$ 174,615</u>	<u>\$ 60,214</u>	<u>\$ 1,675</u>	<u>\$ 1,105</u>	<u>\$ 4</u>	<u>\$ 9,073</u>	<u>\$ 139,829</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, 2021

	2014 Bond, Issued FY18	2009 Bond, Issued FY15	2014 Bond, Issued FY15	2014 Bond, Issued FY16	2014 Bond, Issued FY08	2014 Bond, Issued FY18	2014 Bond Fund, Issued 2020	2014 Bond, Issued FY19	Total Other Capital Project Funds
Revenues									
Interest	\$ 6,605	\$ 2	\$ 1,267	\$ 159	\$ 23,001	\$ 11,444	\$ 99,804	\$ 53,775	\$ 196,324
Other	-	-	-	-	-	-	-	-	-
Total Revenues	<u>6,605</u>	<u>2</u>	<u>1,267</u>	<u>159</u>	<u>23,001</u>	<u>11,444</u>	<u>99,804</u>	<u>53,775</u>	<u>196,324</u>
Expenditures									
Current									
Instruction	-	-	-	3,721	19,465	63,647	150,377	205,719	445,462
Support Services	1,825	-	-	2,309	-	473,724	234,428	560,264	1,295,253
Capital Outlays	30,229	-	49,928	677,113	117,788	636	11,639,971	6,306,057	18,918,430
Total Expenditures	<u>32,054</u>	<u>-</u>	<u>49,928</u>	<u>683,143</u>	<u>137,253</u>	<u>538,007</u>	<u>12,024,776</u>	<u>7,072,040</u>	<u>20,659,145</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(25,449)</u>	<u>2</u>	<u>(48,661)</u>	<u>(682,984)</u>	<u>(114,252)</u>	<u>(526,563)</u>	<u>(11,924,972)</u>	<u>(7,018,265)</u>	<u>(20,462,821)</u>
Net Change in Fund Balances	<u>(25,449)</u>	<u>2</u>	<u>(48,661)</u>	<u>(682,984)</u>	<u>(114,252)</u>	<u>(526,563)</u>	<u>(11,924,972)</u>	<u>(7,018,265)</u>	<u>(20,462,821)</u>
Beginning Fund Balances	<u>738,401</u>	<u>23,999</u>	<u>199,973</u>	<u>1,241,066</u>	<u>741,858</u>	<u>1,295,767</u>	<u>19,041,241</u>	<u>8,032,260</u>	<u>31,842,009</u>
Ending Fund Balances	<u>\$ 712,952</u>	<u>\$ 24,001</u>	<u>\$ 151,312</u>	<u>\$ 558,082</u>	<u>\$ 627,606</u>	<u>\$ 769,204</u>	<u>\$ 7,116,269</u>	<u>\$ 1,013,995</u>	<u>\$ 11,379,188</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, 2021

Site	Balance 6/30/20	Receipts	Adjusting Entries	Disbursements	Balance 6/30/21
Administration	\$ 206,347	\$ 100,838	\$ (165)	\$ (174,301)	\$ 132,719
Apollo Elementary	20,673	9,121	10	(10,256)	19,548
Central Elementary	37,311	23,961	20	(22,405)	38,887
Arbor Grove Elementary	34,705	15,411	(40)	(26,343)	23,733
Coronado Elementary	70,913	1,609	(24)	(30,394)	42,103
Dennis Elementary	97,355	9,756	26	(28,050)	79,087
Downs Elementary	79,987	20,236	1,562	(40,537)	61,248
Harvest Hills Elementary	46,912	8,087	982	(27,827)	28,155
Hildale Elementary	56,256	30,169	1,435	(22,039)	65,821
Kirkland Elementary	47,205	11,557	9,537	(35,336)	32,962
Lakepark Elementary	52,554	2,796	24	(13,084)	42,289
Northridge Elementary	161,715	6,174	80	(17,203)	150,765
Overholser Elementary	31,323	12,568	55	(15,063)	28,883
Rollingwood Elementary	68,342	11,084	213	(28,244)	51,395
Tulakes Elementary	32,822	19,297	16	(24,555)	27,580
Western Oaks Elementary	58,085	12,127	160	(25,438)	44,934
Wiley Post Elementary	42,649	11,892	16	(29,403)	25,155
Will Rogers Elementary	34,364	8,096	16	(10,096)	32,380
Windsor Hills Elementary	15,997	3,639	8	(6,046)	13,599
Smart Start Childcare Center	17,327	600	19,951	(21,594)	16,285
James Capps Middle School	37,605	13,727	1	(23,099)	28,234
K. Cooper Middle School	32,195	55,555	211	(54,110)	33,851
Hefner Middle School	76,328	34,004	683	(40,170)	70,844
Mayfield Middle School	50,848	23,430	360	(25,976)	48,662
Western Oaks Middle School	45,426	47,177	881	(36,790)	56,694
Putnam City HS	294,718	232,363	6,374	(270,950)	262,504
Putnam City North HS	334,230	207,430	4,521	(229,146)	317,036
Putnam City West HS	211,522	125,930	3,387	(153,839)	187,000
Putnam City Academy	1,539	462	51	(879)	1,172
Extended Care Program	54,833	18,308	137	(61,034)	12,245
Online Payments	-	22,399	11	(22,274)	136
Total Assets	\$ 2,352,086	\$ 1,099,803	\$ 50,499	\$ (1,526,481)	\$ 1,975,906
Liabilities					
Due to Student Groups	\$ 2,352,086	\$ 1,099,803	\$ 50,499	\$ (1,526,481)	\$ 1,975,906
Total Liabilities	\$ 2,352,086	\$ 1,099,803	\$ 50,499	\$ (1,526,481)	\$ 1,975,906

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, 2021

The District has a Public School District Blanket Fidelity Bond with Liberty Mutual Insurance Company. The bond number is 343466. It covers all employees for the penal sum of \$100,000 and is for the term of July 1, 2020, to June 30, 2021.

The treasurer is bonded by Ohio Casualty Insurance Company, bond number 999099878, for the penal sum of \$350,000 for the term of April 1, 2021 to April 1, 2022.

The former treasurer was bonded by Ohio Casualty Insurance Company, bond number LSF042007, for the penal sum of \$350,000 for the term of April 1, 2020 to April 1, 2021.

The assistant treasurer is bonded by Ohio Casualty Insurance Company, bond number 601139833, for the penal sum of \$180,000 for the term of July 1, 2020 to July 1, 2021.

The superintendent is bonded by Ohio Insurance Casualty Company, bond number 601072182, for the penal sum of \$100,000 for the term of July 01, 2020, to June 30, 2021.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Putnam City Independent School District No. 1 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Putnam City Independent School District No. 1’s basic financial statements, and have issued our report thereon dated . Our opinions were modified because the District prepares its financial statements on a prescribed regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2021-001 that we consider to be a material weakness.

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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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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

Putnam City Independent School District No. 1's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Putnam City Independent School District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 cursive script that reads "Eide Bailly LLP".

Oklahoma City, Oklahoma
May 16, 2022

2021-001

Material Adjustments

Material Weakness in Internal Controls over Financial Reporting

- Criteria:** Controls over complete year-end financial reporting process should be in place, including all adjustments necessary to be presented in accordance with 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 (regulatory basis).
- Condition:** The School District's internal control system did not identify amounts to be properly recorded including adjustments to warrants payable, cash, and a prior period restatement to capital assets.
- Cause:** Controls to ensure all required accruals and required adjustments to be in compliance with the regulatory basis of accounting were not in place.
- With respect to the capital asset adjustment, it was noted that there was a formula error in the spreadsheet used for audit purposes in the prior year.
- It should be noted that there was significant turnover over the past year at the School District.
- Effect:** The School District is at risk for material misstatements. As a result of the audit procedures, several material adjustments were made in order to present the financial statements in accordance with the regulatory basis of accounting.
- Context:** The School District's financial statements did not include all required adjustments required to be in accordance with the regulatory basis of accounting.
- Recommendation:** We recommend a control process be put in place to properly record the related all required adjustments in order to be presented in accordance with the regulatory basis of accounting or continue to accept the related finding.
- Views of Responsible Officials:**
- Due to the turnover noted at the School District since the previous audit, not all processes were fully documented to ensure proper closing procedures in order to be in accordance with the regulatory basis of accounting for subsequent staff members to follow. We have already started corrective actions to address the matter going forward.

