

**AUDITED FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

**MIDWEST CITY-DEL CITY SCHOOL DISTRICT NO. I-52,
OKLAHOMA COUNTY, OKLAHOMA**

JUNE 30, 2018



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

TABLE OF CONTENTS

	<u>Page No.</u>
Table of Contents	1-2
School District Officials	3
Independent Auditor's Report	4-5
Management's Discussion and Analysis	6-10
 <u>BASIC FINANCIAL STATEMENTS:</u>	
Government-wide financial statements:	
Statement of net position	11
Statement of activities	12
 <u>GOVERNMENTAL FUND FINANCIAL STATEMENTS:</u>	
Balance sheet	13-14
Reconciliation of the governmental funds balance sheet to the statement of net position	15
Statement of revenues, expenditures, and changes in fund balances	16-17
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	18
Statement of net position – proprietary fund	19
Statement of revenues, expenditures and changes in net position – proprietary fund	20
Statement of cash flows – proprietary fund	21
Statement of net position – fiduciary funds	22
Notes to basic financial statements	23-56

TABLE OF CONTENTS – contd.

REQUIRED SUPPLEMENTARY INFORMATION:

Oklahoma Teachers' Requirement System:	
Schedule of the District's proportionate share of the net pension liability	57
Schedule of District Contributions	58
Budgetary comparison schedule – general fund	59
Budgetary comparison schedule – building fund	60

OTHER SUPPLEMENTARY INFORMATION:

Combining balance sheet – other governmental funds	61-62
Combining statement of revenues, expenditures and changes in fund balances – other governmental funds	63-64
Statement of changes in assets and liabilities – agency fund	65
Budgetary comparison schedule – debt service fund	66
Budgetary comparison schedule – child nutrition fund	67
Budgetary comparison schedule – tech center	68
Budgetary comparison schedule – tech center building fund	69

COMPLIANCE SECTION:

Schedule of expenditures of federal awards	70-72
Notes to schedule of expenditures of federal awards	73
Report on internal control over financial reporting and on compliance and accordance with <i>government auditing standards</i>	74-75
Report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by OMB Uniform Guidance	76-77
Schedule of findings and questioned costs	78
Summary schedule of prior audit findings	79
Schedule of Accountant's Professional Liability Insurance Affidavit	80

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHOOL DISTRICT OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2018**

BOARD OF EDUCATION

President	Mr. LeRoy Porter
Vice-President	Mr. Tim Blanton
Clerk	Mr. David Bibens
Deputy Clerk	Senator Jim Howell
Member	Mrs. Jimmie Nolen

SUPERINTENDENT OF SCHOOLS

Dr. Rick Cobb

**SCHOOL DISTRICT TREASURER
and CHIEF FINANCIAL OFFICER**

Ms. Kay Medcalf



INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Midwest City-Del City School District No. I-52
Midwest City, Oklahoma 73110

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Midwest City-Del City School District No. I-52, Midwest City, Oklahoma (the "School District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School 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 principles generally accepted in the United States of America; 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 of 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.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Midwest City-Del City School District No. I-52, Oklahoma County, Oklahoma as of June 30, 2018, and the respective changes in financial position for the year in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-11, budgetary comparison information on pages 42 and 43, and Teacher's Retirement Schedules on pages 40 and 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections 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 a report dated November 26, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the School District's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

November 26, 2018

Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

MIDWEST CITY - DEL CITY INDEPENDENT SCHOOL DISTRICT NO. I-52

June 30, 2018

This section of Midwest City-Del City Independent School District #52's annual financial report presents the District's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - Management's Discussion and Analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements' are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

TABLE A-1
Major Features of District-Wide and Fund Financial Statements

Scope	District-Wide Statements	Fund Financial Statements - Governmental Funds
	Entire district (<i>except fiduciary funds</i>)	The activities of the district that are not proprietary or fiduciary such as special education and building maintenance
Required Financial Statements	1) Statement of Net Position 2) Statement of Activities	1) Balance Sheet 2) Statement of Revenue, Expenditures, and Changes in Fund Balances
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus.
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Table A-1 summarizes the major features of the District's financial statements. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements: The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position. Net position - the difference between the District's assets and liabilities is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district wide financial statements, the District's activities are categorized as governmental activities.

- *Governmental Activities* - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid formula finance most of these activities.

Fund Financial Statements: The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues.

Most of the District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out; and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, the District provides additional information with the governmental funds statements that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

TABLE A2
Net Position

	2018	2017
	(in Millions)	
ASSETS		
Current and other assets	\$ 145.5	\$ 67.8
Capital assets	173.7	172.1
TOTAL ASSETS	\$ 319.2	\$ 239.9
Deferred Outflows of Resources	\$ 22.1	\$ 39.9
LIABILITIES		
Long-term liabilities	\$ 262.5	\$ 208.4
Other liabilities	9.9	11.9
TOTAL LIABILITIES	\$ 272.4	\$ 220.3
Deferred Inflows of Resources	\$ 14.9	\$ 3.2
NET POSITION		
Net investment in capital assets	\$ 113.8	\$ 105.0
Restricted	29.3	31.1
Unrestricted	(89.1)	(79.8)
TOTAL NET POSITION	\$ 54.0	\$ 56.3

TABLE A3
Changes in Net Position

	2018	2017	Difference
	(in Millions)		
REVENUES			
Program revenues:			
Charges for services	\$ 6.4	\$ 6.4	-
Federal and State grants	15.6	14.9	0.7
General revenues:			
Property taxes	36.6	34.9	1.7
Other taxes	11.4	11.7	(0.3)
State entitlement	55.3	55.4	(0.1)
Other general revenues	1.1	1.9	(0.8)
TOTAL REVENUES	126.4	125.2	1.2
EXPENSES			
Instruction	73.3	59.8	13.5
Support services	45.8	39.5	6.3
Non-instruction	7.0	6.0	1.0
Interest on long-term debt	2.6	1.2	1.4
Facilities, acquisitions and construction	-	-	-
Other outlays/uses	-	1.0	(1.0)
TOTAL EXPENSES	128.7	107.5	21.2
CHANGE IN NET POSITION	(2.3)	17.7	(20.0)

Changes in Net Position: Changes in Net Position: The ending net position decreased by approximately \$2.3 million from the prior fiscal year. The District saw an increase in State Aid revenue over the prior year of about \$310,629, flexible benefit allowance increased by \$668,664 for all funds, state pension contribution increased by \$76,895 and the regular programs for the Tech Center decreased by (\$111,560). This made the state aid not restricted for specific programs with an overall increase of \$944,628. Motor vehicle tax revenue continues to decrease due to our drop in average daily attendance (ADA) by \$175,480. General Fund expenses increased by \$1 million mainly due to step raises.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$52.1 million, compared to \$54.4 million in FY17.

In analyzing our major funds identified for FY18 as the General Fund, Bond 33, and Debt Service Fund, the only significant balances and transactions were in the General Fund by increasing the carryover from 9.13% to 10.27% which was helped by the healthy carryover from FY 17. The only significant transaction from Bond 33 was the lease payment due in FY 18 leaving only 1 more payment due in FY 19

Significant balances and transactions in Bond Fund 33 had to do with the sale of GO Bonds of \$14,140,000 in FY18 and \$10,360,000 in FY19 used to make the lease revenue payment. This process will continue through FY 2019. The additional payments were to fulfill the original resolution of Bond 33 and will decline as we continue to complete projects as outlined. Bond 35and 39 will be sold each July with \$3,100,000 going to projects that were identified and the remainder being used to make our lease payment in October starting in FY19.

The only limitations that affect the availability of fund resources for future use would be the carryover of federal dollars in the General Fund of \$1.32 million which is restricted to the use of only those respective federal programs. Bond funds are only restricted in the sense that they must meet the 85% rule of what was voted on by the patrons of the District and then used for like purposes. The Building Fund, Child Nutrition Fund and Debt Service Fund are restricted only in regards to what is required by law to be used in those respected funds.

General Fund Budgetary Highlights: The General Fund approved budget in FY18 decreased by \$1.7 million but expenditures increased by \$1.6 million from FY17. The fund balance for the General Fund increased in FY18 from 9.13% or \$8,014,260 in FY17 to 10.27% or \$8,983,942. The increase in fund balance was due to increased ad valorem taxes being collected for the other half of the calendar year 2017 with an increase of 5.29%, when a local TIF was paid off early.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: By the end of 2018 the District had expended \$12.6 million in a broad range of capital assets, including new classroom additions and renovations, roof repairs and building renovations, computer and technology equipment, security vestibules, security monitors and cameras, fencing, and furniture, equipment.

Long-Term Debt: At year end the District had \$47.30 million in total long-term GO debt outstanding. This is an increase from last year's amount of \$44.14 million. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

- The District continued to pay down its debt, retiring \$49.8 million of outstanding GO bonds, leases payable, pension liability and compensated absences in FY18.
- \$16.98 million in new GO debt and premium was issued during the year and that with the District's rental payment of \$3,000 made the District's seventh payment on the 2012 Lease Revenue Bonds. The 2018 Lease Revenue and premium on bonds were received in February, 2018 totaling \$86.9 million and were offset with the cash and investments in the Trust account shown as "Other Receivables" on the Statement of Net Position.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that would adversely impact the finances of the district that have not already been presented in the audit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designated to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent, Mid-Del Schools, 7217 S.E. 15th, Midwest City, OK 73110.

Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 56,215,271
Property taxes receivable	1,330,010
Due from other governments	2,918,079
Other receivables	84,556,191
Inventory	536,449
Capital assets:	
Land	16,552,576
Construction-in-progress	5,137,899
Other capital assets, net of accumulated depreciation	151,979,685
Total assets	<u>319,226,160</u>
Deferred outflows of resources, pension related deferred outflows	<u>22,142,987</u>
Liabilities	
Accounts payable	586,753
Wages payable	6,782,475
Liabilities for incurred claims	665,796
Bond proceeds good faith deposit	180,000
Accrued interest	1,758,118
Long-term liabilities:	
Due within one year	26,617,232
Due in more than one year	235,872,682
Total liabilities	<u>272,463,056</u>
Deferred inflows of resources	
Pension related deferred inflows	<u>14,923,172</u>
Total deferred inflows of resources	<u>14,923,172</u>
Net Position	
Net investment in capital assets	113,787,691
Restricted for:	
Debt service	15,256,982
Child Nutrition	2,352,936
Building	11,709,661
Unrestricted (deficit)	(89,124,351)
Total net position	\$ 53,982,919

See Notes to Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Programs/Functions</u>	<u>Program Revenues</u>			Net (Expenses) Revenue and Changes in <u>Net Position</u>	
	<u>Operating</u>		<u>Governmental</u>		
	<u>Charges for</u>	<u>Grants and</u>			
	<u>Expenses</u>	<u>Services</u>	<u>Contributions</u>	<u>Activities</u>	
Governmental Activities:					
Instruction	\$ 73,284,816	5,040,794	9,817,746	(58,426,276)	
Support services	45,842,383			(45,842,383)	
Non-instruction services	6,962,478	1,341,292	4,722,186	(899,000)	
Other outlays	28,991			(28,991)	
Interest on long-term debt	2,552,743			(2,552,743)	
Total primary government	\$ 128,671,411	6,382,086	14,539,932	(107,749,393)	
General Revenues					
Taxes:					
Property taxes, levied for general purposes				\$ 19,268,102	
Property taxes, levied for building purposes				2,750,981	
Property taxes, levied for debt service				14,533,156	
General taxes				7,340,369	
State aid not restricted for specific purposes				56,356,339	
Support from other local governments				4,063,755	
Interest, dividends, and investment earnings				472,854	
Other general revenues				660,201	
Total general revenues				105,445,757	
Changes in net position				(2,303,636)	
Net position, beginning of year				56,286,555	
Net position, end of year				\$ 53,982,919	

See Notes to Basic Financial Statements

Governmental Fund Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Debt Service Fund	Building Fund
Assets			
Cash and cash equivalents	\$ 15,197,571	16,487,836	7,597,873
Property taxes receivable	702,378	527,264	100,368
Receivables net of allowance for uncollectibles	2,107,913		
Inventory	244,942		187,309
Total assets	18,252,804	17,015,100	7,885,550
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	53,074		171,620
Accrued wages	6,213,629		
Total liabilities	6,266,703	-	171,620
Deferred Inflows of Resources			
Unavailable revenue - property taxes	389,296	287,484	55,667
Total deferred inflows of resources	389,296	287,484	55,667
Fund Balances			
Nonspendable inventory	244,942		187,309
Restricted fund balances:			
School construction			
Retirement of long-term debt		16,727,616	
Buildings			7,470,954
Child nutrition			
Assigned			
Unassigned	11,351,863		
Total fund balances	11,596,805	16,727,616	7,658,263
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,252,804	17,015,100	7,885,550

See Notes to Basic Financial Statements

Bond 33	Other Governmental Funds	Total Governmental Funds
\$ 1,150,435	14,986,409	55,420,124
		1,330,010
	810,166	2,918,079
	104,198	536,449
<u>1,150,435</u>	<u>15,900,773</u>	<u>60,204,662</u>
	362,058	586,752
	<u>568,846</u>	<u>6,782,475</u>
<u>-</u>	<u>930,904</u>	<u>7,369,227</u>
		732,447
<u>-</u>	<u>-</u>	<u>732,447</u>
	104,198	536,449
1,150,435	2,697,597	3,848,032
		16,727,616
	4,073,029	11,543,983
	2,352,936	2,352,936
	5,742,109	5,742,109
		11,351,863
<u>1,150,435</u>	<u>14,969,869</u>	<u>52,102,988</u>
\$ 1,150,435	15,900,773	60,204,662

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total governmental fund balances	\$ 52,102,988
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.	173,670,160
Revenues receivable are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	732,447
An internal service fund is used by the District to charge the costs of workers' compensation insurance to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	129,349
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources	22,142,987
Deferred inflows of resources	<u>(14,923,172)</u>
	7,219,815
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:	
Bonds	(47,300,000)
Premium on bonds	(9,909,471)
Leases payable	(87,229,189)
Accrued interest	(1,758,118)
Compensated absences	(2,421,243)
Bond proceeds good faith deposit	(180,000)
Net pension liability	<u>(115,630,010)</u>
	(264,428,031)
Funds available for drawdown under the capital lease are reported as a receivable in the governmental activities, but not reported in governmental funds.	<u>84,556,191</u>
Net position of governmental activities	<u>\$ 53,982,919</u>

See Notes to Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Debt Service Fund	Building Fund
Revenues:			
Property tax	\$ 19,130,236	14,448,444	2,731,293
Interest	57,135	29,838	
County	4,063,755		
State	57,080,825	606	109
Federal	6,857,486		553,908
Local	481,396	1,794	2,736
Other	148,359	1,401,332	
Total revenues	87,819,192	15,882,014	3,288,046
Expenditures:			
Instruction	53,267,750		
Support services	32,876,939		4,890,137
Non-instruction services	1,538		
Capital outlays			9,394
Other outlays	530,313		
Debt service:			
Principal paid		13,820,000	
Interest paid		1,520,162	
Judgements		28,991	
Total expenditures	86,676,540	15,369,153	4,899,531
Excess (deficiency) of revenues over expenditures	1,142,652	512,861	(1,611,485)
Other financing sources (uses)			
Premium on bonds sold		498,949	
Proceeds of bonds			
Insurance loss recovery			
Total other financing sources (uses)	-	498,949	-
Net change in fund balances	1,142,652	1,011,810	(1,611,485)
Fund balance, beginning of year	10,454,153	15,715,806	9,269,748
Fund balance, end of year	<u>\$ 11,596,805</u>	<u>16,727,616</u>	<u>7,658,263</u>

See Notes to Basic Financial Statements

Bond 33	Other Governmental Funds	Governmental Funds
		36,309,973
1,698	11,960	100,631
		4,063,755
	2,234,434	59,315,974
	6,145,754	13,557,148
	6,518,921	7,004,847
	504,544	2,054,235
<u>1,698</u>	<u>15,415,613</u>	<u>122,406,563</u>
1,599,688	5,935,442	60,802,880
2,628,534	4,587,380	44,982,990
	6,674,393	6,675,931
9,129,950	3,475,025	12,614,369
	1,415,492	1,945,805
		-
		13,820,000
		1,520,162
		28,991
<u>13,358,172</u>	<u>22,087,732</u>	<u>142,391,128</u>
(13,356,474)	(6,672,119)	(19,984,565)
		498,949
14,140,000	3,020,000	17,160,000
		-
<u>14,140,000</u>	<u>3,020,000</u>	<u>17,658,949</u>
783,526	(3,652,119)	(2,325,616)
366,909	18,621,988	54,428,604
\$ 1,150,435	<u>14,969,869</u>	<u>52,102,988</u>

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2018

Net change in fund balance - total governmental funds	\$ (2,325,616)
Amounts reported for governmental activities and the statement of activities are 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 of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which the capital outlays exceeded depreciation and retirements in the period.	
Capital outlays	\$ 7,414,536
Depreciation expense	(5,871,271)
Loss on disposal of capital assets	<u>-</u>
	1,543,265
Drawdowns of capital lease funds of \$2,393,468 used for the purchase of capital assets, net of dividends earned of \$365,313	(2,028,155)
Because some revenues will not be collected for several months after the District's year end, they are not considered "available" revenues in the governmental funds and are, instead counted as deferred inflows of resources. They are, however, recorded as revenues in the statement of activities.	
Property taxes	242,266
Some of the capital assets acquired this year were financed with general obligation bonds. The amount financed by the bonds and related premium is reported in the governmental funds as a source of financing, but increases long-term liabilities in the statement of net position and does not affect the statement of activities.	(17,658,949)
Repayment of bond principal and repayment on capital lease purchases are an expense in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Amortization of bond premium is recorded in the statement of activities, but not in the governmental funds.	26,805,817
In the statement of activities, certain expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	9,114
Pension expense, less state contributions	(7,703,366)
An internal service fund is used by the District to charge the costs of workers compensation insurance to the individual funds. The changes in net position of the internal service fund is reported with governmental activities.	(155,431)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>(1,032,581)</u>
Change in net position - statement of activities	<u>\$ (2,303,636)</u>

See Notes to Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2018

	<u>Internal Service Fund - Workers' Compensation</u>
Assets	
Cash and cash equivalents	\$ 795,145
Total assets	<u>795,145</u>
 Liabilities	
Liability for incurred claims	665,796
 Net Position	
Unrestricted	<u>\$ 129,349</u>

See Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
JUNE 30, 2018**

	<u>Internal Service Fund - Workers' Compensation</u>
Operating revenues:	
Insurance contributions	\$ 851,885
Local	15,328
Total operating revenues	<u>867,213</u>
Operating expenses:	
Management fees	214,712
Claims	814,841
Total operating expenses	<u>1,029,553</u>
Operating income	(162,340)
Nonoperating revenues, interest income	6,909
Changes in net position	(155,431)
Net position, beginning of year	284,780
Net position, end of year	<u>\$ 129,349</u>

See Notes to Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Internal Service Fund - Workers' Compensation</u>
Cash flows from operating activities:	
Received from assessments made to other funds	\$ 851,885
Refunds received	15,328
Payments for workers' compensation claims and management fees	<u>(1,237,524)</u>
Net cash (used in) operating activities	<u>(370,311)</u>
 Cash flows from investing activities, interest earnings	 <u>6,909</u>
 Net decrease in cash and cash equivalents	 <u>(363,402)</u>
 Cash and cash equivalents, beginning of year	 <u>1,158,547</u>
Cash and cash equivalents, end of year	<u>\$ 795,145</u>
 Reconciliation of operating income to net cash (used in) operating activities:	
Operating income	\$ (162,340)
Adjustments to reconcile operating income to net cash (used in) operating activities:	
Change in liability for incurred claims	<u>(207,971)</u>
 Net cash (used in) operating activities	 <u>\$ (370,311)</u>

See Notes to Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Funds	<hr/>
	Activity	<hr/>
	Fund	<hr/>
Assets , cash	1,938,763	<hr/>
Liabilities		
Accounts payable	56,488	
Funds held for student activities	1,882,275	
Total liabilities	1,938,763	<hr/>

Net Position, held in trust for the benefit of specific individuals

See Notes to Basic Financial Statements

Notes to the Basic Financial Statements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies

The financial statements of the Midwest City-Del City Public Schools Independent District No. 52 (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units as promulgated by the Governmental Accounting Standards Board (“GASB”), the standard-setting body for governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

A. 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 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, Oklahoma Statutes. The governing body of the District is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District.

As required by accounting principles generally accepted in the United States of America, the basic financial statements present the reporting entity which consists of the primary government; organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the District’s basic financial statements to be misleading.

The District has presented the entities which comprise the reporting entity in the basic financial statements for 2018.

The Midwest City-Del City Lewis Eubanks Technical Center (formerly the Mid-Del Area Vo-Tech) became a designated Area Vocational-Technical School in 1977 by action of the Oklahoma State Board of Vocational and Technical Education with no ad valorem millage devoted specifically for its support. It is the only designated technology center in the State of Oklahoma that shares a school board with a public school district. The Mid-Del School District No. I-52 board of education serves as the Tech Center’s board of education. The Technical Center is reported as a blended component unit as a special revenue fund of the primary government.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies- contd.

A. Reporting Entity – contd.

The government-wide financial statements (the statement of net position and the statement of activity) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

B. Fund Accounting

Governmental activities are normally supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's activities are reported as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Program revenues include 1) tuition or fees paid by students or citizens of the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not properly included among program revenues are reported as general revenues.

The school district segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Separate financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-side financial statements.

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund - The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. **Summary of Significant Accounting Policies-** contd.

B. Fund Accounting - contd.

Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt.

Special Revenue Fund - The special revenue funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture and equipment.

Co-op Fund - The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs. The District did not maintain this fund during the 2017-18 fiscal year.

Child Nutrition Fund – The child nutrition fund is a special revenue fund used to account for the operations of the child nutrition programs. Revenue sources include meal ticket sales and Federal and State grants for free and reduced meals.

Technology Center Fund – The technology center fund is used to account for financial resources to be used for the operation of vocational and technical education programs.

Debt Service Fund – The debt service (sinking fund) is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Bond 33 Fund – The bond fund is a capital project fund used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. **Summary of Significant Accounting Policies-** contd.

B. Fund Accounting - contd.

Tech Center Building Fund – The tech center building fund is used to account for financial resources restricted to the Technology Center's remodeling or repairing buildings and purchasing furniture and equipment.

Bond 32, 34, 35, 38, and 39 Funds – The bond funds are used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, removing existing facilities, and acquiring transportation equipment.

Casualty/Insurance Funds – The insurance fund was established to account for revenues and expenditures for all types of insurance coverage and major reimbursements and reserves for property.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District reports the following non-major propriety fund:

Internal Service Fund – Worker's Compensation – The workers' compensation insurance fund is an internal service fund used to account for the accumulation, recording and disbursing of District contributions to the District's self-insured Workers' Compensation Account.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formula trust agreement, either a private purpose trust fund or a permanent fund is used. The terms "permanent" and "private purpose" refer to whether or

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. **Summary of Significant Accounting Policies-** contd.
B. Fund Accounting - contd.

not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

The District reports the following non-major fiduciary funds:

Private Purpose Trust Funds – Gifts Fund – The gifts fund is a private-purpose trust fund to account for donations received for the benefit of specified individuals associated with the District. This fund was not active during the current fiscal year.

Agency Fund – Activity Fund – The activity fund is used to account for monies collected principally through fundraising efforts of the students and District sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing, and accounting for these activity funds.

The District's fiduciary funds have been excluded from the government-wide financial statements.

Account Group

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases), which are to be paid from funds provided in future years.

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The economic resources measurement focus is not applicable to the agency fund and therefore they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Significant Accounting Policies - contd.

C. Basis of Accounting and Measurement Focus – contd.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pension liabilities are recorded only when the payment is due.

Property taxes and interest and certain state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

D. Budget and Budgetary Accounting

A budget is legally adopted by the Board of Education for the general fund, building fund, debt service (sinking) fund, child nutrition fund, tech center, and tech center building fund that included revenues and expenditures. These budgets are prepared on a modified cash basis of accounting. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriations at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable fund balance is utilized in all governmental funds of the District. Appropriations which are not spent lapse at the end of the fiscal year and encumbrances are reversed. On the first day of the following fiscal year, the encumbrances are reinstated and the expenditures are applied against the year's budget. At the beginning of the next year, prior year encumbrances are reviewed and some are reestablished. There were no material encumbrances which lapsed at June 30, 2017 and were reinstated during fiscal year 2018.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies- contd.

E. Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position

Cash and Cash Equivalents and Investments – The District considers all cash on hand, demand deposits interest bearing checking accounts, and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. As of June 30, 2018, all of the District's investments were in money market accounts which meet the definition of cash equivalents. Investments, not meeting the definition of cash equivalents, are recorded at fair value.

Inventories – Inventories in the governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories include fuel, maintenance supplies, instructional supplies, and food service supplies. Cost of donated federal surplus commodities is based on values established by the federal government at the time of donation.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements.

The capitalization threshold is \$5,000. All purchased capital assets are valued at cost when historical records exist and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets are depreciated using the straight-line method over the following useful lives:

Type of Asset	Years
Buildings and renovations	45
Furniture and accessories	5-20
Equipment and appliances	7-15
Computer software/hardware	5
Vehicles/buses	6

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies- contd.

E. Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position – contd.

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s). It will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the year ended June 30, 2018 consist of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date but before the end of the District's reporting period.

Deferred Inflows of Resources – In addition to liabilities, financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s). It will not be recognized as an inflow of resources (revenue) until then. The governmental fund balance sheet includes deferred inflows of resources related to unavailable revenue from property taxes, federal revenue, and local revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources in the statement of net position for the year ended June 30, 2018 consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and budgeted for and the unamortized portion of the net difference between projected and actual earnings on pension plan investments and pension plan experience.

Compensated Absences – The District's policy allows employees to accumulate unused sick leave from year to year as long as employees remain continuously in the Midwest City-Del City School system. Maximum number of days that can be accumulated for purposes of sick leave cannot exceed one hundred twenty (120) days at the beginning of the school year. For the purposes of sick leave reimbursement upon retirement or resignation, the district pays for all sick leave accrued during employment not previously paid for by the Midwest City-Del City School District.

A twelve-month salaried employee is eligible for twelve (12) days paid vacation each year accrued at the rate of one (1) day per month. Twelve month employees may carry over vacation days up to a maximum of twenty-four (24) days. Upon retirement or resignation, the District will reimburse an employee for accrued vacation at the employee's regular daily rate of pay.

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Significant Accounting Policies- contd.

Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position – contd.

Compensated Absences – contd.

The liability for compensated absences attributable to the District's governmental funds is recorded in the government-wide financial statements. A liability for those amounts is recorded in governmental funds only if the liability has matured as a result of employee resignations or retirements.

Long-term Liabilities – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bond issuance costs are expensed when incurred.

In the governmental fund financial statements, the face amount of debt is reported as other financing sources. Repayments of long-term debt are reported as expenditures. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oklahoma Teachers' Retirement System (OTRS) and additions to/deductions from these fiduciary net positions has been determined on the same basis as they are reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position – The government-wide, proprietary fund, and fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This component of net position reports capital assets less both accumulated depreciation and the outstanding balance of debt (excluding unexpended proceeds) that is directly attributable to the acquisition, construction, or improvement of those assets. Any deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in the component of net position.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies- contd.

E. Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position – contd.

Restricted Net Position – This component of net position reports the difference between assets, deferred inflows/outflows of resources and liabilities of certain programs or funds that consist of assets with constraints placed on their use by either external parties and/or enabling legislation. Net position restricted by enabling legislation consists of \$15,256,982 for debt service and \$11,709,661 for buildings.

Unrestricted Net Position – Net position that does not meet the definition of net investment in capital assets or restricted are classified as unrestricted.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance – Governmental fund equity is classified as fund balance. Fund balance consists of five categories, defines as follows:

Nonspendable Fund Balance – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories, long-term receivables, and prepaid amounts. It may also include long-term loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.

Restricted Fund Balance – The restricted fund balance classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the District's Board of Education). Such constraints can only be removed or changed by the same form of formal action. Funds set aside by the Board of Education as committed fund balance requires the approval of a resolution by a majority vote of the members of the Board of Education. Such approval must take place prior to the District's fiscal year-end in order for it to be applicable to that fiscal year. It is permitted for the specific amount of the commitment to be determined after

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. **Summary of Significant Accounting Policies- contd.**

E. *Assets, Liabilities, Deferred Inflows/Outflows and Fund Balance/Net Position – contd.*

Committed Fund Balance – contd.

the fiscal year-end if any additional information is required in order to determine the exact amount. The Board of Education has the authority to remove or change the commitment of funds with a resolution.

Assigned Fund Balance – The assigned fund balance classification reflects amounts that are constrained by the government's intent to be used for specific purposes but meet neither the restricted nor committed forms of constraint. Assigned funds cannot cause a deficit in unassigned fund balance. For the purposes of assigned fund balance, the District has given authority to the Superintendent and Deputy Superintendent of Fiscal Services to assign funds for specific purposes.

Unassigned Fund Balance – The unassigned fund balance classification is the residual classification for the General Fund only. It is also where negative residual amounts for all other governmental funds must be reported. Unassigned fund balance essentially consists of excess funds that have not been classified in the other four fund balance categories mentioned above.

It is the District's policy to use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The District's policy for the use of unrestricted fund balance amounts requires that committed amounts would be used first, followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

F. *Revenue and Expenditures*

Property Tax Revenue and Receivables –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. Property tax is levied each October 1 on the assessed valuation of real and personal property within the District as of the preceding January 1, the lien date. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies- contd.

F. Revenue and Expenditures – contd.

Property Tax Revenue and Receivables – contd.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of the tax become delinquent on April 1 of the year following the year of assessment. If taxes are delinquent and unpaid for a period of three (3) years or more, the real estate may be sold for taxes.

Uncollected taxes assessed on valuations made each year are recorded in the District's financial statements. The delinquent taxes which are not collected within 60 days of year-end are recorded in the financial statements as deferred inflows of resources. Uncollectible personal and real property taxes are deemed to be immaterial because the property can be sold for the amount of taxes due.

The District also enters into agreements each year between the Board of Education for the Midwest City-Del City Lewis Eubanks Technical Center and the Board of Trustees for the Rose State College Technical Area Education District. Under these agreements, the Mid-Del School District receives 50 percent of total collections for the fiscal year.

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 program 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 education program revenues be accounted for in the general fund.

Inter-fund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. **Summary of Significant Accounting Policies-** contd.

F. *Revenue and Expenditures-* contd.

recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New/adopted pronouncements

The GASB has issued several new accounting pronouncements, which will be effective to the District in both the reported and subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the District's consideration of the impact of these pronouncements are described below:

New Accounting Pronouncements Adopted as of June 30, 2018

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB No. 74 was issued in June 2015 and will be effective for the District beginning with its fiscal year ending June 30, 2018. The Statement replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position but requires more extensive note disclosures and Required Supplementary Information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. The Statement also sets forth note disclosure requirements for defined contribution OPEB plans. The District does not currently participate or sponsor postemployment benefits plans other than pensions held in trusts.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. **Summary of Significant Accounting Policies-** contd.

F. *Revenue and Expenditures-* contd.

New Accounting Pronouncements Adopted as of June 30, 2018 – contd.

by governments for defined benefit OPEB plans administered through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability. The District does not currently participate or sponsor postemployment benefits plans other than pensions held in trusts.

- GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016. The District does not currently receive resources pursuant to an irrevocable split-interest agreement. The District will continue to evaluate the impact this new standard may have on future financial statements.
- GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement No. 83 requires the measurement and recognition of a legally enforceable liability for retirement of an asset. Also requires the measurement of an Asset Retirement Obligation (ARO) be based on the best estimate of the current value of outlays to be incurred. This estimate should include the probability weighting of all potential outcomes, when the information is available or can be obtained at a reasonable cost. The Statement pertains to certain kinds of assets, i.e., sewage treatment plants, magnetic resonance imaging machines, research facilities owned by public universities like nuclear research reactors, and retirement of x-ray machines. These kinds of assets may have to be disposed in a certain way due to regulations. The effective date of the Statement is for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District currently does not have any asset retirement obligations which fit the criteria for this Statement. The District will continue to evaluate this Statement for future disclosure requirements.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. **Summary of Significant Accounting Policies - contd.**
F. *Revenue and Expenditures*- contd.

New Accounting Pronouncements Not Yet Adopted

- GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement addresses the categorization of fiduciary activities for financial reporting, how fiduciary activities are to be reported, and when liabilities to beneficiaries must be disclosed. The requirements for the Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District currently has fiduciary activities and will evaluate the fiduciary activities that meet the criteria state in Statement No. 84 and prepare disclosures under fiduciary funds in basic financial statements. The District will report agency funds as custodial funds as specified in the Statement. In addition, the District will continue to evaluate the effects of this Statement on future financial reporting.
- GASB issued Statement No. 85, *Omnibus 2017*. The object of Statement No. 85 is to address practice issues that have been identified during implementation and application of certain GASB Statements. The topics are related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). The ten topics addressed in the Statement are as follows, 1) Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation, 2) Reporting amounts previously reported as goodwill and “negative” goodwill, 3) Classifying real estate held by insurance entities, 4) Measuring certain money market investments and participating interest earning investment contracts at amortized cost, 5) Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared. Using the current financial resources measurement focus, 6) Recognizing on-behalf payments for pensions or OPEB in employer financial statements, 7) Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB, 8) Classifying employer-paid member contributions for OPEB, 9) Simplifying certain aspects of the alternative measurement method for OPEB, and 10) Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District will continue to evaluate the effects of this

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies - contd.

F. Revenue and Expenditures- contd.

New Accounting Pronouncements Not Yet Adopted – contd.

Statement on future financial reporting.

- GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The object of Statement No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If substitution of essentially risk-free monetary assets that are not essentially risk-free is not prohibited, governments should disclose the fact in the period in which the debt is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District does not currently have in-substance defeasance transactions nor do we have prepaid insurance related to debt that has been extinguished. The District will continue to evaluate the effects of this Statement on future financial reporting.
- GASB issued Statement No. 87, *Leases*. The object of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Although the District has been party to lease contracts in the past the District does not currently nor plan to enter into lease contracts or lease agreements in the future. Should this management decision change, the District will evaluate and report the leases accurately according to the Statement.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

2. Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of failure of a counterparty, the District will not be able to recover its deposits. Deposits are exposed to credit risk if they are uninsured or uncollateralized. The District's policy requires that all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2018, all of the District's deposits were federally insured by FDIC or collateralized.

The District had cash deposits at financial institutions with a book balance of approximately \$62,314,967 at June 30, 2018. The bank balance of these deposits was approximately \$54,411,989. The difference between the bank balance and book balance are the outstanding checks and deposits.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of this District. The District's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2018, all of the District's investments were collateralized.

Concentration of Credit Risk:

The District's investment policies are governed by state statute. Permissible investments include:

- a. Direct obligations of the United State Government to the payment of which the full faith and credit of the government is pledged.
- b. Obligations to the payment of which the full faith and credit of the state is pledged.
- c. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
- d. Savings accounts or savings certificates of saving and loan associations to the extent that such accounts or certificates are fully insured by the Federal Saving and Loan Insurance Corporation.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

2. Deposits – contd.

- e. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes.
- f. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
- g. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
- h. Warrants, bonds, or judgments of the school district.
- i. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for the school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professional. Any pooled investment program must be approved by the Board of Education.

The investments held at June 30, 2018 are as follows:

Type	Weighted Average Maturity (Months)	Market Value	Cost
Investments			
Money Market		\$ 0	\$ 0
Municipal tax-supported money judgments		0	0
Certificate of Deposit		<u>1,000,000</u>	<u>1,000,000</u>
Total investments		<u>\$ 1,000,000</u>	<u>\$1,000,000</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

2. Deposits – contd.

The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 0% in Money Market funds, 0% in Municipal tax-supported money judgments and 100% in CDs (\$1,000,000).

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the District has no formal written policy addressing interest rate risk.

3. Receivables

Receivables at June 30, 2018, for the individual governmental and proprietary funds are as follows:

	General	Debt Service	Building	Other Governmental Funds			
				Child Nutrition	Tech Center	Tech Building	Internal Service
Receivables							
Ad valorem	\$ 702,378	527,264	100,368				
Federal grants	1,823,032				176,017		
Local & intermediate	109,165			1,725	421,445	168,090	-
State dedicated revenue	175,716				42,889		
Total receivables	<u>\$ 2,810,291</u>	<u>527,264</u>	<u>100,368</u>	<u>1,725</u>	<u>640,351</u>	<u>168,090</u>	<u>-</u>

The government-wide financial statements also include other receivables of approximately \$84.5 million for amounts available to draw down on the capital lease (see Note 5).

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2018 follows:

	Balance June 30, 2017	Additions	Transfers	Disposals	Balance June 30, 2018
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 16,552,576				16,552,576
Construction in progress	1,116,712	5,551,356	(1,530,169)		5,137,899
Total capital assets not being depreciated	17,669,288	5,551,356	(1,530,169)	-	21,690,475
Capital assets being depreciated:					
Buildings and renovations	244,790,863	120,302	1,530,169		246,441,334
Furniture and assessories	529,410				529,410
Equipment and appliances	8,881,263	213,583			9,094,846
Computer software/hardware	7,270,274	355,837			7,626,111
Vehicles/buses	7,846,518	1,173,459			9,019,977
Total capital assets being depreciated	269,318,328	1,863,181	1,530,169	-	272,711,678
Less: accumulated depreciation	114,860,722	5,871,271			120,731,993
Total capital assets being depreciated, net	154,457,606	(4,008,090)	1,530,169	-	151,979,685
Total Capital assets, net	\$ 172,126,894	1,543,266	-	-	173,670,160

Depreciation expense of \$477,843 in the support services function and \$5,393,428 is included in the instruction function on the government-wide statement of activities.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

5. General Long-Term Debt

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 long-term debt of the District consists of bond payable, and obligations for compensated absences. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2018:

	Balance			Balance	
	June 30,		Retirements	June 30,	
	2017	Additions		2018	Due within one year
Bonds payable	\$ 44,140,000	16,980,000	13,820,000	47,300,000	13,805,000
Premium on bonds	654,558	9,823,278	568,365	9,909,471	1,393,043
Leases payable	23,822,199	77,060,000	13,653,010	87,229,189	11,419,189
Compensated absences	2,430,357		9,114	2,421,243	
Net pension liability	137,373,683		21,743,672	115,630,011	
Total	<u>\$ 208,420,797</u>	<u>103,863,278</u>	<u>49,794,161</u>	<u>262,489,914</u>	<u>26,617,232</u>

A brief description of the outstanding general obligation bond issues at June 30, 2018, is set forth below:

	<u>Amount outstanding</u>
Building Bonds, Series 2014, original issue \$13,720,000, interest rate of 1.0-2.0%, due in annual installments of \$3,430,000 beginning 1-1-16, final payment due 1-1-19	\$ 3,430,000
Building Bonds, Series 2015A, original issue \$10,680,000, interest rate of 1.0-2.0%, due in annual installments of \$2,670,000 beginning 1-1-17, final payment due 1-1-20;	5,340,000

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

5. General Long-Term Debt – cont'd

	<u>Amount outstanding</u>
Building Bonds, Series 2016A, original issue \$9,840,000, interest rate of 1.5-2.0%, due in annual installments of \$2,460,000 beginning 1-1-18, final payment due 1-1-21;	\$ 7,380,000
Building Bonds, Series 2017A, original issue \$11,900,000, interest rate of 3.0%, due in annual installments of \$2,975,000 beginning 1-1-19, final payment due 1-1-22;	11,900,000
Building Bonds, Series 2017B, original issue \$2,270,000, interest rate of 2.0%, due in one installment of \$2,270,000 on 3-1-19;	2,270,000
Building Bonds, Series 2018, original issue \$14,140,000, interest rate of 2.5-3.0%, due in annual installments of \$3,535,000 on 1-1-20;	14,140,000
Combined Purpose Bonds, Series 2018, original issue \$2,840,000, interest rate of 3.5%, due in one installment of \$2,840,000 on 1-1-20;	<u>2,840,000</u>
Totals	<u>\$ 47,300,000</u>

The annual debt service requirements for the retirement of bond principal, and payment of interest are as follows:

Year ending			
June 30	Principal	Interest	Total
2019	\$ 13,805,000	1,082,400	14,887,400
2020	14,480,000	1,396,050	15,876,050
2021	8,970,000	528,175	9,498,175
2022	6,510,000	301,350	6,811,350
2023	3,535,000	106,050	3,641,050
Total	<u>\$ 47,300,000</u>	<u>3,414,025</u>	<u>50,714,025</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

5. General Long-Term Debt – cont'd

Compensated Absences:

Compensating absences represent the estimated liability for employees accrued vacation and sick leave for which employees are entitled to be paid upon termination or resignation. The liability at June 30, 2018 totaled \$2,421,243, and is recorded as long-term debt of the District in the government-wide financial statements. The retirement of this liability is liquidated by the general fund or special revenue funds based on the assignment of the employee at termination or resignation. Below is the liquidation by fund:

General Fund	\$ 2,006,639
Tech Center	260,163
Child Nutrition	154,441
Total	<u>\$ 2,421,243</u>

Capital Leases:

In February 2018, the school district entered into a Ground Lease Agreement with the Oklahoma County Finance Authority (the “Authority”) under which the district is leasing certain land upon which the Authority will construct improvements from the proceeds of \$77,060,000 in revenue bonds sold for that purpose. Improvements are to be constructed for so long as there are obligations outstanding, which are secured by the Ground Lease Agreement. The improvements to be constructed by the Authority consist of stadium renovations to Carl Albert Harris, Del City Kalsu, and Midwest City Darnell Stadiums, improvements to Kerr Middle School, Carl Albert Middle School, Monroney Middle School and Schwartz Elementary, Del City and Midwest City High School Performing Arts Centers renovations and various reoccurring District-wide projects. These facilities will be leased by the Authority to the school district pursuant to a sublease agreement enter into as of February 1, 2018. The sublease agreement between the Authority and the Mid-Del School District enables the district to lease back the property leased in the ground lease, and utilized the proceeds of the revenue bonds (issued by the Authority) for the construction and improvements on the property. The sublease agreement also provides a mechanism for the district to obtain title to the improvements free and clear of security interest. The District intends to finance the sublease agreements lease payments through a periodic issuance of Building Bonds which were authorized and approved by school district voters at an election held on October 10, 2017. These bonds are scheduled to be issued on dates, and in amounts, which coincide with sublease rental payments.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

5. General Long-Term Debt – cont'd

Capital Leases:

The trustee bank holds the cash and makes payments after authorization from the District. Amounts held by the trustee and available for draw down at June 30, 2018 are recorded as a receivable in the government wide statements.

Under the agreements, the District transferred ownership for land and facilities covered by the ground lease to the Authority. Ownership will revert to the District upon payment of the lease purchase acquisition payments. Accordingly, the original cost of the assets is expensed if the item does not meet the District's capitalization criteria.

The present value of minimum sublease payments is recorded in the District's long-term debt. Lease payments are primarily payable from the capital projects fund.

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2018, were as follows:

Year ending	Amount
June 30	
2019	\$ 15,924,078
2020	9,031,125
2021	9,357,125
2022	11,305,250
2023	15,595,125
Thereafter	<u>47,878,875</u>
Total minimum lease payments	<u>109,091,578</u>
Less amount representing interest	<u>(21,862,389)</u>
Present value of minimum lease payments	<u>\$ 87,229,189</u>

Note: This table includes one final payment of \$10,360,000 in the 2019 fiscal year for the 2012 Ground Lease Agreement.

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

5. General Long-Term Debt – cont'd

Capital Leases – cont'd

Pursuant to the sublease agreement, the District is also required to make the following rental payments:

Year ending <u>June 30</u>	Rental Payments
2017	\$ 3,000
2018	3,000
2019	3,000
Total	<u>\$ 9,000</u>

6. Operating Leases

The District leases various business machines under operating lease agreements. The lease agreements are generally for one-year terms and subject to annual ratification. Management expects that in the normal course of business, leases that expire for the business machines will be renewed or replaced by other leases. The total rent expenditures were approximately \$484,396 for the year ended June 30, 2018.

Minimum future lease commitments under lease are payable as follows:

Year ending <u>June 30</u>	Amount
2019	\$ 419,297

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

7. Employee Retirement System

Oklahoma Teachers Retirement System

Plan Description:

The District participates in the OTRS, a cost-sharing multiple-employer public employee retirement system that is self-administered. OTRS provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma State Statutes assigns the authority for management and operation of OTRS to the Board of Trustees of the System. OTRS issues a publicly available annual financial report that can be obtained at www.ok.gov/TRS.

Benefits Provided:

OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Benefit Provisions Include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Member who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and year of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at the age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2 percent of final compensation for year of credited service.
- Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

7. Employee Retirement System – cont'd

on the member's election. Monthly benefits are 1/12 of the amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

- Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable year of credited service.
- Upon separation from OTRS, members' contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions:

The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual compensation. The District paid the employees' required contribution. The amount paid by the District for employees totaled approximately \$3.9 million for the year ended June 30, 2018. The District's contribution rate is 9.5 percent for the year ended June 30, 2018. In addition, the District is required to match the State's contribution rate on salaries that are paid with federal funds. The District's contributions to OTRS in 2018 were \$6.3 million, equal to the annual required contributions each year. The District's matching contributions to OTRS in 2018 were \$0.5 million.

The State makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of services credit). The credit amount is determined based on years of services and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2018, the State paid approximately \$680,000 on behalf of teachers employed at the District. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements. These on behalf payments do not meet the definition of a special funding situation.

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

7. Employee Retirement System – cont'd

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2018, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2018, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$5,273,076. In accordance with generally accepted accounting practices, District recognized the on-behalf-of payments as revenue and expense/expenditure in the government fund financial statements. These on-behalf payments do not meet the definition of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2018, the District reported a liability of \$115,630,011 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's contributions to OTRS relative to total contributions of OTRS for all participating employees for the year ended June 30, 2017. Based upon this information, the District's proportion was 1.74632969 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$13.0 million. June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	7,894,368
Changes in Assumptions	13,722,103	6,912,145
Net difference between projected and actual earnings on pension plan investments	1,643,631	
Changes in proportionate and differences between District contributions and proportionate share of contributions		116,659
District contributions subsequent to the measurement date	6,777,253	
Total	\$ 22,142,987	14,923,172

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

7. Employee Retirement System – cont'd

Deferred pension outflows totaling \$6.8 million resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The net deferred pension inflows totaling \$14.9 million resulting from the difference between expected and actual experience of \$7.9 million, changes in assumptions of \$6.9 million and \$.1 million in the proportional changes and differences between District contributions and proportional share of contributions. The deferred outflows totaling \$13.7 million resulting from changes in assumptions, and deferred outflows of \$1.6 million resulting from the net difference between projected and actual investment earnings on pension plan investments will be recognized in pension expense using the average expected remaining life of the plan. The average expected remaining life of the Plan is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the Plan are estimated at 5.59 years at June 30, 2017 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended	Amount
June 30	
2018	\$ (1,006,196)
2019	6,010,311
2020	3,743,539
2021	(2,614,371)
2022	(245,586)
Thereafter	1,332,118
Total	<u>\$ 7,219,815</u>

Actuarial Assumptions:

The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2017 using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age Normal
- Amortization Method—Level Percentage of Payroll
- Amortization Period—Amortization over an open 30-year period
- Asset Valuation Method—5-year smooth market

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

7. Employee Retirement System – cont'd

- Inflation—2.50 percent
- Salary Increases—Composed of 3.00 percent inflation, plus .75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return—7.50 percent, net of expenses and compounded annually
- Retirement Age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 2014
- Payroll Growth Rate—2.75 percent per year. This increase rate has no allowance for future membership growth

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study, dated May 13, 2015, for the period July 1, 2009-June 30, 2014 and in conjunction with the five-year-experience study for the period ending June 30, 2014.

Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

7. Employee Retirement System – cont'd

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	19.0%	8.5%
International Equity	23.5%	2.5%
Fixed Income	9.0%	4.5%
Real Estate *	<u>10.0%</u>	6.1%
Alternative Assets	<u>61.5%</u>	
Total		

* - The Real Estate total expected return is a combination of US Direct Real Estate (unlevered) and US Value added Real Estate (unlevered)

Discount Rate:

The discount rate used to measure the total pension liability was 7.5 percent. The single discount rate was based solely on the expected investment rate of return on pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following table presents the net pension liability of the District calculated using the discount rate of 7.5 percent, as well as what the District's net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's net pension liability	\$ 164,836,758	\$ 115,630,011	\$ 79,276,065

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

8. Sanctioned Organizations

The following entities are separately constituted and, accordingly, their financial position and results of operations have not been presented in the accompanying financial statements. The board of education does not appoint officers. The board of education is not responsible for approving budgets, contracts, key personnel, fiscal matters or day-to-day operations of the entity.

Barnes Elementary PTA	Jarman MS Band Parents Assoc.	Del City HS Homerun Club
Cleveland Bailey PTSA	Jarman MS Cheerleaders	DC Tip-In-Club
Country Estates Elem. PTA	Jarman MS PTSA	Del City HS Quarterback Club Del City HS Midfielders Booster Club
Del City Elementary PTA	Kerr MS Band Parent Association	MCHS Boys Basketball Tip In Club
East Side Elementary PTA	Kerr MS Cheer Booster Club	Del City HS Fastpitch
Epperly Heights Elem. PTA	Kerr MS PTSA	DCHS Swim Team Parents Assc.
Highland Park Elementary PTA	Monroney MS Band Boosters	DCHS Aires Patrons Organization
Parkview Elementary PTA	Monroney MS Orchestra	DCHS Orchestra Boosters
Pleasant Hill Elementary PTA	Monroney MS Cheer Booster Club	Del City HS Volleyball Booster Club
Ridgecrest Elementary PTA	Monroney MS PTA	Del City HS Take Down Club
Schwartz Elementary PTA	Carl Albert HS Band Boosters	MCHS Band Parents Association
Soldier Creek Elementary PTA	Carl Albert HS Homerun Club	Midwest City HS Homerun Club
Soldier Creek Natural Notes	Carl Albert HS Basketball Tip In Club	MCHS Girls BB Booster Club
Parents Association	CAHS Cheerleader Parent Account	Midwest City HS Boys Basketball
Tinker Elementary PTA	Carl Albert HS Cross Country	MCHS Cheer Parent Booster
Townsend Elementary PTA	Carl Albert HS Quarterback Club	Midwest City HS Quarterback Club
Carl Albert MS Band Parents Club	Carl Albert HS Pom Pon Booster Club	MCHS Bomber Golf Boosters
CAMS Cheer Parent Assoc.	Carl Albert HS PTSAs	Midwest City HS Pom Pon Squad
Carl Albert MS Pom	CAHS Titans Soccer Boosters	MCHS Soccer Booster Club
Carl Albert MS PTSA	Carl Albert HS Softball Booster Club	Midwest City HS Swim Club
Carl Albert MS Swim	Carl Albert HS Swim Club	MCHS Lady Bomber Softball Booster
Carl Albert MS Vocal Music	CAHS Vocal Music Booster Club	Midwest City HS Volleyball
Carl Albert MS Mat Club	Carl Albert HS Sideout Booster Club	MCHS Chorus Booster Club
Del Crest MS Bank Boosters	Carl Albert Orchestra Booster	Midwest City HS Bomber Mat Club
Del Crest MS Orchestra	Carl Albert HS Track	Mid-Del Orchestra
Del Crest MS Choral Booster	Carl Albert HS Takedown Club	Mid-Del PTA Council
Del Crest MS PTA	Del City HS Band Boosters	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

9. Risk Management

The District administers a self-insurance workers' compensation fund for District employees. This program is administered by an independent third-party and covers workers' compensation expenses for employees. In order to mitigate the risk associated with this program, the District has purchased individual "stop loss" insurance of \$1,000,000. The District makes payments to the internal service fund based on estimates of the amounts needed to pay prior and current year claims. As of the end of the fiscal year, it was determined that the liability for incurred claims approximately \$1,309,000. Changes in the claims liability were as follows:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2016-17	\$ 1,309,497	\$ 52,762	\$ (488,492)	\$ 873,767
2017-18	873,767	814,841	(1,022,812)	665,796

The District purchases commercial insurance for all other types of risk including, but not limited to, property, casualty, vehicles, and employee life. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

The full amount of the claims liability at June 30, 2018 is expected to be paid during fiscal year 2018.

10. Surety Bonds

The District has a Position Schedule Bond with Travelers Casualty and Surety Company of America Bond #106118502, for the period of July 1, 2017 to June 30, 2018, covering the following positions/amounts:

Superintendent	\$ 100,000	Director of Finance	\$ 25,000
Treasurer	350,000	Child Nutrition Director	25,000
Assistant Treasurer	350,000	Accounts Payable Clerk	25,000
Encumbrance Clerk	100,000	Child Nutrition Clerk	25,000
Payroll Clerk	100,000	Activity Clerk	25,000
Treasurer's Clerk	100,000	Deputy Minutes Clerk	25,000
Minutes Clerk	25,000		

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

11. OCMAPS Program

The School District participates in a program administered through the Oklahoma City Metropolitan Area Public Schools Trust, whereby the Trust reviews and approves project applications from Oklahoma City and suburban school districts that educate Oklahoma City resident students for improvements to school facilities utilized by Oklahoma City students. The OCMPAS program is funded through a temporary Oklahoma City sales tax which began on January 1, 2002, and ended December 31, 2008. The Trust budgets sales tax collections for Oklahoma City Public Schools and 23 suburban school districts and reviews and approves applications for facilities improvement, from the 23 suburban school districts that educate Oklahoma City resident students. The Trust maintains budget allocations for each participating school district and notifies each district quarterly of funds remaining for applications for the school. At June 30, 2018, the Oklahoma City Metropolitan Area Public Schools Trust maintained an account balance of \$0 for Mid-Del Public Schools applications for program funding. Revenues and expenditures for this program are reported by the Mid-Del School District through a special revenue fund entitled MAPS fund.

12. Interfund Loan Agreement

The District approved a loan agreement between the child nutrition services and the general fund for the purpose of allowing adequate cash flow within the child nutrition fund until such time during the fiscal year the child nutrition fund receives reimbursements from state, federal, and lunch collections sufficient to meet cash flow needs. The loan agreement provides that the District's general fund furnish the District's child nutrition fund the cost of an amount not to exceed \$402,041 as a contingent liability subject to repayment as funds become available from the child nutrition fund. This loan agreement included items such as utilities, insurance, maintenance and lease agreements, copier and postage expense, audit expense, technology support, transportation expense, and the coverage of end-of-year shortfalls (i.e., salaries, inventory, etc.). The loan was repaid during the fiscal year and no outstanding amounts have been reported in the financial statements at June 30, 2018.

13. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018
LAST 10 YEARS *

	As of June 30,			
	2017	2016	2015	2014
Proportion of the net pension liability	1.75%	1.65%	1.66%	1.65%
Proportionate share of the net pension liability	\$ 115,630,011	\$ 137,373,683	\$ 100,913,059	\$ 88,880,852
Covered payroll	\$ 64,032,397	\$ 66,932,668	\$ 66,929,860	\$ 65,939,633
Proportionate share of the net pension liability as percentage of covered-employee payroll	180.58%	205.24%	150.77%	134.79%
Plan's fiduciary net position	\$ 103,377,434	\$ 100,706,830	\$ 110,226,600	\$ 101,021,665
Plan fiduciary net position as a percentage of the total pension liability	89.40%	73.31%	109.23%	113.66%

Notes to schedule:

* GASB Statement No. 68 requires ten years of information to be presented in this table. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributions Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2018	\$ 6,777,253	6,777,253	-	65,819,885	10.30%
2017	6,648,486	6,648,486	-	64,032,397	10.38%
2016	6,993,055	6,993,055	-	66,932,668	10.45%
2015	6,934,426	6,934,426	-	66,929,860	10.36%
2014	6,840,819	6,840,819	-	65,939,633	10.37%
2013	6,812,170	6,812,170	-	66,114,485	10.30%
2012	6,607,386	6,607,386	-	65,723,481	10.05%
2011	6,841,166	6,841,166	-	67,665,314	10.11%
2010	7,079,734	7,079,734	-	70,634,308	10.02%
2009	\$ 6,440,611	6,440,611	-	67,133,683	9.59%

Notes to Required Supplementary Information:

The Districts' statutorily required contribution rate has changed over the prior 10 years as follows:

1 July 1, 2005 to December 31, 2006	7.05%
2 January 1, 2007 to June 30, 2007	7.60%
3 July 1, 2007 to December 31, 2007	7.85%
4 January 1, 2008 to June 30, 2008	8.35%
5 July 1, 2008 to December 31, 2008	8.50%
6 January 1, 2009 to December 31, 2009	9.00%
7 January 1, 2010 to present	9.50%

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Property tax	\$ 18,489,480	18,831,222	19,010,591	(179,369)
Interest	48,100	48,100	57,135	(9,035)
County	3,961,552	3,961,552	4,021,697	(60,145)
State	54,723,492	55,797,931	57,557,294	(1,759,363)
Federal	7,308,522	6,528,008	6,346,075	181,933
Local	260,800	268,665	481,532	(212,867)
Other			186,049	(186,049)
Total revenues	84,791,946	85,435,478	87,660,373	(2,224,895)
Expenditures:				
Instruction	53,569,752	54,644,891	53,353,139	1,291,752
Support services	33,159,555	33,704,853	32,805,701	899,152
Non-instructional services	17,496	17,462	1,538	15,924
Other outlays	1,627,274	1,177,299	530,313	646,986
Total expenditures	88,374,077	89,544,505	86,690,691	2,853,814
Excess (deficiency) of revenues over (under) expenditures	(3,582,131)	(4,109,027)	969,682	(5,078,709)
Other financing sources (uses):				
Non-revenue receipts	732,041	509,928		509,928
Total other financing sources	732,041	509,928	-	509,928
Net change in fund balance	(2,850,090)	(3,599,099)	969,682	(4,568,781)
Fund balance, beginning of year	5,129,374	8,014,260	8,014,260	-
Cash fund balance, end of year <i>budgetary basis</i>	\$ 2,279,284	4,415,161	8,983,942	(4,568,781)
Adjustments to conform with GAAP				
Inventory			244,942	
Receivables at year end			2,420,995	
less unavailable revenues			(53,074)	
Accounts payable at year end				
Fund balance, end of year - <i>modified accrual basis</i>			\$ 11,596,805	

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUILDING FUND
YEAR ENDED JUNE 30, 2108

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Property tax	\$ 2,641,664	2,641,705	2,714,210	(72,505)
State	40	40	109	(69)
Federal		500,000	553,908	(53,908)
Local		193	2,929	(2,736)
Total revenues	2,641,704	3,141,938	3,271,156	(129,218)
Expenditures:				
Support services	5,421,287	6,102,931	4,843,054	1,259,877
Capital outlays	178,713	181,557	9,394	172,163
Other outlays				-
Total expenditures	5,600,000	6,284,488	4,852,448	1,432,040
Excess (deficiency) of revenues over (under) expenditures	(2,958,296)	(3,142,550)	(1,581,292)	(1,561,258)
Other financing sources (uses):				
Non-revenue receipts	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	(2,958,296)	(3,142,550)	(1,581,292)	(1,561,258)
Fund balance, beginning of year	<u>8,047,236</u>	<u>9,179,166</u>	<u>9,179,165</u>	<u>1</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 5,088,940</u>	<u>6,036,616</u>	<u>7,597,873</u>	<u>(1,561,257)</u>
Adjustments to conform with GAAP				
Inventory			187,309	
Receivables at year end			154,712	
less unavailable revenues			(171,620)	
Accounts payable at year end				
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 7,768,274</u>	

Other Supplementary Information

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018**

Special Revenue Funds			
	Child Nutrition	Tech Center	Tech Center Building Fund
Assets			
Cash and cash equivalents	\$ 2,740,401	4,130,807	3,940,423
Receivables net of allowance for uncollectibles	1,725	640,351	168,090
Inventories	104,198		
Total assets	<u>2,846,324</u>	<u>4,771,158</u>	<u>4,108,513</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	108,198	28,062	35,484
Accrued wages	280,992	287,854	
Total liabilities	<u>389,190</u>	<u>315,916</u>	<u>35,484</u>
Fund Balances			
Nonspendable:			
Inventory	104,198		
Restricted fund balances:			
School construction			
Federal allocation carryover			
Buildings			4,073,029
Child nutrition	2,352,936		
Assigned			
Total fund balances	<u>2,457,134</u>	<u>4,455,242</u>	<u>4,073,029</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,846,324</u>	<u>4,771,158</u>	<u>4,108,513</u>

See Notes to Basic Financial Statements

Capital Projects Funds

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Special Revenue Funds</u>		
	Child Nutrition	Tech Center	Tech Center Building Fund
Revenues:			
Interest	\$ 3,105	4,159	
State	489,242	1,745,192	
Federal	4,664,941	1,480,813	
Local	1,341,083	3,503,698	1,662,914
Other	3,287	1,466	
Total revenues	6,501,658	6,735,328	1,662,914
Expenditures:			
Instruction		3,655,687	43,864
Support services		2,847,843	303,992
Non-instruction services	6,674,393		
Capital outlays			1,546,228
Other outlays	12,693	1,466	
Total expenditures	6,687,086	6,504,996	1,894,084
Excess (deficiency) of revenues over expenditures	(185,428)	230,332	(231,170)
Other financing sources (uses)			
Proceeds of bonds			
Insurance loss recovery			
Total other financing sources (uses)	-	-	-
Net change in fund balances	(185,428)	230,332	(231,170)
Fund balance, beginning of year	2,642,562	4,224,910	4,304,199
Fund balance, end of year	\$ 2,457,134	4,455,242	4,073,029

See Notes to Basic Financial Statements

Capital Project Funds

Bond 31	Bond 32	Bond 34	Bond 35	Bond 38	Bond 39	Casualty/ Insurance	Total Other Governmental Funds
\$ -	23	3,495	695		483		11,960
							2,234,434
							6,145,754
		3,025				7,992	6,518,712
						500,000	504,753
-	23	6,520	695	-	483	507,992	15,415,613
		1,716,997	518,894				5,935,442
		163,547	67,160		1,173,459	31,379	4,587,380
							6,674,393
		1,928,797					3,475,025
396,978	133,754	3,809,341	586,054	346,921	523,680		1,415,492
396,978	133,754	3,809,341	586,054	346,921	1,697,139	31,379	22,087,732
(396,978)	(133,731)	(3,802,821)	(585,359)	(346,921)	(1,696,656)	476,613	(6,672,119)
		1,820,000			1,200,000		3,020,000
-	-	-	1,820,000	-	1,200,000	-	3,020,000
(396,978)	(133,731)	(3,802,821)	1,234,641	(346,921)	(496,656)	476,613	(3,652,119)
396,978	133,731	5,238,753	-	346,921	523,680	810,254	18,621,988
\$ -	-	1,435,932	1,234,641	-	27,024	1,286,867	14,969,869

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Mid-Del Technology Center	\$ 393,020	488,065	344,093	536,992
Board of Education Building	122,067	326,962	279,644	169,385
Barnes Elementary	35,527	75,995	83,105	28,417
Cleveland Bailey Elementary	12,597	60,884	59,785	13,696
Country Estates Elementary	13,696	76,280	72,616	17,360
Del City Elementary	21,326	44,149	52,155	13,320
East Side Elementary	-	-	-	-
Epperly Heights Elementary	36,489	43,666	46,268	33,887
Pleasant Hill Elementary	14,347	65,930	66,615	13,662
Highland Park Elementary	16,243	31,037	28,543	18,737
Ridgecrest Elementary	72,473	88,594	132,629	28,438
Soldier Creek Elementary	39,310	108,247	116,483	31,074
Sooner-Rose Elementary	-	-	-	-
Steed Elementary	24,431	73,793	72,659	25,565
Tinker Elementary	18,238	44,537	43,412	19,363
Townsend Elementary	19,677	56,660	55,940	20,397
Traub Elementary	-	-	-	-
Parkview Elementary	23,343	97,370	96,233	24,480
Schwartz Elementary	42,839	58,364	54,906	46,297
Midwest City Elementary	48,311	87,186	92,556	42,941
Carl Albert Middle School	40,528	189,304	180,752	49,080
Del Crest Middle School	31,264	129,505	119,686	41,083
Jarman Middle School	24,126	132,638	130,393	26,371
Kerr Middle School	35,524	123,359	122,013	36,870
Monroney Middle School	53,391	182,240	180,284	55,347
Carl Albert Senior High	230,380	628,913	580,543	278,750
Del City Senior High	123,272	344,593	349,119	118,746
Midwest City Senior High	183,067	432,016	428,643	186,440
Special Services	1,267	343	-	1,610
Mid-Del Transportation	1,245	68	-	1,313
Mid-Del Schools Maintenance	636	3,102	3,314	424
Child Nutrition/Mid-Del	909	622,070	620,749	2,230
Total funds held for student activities	<u>\$ 1,679,543</u>	<u>4,615,870</u>	<u>4,413,138</u>	<u>1,882,275</u>

Summary - Activity Funds

Assets				
Cash	\$ 1,710,668	4,672,358	4,444,263	1,938,763
Liabilities				
Accounts payable	\$ 31,125	56,488	31,125	56,488
Funds held for student activities	1,679,543	4,615,870	4,413,138	1,882,275
Total liabilities	<u>\$ 1,710,668</u>	<u>4,672,358</u>	<u>4,444,263</u>	<u>1,938,763</u>

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Property tax	\$ 14,954,689	14,165,884	14,366,510	(200,626)
Interest			29,837	(29,837)
Local			1,403,126	(1,403,126)
Total revenues	14,954,689	14,165,884	15,799,473	(1,633,589)
Expenditures:				
Other outlays		10,000		10,000
Debt service	20,000,000	19,990,000	15,369,153	4,620,847
Total expenditures	20,000,000	20,000,000	15,369,153	4,630,847
Excess (deficiency) of revenues over (under) expenditures	(5,045,311)	(5,834,116)	430,320	(6,264,436)
Other financing sources, bond premium			498,950	(498,950)
Net change in fund balance	(5,045,311)	(5,834,116)	929,270	(6,763,386)
Fund balance, beginning of year	<u>15,457,227</u>	<u>15,558,565</u>	<u>15,558,566</u>	<u>(1)</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 10,411,916</u>	<u>9,724,449</u>	<u>16,487,836</u>	<u>(6,763,387)</u>
Adjustments to conform with GAAP				
Receivables at year end				
less unavailable revenues			239,780	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 16,727,616</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Interest	\$ 2,500	2,500	3,105	(605)
State	447,439	447,439	489,242	(41,803)
Federal	4,991,045	5,011,424	4,685,320	326,104
Local	1,511,812	1,511,812	1,341,254	170,558
Other			3,219	(3,219)
Total revenues	6,952,796	6,973,175	6,522,140	451,035
Expenditures:				
Support services			-	-
Non-instructional services	7,221,064	7,222,274	6,595,144	627,130
Other outlays	436,941	435,731	12,693	423,038
Total expenditures	7,658,005	7,658,005	6,607,837	1,050,168
Excess (deficiency) of revenues over (under) expenditures	(705,209)	(684,830)	(85,697)	(599,133)
Other financing sources (uses):				
Cash or change	2,750	2,750		2,750
Total other financing sources	2,750	2,750	-	2,750
Net change in fund balance	(702,459)	(682,080)	(85,697)	(596,383)
Fund balance, beginning of year	2,318,674	2,545,106	2,545,106	-
Cash fund balance, end of year <i>budgetary basis</i>	\$ 1,616,215	1,863,026	2,459,409	(596,383)
Adjustments to conform with GAAP				
Inventory			104,198	
Receivables at year end			1,725	
Accounts payable at year end			(108,198)	
Fund balance, end of year - <i>modified accrual basis</i>			\$ 2,457,134	

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - TECH CENTER
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual (budgetary basis)	Variance (final budget)
	Original	Final		
Revenues:				
Interest	\$ 3,000	3,000	4,159	(1,159)
State	1,936,647	1,866,923	1,749,334	117,589
Federal	1,299,180	1,278,000	1,175,188	102,812
Local	3,296,116	3,297,380	3,278,651	18,729
Total revenues	6,534,943	6,445,303	6,207,332	237,971
Expenditures:				
Instruction	3,802,739	3,780,304	3,514,360	265,944
Support services	2,587,863	2,646,970	2,685,916	(38,946)
Other outlays	200,891	164,219		164,219
Total expenditures	6,591,493	6,591,493	6,200,276	391,217
Net change in fund balance	(56,550)	(146,190)	7,056	(153,246)
Fund balance, beginning of year	<u>3,553,025</u>	<u>3,835,897</u>	<u>3,835,897</u>	<u>-</u>
Cash fund balance, end of year <i>budgetary basis</i>	<u>\$ 3,496,475</u>	<u>3,689,707</u>	<u>3,842,953</u>	<u>(153,246)</u>
Adjustments to conform with GAAP				
Receivables at year end			640,351	
Accounts payable at year end			(28,062)	
Fund balance, end of year - <i>modified accrual basis</i>			<u>\$ 4,455,242</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
BUDGETARY COMPARISON SCHEDULE - TECH CENTER BUILDING FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final	(budgetary basis)	(final budget)
Revenues:				
Local	\$ 1,663,620	1,663,620	1,595,591	68,029
Total revenues	1,663,620	1,663,620	1,595,591	68,029
Expenditures:				
Instruction	368,500	60,449	13,689	46,760
Support services	1,011,981	898,113	315,359	582,754
Capital outlays	1,619,519	2,128,876	1,546,228	582,648
Total expenditures	3,000,000	3,087,438	1,875,276	1,212,162
Net change in fund balance	(1,336,380)	(1,423,818)	(279,685)	(1,144,133)
Fund balance, beginning of year	3,668,540	4,220,108	4,220,108	-
Cash fund balance, end of year <i>budgetary basis</i>	\$ 2,332,160	2,796,290	3,940,423	(1,144,133)
Adjustments to conform with GAAP				
Receivables at year end			168,090	
Accounts payable at year end			(35,484)	
Fund balance, end of year - <i>modified accrual basis</i>			\$ 4,073,029	

Compliance Section

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Pass-through Federal CFDA Number	Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2017	Revenue Collected	Total Expenditures	Ending Balance 6/30/2018
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Impact Aid Cluster:							
Title VII Impact Aid - GF	84.041	591/592	44,043	62,442	44,043	82,663	23,822
Title VII Impact Aid - BF	84.041	591	553,909	914,195	553,909	1,454,372	13,732
Subtotal - Title VII Impact Aid Program (Cluster)			597,952	976,637	597,952	1,537,035	37,554
Title VI-Part A, Indian Education	84.060	561	215,745		176,952	215,745	(38,793)
Title VI-Part A, Indian Education 2016-17	84.060	799		(96,750)	96,750		
Pell Grant	84.063	770	283,330		283,330	283,330	
Subtotal - Direct Programs			1,097,027	879,887	1,154,984	2,036,110	(1,239)
<u>Passed Through State Department of Education:</u>							
* Title I Cluster:							
Title I-Part A, Improving Basic Programs	84.010	511	3,204,563		1,931,766	2,914,100	(982,334)
Title I-Part A, Improving Basic Programs 2016-17	84.010	799		(350,988)	350,988		
Title I-School Improvement	84.010	515	50,000		13,980	17,960	(3,980)
Title I-Part A, Neglected	84.013	518	103,563		34,786	60,766	(25,980)
Title I-Part A, Neglected 2016-17	84.013	799		(9,855)	9,855		
Subtotal - Title I Program (Cluster)			3,358,126	(360,843)	2,341,375	2,992,826	(1,012,294)
* Title II-Part A, Teacher & Principal Training	84.367	541	598,340		254,982	275,259	(20,277)
Title II-Part A 2016-17	84.367	799		(152,758)	152,758		
Title III-Part A, English Language Acq.	84.365	572	60,971		33,115	38,904	(5,789)
Title III-Part A, English Language Acq. 2016-17	84.365	799		(4,410)	4,410		
Special Education Cluster:							
IDEA-B Discretionary	84.027	613	4,268		2,244	2,244	
IDEA-B Discretionary 2016-17	84.027	799		(63)	63		
IDEA-B Staff Development	84.027	615	33,888		23,875	23,875	
IDEA-B Flowthrough	84.027	621	3,027,086		2,105,527	2,705,916	(600,389)
IDEA-B Flowthrough 2016-17	84.027	799		(593,359)	593,359		
IDEA-B Flowthrough, Private Schools	84.027	625	18,721		10,431	10,627	(196)
IDEA-B Preschool	84.173	641	69,011		47,605	62,721	(15,116)
IDEA-B Preschool 2016-17	84.173	799		(13,798)	13,798		
Subtotal - Special Education Program (Cluster)			3,152,974	(607,220)	2,796,902	2,805,383	(615,701)

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Pass-through						Ending Balance 6/30/2018
	Federal CFDA Number	Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2017	Revenue Collected	Total Expenditures	
Title X-Part C, Homeless	84.196	596	269,216		125,532	191,798	(66,266)
Title X-Part C, Homeless 2016-17	84.196	799		(31,412)	31,412		
Subtotal - Passed Through State Dept of Education			<u>7,439,627</u>	<u>(1,156,643)</u>	<u>5,740,486</u>	<u>6,304,170</u>	<u>(1,720,327)</u>
Passed Through State Department of Career and Technology Education:							
Carl Perkins Cluster:							
Carl Perkins Grant - GF	84.048	421	110,333		46,626	86,842	(40,216)
Carl Perkins Grant - GF 2016-17	84.048	799		(50,701)	50,701		
Carl Perkins Grant - Tech	84.048	421	127,212		60,268	109,088	(48,820)
Carl Perkins Grant - Tech 2016-17	84.048	799		(69,645)	69,645		
Tech Centers That Work	84.048	429	12,000		6,870	11,970	(5,100)
Tech Centers That Work 2016-17	84.048	799		(3,910)	3,910		
Subtotal - Carl Perkins Program (Cluster)			<u>249,545</u>	<u>(124,256)</u>	<u>238,020</u>	<u>207,900</u>	<u>(94,136)</u>
U.S. Department of Agriculture:							
Passed Through State Department of Education:							
Child Nutrition Cluster:							
Cash Assistance:							
National School Lunch Program	10.555	763		649,311	3,492,405	3,202,412	939,304
School Breakfast Program	10.553	764			1,172,536	1,172,536	
Summer Food Program	10.559	766		5,956	20,379	18,792	7,543
Cash Assistance Subtotal				<u>655,267</u>	<u>4,685,320</u>	<u>4,393,740</u>	<u>946,847</u>
Passed Through State Department of Human Services:							
Non-cash Assistance (Commodities)	10.555	N/A			465,860	465,860	
Subtotal - Child Nutrition Program (Cluster)				<u>655,267</u>	<u>5,151,180</u>	<u>4,859,600</u>	<u>946,847</u>
U.S. Department of Defense:							
Direct Programs:							
JROTC Program:							
JROTC - Air Force	12.401	774	122,434		114,048	130,298	(16,250)
JROTC - Air Force 2016-17	12.401	799		(3,801)	3,801		
JROTC - Navy	12.401	775	57,251		41,570	41,570	
Subtotal - JROTC Program			<u>179,685</u>	<u>(3,801)</u>	<u>159,419</u>	<u>171,868</u>	<u>(16,250)</u>

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	Pass-through						<u>Ending Balance 6/30/2018</u>
	<u>Federal CFDA Number</u>	<u>Grantor's Project Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/1/2017</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130	563	\$ 42,140		22,266	26,572	(4,306)
Temporary Assistance for Needy Families	93.558	452	151,000		27,897	149,994	(122,097)
Temporary Assistance for Needy Families 2016-17	93.558	799		(40,758)	40,758		
OJT-Rehabilitation Services	84.126	456	10,121	(602)	8,831	11,368	(3,139)
Subtotal - Other Federal Assistance			<u>203,261</u>	<u>(41,360)</u>	<u>99,752</u>	<u>187,934</u>	<u>(129,542)</u>
Total Federal Assistance			<u><u>\$ 9,169,145</u></u>	<u><u>209,094</u></u>	<u><u>12,543,841</u></u>	<u><u>13,767,582</u></u>	<u><u>(1,014,647)</u></u>

* Major federal programs

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

1. General

The schedule of expenditures of federal awards presents the activity of all federal award programs of Midwest City-Del City School District (the District). The District reporting entity is defined in the notes to the District's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the schedule. There were no amounts passed to subrecipients.

2. Basis of Accounting

The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are reported on the regulatory basis of accounting, as prescribed by the Oklahoma State Department of Education, which is considered an other comprehensive basis of accounting. Therefore, some material presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has also elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

3. Non-cash Federal Awards

The District receives food commodities from the U.S. Department of Agriculture for use in its foodservice program. The commodities, in the amount of \$465,860, are recognized as revenue when received and are reported at fair market value.

4. Prior Year Reimbursements

These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.



**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**

The Honorable Board of Education
Midwest City-Del City School District
Midwest City, OK 73110

We have audited, in accordance with the 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 Midwest City-Del City School District No. I-52, Midwest City, Oklahoma, as of and for the year ended June 30, 218, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 26, 2018. This report was unqualified with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District'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 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 significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

November 26, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Board of Education
Midwest City-Del City School District No. I-52
Midwest City, Oklahoma 73110

Report on Compliance for Each Major Federal Program

We have audited the compliance of Midwest City-Del City School District No. I-52, Midwest City, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (The Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Midwest City-Del City District No. I-52, Midwest City, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

The management of Midwest City-Del City District No. I-52, Midwest City, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

November 26, 2018

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2016 TO JUNE 30, 2018

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements in conformity with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the District were reported during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance"
5. An unqualified opinion report was issued on the compliance of major federal award programs.
6. The audit disclosed no audit findings and questioned costs, which are required to be reported under OMB Uniform Guidance.
7. Identification of Major Programs: Title I programs (84.010,84.013), which were clustered in the determination, and the Title II program (84.367).
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The District did qualify to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

**INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
DISPOSITION OF PRIOR YEAR FINDINGS
JULY 1, 2016 TO JUNE 30, 2018**

Findings Related to the Financial Statement Audit:

There were no prior year findings.

INDEPENDENT SCHOOL DISTRICT NO. I-52, OKLAHOMA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2017 TO JUNE 30, 2018

State of Oklahoma)
County of Tulsa)

The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Midwest City-Del City School District for the audit year 2017-18.

Jenkins & Kemper, CPAs, P.C.
AUDITING FIRM
BY Debby Jenkins
AUTHORIZED AGENT

Subscribed and sworn to before me on this
30th day of, November, 2018

Andrea Fugate
NOTARY PUBLIC

