

**Report On Audit
Of
Financial Statements**

June 30, 2016

**Oklahoma City Independent School
District No. I-089
Oklahoma County, Oklahoma**

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Oklahoma County School District No. I-89
Oklahoma City Public Schools

District Profile

Board of Education

<i>Name</i>	<i>Office</i>	<i>District</i>	<i>Term of Office</i>	<i>End of Term</i>
Lynne Hardin	Board Chairperson		4 yrs	2017
Bob Hammack	Member	1	4 yrs	2017
Justin Ellis	Vice-Chairperson	2	4 yrs	2017
Carrie Jacobs	Member	3	4 yrs	2020
Paula Lewis	Member	4	4 yrs	2020
Ruth Veales	Member	5	4 yrs	2018
Gloria Torres	Member	6	4 yrs	2019
Ron Millican	Member	7	4 yrs	2018

Superintendent

Aurora Lora

Chief Financial Officer

Jean Bostwick, CPA

FINANCIAL SECTION



Independent Auditor's Report

RSM US LLP

To the Board of Education
Oklahoma County School District No. I-89
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Oklahoma County School District No. I-89, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting 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. 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, in 2016, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues*. The provisions of GASB Statement No. 82 required the District to restate its governmental activities, business-type activities, and proprietary fund net position as of July 1, 2015 upon adoption. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the General Fund, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions to Oklahoma Teachers Retirement System, as listed in the table of contents, 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 methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining financial statements, statement of changes in assets and liabilities for fiduciary funds, and budgetary schedules, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying Other Information section, as listed in the table of contents, has 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 it.

RSM US LLP

Oklahoma City, Oklahoma
January 27, 2017

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Within the management's discussion and analysis of the Oklahoma County School District No. I-89 (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section. The reports are prepared using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, which also requires that certain comparative information between the current year and the prior year be presented.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2016 were:

- The District's Statement of Net Position (Accrual Basis) reported that assets and deferred outflows exceeded liabilities and deferred inflows by \$399.7 million (net position) an increase of \$21.1 million, or 5.6 percent over the previous year-end restated net position of \$378.6 million.
- General fund expenditures (Budgetary basis) of \$334.1 million were greater than total revenues (revenues plus lapsed appropriations) of \$327.2 million by \$6.9 million, or 2.1 percent of total revenues. The fund balance decreased to \$20.4 million, or 6.2 percent of total revenues.
- E-Rate funding (Year 15) was \$2.4 million for in-kind goods and services benefiting instructional services.
- The District's Bond Ratings were downgraded by Moody's from a bond rating of Aa2 Stable to a bond rating of Aa3 Negative and stayed the same with Standard & Poor's bond rating of AA Stable.
- Student membership totaled 40,877, a decrease of 233 students, or .6 percent, from last year's membership of 41,110. Membership and attendance are the critical components in the calculation of the District's revenue allocations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of three components: 1) district-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

District-Wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows/inflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information reflecting how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the District include regular education, special education, transportation and administration. The business-type activities of the District include school nutrition services.

The district-wide financial statements can be found on pages 17 and 18.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financing requirements. Most of the District's basic services are included here, such as regular education, special education, transportation and administration. Property taxes, federal grants, state grants and state aid formula provide the financing for most of these activities.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances each provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

The Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are presented on pages 19 and 21. Major funds are presented separately, and nonmajor governmental funds are combined into a single column. Individual fund data for each of these nonmajor governmental funds are provided in a combining statement on pages 58 and 59.

Proprietary funds are reported in the fund financial statements and include services for which the District charges a fee. A Statement of Cash Flows – Proprietary Fund is also reported. The District maintains one proprietary fund, which is the enterprise fund for the District's School Nutrition Services program. Proprietary funds are used to report the same functions presented as business-type activities in the district-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 23 through 25.

Fiduciary funds are funds for which the District is the trustee or fiduciary for assets that belong to others. The District is responsible for ensuring that the assets of the funds are used only for their intended purposes and by whom the assets belong. The District maintains one fiduciary fund, which is the student activity fund. Fiduciary fund financial statements report resources that are not available to fund District programs and, as a result, are not included in the district-wide financial statements.

The basic fiduciary fund financial statement can be found on page 26.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. Notes to the financial statements can be found on pages 27 through 52.

Required Supplementary Information

The *Required Supplementary Information (RSI)* section presents information concerning the District's budgeting process. The District adopts an annual appropriated budget for the following funds: general fund, building fund, school nutrition fund, bond funds, debt service fund and insurance fund.

The District is required to present a budget to actual comparison schedule for both the general fund and each major special revenue fund with a legally adopted annual budget. A budgetary comparison schedule has been provided for the general fund, to demonstrate compliance with the budgets. There are no major special revenue funds with a legally adopted annual budget.

Pension information is also included in required supplementary information.

Other Supplementary Information

The *Other Supplementary Information* section presents the detailed by non-major Other Governmental Funds Balance Sheet and Revenues and Expenditures, and Changes in Fund Balances, The Fiduciary Statement of Changes in Assets and Liabilities, and budgetary comparison schedules for the non-major special revenue funds and other funds: building fund, bond funds, debt service fund and insurance fund.

District-Wide Financial Analysis

The following financial analysis discussion reports the District's comparative results in two basic fund categories: Governmental Activities and Business-Type Activities. As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Net Position

The District's total net position at June 30, 2016 and 2015 was \$399.7 million and \$390 million, respectively. Due to the implementation of GASB Statement No. 82, net position was restated as of July 1, 2015 to \$378.6 million. During the fiscal year ended June 30, 2016, net position increased \$21.1 million or 5.6 percent. As a result of the prior year implementation of GASB Statements No. 68 and 71, the District is unable to report positive balances in all categories of net position, both for the District as a whole, as well as for its separate governmental and business-type activities.

The largest portion of the District's net position, \$561.5 million (140.5 percent of total net position), reflects its net investment in capital assets. The District uses these capital assets to provide instruction, support and transportation services; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Detailed financial information is available on page 17.

The following table provides a comparative summary of the District's statements of net position as of June 30, 2016 and 2015:

Statements of Net Position (in thousands)						
June 30, 2016 and 2015						
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 354,690	\$ 380,118	\$ 6,361	\$ 3,594	\$ 361,051	\$ 383,712
Capital and other	671,118	659,544	161	180	671,279	659,724
Total assets	1,025,808	1,039,662	6,522	3,774	1,032,330	1,043,436
Deferred outflows of resources	42,935	30,937	1,789	1,248	44,724	32,185
Current liabilities	64,462	61,812	1,239	1,825	65,701	63,637
Long-term liabilities	450,933	428,514	12,238	10,682	463,171	439,196
Total liabilities	515,395	490,326	13,477	12,507	528,872	502,833
Deferred inflows of resources	147,221	180,123	1,232	2,678	148,453	182,801
Net position:						
Net investment in capital assets	561,350	554,501	161	180	561,511	554,681
Restricted	144,355	50,185	1,199	-	145,554	50,185
Unrestricted	(299,578)	(204,536)	(7,758)	(10,343)	(307,336)	(214,879)
Total net position	\$ 406,127	\$ 400,150	\$ (6,398)	\$ (10,163)	\$ 399,729	\$ 389,987

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

The District's total assets at June 30, 2016 were \$1,032.3 million, a decrease of \$11.1 million, or 1.1 percent, over last year's assets of \$1,043.4 million.

	Total Assets (in thousands)					
	June 30, 2016 and 2015					
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Cash and cash equivalents	\$ 186,206	\$ 214,323	\$ 5,836	\$ 2,976	\$ 192,042	\$ 217,299
Deposits held by a third party	31,013	25,970	-	-	31,013	25,970
Accounts receivables, net of allowances	137,270	139,505	151	391	137,421	139,896
Inventories	201	320	374	227	575	547
Total current assets	354,690	380,118	6,361	3,594	361,051	383,712
Land and construction	13,735	17,526	-	-	13,735	17,526
Other capital assets, net of accumulated depreciation	657,383	642,018	161	180	657,544	642,198
Total noncurrent assets	671,118	659,544	161	180	671,279	659,724
Total assets	\$ 1,025,808	\$ 1,039,662	\$ 6,522	\$ 3,774	\$ 1,032,330	\$ 1,043,436

Current Assets

The District's current assets consist primarily of cash and cash equivalents, deposits held by a third party, receivables, and inventories. Current assets at June 30, 2016 were \$361.1 million, a decrease of \$22.7 million, or 5.9 percent, over last year's current assets of \$383.7. Major transactions/factors were:

- Decrease of Cash and Cash Equivalents of \$28.1 million over prior year is primarily related to the increased i) General Fund increased operational expenditures and ii) YFK bond expenditures (net of current year bond sale).
- Increase of deposits held by a third party of \$5 million is related to an increase of bond principal payments due July 1st.

Noncurrent Assets

The District's investment in capital assets includes land, construction in-progress, buildings and improvements, computer and related equipment, machinery and equipment, and vehicles. Capital assets, net of accumulated depreciation, at June 30, 2016 were \$671.3 million, an increase of \$11.6 million, or 1.8 percent, over last year's total net capital assets of \$659.7 million. Major transactions/factors were:

- Increase for MAPS Sales Tax transfers of \$9.6 million for Buildings and Improvements and Technology.
- Increase for Assets under Construction activity of \$22.3 million.
- Decrease for Depreciation expense of \$24.2 million.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

The following table provides a comparative summary of the District's capital assets as of June 30, 2016 and 2015:

	Capital Assets, Net of Accumulated Depreciation (in thousands)					
	June 30, 2016 and 2015					
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 3,597	\$ 3,585	\$ -	\$ -	\$ 3,597	\$ 3,585
Construction in-progress	10,138	13,941	-	-	10,138	13,941
Buildings and improvements	640,693	621,259	-	-	640,693	621,259
Computer and related equipment	10,267	14,248	5	10	10,272	14,258
Machinery and equipment	2,483	2,204	145	154	2,628	2,358
Vehicles	3,940	4,307	11	16	3,951	4,323
Total capital assets	\$ 671,118	\$ 659,544	\$ 161	\$ 180	\$ 671,279	\$ 659,724

Additional information concerning the District's capital assets is contained in Note 4 to the financial statements.

Total Liabilities

The District's total liabilities at June 30, 2016 were \$528.9 million, an increase of \$26 million, or 5.2 percent, over last year's total liabilities of \$502.8 million. The following table provides a comparative summary of the District's liabilities as of June 30, 2016 and 2015:

	Total Liabilities (in thousands)					
	June 30, 2016 and 2015					
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current liabilities	\$ 33,547	\$ 36,708	\$ 1,180	\$ 1,688	\$ 34,727	\$ 38,396
Current portion of long-term liabilities	30,915	25,104	59	137	30,974	25,241
Total current liabilities	64,462	61,812	1,239	1,825	65,701	63,637
Long-term portion of GO bonds	153,520	172,140	-	-	153,520	172,140
Premium on bonds	1,526	2,017	-	-	1,526	2,017
Capital lease obligation	931	499	-	-	931	499
Accrued compensated absences	4,549	5,200	138	321	4,687	5,521
Net pension liability	290,407	248,658	12,100	10,361	302,507	259,019
Total noncurrent liabilities	450,933	428,514	12,238	10,682	463,171	439,196
Total liabilities	\$ 515,395	\$ 490,326	\$ 13,477	\$ 12,507	\$ 528,872	\$ 502,833

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Current Liabilities

The District's total current liabilities at June 30, 2016 were \$65.7 million, an increase of \$2.1 million, or 3.2 percent, over last year's total current liabilities of \$63.6 million. Current liabilities include Accounts Payables and the current portion of long-term obligations.

Noncurrent Liabilities

The District's total noncurrent liabilities at June 30, 2016 were \$463.2, an increase of \$24 million or 5.5 percent, over last year's total noncurrent liabilities of \$439.2 million. Major transactions/factors were:

- Increase of Net Pension Liability as a result of GASB 68 reporting requirements of \$43.5 million
- Decrease of the total Long-term portion of General Obligation Bonds of \$18.6 million

Additional information concerning the District's non-current liabilities is contained in Note 6 Long-term Liabilities to the financial statements.

Outstanding Debt

General Obligation Bond debt at June 30, 2016 was \$182.1 million, a decrease of \$12.7 million or 6.5 percent, over last year's total bond debt of \$194.9 million. Changes in the outstanding debt balance reflect the net impact of any increases of debt for new bond sales and any reductions of debt for bond principal payments. Major transactions/factors were:

- Increase for debt associated with the YES for Kids Bond Sales, Proposition I - Construction of \$10 million.
- Decrease for general obligation bond principal payments totaling \$22.7 million.

The following table provides a comparative summary of the District's outstanding debt as of June 30, 2016 and 2015:

	Outstanding Debt (in thousands)					
	June 30, 2016 and 2015					
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 182,140	\$ 194,860	\$ -	\$ -	\$ 182,140	\$ 194,860
Premium on bonds	1,526	2,017	-	-	1,526	2,017
Total						
outstanding debt	\$ 183,666	\$ 196,877	\$ -	\$ -	\$ 183,666	\$ 196,877

Deferred Outflows of \$44.7 million consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Deferred Inflows of \$117.7 million were recorded related to future property tax collections as projected based on the Oklahoma County lien date of January 1, 2016 as these will not be recognized as revenue until the year for which it is budgeted. Deferred inflows of \$30.8 million were recorded related to unrecognized items not yet charged to pension expense.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Financial Analysis of the District's Activities

The District's Statement of Activities is reported on the accrual basis. Detailed financial information is available on page 18. The following table provides a comparative summary of the District's statements of activities for the years ended June 30, 2016 and 2015:

	Statements of Activities (in thousands)					
	June 30, 2016 and 2015					
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 1,435	\$ 2,898	\$ 1,638	\$ 2,024	\$ 3,073	\$ 4,922
Operating grants and contributions	61,623	61,509	24,905	25,516	86,528	87,025
Capital grants and contributions	9,641	42,379	-	-	9,641	42,379
General revenues:						
Property and other taxes	151,812	148,393	-	-	151,812	148,393
State aid, charter schools	26,296	23,231	-	-	26,296	23,231
State aid	128,052	131,417	2,627	-	130,679	131,417
Support from other governments	6,709	6,535	-	-	6,709	6,535
Interest and dividends	40	54	-	-	40	54
Other	369	319	77	15	446	334
Total revenues	385,977	416,735	29,247	27,555	415,224	444,290
Expenses:						
Instruction	190,210	186,871	-	-	190,210	186,871
Support services	131,909	130,919	-	-	131,909	130,919
Operation of noninstructional services	525	706	25,065	26,225	25,590	26,931
Facilities, acquisitions, and construction	16,271	15,714	-	-	16,271	15,714
Charter schools	26,296	23,231	-	-	26,296	23,231
Other outlays	331	270	-	-	331	270
Interest	3,470	3,912	-	-	3,470	3,912
Total expenses	369,012	361,623	25,065	26,225	394,077	387,848
Increase (decrease) in net position	16,965	55,112	4,182	1,330	21,147	56,442
Net position, beginning, as restated	389,162	345,038	(10,580)	(11,493)	378,582	333,545
Net position, ending	\$ 406,127	\$ 400,150	\$ (6,398)	\$ (10,163)	\$ 399,729	\$ 389,987

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

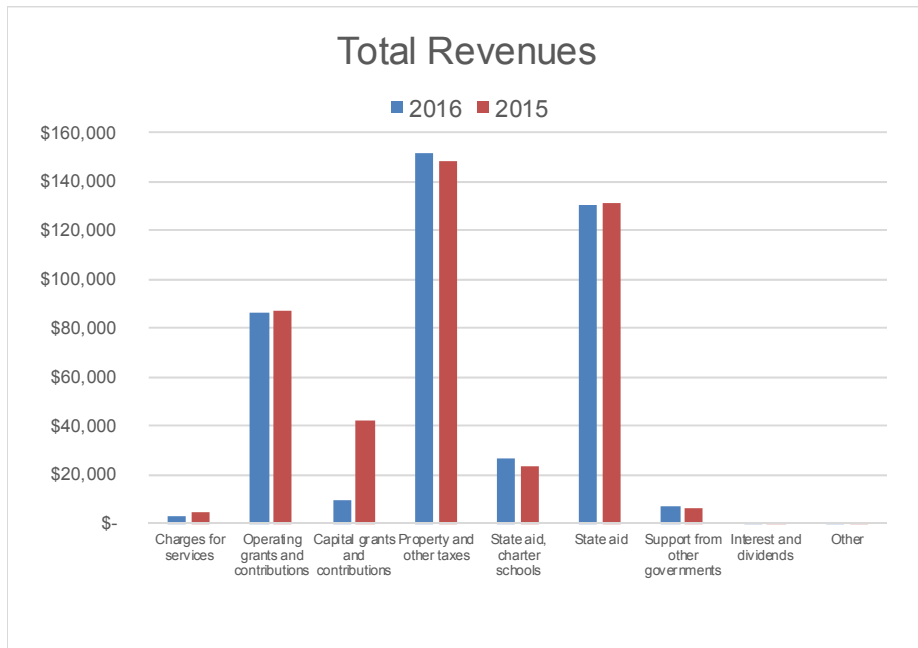
**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Revenues

The District’s total accrual basis revenues at June 30, 2016 were \$415.2 million, a decrease of \$29.1 million, or 6.5 percent, over last year’s total revenues of \$444.3 million. Major transactions/ factors were:

- Revenue due to property transfers from MAPS sales projects was \$9.6 million, a decrease of \$32.8 million or 77.4 percent, over prior year revenues of \$42.4 million.
- State funding for Foundation and Salary Incentive Aid, Flexible Benefit Allowance contribution was \$128.1 million, a decrease \$2.8 million or 2.1 percent over prior year collections of \$130.9 million.
- Pass through state funding revenue for charter schools was \$26.3 million, an increase of \$3.1 million or 13.4 percent, over prior year revenues of \$23.2 million.

As graphically portrayed below, the District is heavily reliant on state aid to support operations. Property and other taxes support both general fund and building fund operations and provide proceeds for bond indebtedness.



**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

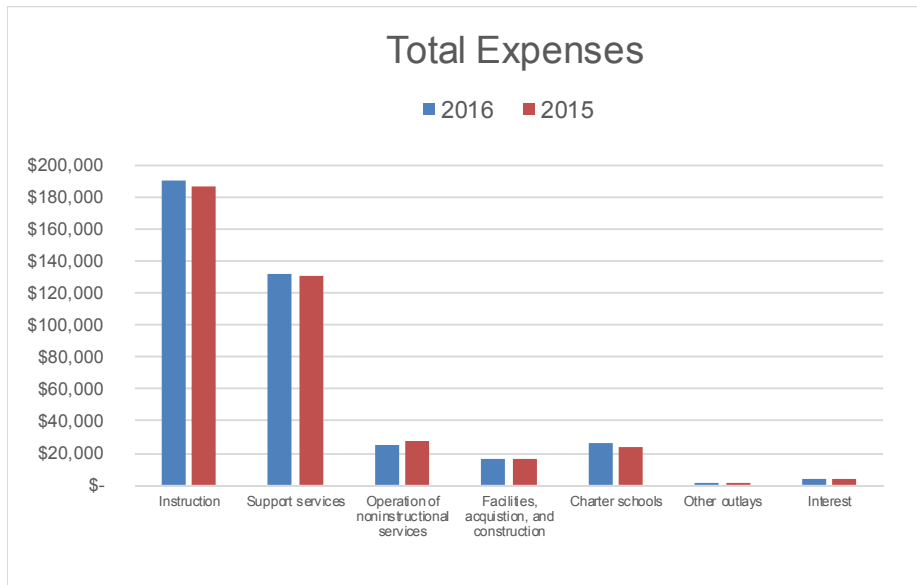
**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Expenses

The District's total accrual basis expenses at June 30, 2016 were \$394.1 million, an increase of \$6.2 million, or 1.6 percent, over last year's total expenses of \$387.9 million.

Financial transactions benefiting the District that reflect both revenue and expense impact include the Federal Grant Programs (such as Title I), MAPS Sales Tax projects, E-Rate program participation and on-behalf teacher retirement contributions by the State of Oklahoma. These financial transactions are generally reflected within Instructional Costs classification. Major transactions/factors were:

- Instructional costs were \$190.2 million, an increase of \$3.3 million or 1.8 percent over last year's expenses of \$186.9 million.
- Support costs were \$131.9 million, an increase of \$1 million or .8 percent over last year's expenses of \$130.9 million.
- Pass through expense for charter schools was \$26.3 million, an increase of \$3.1 million or 13.4 percent, over prior year revenues of \$23.2 million.



**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Financial Analysis of the District’s Funds

Governmental funds: The focus of the District’s governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. Long-Term financial reporting, such as fixed assets and long-term debt, are adjusted back to revenue and expenditures to reflect only short-term activity. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. See pages 19 and 21 for detailed reporting.

The District’s main sources of revenues by category are:

- *Local* (including Ad Valorem, tuition and fees, investment earnings, rentals, and reimbursements)
- *Intermediate* (Including County Four Mill Ad Valorem)
- *State* (Including State taxes and fees, State Aid, State Grants, State Programs)
- *Federal* (Federal programs, projects, services, and activities)
- *Charter School* (flow-through of charter school state formula funding)
- *Other* (Reimbursements and other miscellaneous revenues)

Other Financing Sources of Governmental Funds include Bond Sales, Revenue Transfers between funds, and Insurance Recoveries

Total Revenues by Source (in thousands)		
	2016	2015
Local sources	\$ 132,228	\$ 160,414
Intermediate sources	12,371	11,851
State sources	174,266	181,226
Federal sources	37,334	39,026
Charter schools	26,296	23,231
Other	355	417
Total sources of revenue	\$ 382,850	\$ 416,165

The District’s main activities by function are instruction, support services, noninstructional services, facilities acquisition and construction, other outlays (charter school pass-through), and debt service. The following table shows each activity’s total cost before any offsets for fees generated by the activities and intergovernmental aid provided for specific programs, as well as the financial burden that was placed on the State of Oklahoma, federal government, and the District’s taxpayers by each of these functions.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Total Expenditures by Function (in thousands)		
	2016	2015
Instructions	\$ 197,928	\$ 198,037
Support services	136,066	135,218
Noninstructional services	525	702
Facilities acquisition and construction	30,435	78,875
Charter schools	26,296	23,231
Other outlays	331	270
Debt service	28,133	36,555
Total cost of service	\$ 419,714	\$ 472,888

Proprietary funds: The focus of the District's proprietary fund for School Nutrition Services as detailed on pages 23 through 25 is to provide the same type of information found in the district-wide financial statements as of June 30, 2016.

Students eligible for free or reduced price meals were 84.0 percent, a decrease over prior year's eligibility percentage of 90.4 percent.

Breakfast and lunch participation increased to 17,483 and 31,443 respectively, from prior year participation of 17,619 and 30,049.

Proprietary fund total net position at June 30, 2016 and 2015 was \$6.4 million (deficit) and \$10.2 million (deficit), respectively. Due to the implementation of GASB Statement No. 82, net position was restated as of July 1, 2015 to \$10.6 million (deficit). During the fiscal year ended June 30, 2016, net position increased \$4.2 million or 39.6 percent.

Proprietary fund unrestricted net position at June 30, 2016 and 2015 was \$7.8 million (deficit) and \$10.3 million (deficit), respectively. Due to the implementation of GASB Statement No. 82, unrestricted net position was restated as of July 1, 2015 to \$10.8 million (deficit). During the fiscal year ended June 30, 2016, net position increased \$3 million or 27.8 percent.

Agency funds: The District has numerous School Activity Funds. Activity Funds operate to generate revenues to specifically benefit a school organization. Total assets at June 30, 2016 were approximately the same as last year at \$2.5 million.

General Fund Budget Discussion

Under the required supplementary information section (pages 55 through 57); the General Fund is presented on a Budgetary Basis. Annually, the District files a Budget Overview in Accordance with the School District Budget Act (Section 5-150 et. Seq. of Title 70) adopted June 4, 2001.

The District adopts an annual appropriated budget for all required funds. The budget is prepared in accordance with Oklahoma law and is based on accounting for financial transactions on a basis of cash receipts, disbursements and encumbrances.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Revenue

State Sources of revenue (the primary source of District revenues) are budgeted conservatively. Total state foundation incentive and flexible benefit allowance funding is driven by changes in District WADM (Weighted Average Daily Membership), and Foundation and Salary Incentive Aid factors in state appropriated funding

Federal Sources of revenue are budgeted each year to allow an appropriation authorization to expend the full potential allocation of all federal programs. Any unspent allocations are carried forward into the next fiscal year for use. The budgeted amount is based on estimated FY2016 spending and historical program appropriations trends at the time of the budget preparation.

Expenditures

Instructional expenditures mirror the Federal sources of revenue budgeting process to allow appropriation authorization to expend the full potential allocation of all federal programs. Federal sources of revenue impact the classroom and instructional setting. As federal actual revenues are less than budget, a direct correlation occurs with instructional expenditures actuals being less than budgeted. Other expenditures are budgeted based on historical trend information and projections for potential increases or decreases for student services and staffing costs.

Economic Outlook

During FY2016, the State of Oklahoma experienced a significant economic downturn related to the energy sector crisis and other state budget shortfalls. As a result, the state declared two separate revenue failures by June 30, 2016 and Oklahoma City Public Schools saw a reduction in state formula funding. In addition, other state funding sources, such as RSA (Reading Sufficiency Act), professional development, and alternative education, were reduced. The FY2017 state budget faced a \$1.3B shortfall and this resulted in the utilization of many one-time revenue streams to address much of the shortfall. Many state agencies, including the State Department of Education, still had funding reductions.

Oklahoma City Public Schools took specific action to reduce expenditures in the upcoming year including the reduction of teacher and administrative positions, student support services, school supply budgets, fine arts, library media, and athletic support. Also, some elementary schools were consolidated. In addition, third party vendor contracts were evaluated for reductions and cancellations. Operational efficiencies were enacted, including revising bell times for more efficient bus routes and implementing direct deposit paperless payroll processing for all employees, thereby eliminating the issuance of paper payroll stubs.

The state economic news continues to be grim and on January 4, 2017, the Office of the State Treasurer, Ken Miller, reported that the monthly gross receipts to the Treasury in November 2016 were the lowest November total since 2010. Collections during the past 12 months, at \$10.8B, are the lowest since January 2012. In November 2016, Oklahoma's unemployment rate was 5.1 percent (according to the Oklahoma Employment Security Commission). This is the 5th consecutive month that the Oklahoma jobless rate has been higher than the national rate. The FY2018 State of Oklahoma budget is projecting a \$900M+ shortfall.

This continued financial downturn will result in more difficult decisions for all governmental entities, including public schools. Oklahoma City Public Schools' leadership is monitoring the budget situation and working closely with District staff to identify further areas of cost reductions.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's financials and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Oklahoma County School District I-89
Oklahoma City Public Schools
Financial Services Department
900 North Klein
Oklahoma City, Oklahoma 73106-7036

BASIC FINANCIAL STATEMENTS

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Statement of Net Position
June 30, 2016
(in thousands)

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 186,206	\$ 5,836	\$ 192,042
Deposits held by third party	31,013	-	31,013
Receivables:			
Delinquent/protested property taxes, net of allowance	10,103	-	10,103
Property taxes - succeeding year, net of allowance	117,656	-	117,656
Due from other governments	9,467	145	9,612
Other, net of allowance	44	6	50
Inventories	201	374	575
Total current assets	354,690	6,361	361,051
Noncurrent assets:			
Capital assets:			
Land and construction in progress	13,735	-	13,735
Other capital assets, net of accumulated depreciation	657,383	161	657,544
Total capital assets	671,118	161	671,279
Total assets	1,025,808	6,522	1,032,330
Deferred outflows of resources, pension related amounts	42,935	1,789	44,724
Liabilities			
Current liabilities:			
Warrants payable	9,128	519	9,647
Accounts payable and accrued liabilities	22,006	661	22,667
Accrued interest payable	2,413	-	2,413
Current portion of long-term obligations	30,915	59	30,974
Total current liabilities	64,462	1,239	65,701
Noncurrent liabilities:			
General obligation bonds	153,520	-	153,520
Premium on bonds	1,526	-	1,526
Capital lease obligation	931	-	931
Accrued compensated absences	4,549	138	4,687
Net pension liability	290,407	12,100	302,507
Total noncurrent liabilities	450,933	12,238	463,171
Total liabilities	515,395	13,477	528,872
Deferred Inflows of Resources			
Property taxes - succeeding year	117,656	-	117,656
Pension related amounts	29,565	1,232	30,797
Total deferred inflows of resources	147,221	1,232	148,453
Net Position			
Net investment in capital assets	561,350	161	561,511
Restricted for:			
Debt service	52,329	-	52,329
Capital projects	82,507	-	82,507
Building	9,297	-	9,297
Gifts	25	-	25
Child nutrition	-	1,199	1,199
State allocation carryover	197	-	197
Unrestricted	(299,578)	(7,758)	(307,336)
Total net position	\$ 406,127	\$ (6,398)	\$ 399,729

See notes to financial statements.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Statement of Activities
Year Ended June 30, 2016
(in thousands)**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 190,210	\$ 729	\$ 38,648	\$ 235	\$ (150,598)	\$ -	\$ (150,598)
Support services	131,909	706	21,019	1,551	(108,633)	-	(108,633)
Noninstructional services	525	-	248	-	(277)	-	(277)
Facilities, acquisitions, and construction	16,271	-	81	7,855	(8,335)	-	(8,335)
Charter schools	26,296	-	-	-	(26,296)	-	(26,296)
Other outlays	331	-	1,627	-	1,296	-	1,296
Interest on long-term debt	3,470	-	-	-	(3,470)	-	(3,470)
Total governmental activities	369,012	1,435	61,623	9,641	(296,313)	-	(296,313)
Business-type activities,							
Noninstructional services	25,065	1,638	24,905	-	-	1,478	1,478
Total district-wide	\$ 394,077	\$ 3,073	\$ 86,528	\$ 9,641	(296,313)	1,478	(294,835)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					82,731	-	82,731
Property taxes, levied for debt service					36,774	-	36,774
Other					32,307	-	32,307
State aid not restricted to specific purposes - charter schools					26,296	-	26,296
State aid not restricted to specific purposes					128,052	2,627	130,679
Support from other local governments, not restricted to specific purposes					6,709	-	6,709
Interest, dividends and investment earnings					40	-	40
Other					369	77	446
Total general revenues					313,278	2,704	315,982
Change in net position					16,965	4,182	21,147
Net position (deficit), beginning of year					400,150	(10,163)	389,987
Restatement - Implementation of GASB 82					(10,988)	(417)	(11,405)
Net position (deficit), beginning as restated					389,162	(10,580)	378,582
Net position (deficit), end of year					\$ 406,127	\$ (6,398)	\$ 399,729

See notes to financial statements.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Balance Sheet - Governmental Funds
June 30, 2016
(in thousands)**

	General Fund	Yes for Kids Bond Funds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 57,747	\$ 86,325	\$ 23,591	\$ 18,543	\$ 186,206
Deposits held by third party	-	-	31,013	-	31,013
Receivables:					
Delinquent/proteted property taxes, net of allowance	6,337	-	2,918	848	10,103
Property taxes - succeeding year, net	71,554	-	35,755	10,347	117,656
Due from other governments	9,290	-	138	39	9,467
Other, net of allowance	40	-	-	4	44
Inventories	201	-	-	-	201
Total assets	\$ 145,169	\$ 86,325	\$ 93,415	\$ 29,781	\$ 354,690
Liabilities					
Warrants payable	8,911	-	-	217	9,128
Accounts payable and accrued liabilities	15,664	5,942	-	400	22,006
Total liabilities	24,575	5,942	-	617	31,134
Deferred inflows of resources					
Unavailable revenue - delinquent/proteted property taxes	6,337	-	2,918	848	10,103
Unavailable revenue - property taxes - succeeding year	71,554	-	35,755	10,347	117,656
Unavailable revenue - due from other governments	1,087	-	-	-	1,087
Total deferred inflows of resources	78,978	-	38,673	11,195	128,846
Fund balances					
Nonspendable	201	-	-	25	226
Restricted	197	80,383	54,742	11,421	146,743
Committed	-	-	-	5,005	5,005
Assigned	6,454	-	-	1,518	7,972
Unassigned	34,764	-	-	-	34,764
Total fund balances	41,616	80,383	54,742	17,969	194,710
Total liabilities, deferred inflows of resources and fund balances	\$ 145,169	\$ 86,325	\$ 93,415	\$ 29,781	\$ 354,690

See notes to financial statements.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

**Reconciliation of Total Governmental Fund Balances to Net Position
of Governmental Activities
June 30, 2016
(in thousands)**

<hr/>		
Total governmental fund balances	\$	194,710
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 the governmental funds.		
Cost of capital assets	910,109	
Accumulated depreciation	<u>(238,991)</u>	671,118
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent/protected property taxes, net of allowance	10,103	
Due from other governments	<u>1,087</u>	11,190
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	42,935	
Deferred inflows of resources	<u>(29,565)</u>	13,370
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 consist of:		
General obligation bonds payable	(182,140)	
Premium on bonds	(1,526)	
Capital lease obligation	(1,276)	
Compensated absences	(6,499)	
Net pension liability	(290,407)	
Accrued interest	<u>(2,413)</u>	(484,261)
Net position of governmental activities		<u><u>\$ 406,127</u></u>

See notes to financial statements.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2016
(in thousands)

	General Fund	Yes for Kids Bond Funds	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 74,673	\$ 13	\$ 37,263	\$ 20,279	\$ 132,228
Intermediate sources	12,371	-	-	-	12,371
State sources	173,315	-	-	951	174,266
Federal sources	37,334	-	-	-	37,334
Charter schools	26,296	-	-	-	26,296
Other	355	-	-	-	355
Total revenues	324,344	13	37,263	21,230	382,850
Expenditures:					
Current:					
Instruction	197,671	22	-	235	197,928
Support services	121,162	3,292	-	11,612	136,066
Noninstructional services	525	-	-	-	525
Facilities, acquisitions, and construction	407	21,160	-	8,868	30,435
Charter schools	26,296	-	-	-	26,296
Other outlays	331	-	-	-	331
Debt service:					
Principal payments	366	-	22,720	-	23,086
Interest and fiscal charges	23	-	5,024	-	5,047
Total expenditures	346,781	24,474	27,744	20,715	419,714
Excess (deficiency) of revenues over (under) expenditures	(22,437)	(24,461)	9,519	515	(36,864)
Other financing sources (uses):					
Bond issuances	-	10,000	-	-	10,000
Premium on bond issuances	-	-	155	-	155
Capital leases	988	-	-	-	988
Insurance recoveries	4	-	-	905	909
Total other financing sources	992	10,000	155	905	12,052
Net change in fund balances	(21,445)	(14,461)	9,674	1,420	(24,812)
Fund balances, beginning of year	63,061	94,844	45,068	16,549	219,522
Fund balances, end of year	\$ 41,616	\$ 80,383	\$ 54,742	\$ 17,969	\$ 194,710

See notes to financial statements.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2016
(in thousands)**

Net changes in fund balances - total governmental funds	\$	(24,812)
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	35,893	
Depreciation expense	(24,153)	
Loss on sale of capital assets	<u>(166)</u>	11,574
Repayments of principal on long-term debt are expenditures in governmental funds but reduce long-term liabilities in the statement of net position and do not affect the statement of activities. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Proceeds from the sale of new bonds are other financing sources in the governmental funds but have no impact on the statements of activities.		
Principal payments and amortization of bond premium	23,366	
Proceeds from the sale of bonds and premium on the issuance of bonds	(10,155)	
Capital lease payments	366	
Capital lease obligation proceeds	(988)	
Accrued interest payable	<u>904</u>	13,493
Because some revenues (property taxes and certain other income) will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are instead deferred inflows of resources. They are, however, recorded as revenues in the statement of activities.		
		(172)
Some expenses (compensated absences and pension expense) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		<u>16,882</u>
Change in net position of governmental activities	\$	<u>16,965</u>

See notes to financial statements.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Statement of Net Position - Proprietary Fund
June 30, 2016
(in thousands)

	Enterprise Fund School Nutrition Services
Assets	
Current assets:	
Cash and cash equivalents	\$ 5,836
Receivables:	
Due from other governments	145
Other	6
Inventories	374
Total current assets	<u>6,361</u>
Noncurrent assets:	
Capital assets being depreciated	2,182
Less accumulated depreciation	<u>(2,021)</u>
Total noncurrent assets	<u>161</u>
Total assets	<u>6,522</u>
Deferred outflows of resources , pension related amounts	<u>1,789</u>
Liabilities	
Current liabilities:	
Warrants payable	519
Accounts payable and accrued liabilities	661
Current portion of long-term obligations	59
Total current liabilities	<u>1,239</u>
Noncurrent liabilities:	
Accrued compensated absences	138
Net pension liability	<u>12,100</u>
Total noncurrent liabilities	<u>12,238</u>
Total liabilities	<u>13,477</u>
Deferred inflows of resources , pension related amounts	<u>1,232</u>
Net position	
Investment in capital assets	161
Restricted for child nutrition	1,199
Unrestricted (deficit)	<u>(7,758)</u>
Total net position (deficit)	<u>\$ (6,398)</u>

See notes to financial statements.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
Year Ended June 30, 2016
(in thousands)

	Enterprise Fund School Nutrition Services
Operating revenue, meals	<u>\$ 1,638</u>
Operating expenses:	
Personnel services - salaries	7,187
Personnel services - benefits	5,300
Contracted services	14
Purchased property services	116
Other purchased services	54
Supplies	12,275
Depreciation	94
Other	25
Total operating expenses	<u>25,065</u>
Operating (loss)	<u>(23,427)</u>
Nonoperating revenues (expenses):	
Federal and state grants	26,910
State aid: on-behalf payments	622
Other income	77
Total nonoperating revenues (expenses)	<u>27,609</u>
Change in net position	4,182
Net position (deficit), beginning of year	(10,163)
Restatement - Implementation of GASB 82	(417)
Net position (deficit), beginning as restated	<u>(10,580)</u>
Net position (deficit), end of year	<u>\$ (6,398)</u>

See notes to financial statements.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2016
(in thousands)

	Enterprise Fund School Nutrition Services
<hr/>	
Cash flows from operating activities:	
Receipts from user charges	\$ 1,638
Cash payments to suppliers for goods and services	(11,727)
Cash payments to employees for services	(12,784)
Cash payments for other operating expenses	(25)
Net cash used in operating activities	<u>(22,898)</u>
Cash flows from noncapital financing activities:	
Nonoperating grants received	25,762
Other income	71
Net cash provided by noncapital financing activities	<u>25,833</u>
Cash flows from capital and related financing activities, acquisition of capital assets	<u>(75)</u>
Net increase in cash and cash equivalents	2,860
Cash and cash equivalents:	
Beginning	<u>2,976</u>
Ending	<u>\$ 5,836</u>
Operating activities:	
Operating loss	\$ (23,427)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	94
On-behalf payments expense	622
Commodities expense	1,394
Changes in assets and liabilities:	
Inventories	(147)
Warrants payable	167
Accounts payable and accrued liabilities	(675)
Compensated absences	(261)
Deferred outflows of resources	(958)
Deferred inflows of resources	(1,446)
Net pension liability	1,739
Total adjustments	<u>529</u>
Net cash used in operating activities	<u>\$ (22,898)</u>
Supplemental disclosure of noncash noncapital financing activities:	
State aid: on-behalf payments	<u>\$ 622</u>
Commodities revenue and expenses	<u>\$ 1,394</u>

See notes to financial statements.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Statement of Net Assets and Liabilities - Agency Fund
June 30, 2016
(in thousands)

	Agency Fund School Activity Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 2,499
Capital assets, net	<u>46</u>
Total assets	<u><u>\$ 2,545</u></u>
Liabilities	
Due to student groups	\$ 2,499
Capital assets held for the benefit of student groups	<u>46</u>
Total liabilities	<u><u>\$ 2,545</u></u>

See notes to financial statements.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations: Oklahoma County School District No. I-89, Oklahoma City Public Schools (the District), is a corporate body for public purposes created under Title 70 of 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 Oklahoma State Department 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.

Significant accounting policies: The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for school districts are defined as those principles promulgated by the Governmental Accounting Standards Board (GASB).

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements are as follows:

Reporting entity: 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 would cause the District's basic financial statements to be misleading. The District has not identified any organizations that should be included in the District's reporting entity.

Affiliated organizations: A foundation associated with the District is the Foundation for Oklahoma City Public Schools (the Foundation) established in 1984. Advisory Board Members for the Foundation include the District's Superintendent and Board Chairperson. The District's Board of Education does not exercise any oversight authority over the Foundation, and there are no financial interdependencies. The Foundations' financial statements are not included in the financial statements of the District because the resources held by the Foundation for the benefit of the District are not significant to the financial position or activities of the District as a whole.

District-wide and fund financial statements: The district-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. Essentially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

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

The District reports the following major Governmental Funds:

General Fund: The General Fund is established as the District's primary operating fund and is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the foundation and incentive aid program, and federal and state restricted monies that must be expended for specific programs.

YES for Kids Bond Fund: The YES for Kids Bond Funds, capital projects funds, are established to account for the various general obligation bond sale proceeds and expenditures as authorized by the voters on October 9, 2007. These resources are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, enhancing safety and security, and acquiring technology and transportation equipment.

Debt Service Fund: The Debt Service Fund (the Sinking Fund) is established to account for the local property tax proceeds levied specifically for debt service retirement and related investment interest earnings and the general obligation bond debt obligations and payments.

The District reports the following nonmajor governmental funds:

Building Fund: The Building Fund, a special revenue fund, is established to account for the proceeds of the local property taxes levied specifically for the Building Fund. These resources may be used for building operations and maintenance including supplies, services and personnel.

MAPS Sales Tax Fund: The MAPS Sales Tax Fund, a special revenue fund, was established to account for capital assets and other tangible property funded from the Oklahoma City limited purpose sales tax levied January 2002 through January 2009. As the District receives transfers from the City of Oklahoma City and/or property is placed into service, the District records an asset or expenditure with the related in-kind revenue entry to comply with generally accepted accounting principles.

MAPS Construction/Technology Bond Funds: The MAPS Construction/Technology Bond Funds, capital project funds, are established to account for the various general obligation bond sale proceeds and expenditures as authorized by the voters on November 13, 2001. These resources are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring equipment.

Gifts and Endowments Fund: The Gifts and Endowments Fund, a special revenue fund, is established to account for any receipt of assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. Income derived from such funds may be expended but the principal must remain intact.

Casualty Flood Insurance Recovery Fund: The Casualty Flood Insurance Recovery Fund, a capital project fund, was established July 2, 2007 by Board of Education Resolution in order to establish a reserve for repairs or replacement of District property that has been destroyed or damaged or lost by a hazard or cause which is either excluded from coverage in the policy of the insurance procured by the District or which falls within the self-insured retention (deductible) of the policy.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Proprietary funds: 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. Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering food in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports the following major proprietary fund:

School Nutrition Services: The School Nutrition Services program is established to account for revenues collected, including federal and state, for meals served, and for associated costs of the program.

Fiduciary funds: Fiduciary funds are comprised entirely of agency-type funds and are not included in the district-wide financial statements. Agency funds are custodial in nature (assets equal liabilities) and do not involve recognition of net position or measurement of operations. The District reports the following Fiduciary Fund:

Student Activity Fund: *The Student Activity Fund* is an agency fund established to account for all financial transactions related to the fund-raising efforts of students and District-sponsored groups.

Basis of accounting, measurement focus, and financial statement presentation: The Statement of Net Position and Statement of Activities financial statements and the Proprietary Fund financial statements are reported on the accrual basis of accounting using the economic resources 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 budgeted. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Balance Sheet - Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds financial statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. 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.

Specifically, property tax revenues are considered available if they are collected within 60 days of the end of the current fiscal period, and all other revenues are considered to be available if they are collected within 90 days of the end of the current fiscal period. Property tax and other revenues collected within the time frame noted are therefore susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent the availability criteria discussed above was met.

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 pensions are only recorded when the payment is due.

The Statement of Assets and Liabilities - Agency Fund financial statements do not have an economic measurement focus and therefore have no measurement disclosures.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Cash and cash equivalents and investments: The District considers all cash on hand, demand deposits, interest-bearing checking accounts, high yield savings 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, 2016, all of the District's investments were in sweep accounts which meet the definition of cash equivalents. Investments are recorded at amortized cost.

Receivables: Uncollected taxes assessed on valuations made each year are recorded in the District's financial statements. An allowance for doubtful accounts for property taxes receivable is calculated based on an aged analysis of protested and delinquent tax receivables and historical collection data.

Interfund transactions: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as internal balances. There were no amounts due to/from other funds or internal balances as of June 30, 2016. Transfers move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. Transfers within governmental activities or within business-type activities are eliminated upon consolidation. During the year-ended June 30, 2016, there were no interfund transactions.

Inventories: Inventories are carried at cost (FIFO Method, or first-in/first-out) and are recorded as expenditures when consumed rather than when purchased. Inventories include fuel, maintenance stock, and food service supplies.

Capital assets: Capital assets, which include land, buildings, and improvements; machinery and equipment; vehicles; and computers and technology, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial unit cost or an estimated acquisition value at the date of donation equal to or greater than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend an asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The District incurred no interest expense for construction of capital assets for business-type activities during the year ended June 30, 2016.

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

Type of Asset	Years
Buildings	50
Land improvements	15
Machinery and equipment	10
Vehicles	10
Computers and related equipment	5

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

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, 2016 consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. See Note 8 for additional discussion regarding pension deferred outflows of resources.

Deferred inflows of resources: In addition to liabilities, the statement of net position and fund balance sheet 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 unavailable revenues from delinquent property taxes, succeeding year property taxes, and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's district-wide statement of net position, the property tax revenues for the succeeding year remain a deferred inflow and will be recognized as revenue in the year for which they are budgeted. The district-wide statement of net position also consists of deferred inflows related to unrecognized items not yet charged to pension expense. See Note 8 for additional discussion regarding pension deferred inflows of resources.

Long-term liabilities: In the governmental fund financial statements, principal and interest on long-term debt and other long-term obligations are recognized as liabilities only when payment has matured or become due. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources. Discounts are reported as other financing uses. Principal payments and bond issuance costs are reported as debt service expenditures.

Long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, and proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the debt using a method which approximates the effective interest method. Bond issue costs are recorded as an expense when incurred.

Pensions: For purposes of measuring the net pension liability, deferred outflows/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 held by OTRS are reported at fair value.

Compensated absences: The liability for compensated absences attributable to the District's governmental funds is recorded in the district-wide financial statements. The amount attributable to the business-type activities is charged to expense with a corresponding liability established in the district-wide statements, as well as the applicable proprietary fund financial statements. Vested compensated absence balances are reported as a long-term liability with an estimated short-term portion recorded as due within one year.

Equalized pay: Oklahoma City Public Schools utilizes equalized pay to provide equal base pay amounts each pay period to employees throughout the year including winter break, intercession and summer break.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

To provide equalized base pay throughout the year, including times when employees do not work, a liability account is maintained for each employee who has a specific annual work schedule. The liability account increases when the employee earns more than equalized base pay and decreases when the employee is not working as many days in a pay period, or is not working at all as in the summer break period. This account is zero at the end of the contract year, which is different than the fiscal year.

Net position and fund balance: The district-wide and proprietary 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. 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 this component of net position, if any.

Restricted net position: This component of net position 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. Restricted net position includes net position attributable to Debt Service levy collections, Building fund levy collections, capital projects, child nutrition, certain restricted gift funds and state allocation carryover.

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.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Governmental fund equity is classified as fund balance. Fund balance consists of five categories, defined 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 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 its Chief Financial Officer as the Board approved Encumbrance Clerk 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 balance 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.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

The following table shows the fund balance classifications as shown on the governmental funds balance sheet:

	Major Funds			Non Major	Total Governmental Funds
	General Fund	Yes for Kids Construction Bond Funds	Debt Service Fund	Other Governmental Funds	
Nonspendable:					
Inventories	201	-	-	-	\$ 201
Gifts	-	-	-	25	25
	<u>201</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>226</u>
Restricted for:					
Capital projects	-	80,383	-	2,124	82,507
Debt service	-	-	54,742	-	54,742
Building	-	-	-	9,297	9,297
Gifts	-	-	-	-	-
State allocation carryover	197	-	-	-	197
	<u>197</u>	<u>80,383</u>	<u>54,742</u>	<u>11,421</u>	<u>146,743</u>
Committed for,					
Capital projects	-	-	-	5,005	5,005
Assigned for:					
Compensated absences	5,805	-	-	-	5,805
Purchase orders	649	-	-	-	649
Capital projects	-	-	-	1,518	1,518
	<u>6,454</u>	<u>-</u>	<u>-</u>	<u>1,518</u>	<u>7,972</u>
Unassigned	34,764	-	-	-	34,764
Total fund balance	<u>\$ 41,616</u>	<u>\$ 80,383</u>	<u>\$ 54,742</u>	<u>\$ 17,969</u>	<u>\$ 194,710</u>

State revenues: Revenues from state sources for current operations are primarily governed by the state aid formula under the provision of Article XVIII, Title 70, Oklahoma Statutes. The Oklahoma State Department 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 Oklahoma State Department of Education may adjust subsequent fiscal period allocations of money for prior years' errors disclosed by review. Normally, such adjustments are treated as reduction or additions of revenues of the year when adjustment is made.

The District receives revenues from the state to administer certain categorical educational programs. Oklahoma State Department of Education rules require that revenues earmarked for these programs are expended only for the program for which the money is provided and require that money not expended as of the close of the fiscal year be carried forward into the following fiscal year to be expended for the same categorical programs. Approximately \$197 of state categorical revenue was carried forward to fiscal year 2017. The Oklahoma State Department of Education requires that categorical educational program revenue be accounted for in the general fund.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Property tax revenue: The District is authorized by state law to levy property taxes. Property tax is levied each October 1st on the assessed valuation of real and personal property within the District as of the preceding January 1st, the lien date. The county assessor, upon receipt of the certification of tax levies from the Oklahoma County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer. All taxes levied upon an ad valorem basis for each fiscal year shall become due and payable on the first day of November.

The first half of taxes is due prior to January 1, and the second half is due prior to April 1. If the first half of tax payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes are delinquent on April 1 of the year following the year of assessment. Mortgage servicers are prohibited from paying in halves; ad valorem from mortgage servicers is due prior to January 1. The Oklahoma County Treasurer conducts an annual Resale the second Monday in June. Property with taxes delinquent of four years are sold at Resale. A successful bidder at Resale will be issued a deed to the property by the next business day. Any property not sold at Resale will be deeded to Oklahoma County.

Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is budgeted.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred inflows and outflows, liabilities, and net position; the disclosure of contingent assets and liabilities; and the reported revenues and expenditures. Actual results could differ from those estimates.

New accounting pronouncements adopted in fiscal year 2016: The District adopted the following new accounting pronouncements during the year ended June 30, 2016:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. As the District's investments consist of only sweep accounts, the adoption of GASB Statement No. 72 did not have an impact on the District's financial position, changes in financial position, its financial statement presentation, or disclosures.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The first category of authoritative GAAP consists of GASB Statements of *Governmental Accounting Standards*. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of GASB Statement No. 76 did not have an impact on the District's financial position, changes in financial position, or its financial statement presentation.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Summary of Significant Accounting Policies (Continued)

The District early adopted GASB Statement No. 82 during the year ending June 30, 2016. GASB Statement No. 82, *Pension Issues*, issued April 2016, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Payments are made by the District to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements. GASB Statement No. 82 clarified that an employer's expense and expenditures for those amounts should be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The adoption of this pronouncement resulted in the restatement of beginning net position to reflect these employee contributions in the period assessed (see Note 14).

New accounting pronouncement issued not yet adopted: The GASB has issued several new accounting pronouncements that will be effective in future years. Only one of these issued pronouncements is believed to impact the District. A description of the new accounting pronouncement, which will be effective in fiscal year ended June 30, 2017, is described below:

GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.

The District is currently evaluating the impact that this new standard may have on its financial statements.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 2. Deposits and Investments

Custodial credit risk - deposits: Custodial credit risk is the risk that in the event of failure of the counterparty, the District may not be able to recover the value of its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. The District's policy requires all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2016, all of the District's deposits were either covered by federal deposit insurance or were collateralized with securities held by the pledging financial institution's trust department in the District's name.

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 a counterparty or the counterparty's trust department but not in the name of the District. As of June 30, 2016, sweep account balances totaling approximately \$192.4 million were invested in money market mutual funds. Because the mutual funds are not deposits or obligations of any bank, are not guaranteed by any bank and are not insured or guaranteed by the FDIC, the Federal Reserve Board, or any other government agency, the District's investments are exposed to custodial credit risk. The District mitigates this risk by investing only in sweep accounts that invest primarily in short-term U.S. Treasury and government securities, in accordance with State Statutes.

Concentration of credit risk: The District's investment policy requires that, except for direct obligations of the U.S. government, its agencies, or instrumentalities or certificates of deposit secured by diversified pledges of collateral, the District's investment portfolio will be diversified to avoid incurring undue concentration in securities of one type. As of June 30, 2016, no investments are subject to concentration of credit risk because all investments are in sweep accounts.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy does limit investment maturities for purposes of liquidity management. District sources of funding limit investments to be very short-term in nature. Funds are strategically placed for meeting cash flow needs for all areas of cash management. As of June 30, 2016, all of the District's investments are in sweep accounts that mature daily.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 3. Receivables

Receivables and allowances at June 30, 2016, for the District's governmental and proprietary funds are as follows:

	Governmental Activities				Business-Type Activities	
	General Fund	Debt	Other	Total Governmental Activities	School	Total Business-Type Activities
		Service Fund	Governmental Funds		Nutrition Services	
Delinquent/protected property taxes	\$ 7,060	\$ 3,252	\$ 946	\$ 11,258	\$ -	\$ -
Property taxes receivable - succeeding year	73,722	37,432	10,538	121,692	-	-
Due from other governments	9,290	138	39	9,467	145	145
Other	364	-	30	394	80	80
Total	\$ 90,436	\$ 40,822	\$ 11,553	\$ 142,811	\$ 225	\$ 225

Allowances for uncollectible accounts are as follows:

	Governmental Activities				Business-Type Activities	
	General Fund	Debt	Other	Total Governmental Activities	School	Total Business-Type Activities
		Service Fund	Governmental Funds		Nutrition Services	
Allowances for uncollectible accounts attributable to:						
Delinquent/protected property taxes	\$ 723	\$ 334	\$ 98	\$ 1,155	\$ -	\$ -
Property taxes - succeeding year	2,168	1,677	191	4,036	-	-
Other	324	-	26	350	74	74
Total	\$ 3,215	\$ 2,011	\$ 315	\$ 5,541	\$ 74	\$ 74

Receivables, net of allowances for uncollectible accounts, are as follows:

	Governmental Activities				Business-Type Activities	
	General Fund	Debt	Other	Total Governmental Activities	School	Total Business-Type Activities
		Service Fund	Governmental Funds		Nutrition Services	
Delinquent/protected property taxes	\$ 6,337	\$ 2,918	\$ 848	\$ 10,103	\$ -	\$ -
Property taxes receivable - succeeding year	71,554	35,755	10,347	117,656	-	-
Due from other governments	9,290	138	39	9,467	145	145
Other	40	-	4	44	6	6
Total	\$ 87,221	\$ 38,811	\$ 11,238	\$ 137,270	\$ 151	\$ 151

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 4. Capital Assets

Capital asset activity for governmental and business-type activities for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reclassifications	Disposals	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 3,585	\$ 5	\$ 7	\$ -	\$ 3,597
Construction in-progress	13,941	22,259	(26,062)	-	10,138
Total capital assets not being depreciated	17,526	22,264	(26,055)	-	13,735
Capital assets being depreciated:					
Buildings and improvements	763,004	9,525	25,929	(251)	798,207
Computer and related equipment	70,646	2,762	126	-	73,534
Machinery and equipment	4,627	921	-	-	5,548
Vehicles	18,664	421	-	-	19,085
Total assets being depreciated	856,941	13,629	26,055	(251)	896,374
Accumulated depreciation for:					
Buildings and improvements	(141,745)	(15,854)	-	85	(157,514)
Computer and related equipment	(56,398)	(6,869)	-	-	(63,267)
Machinery and equipment	(2,423)	(642)	-	-	(3,065)
Vehicles	(14,357)	(788)	-	-	(15,145)
Total accumulated depreciation	(214,923)	(24,153)	-	85	(238,991)
Total capital assets being depreciated, net	642,018	(10,524)	26,055	(166)	657,383
Governmental activities capital assets, net	\$ 659,544	\$ 11,740	\$ -	\$ (166)	\$ 671,118
Business-Type Activities					
Capital assets being depreciated:					
Computer and related equipment	\$ 558	\$ -	\$ -	\$ -	\$ 558
Machinery and equipment	1,388	75	-	-	1,463
Vehicles	161	-	-	-	161
Total assets being depreciated	2,107	75	-	-	2,182
Accumulated depreciation for:					
Computer and related equipment	(548)	(5)	-	-	(553)
Machinery and equipment	(1,234)	(84)	-	-	(1,318)
Vehicles	(145)	(5)	-	-	(150)
Total accumulated depreciation	(1,927)	(94)	-	-	(2,021)
Business-types activities capital assets, net	\$ 180	\$ (19)	\$ -	\$ -	\$ 161

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 4. Capital Assets (Continued)

Depreciation expense for the year ended June 30, 2016, was charged to functions/programs of the District as follows:

Governmental activities:

Instruction	\$ 4,675
Support services	3,623
Facilities, acquisitions, and construction	15,855
Total governmental activities	\$ 24,153
Business-type activities, food services program	\$ 94

Note 5. Compensated Absences

Upon retirement or resignation in good standing, the District pays eligible employees for unused sick leave at a set daily rate as determined by classification and/or length of service. The length of service required to receive the sick leave payout is determined by the employee's applicable collective bargaining agreement for the District's school administrators, support, and certified staff and District policy for all other pro-tech/administrative staff.

Unused vacation leave is calculated at hourly rates. The maximum carryover of vacation leave is two times the allowable annual accrued amount.

Personal days not used by employees by June 30 become sick days subject to the accrual calculation and limitations above. As of June 30, 2016, the District had an outstanding liability for unused sick, vacation, and personal leave totaling approximately \$5.1 million and a related liability for payroll taxes associated with the unused sick, vacation, and personal leave totaling approximately \$1.6 million.

This liability is typically liquidated from the fund balance of the General, Building, School Nutrition, and Yes for Kids Funds.

Note 6. Long-Term Liabilities

Oklahoma Statutes prohibits the District from becoming indebted in an amount exceeding revenues 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.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 6. Long-Term Liabilities (Continued)

As of June 30, 2016, the District had the following long-term liabilities:

Governmental Activities:

\$31.2 million general obligation bonds of 2004, dated June 1, 2004, due in annual installments of \$2.4 million beginning July 1, 2006 through July 1, 2018, plus interest ranging from 3.25% to 5.25%.	\$ 7,200
\$21.0 million general obligation bonds of 2005, dated June 1, 2005, due in annual installments of \$1.6 million beginning July 1, 2007 through July 1, 2019, plus interest ranging from 3.25% to 5.00%.	6,465
\$54.0 million general obligation bonds of 2009, dated June 1, 2009, due in annual installments of \$3.9 million beginning July 1, 2011 through July 1, 2024, plus interest ranging from 2.00% to 4.00%.	34,725
\$35.0 million general obligation bonds of 2013, dated January 1, 2013, due in annual installments of \$8.8 million beginning July 1, 2015 through July 1, 2018, plus interest ranging from 1.00% to 2.00%.	26,250
\$60.0 million general obligation bonds of 2014, dated January 1, 2014, due in annual installments of \$12 million beginning July 1, 2016 through July 1, 2020, plus interest of 2.00%.	60,000
\$37.5 million general obligation bonds of 2015, dated June 1, 2015, due in annual installments of \$9.375 million beginning July 1, 2017 through July 1, 2020 plus interest ranging from 0.05% to 3.00%	37,500
\$10.0 million general obligation bonds of 2016, dated June 16, 2016, due in annual installments of \$2.5 million beginning in July 1, 2018 through July 1, 2021 plus interest ranging from 1.50% to 2.00%	10,000
Total general obligation bonds outstanding – at face value	182,140
Premium on bonds outstanding	1,526
Total general obligation bonds outstanding	183,666
Capital lease obligation	1,276
Compensated absences and related taxes	6,499
Net pension liability	290,407
Total long-term liabilities for governmental activities	\$ 481,848
Business-Type Activities:	
Compensated absences	\$ 197
Net pension liability	12,100
Total long-term liabilities for business-type activities	\$ 12,297

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 6. Long-Term Liabilities (Continued)

During the year ended June 30, 2016, long-term liability transactions were as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	One Year
Governmental Activities:					
General obligation bonds:					
2004 general	\$ 9,600	\$ -	\$ 2,400	\$ 7,200	\$ 2,400
2005 general	8,080	-	1,615	6,465	1,615
2007 general	2,430	-	2,430	-	-
2009 general	38,580	-	3,855	34,725	3,855
2011 general	3,670	-	3,670	-	-
2013 general	35,000	-	8,750	26,250	8,750
2014 general	60,000	-	-	60,000	12,000
2015 general	37,500	-	-	37,500	-
2016 general	-	10,000	-	10,000	-
Total general obligation bonds	194,860	10,000	22,720	182,140	28,620
Premium on bonds	2,017	155	646	1,526	-
Capital lease obligation	654	988	366	1,276	345
Compensated absences	7,429	1,861	2,791	6,499	1,950
Total long-term liabilities	<u>\$ 204,960</u>	<u>\$ 13,004</u>	<u>\$ 26,523</u>	191,441	<u>\$ 30,915</u>
Reconciliation to Statement of Net Position					
				Plus: net pension liability	290,407
					<u>\$ 481,848</u>
Business-Type Activities:					
Compensated absences	<u>\$ 458</u>	<u>\$ -</u>	<u>\$ 261</u>	\$ 197	<u>\$ 59</u>
Reconciliation to Statement of Net Position					
				Plus: net pension liability	12,100
					<u>\$ 12,297</u>

Debt service requirements to maturity over the next five years and in five-year increments thereafter are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2017	\$ 28,620	\$ 4,130
2018	37,995	3,405
2019	40,495	2,578
2020	29,350	1,776
2021	27,730	1,024
2022-2026	17,950	1,263
Total long-term liabilities	<u>\$ 182,140</u>	<u>\$ 14,176</u>

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 6. Long-Term Liabilities (Continued)

Interest expense on general obligation bonds during the year ended June 30, 2016 totaling approximately \$5.0 million is recorded in the debt service fund.

Bonds sold at discounts decrease the carrying value of the bond, and bonds sold at a premium increase the carrying value. The discount or premium is then amortized, using the effective interest method, as an increase or decrease, respectively, to the coupon interest payment in reporting interest expense. Amortization expense on bond premiums for the year ended June 30, 2016 is approximately \$0.6 million. The net amount of unamortized premium at June 30, 2016 is approximately \$1.5 million.

On June 24, 2016, the District transferred the July 2016 principal and interest payments on the 2004 through 2015 General Obligation bonds totaling approximately \$31.0 million to a third party. These funds remained on deposit with the third party until July 1, 2016 when the payment was passed on to the bondholders.

Capital leases: The District records lease agreements that qualify as capital leases for accounting purposes at the present value of their future minimum lease payments at their inception date. The present value is calculated based on the lessor's implicit interest rate.

In November 2014, the District entered into a sixty month equipment lease purchase agreement with Dell totaling approximately \$833. At the end of the lease, the District can exercise the option to purchase the products for one dollar. Principal is due in annual installments of approximately \$179.

In December 2015, the District entered into a sixty month equipment lease purchase agreement with Dell totaling approximately \$988. At the end of the lease, the District can exercise the option to purchase the products for one dollar. Principal is due in annual installments of approximately \$211.

The future lease payments as of June 30, 2016, are as follows:

Year Ending June 30,	
2017	\$ 390
2018	390
2019	390
2020	211
Total minimum lease payments	<u>1,381</u>
Less amount representing interest	(105)
Present value of minimum lease payments	<u><u>\$ 1,276</u></u>

The gross amount of assets acquired under capital leases, accumulated depreciation, and net book value by major asset class are as follows:

Computers and related equipment	\$ 1,820
Accumulated depreciation	(323)
Net book value	<u><u>\$ 1,497</u></u>

**Oklahoma County School District No. I-89
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Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 7. Risk Management

The District purchases commercial insurance for all types of risk including, but not limited to, property, casualty, worker's compensation, vehicle, and employee life. The deductibles for property claims is \$500 per occurrence or \$1,000 in the case of flood related claims. The deductible for vehicle and general/professional liability claims is \$200 per occurrence. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

Note 8. Employee Retirement Plans

The District participates in the state-administered Oklahoma Teachers Retirement System (OTRS). Additionally, the District provides a defined contribution plan for eligible employees.

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 OTRS. 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 percent vested in retirement benefits earned to date after five years of credited Oklahoma service. Members 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 years 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 age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2 percent of final compensation for each 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 highest 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 on the member's election. Monthly benefits are 1/12 of this 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 may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans (Continued)

- 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 percent of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional 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 who are non-retired members of OTRS are required to contribute 7 percent of their annual compensation. Annual compensation is defined as the salary plus fringe benefits (excluding flexible benefit allowance). For certified teachers and others who are covered by the American Federation of Teachers Certified Collective Bargaining Agreement (CBA), the District paid 7 percent of the employee's annual compensation minus the OTRS service credit. For building administrators who are covered by the American Federation of School Administrators CBA and Central Office/professional and technical staff, the District paid 100 percent of the 7 percent up to \$60,000 of annual compensation, then the District paid 90 percent and the employee paid 10 percent of the 7 percent of annual compensation for the rest of the fiscal year. For support employees who are covered by the Oklahoma City Federation of Classified Employees CBA, the District paid 90 percent of the 7 percent and the employee paid 10 percent of the 7 percent up to \$40,000 of annual compensation, then the employee contributed the full 7 percent of annual compensation for the rest of the fiscal year. For all retired OTRS members employed by the District, the District paid 16.5 percent (the employee and District/employer portions) of the employee's annual compensation.

The amount paid by the District for employees totaled approximately \$11.7 million for the year ended June 30, 2016. The District's contribution rate is 9.5 percent for the year ended June 30, 2016. In addition, the District is required to match the State of Oklahoma's contribution rate on salaries that are paid with grant funds. The District's contributions to OTRS in 2016 were \$18.9 million, equal to the annual required contributions. The District's matching contributions to OTRS in 2016 were \$1.9 million.

The State of Oklahoma makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service recognized by the District and ranges from \$60.15 actual dollars per year for 0 years of service to \$1,410.53 actual dollars per year for 25 years or more of service. For the fiscal year ended June 30, 2016, the State paid approximately \$1.7 million on behalf of teachers employed at the District. In accordance with generally accepted accounting principles, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the district wide and fund financial statements.

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2016, 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, 2016, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$13.8 million. In accordance with generally accepted accounting principles, District recognized the on-behalf-of payments as revenue and expenditure in the governmental fund financial statements. In the district wide statement of activities and proprietary fund statement of revenues, expenses, and changes in net position, revenue of approximately \$15.5 million is recognized on an accrual basis.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans (Continued)

These on-behalf payments do not meet the definition of a special funding situation.

Pension liabilities, pension expense, and deferred inflows/outflows of resources related to pensions: At June 30, 2016, the District reported a liability of \$302.5 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. 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 employers for the year ended June 30, 2015. Based upon this information, the District's proportion was 4.9813744 percent. The change in proportion from June 30, 2014 was an increase of 0.1667754 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$19.7 million. At June 30, 2016, 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	\$ -	\$ 10,275
Changes of assumptions	14,485	-
Net difference between projected and actual earnings on pension plan investments	-	20,522
Changes in proportion and differences between District contributions and proportionate share of contributions	9,476	-
Total deferred amounts to be recognized in pension expense in future periods	23,961	30,797
District contributions subsequent to the measurement date	20,763	-
Total deferred amounts related to pension	<u>\$ 44,724</u>	<u>\$ 30,797</u>

Deferred pension outflows totaling \$20,763 resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Net deferred inflows totaling \$20,522 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. Deferred inflows totaling \$10,275 resulting from differences between expected and actual experience, deferred outflows totaling \$14,485 resulting from changes in assumptions, and deferred outflows of \$9,476 resulting from changes in proportion 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 6.22 years at June 30, 2015 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans (Continued)

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

Year ended June 30:		
2017	\$	(6,705)
2018		(6,705)
2019		(6,705)
2020		9,509
2021		3,043
Thereafter		727
	\$	<u>(6,836)</u>

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of July 1, 2015 using the following actuarial assumptions:

- Actuarial cost method--Entry Age Normal
- Inflation--3.00 percent
- Future ad hoc cost-of-living increases--None
- Salary increases--Composed of 3.75 percent wage inflation, including 3.00 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of service
- Investment return--8.00 percent
- 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 30, 2014
- Mortality Rates after Retirement--Males: RP-2000 Combined Healthy mortality table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105 percent. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012
- Mortality Rates for Active Members--RP-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent

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. These 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.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans (Continued)

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic All Cap Equity*	7.00%	6.00%
Domestic Large Cap Equity	10.00	5.30
Domestic Mid Cap Equity	13.00	6.10
Domestic Small Cap Equity	10.00	6.60
International Large Cap Equity	11.50	5.80
International Small Cap Equity	6.00	5.80
Core Plus Fixed Income	17.50	1.80
High-yield Fixed Income	6.00	4.10
Private Equity	5.00	7.60
Real Estate**	7.00	5.50
Master Limited Partnerships	7.00	7.60
Total	100.00%	

* The Domestic All Cap Equity total expected return is a combination of 3 rates - US Large Cap, US Mid Cap, and US Small Cap.

** 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 8.0 percent. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.0 percent. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions. Based on the stated assumptions and the projection of cash flows, OTRS' 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.

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans (Continued)

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 8.0 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 (7.0 percent) or 1-percentage point higher (9.0 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's Net Pension Liability	\$ 420,172	\$ 302,507	\$ 206,251

Defined Contribution Plan

Plan description: The District provides a defined contribution plan under section 401(a) of the Internal Revenue Code to eligible employees. Eligible employees include administrators, professional/technical staff, and building administrators (e.g., principals). Administrators and professional/technical staff must complete three years of continuous service, and building administrators must complete two years of continuous service in order for the employee to receive an employer contribution at the end of the fiscal year.

Funding policy: Eligible administrators, professional/technical staff members, and building administrators receive a contribution of seven hundred dollars per year. Upon termination or retirement, each of these employees can receive the money paid for them in either a lump sum or in any other benefit option available. This plan is administered by Variable Annuity Life Insurance Company (VALIC). The District contributed \$264 to the plan during the year ended June 30, 2016.

Note 9. Commitment and Contingencies

Encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances represent commitments related to unperformed contracts for goods and services. At year end, the amount of encumbrances (less encumbrances that lapsed after year end) expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 649
Yes for Kids Bond Funds	20,690
School Nutrition Services	63
Other Governmental Funds	455
	<u>\$ 21,857</u>

The District receives grant funds from various federal and state grantor agencies. Under the terms of the grants, periodic audits are required, and certain costs may be questioned as not being allowable expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. The District management believes disallowances, if any, would be immaterial to the accompanying financial statements.

The District is a defendant in various lawsuits. The District intends to vigorously defend itself on the various lawsuits. Although the outcome of these lawsuits is not presently determinable, and the amounts are not readily estimable, the District believes the resolution of these matters will not have a material adverse effect on the financial statements and may be settled by the District's insurance carrier.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 10. Charter Schools

The District is the pass-through agency of state funds for thirteen charter schools, which are considered to be operationally independent of the District. All state funding sources are received by the District and distributed to the charter schools monthly. In addition, certain payments are made and costs incurred by the District to benefit various charter schools through such programs as the School Nutrition Services program, alternative education, at risk sites for adequate yearly progress, and certain contractually obligated costs for custodial care and supplies. The District charges each charter school an administrative fee of 3.00 percent (of state funding sources) for the services it provides.

Note 11. Enterprise Schools

The District has six enterprise schools. An enterprise school is a District school that has established its own governing board. This governing board has contracted with the District to allow for more authority to make certain independent decisions impacting that school. All employees and operating costs are budgeted and processed within the District's regular financial operations. However, the enterprise school can direct their dollars with regard to curriculum and admission standards within the legal laws governing public schools as well as within the specifics of their contract.

Note 12. MAPS For Kids

On November 13, 2001, voters in the City of Oklahoma City and the District approved two separate initiatives to fund capital improvement projects within the District.

First, the Oklahoma City Metropolitan Area Public Schools ("OCMAPS") limited purpose sales tax of one half percent was levied from January 1, 2002 until April 1, 2003; the sales tax levy increased to one percent on April 1, 2003, continuing until January 1, 2009, when it expired. The sales tax revenues are apportioned 70 percent to the District and the remaining 30 percent apportioned to 23 suburban school districts.

Second, authorization from the voters was given to the District which approved the District to issue general bonds totaling \$180.0 million for facility improvements and technology.

The OCMAPS Trust, administered by the City of Oklahoma City, was established to manage the sales tax collections and the capital improvement projects (both facilities and transportation) for the District that are financed with the sales tax revenues and/or the District's general obligation bonds pursuant to the Memorandum of Understanding dated August 28, 2001. In addition, the District reimburses OCMAPS Trust for expenses related to the management of the various projects.

Payments are paid from bond funds to reimburse the sales tax funds quarterly for contract administration costs incurred by the City of Oklahoma City and ADG, Inc. ADG, Inc. operates as the program consultant for the school improvement and expansion projects of the District.

Semi-annual reports on revenue collections and the status of capital projects are provided to the City of Oklahoma City and the District. The OCMAPS Trust will deed all completed projects to the District upon completion.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 12. MAPS For Kids (Continued)

The sales tax capital projects include:

- \$9.0 million for the purchase of 160 new school buses;
- \$35.3 million estimated cost for technology improvements in the classroom such as new computers, computer labs, presentation stations, and network infrastructure; and
- \$390 million estimated cost for the construction and/or renovation of 56 school buildings.

The general obligation bond capital projects include:

- \$16.7 million for computer and other technology, equipment, software renovation, and improvements; and
- \$163.3 million for the construction of new and/or renovation of 16 school buildings.

The OCMAPS Trust is included in the City of Oklahoma City's *Comprehensive Annual Financial Report* ("CAFR") as a blended component unit.

Note 13. Yes For Kids

On October 9, 2007, voters in the City of Oklahoma City authorized a general bond issue totaling \$248.3 million to continue school funding made possible by the MAPS for Kids program. Individual propositions require a 60 percent total of the vote to pass. Each of the four measures passed with a margin averaging 78 percent.

The general obligation bond capital projects include:

- \$212 million for capital improvements for elementary school gymnasiums, 50 new classrooms, and routine maintenance;
- \$21 million to provide network system upgrades to better track and evaluate students and update and add library materials;
- \$7.3 million to replace school buses more than 10 years old and update the support vehicle fleet; and
- \$8 million to improve safety and security equipment throughout the District.

Construction management is a shared responsibility with the OCMAPS Trust Authority and District staff (see Note 12 for further Trust information).

Oklahoma County School District No. I-89
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Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 14. Restatement

As a result of the adoption of GASB Statement No. 82, the beginning net positions of the governmental activities, business-type activities, and the major enterprise fund were restated as follows (in thousands):

	Governmental Activities	Business-Type Activities	Enterprise Fund School Nutrition Services
Net position, June 30, 2015, as previously reported	\$ 400,150	\$ (10,163)	\$ (10,163)
2015 employer paid employee contributions	(10,988)	(417)	(417)
Net position, June 30, 2015, as restated	<u>\$ 389,162</u>	<u>\$ (10,580)</u>	<u>\$ (10,580)</u>
Change in net position, June 30, 2015, as previously reported	\$ 55,112	\$ 1,330	\$ 1,330
2015 employer paid employee contributions	(10,988)	(417)	(417)
Change in net position, June 30, 2015, as restated	<u>\$ 44,124</u>	<u>\$ 913</u>	<u>\$ 913</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Oklahoma Teachers Retirement System
(in thousands)**

	As of June 30,	
	2015	2014
District's proportion of the net pension liability	4.98137440%	4.81459900%
District's proportionate share of the net pension liability	\$ 302,507	\$ 259,019
District's covered-employee payroll	\$ 195,499	\$ 184,945
District's proportionate share of the net pension liability as a percentage of its covered payroll	154.74%	140.05%
Plan fiduciary net position as a percentage of the total pension liability	70.31%	72.43%

Note 1. GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Note 2. Changes in benefit terms: There were no significant changes of benefit terms.

Note 3. Changes of assumptions: The assumptions for salary increases changed for the June 30, 2015 measurement date. For the June 30, 2014 measurement date, salary increases were composed of 3.00 percent inflation, plus 1.00 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service. For the June 30, 2015 measurement date, salary increases are composed of 3.75 percent wage inflation, including 3.00 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of services.

The table used to determine retirement age changed for the June 30, 2015 measurement date. For the June 30, 2014 measurement date, the retirement age was determined using the experience-based table developed from a five year experience study for the period ending June 30, 2009. This table was adopted by the OTRS Board in September 2010. For the June 30, 2015 measurement date, the retirement age was determined using the experience-based table developed from a five year experience study for the period ending June 30, 2014. This table was adopted by the OTRS Board in May 2015.

There was also a change in mortality rate tables used. For the June 30, 2014 measurement date, mortality rates were determined using the RP-2000 Combined Mortality table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females. For the June 30, 2015 measurement date, the mortality rates for active employees were determined using the PR-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent. The mortality rates for males after retirement were determined using the RP-2000 Combined Health Mortality Table for males with white collar adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000 were used. The mortality rates for females after retirement were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105 percent. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012 were used.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Required Supplementary Information
Schedule of District Contributions
Oklahoma Teachers Retirement System
(in thousands)**

	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
2016	\$ 20,764	\$ 20,764	\$ -	\$ 195,534	10.62%
2015	20,780	20,780	-	195,499	10.63
2014	19,677	19,677	-	184,945	10.64
2013	18,914	18,914	-	177,916	10.63
2012	18,506	18,506	-	173,534	10.66
2011	17,079	17,079	-	164,455	10.39
2010	17,095	17,095	-	170,051	10.05
2009	15,504	15,504	-	165,178	9.39
2008	13,395	13,395	-	158,051	8.48
2007	11,617	11,617	-	148,783	7.81

The District's 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%

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Budgetary Comparison Schedule (Budgetary Basis) - General Fund
Year Ended June 30, 2016
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 74,213	\$ 74,213	\$ 74,809	\$ 596
Intermediate sources	11,650	11,650	13,088	1,438
State sources	191,321	191,321	159,172	(32,149)
Federal sources	48,538	48,538	38,888	(9,650)
Nonrevenue receipts	400	400	26,664	26,264
Total revenues	326,122	326,122	312,621	(13,501)
Expenditures:				
Instruction	192,458	192,458	185,934	(6,524)
Support services	128,791	128,791	120,566	(8,225)
Operation of noninstruction services	650	650	525	(125)
Facilities acquisition and construction services	50	50	417	367
Other	26,000	26,000	26,625	625
Total expenditures	347,949	347,949	334,067	(13,882)
Excess (deficiency) of revenues over (under) expenditures	(21,827)	(21,827)	(21,446)	381
Other financing sources:				
Lapsed appropriations	12,000	12,000	14,593	2,593
Total other financing sources	12,000	12,000	14,593	2,593
Net change in fund balances	(9,827)	(9,827)	(6,853)	2,974
Fund balances, beginning of year	27,000	27,000	27,283	283
Fund balances, end of year	\$ 17,173	\$ 17,173	\$ 20,430	\$ 3,257

See notes to required supplementary information.

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Budgetary Comparison Schedule

Budgetary Comparison Schedule - General Fund: The Budgetary Comparison Schedule is prepared using the cash plus encumbrances basis of accounting. A reconciliation from this basis to the modified accrual basis of accounting, which is Generally Accepted Accounting Principles (GAAP), is included below.

Budgetary Reconciliation - General Fund: Items required to adjust actual revenues, expenditures, and fund balance reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2016, are as follows (in thousands):

Fund balance - budgetary basis	\$ 20,430
Current year revenue accrual less portion deferred in fund statements	8,243
Grant revenue received, but not expended (deferred for budgetary purposes)	2,790
Inventory	201
Encumbrances outstanding	4,147
Compensated absences	5,805
	<hr/>
Fund balance - fund financial statements	<u><u>\$ 41,616</u></u>
Revenues - budgetary basis	\$ 312,621
Current year revenue accrual	87,221
Prior year revenue accrual	(87,547)
Current year revenue deferred in fund statements	(78,978)
Prior year deferred revenue recognized in fund statements in current year	76,501
Current year grant revenue received, but not expended (deferred for budgetary purposes)	2,790
Other	138
Insurance recoveries reported in other financing sources in fund statements	(4)
Prior year grant revenue recognized in the current year	(3,031)
On-behalf payments	14,633
	<hr/>
Revenues - fund financial statements	<u><u>\$ 324,344</u></u>
Expenditures - budgetary basis	\$ 334,067
Change in encumbrance payable	(4,003)
Change in compensated absences	822
Change in inventory	119
Capital lease expenditures	988
Other	155
On-behalf payments	14,633
	<hr/>
Expenditures - fund financial statements	<u><u>\$ 346,781</u></u>

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

Notes to Budgetary Comparison Schedule

Budget Law and Practice: The following is the budget development process for all funds appropriated on an annual basis (General Fund, Building Fund, School Nutrition Services Fund, and Sinking Fund). For each fiscal year of the District, which begins on July 1, a tentative, or preliminary, budget is presented to the Board of Education at the first meeting in July, if not earlier. As required by the School District Budget Act (adopted June 4, 2001), a public hearing on the proposed budget summary shall be held within five days' notice published in a newspaper of general circulation in the school district. Within the thirty day period preceeding the beginning of each fiscal year, a budget for the school district shall be approved by the Board of Education. The District may amend the budget after June 30 and present it for Board of Education approval, as required by law, and approval (the legal appropriation establishing revenue, tax levies, and ad valorem valuations) by the county excise board and the state of Oklahoma Auditor & Inspector.

The Board of Education must approve revisions to the final budget and ensure it will not exceed the level of appropriation for each fund as established by temporary budget or supplemental appropriation, according to law. The budget is updated and reported to the Superintendent and Board of Education in the fiscal year, as needed.

The following is the budget development process for all funds operated on an overall budget basis (Bond Funds, and Casualty Flood Insurance Recovery Fund). Based on available bonding capacity, the Superintendent and staff prepare a list of projects determined by the needs within the District and with available monies. This list, once approved by the Board of Education, becomes the resolution that is then presented to the voters in the District. Oklahoma laws allow schools to be indebted to a maximum of 10% of the net assessed valuation of the district.

The following is the budget administration and management process. Each fund has a budget that is assigned by cost center, and allocated by object. This budget is administered by a designee authorized by the Superintendent to monitor and control the budget in compliance with Board of Education policies and State law.

Budget expenditures are monitored through the financial management system, which will not allow expenditures to exceed the appropriated budget. The District Superintendent or designee may transfer an unexpended and unencumbered appropriation from one account to another within the same fund. Purchase orders are submitted to the Board of Education.

Encumbrances: Encumbrances represent commitments related to unperformed contracts for goods and/or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are included in the "actual" amounts shown as expended during the year for the budgetary presentation but are excluded from the fund balances in the governmental fund financial statements, as they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Revenues: Revenues, except for federal revenues, are recorded on a cash basis and include deposits to District accounts from the first day through the last day of the fiscal year regardless of when they were actually earned. Federal revenues are recognized for any prior year April through June 30th collections deferred and for any collections received July 1 through March 31 of the current year. Any federal cash collections received April 1 through June 30 are deferred into the subsequent year.

OTHER SUPPLEMENTARY INFORMATION

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2016
(in thousands)

	Special Revenue Funds			Capital Project Funds		Total
	Building Fund	MAPS Sales Tax Fund	Gifts and Endowments Fund	MAPS Construction Bond Funds	Casualty Flood Insurance Recovery Fund	
Assets						
Cash and cash equivalents	\$ 9,822	\$ -	\$ 25	\$ 2,176	\$ 6,520	\$ 18,543
Receivables:						
Delinquent/protested property taxes, net of allowance	848	-	-	-	-	848
Property taxes receivable - succeeding year, net	10,347	-	-	-	-	10,347
Due from other governments	39	-	-	-	-	39
Other	1	-	-	-	3	4
Total assets	21,057	-	25	2,176	6,523	29,781
Liabilities						
Warrants payable	217	-	-	-	-	217
Accounts payable and accrued liabilities	348	-	-	52	-	400
Total liabilities	565	-	-	52	-	617
Deferred inflows of resources						
Unavailable revenue - delinquent/protested property taxes	848	-	-	-	-	848
Unavailable revenue - property taxes - succeeding year	10,347	-	-	-	-	10,347
Total deferred inflows of resources	11,195	-	-	-	-	11,195
Fund balances						
Nonspendable	-	-	25	-	-	25
Restricted	9,297	-	-	2,124	-	11,421
Committed	-	-	-	-	5,005	5,005
Assigned	-	-	-	-	1,518	1,518
Total fund balances	9,297	-	25	2,124	6,523	17,969
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,057	\$ -	\$ 25	\$ 2,176	\$ 6,523	\$ 29,781

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2016
(in thousands)

	Special Revenue Funds			Capital Project Funds		Total
	Building Fund	MAPS Sales Tax Fund	Gifts and Endowments Fund	MAPS Construction Bond Funds	Casualty Flood Insurance Recovery Fund	
Revenues:						
Local sources	\$ 10,637	\$ 9,641	\$ -	\$ -	\$ 1	\$ 20,279
State sources	951	-	-	-	-	951
Total revenues	11,588	9,641	-	-	1	21,230
Expenditures:						
Current:						
Instruction	-	235	-	-	-	235
Support services	9,737	1,551	1	128	195	11,612
Facilities acquisition and constructions	929	7,855	-	64	20	8,868
Total expenditures	10,666	9,641	1	192	215	20,715
Excess (deficiency) of revenues over (under) expenditures	922	-	(1)	(192)	(214)	515
Other financing sources:						
Insurance recoveries	-	-	-	-	905	905
Total other financing sources	-	-	-	-	905	905
Net change in fund balances	922	-	(1)	(192)	691	1,420
Fund balances, beginning of year	8,375	-	26	2,316	5,832	16,549
Fund balances, end of year	\$ 9,297	\$ -	\$ 25	\$ 2,124	\$ 6,523	\$ 17,969

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Statement of Changes in Assets and Liabilities - Fiduciary Fund
Year Ended June 30, 2016
(in thousands)

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Cash and cash equivalents, by location				
Elementary Schools	\$ 950	\$ 1,738	\$ (1,642)	\$ 1,046
Middle Schools	190	266	(260)	196
High Schools	949	2,310	(2,248)	1,011
Special Sites	76	474	(304)	246
Total funds held for student activities	\$ 2,165	\$ 4,788	\$ (4,454)	\$ 2,499
Summary Activity Funds				
Assets:				
Cash and cash equivalents	\$ 2,165	\$ 4,788	\$ (4,454)	\$ 2,499
Capital assets, net	43	15	(12)	46
Total assets	\$ 2,208	\$ 4,803	\$ (4,466)	\$ 2,545
Liabilities:				
Due to Student groups	\$ 2,165	\$ 4,788	\$ (4,454)	\$ 2,499
Capital assets held for the benefit of student groups	43	15	(12)	46
Total liabilities	\$ 2,208	\$ 4,803	\$ (4,466)	\$ 2,545

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Budgetary Comparison Schedule (Budgetary Basis) - Yes For Kids Bond Funds
Year Ended June 30, 2016
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 10	\$ 10	\$ 13	\$ 3
Nonrevenue receipts	10,000	10,000	10,000	-
Total revenues	10,010	10,010	10,013	3
Expenditures:				
Instruction	288	288	44	(244)
Support services	21,306	21,306	9,925	(11,381)
Facilities acquisition and construction services	63,416	63,416	18,102	(45,314)
Other	-	-	-	-
Total expenditures	85,010	85,010	28,071	(56,939)
Excess (deficiency) of revenues over (under) expenditures	(75,000)	(75,000)	(18,058)	56,942
Other financing sources, prior year lapsed appropriations	-	-	2,263	2,263
Net change in fund balances	(75,000)	(75,000)	(15,795)	59,205
Fund balances, beginning of year	75,000	75,000	75,320	320
Fund balances, end of year	\$ -	\$ -	\$ 59,525	\$ 59,525

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Budgetary Comparison Schedule (Budgetary Basis) - Debt Service Funds
Year Ended June 30, 2016
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 36,768	\$ 36,768	\$ 37,321	\$ 553
Nonrevenue receipts	250	250	155	(95)
Total revenues	37,018	37,018	37,476	458
Expenditures:				
Other	37,018	37,018	27,744	(9,274)
	37,018	37,018	27,744	(9,274)
Excess (deficiency) of revenues over (under) expenditures	-	-	9,732	9,732
Other financing sources, prior year lapsed appropriations	-	-	-	-
Net change in fund balances	-	-	9,732	9,732
Fund balances, beginning of year	45,000	45,000	44,871	(129)
Fund balances, end of year	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 54,603</u>	<u>\$ 9,603</u>

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Budgetary Comparison Schedule (Budgetary Basis) - Building Fund
Year Ended June 30, 2016
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 11,206	\$ 11,206	\$ 10,654	\$ (552)
State sources	600	600	676	76
Total revenues	11,806	11,806	11,330	(476)
Expenditures:				
Support services	11,602	11,602	9,833	(1,769)
Facilities acquisition and construction services	554	554	930	376
	12,156	12,156	10,763	(1,393)
Excess (deficiency) of revenues over (under) expenditures	(350)	(350)	567	917
Other financing sources, prior year lapsed appropriations	350	350	174	(176)
Net change in fund balances	-	-	741	741
Fund balances, beginning of year	7,500	7,500	6,611	(889)
Fund balances, end of year	\$ 7,500	\$ 7,500	\$ 7,352	\$ (148)

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Budgetary Comparison Schedule (Budgetary Basis) - MAPS Construction Bond Funds
Year Ended June 30, 2016
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Support services	671	671	218	(453)
Facilities, acquisition, and construction services	829	829	88	(741)
	1,500	1,500	306	(1,194)
Excess (deficiency) of revenues over (under) expenditures	(1,500)	(1,500)	(306)	1,194
Other financing sources, prior year lapsed appropriations	-	-	478	478
Net change in fund balances	(1,500)	(1,500)	172	1,672
Fund balances, beginning of year	1,500	1,500	1,969	469
Fund balances, end of year	\$ -	\$ -	\$ 2,141	\$ 2,141

Oklahoma County School District No. I-89
Oklahoma City Public Schools

Budgetary Comparison Schedule (Budgetary Basis) - Casualty Flood Insurance Recovery Fund
Year Ended June 30, 2016
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 11,001	\$ 11,001	\$ 1	\$ (11,000)
Nonrevenue receipts	-	-	1,902	1,902
Total revenues	11,001	11,001	1,903	(9,098)
Expenditures:				
Support services	1,000	1,000	189	(811)
Facilities acquisition and construction services	14,751	14,751	101	(14,650)
	15,751	15,751	290	(15,461)
Excess (deficiency) of revenues over (under) expenditures	(4,750)	(4,750)	1,613	6,363
Other financing sources, prior year lapsed appropriations	-	-	216	216
Net change in fund balances	(4,750)	(4,750)	1,829	6,579
Fund balances, beginning of year	4,750	4,750	4,591	(159)
Fund balances, end of year	\$ -	\$ -	\$ 6,420	\$ 6,420

OTHER INFORMATION

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Schedule of Surety Bonds
Year Ended June 30, 2016**

The District provides the following surety bonds, compliant with HB1592 requirements for any Superintendent or financial officer or other relevant employee of the school district who has supervision of or authority to expend school district funds. The District had the following Surety Bonds for fiscal year 2016:

Effective 07/01/2015 through 06/30/2016
Insurance Carrier: Ohio Casualty

Position/Description	Bond #	Amount
Treasurer	1597454	\$ 2,000,000
Assistant Treasurer	1597454	2,000,000
Assistant Treasurer/Assistant Encumbrance Clerk	1597454	2,000,000
Superintendent	1597454	750,000
Chief Operating Officer	1597454	750,000
Chief Financial Officer/Encumbrance Clerk/ Director of Financial Management	1597454	750,000
Minute Clerk/Board Clerk	1597454	750,000
Board Clerk/Deputy Minute Clerk	1597454	750,000
Director of Purchasing	1597454	750,000
Financial Secretary	1597443	2,500
Activity Fund Custodian - Elementary Schools	1597443	2,500
Activity Fund Custodian - Middle Schools	1597443	10,000
Activity Fund Custodian - High Schools	1597443	15,000
Activity Fund Custodian - Administration	1597443	15,000

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Charter School Membership
Year Ended June 30, 2016**

Charter School membership for the year ended June 30, 2016 was as follows:

	Membership
Independence Charter Middle School	309
Justice Alma Wilson SeeWorth Academy	423
Stanley Hupfeld Academy at Western Village	327
Dove Science Academy	475
Dove Elementary School	289
Santa Fe South High School	754
Santa Fe South Middle School	587
Harding Charter Preparatory High School	470
Harding Fine Arts Center	351
Harper Academy	126
KIPP Reach College Preparatory	287
Lighthouse Academies	257
John W. Rex Charter Elementary School	364
Total	<u><u>5,019</u></u>

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Enterprise School Membership
Year Ended June 30, 2016**

Enterprise School membership for the year ended June 30, 2016 was as follows:

Enterprise School	Membership
Belle Isle Enterprise Middle School	450
Jackson Enterprise Elementary School	581
John Marshall Enterprise Middle School	262
John Marshall Enterprise High School	425
Northeast Academy Enterprise Middle School	120
Northeast Academy Enterprise High School	193
Total	<u>2,031</u>

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**MAPS Management Fees
Year Ended June 30, 2016**

MAPS management fees by fiscal year are as follows (in thousands):

Fiscal Year	Project Management Services	City of OKC Administration	Total
2002/2003	\$ 1,093	\$ 42	\$ 1,135
2003/2004	1,261	145	1,406
2004/2005	407	166	573
2005/2006	571	220	791
2006/2007	264	220	484
2007/2008	365	111	476
2008/2009	277	78	355
2009/2010	321	68	389
2010/2011	244	73	317
2011/2012	114	93	207
2012/2013	27	64	91
2013/2014	18	59	77
2014/2015	8	40	48
2015/2016	-	58	58
Total	\$ 4,970	\$ 1,437	\$ 6,407

**Oklahoma County School District No. I-89
Oklahoma City Public Schools**

**Schedule of MAPS Sales Tax Funded Transfers and Classification
Year Ended June 30, 2016**

A schedule of MAPS sales tax funded transfers and classification is reported as follows (in thousands):

Sales Tax Project ID	Description	Value
ES-T047	BYOD NAC Installation	270
ES-T044	High Density Wireless Equipment Multiple Locations	220
ES-T045	John Rex Building	1,060
ES-079	Emerson	7,585
ES-T043	VOIP Phonenumber for Multiple Locations	186
ES-067	Jackson ES	169
ES-070	Taft Renovation	9
ES-080	NEHS	4
ES-T036	Administration	1
ES-035	John Rex Land	137
Total Transferred in FY 2016		9,641
Total Transferred FY 2005 - FY 2015		366,628
Total Transferred through June 30, 2016		376,269
TOTAL Technology		24,884
TOTAL Other Construction/FFE etc.		342,716
TOTAL Transportation		8,669
		\$ 376,269