MEMORANDUM

TO: The Honorable Members of the State Board of Education

FROM: Janet C. Barresi

DATE: March 25, 2014

SUBJECT: FY2014 General Fund Balance Penalty

The following public school districts, for the second consecutive school year, exceeded their General Fund Balance (GFB) allowable amount for the 2012-13 school year ending June 30, 2013. The GFB penalty for these districts is at the discretion of the State Board of Education, since all districts qualify on the statute below:

Pursuant to 70 O.S. § 18-200.1(G)
5. If a school district does not receive Foundation and/or Salary Incentive Aid during the preceding fiscal year, the State Board of Education may waive the penalty assessed in this subsection if the penalty would result in a loss of more than forty percent (40%) of the remaining State Aid to be allocated to the school district between April 1 and the remainder of the school year and if the Board determines the penalty will cause the school district not to meet remaining financial obligations.

<table>
<thead>
<tr>
<th>Co/Dist</th>
<th>District Name</th>
<th>Penalty Amount</th>
<th>Foundation &amp;/or Incentive</th>
<th>Loss of more than 40%</th>
<th>Congressional District</th>
</tr>
</thead>
<tbody>
<tr>
<td>051031</td>
<td>Sayre</td>
<td>$17,981</td>
<td>Yes</td>
<td>Yes</td>
<td>3</td>
</tr>
<tr>
<td>611014</td>
<td>Kiowa</td>
<td>$11,028</td>
<td>Yes</td>
<td>Yes</td>
<td>2</td>
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<tr>
<td>651066</td>
<td>Hammon</td>
<td>$6,364</td>
<td>Yes</td>
<td>Yes</td>
<td>3</td>
</tr>
<tr>
<td>761006</td>
<td>Freedom</td>
<td>$1,365</td>
<td>Yes</td>
<td>Yes</td>
<td>3</td>
</tr>
</tbody>
</table>

Districts submitting correspondence requesting a State Board of Education waiver

District with no response to the GFB penalty correspondence

<table>
<thead>
<tr>
<th>Co/Dist</th>
<th>District Name</th>
<th>Penalty Amount</th>
<th>Foundation &amp;/or Incentive</th>
<th>Loss of more than 40%</th>
<th>Congressional District</th>
</tr>
</thead>
<tbody>
<tr>
<td>221010</td>
<td>Taloga</td>
<td>$1,885</td>
<td>Yes</td>
<td>Yes</td>
<td>3</td>
</tr>
</tbody>
</table>

Attachments
Paragraph G:

1. Notwithstanding the provisions of Section 18-112.2 of this title, a school district shall have its State Aid reduced by an amount equal to the amount of carryover in the general fund of the district as of June 30 of the preceding fiscal year, that is in excess of the following standards for two consecutive years:

<table>
<thead>
<tr>
<th>Total Amount of General Fund Collections, Excluding Previous Year Cash Surplus as of June 30</th>
<th>Amount of General Fund Balance Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1,000,000</td>
<td>40%</td>
</tr>
<tr>
<td>$1,000,000 - $2,999,999</td>
<td>35%</td>
</tr>
<tr>
<td>$3,000,000 - $3,999,999</td>
<td>30%</td>
</tr>
<tr>
<td>$4,000,000 - $4,999,999</td>
<td>25%</td>
</tr>
<tr>
<td>$5,000,000 - $5,999,999</td>
<td>20%</td>
</tr>
<tr>
<td>$6,000,000 - $7,999,999</td>
<td>18%</td>
</tr>
<tr>
<td>$8,000,000 - $9,999,999</td>
<td>16%</td>
</tr>
<tr>
<td>$10,000,000 or more</td>
<td>14%</td>
</tr>
</tbody>
</table>

2. By February 1 the State Department of Education shall send by certified mail, with return receipt requested, to each School District Superintendent, Auditor and Regional Accreditation Officer a notice of and calculation sheet reflecting the general fund balance penalty to be assessed against that school district. Calculation of the general fund balance penalty shall not include federal revenue. Within thirty (30) days of receipt of this written notice the school district shall submit to the Department a written reply either accepting or protesting the penalty to be assessed against the district. If protesting, the school district shall submit with its reply the reasons for rejecting the calculations and documentation supporting those reasons. The Department shall review all school district penalty protest documentation and notify each district by March 15 of its finding and the final penalty to be assessed to each district. General fund balance penalties shall be assessed to all school districts by April 1.

3. Any school district which receives proceeds from a tax settlement or a Federal Emergency Management Agency settlement during the last two (2) months of the preceding fiscal year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the tax settlement.

4. Any school district which receives an increase in State Aid because of a change in Foundation and/or Salary Incentive Aid factors during the last two (2) months of the preceding fiscal year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the increase in State Aid.

(continued next page)
General Fund Balance Penalty Statute

5. If a school district does not receive Foundation and/or Salary Incentive Aid during the preceding fiscal year, the State Board of Education may waive the penalty assessed in this subsection if the penalty would result in a loss of more than forty percent (40%) of the remaining State Aid to be allocated to the school district between April 1 and the remainder of the school year and if the Board determines the penalty will cause the school district not to meet remaining financial obligations. (State Board of Education action required.)

6. Any school district which receives gross production revenue apportionment during the 2002-2003 school year or in any subsequent school year that is greater than the gross production revenue apportionment of the preceding school year shall be exempt from the penalty assessed in this subsection, if the penalty would occur solely as a result of the gross production revenue apportionment, as determined by the State Board of Education.

7. Beginning July 1, 2003, school districts that participate in consolidation or annexation pursuant to the provisions of the Oklahoma School Voluntary Consolidation and Annexation Act shall be exempt from the penalty assessed in this subsection for the school year in which the consolidation or annexation occurs and for the next three (3) fiscal years.

8. Any school district which receives proceeds from a sales tax levied by a municipality pursuant to Section 22-159 of Title 11 of the Oklahoma Statutes or proceeds from a sales tax levied by a county pursuant to Section 1370 of Title 68 of the Oklahoma Statutes during the 2003-2004 school year or the 2004-2005 school year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the sales tax levy.

9. For purposes of calculating the general fund balance penalty, the terms “carryover” and “general fund balance” shall not include federal revenue.

Title 70, Section 1-117:

G. Schools which receive gifts or donations or state-appropriated monies for the purpose of capital expenditures or projects shall place such monies in the building fund, as provided by Section 1-118 of this title, and not in the general fund. School districts which receive gifts, grants, or donations of monies for noncapital expenditures may place the monies in the general fund, and such monies shall not be required to be used during the year in which the money was received but may accumulate from year to year and shall not be considered a part of the general fund collections when calculating the general fund carryover as provided in subsection G of Section 18-200.1 of this title.
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>05 BECKHAM</td>
<td>I031 SAYRE</td>
<td>6,135,258.20</td>
<td>17,981</td>
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<td>61 Pittsburg</td>
<td>I014 KIOWA</td>
<td>3,134,619.78</td>
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<td>4,411</td>
<td>11,028</td>
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<td>65 ROGER MILLS</td>
<td>I066 HAMMON</td>
<td>1,147,950.70</td>
<td>6,364</td>
<td>2,546</td>
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<td>76 WOODS</td>
<td>I006 FREEDOM</td>
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<td>22 DEWEY</td>
<td>I010 TALOGA</td>
<td>586,116.96</td>
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<td>21 DELAWARE</td>
<td>C006 CLEORA</td>
<td>1,126,924.54</td>
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<tr>
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<td>65 ROGER MILLS</td>
<td>I015 SWEETWATER</td>
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<tr>
<td>34 JEFFERSON</td>
<td>C003 TERRAL</td>
<td>109,830.27</td>
<td>116,445</td>
<td>46,578</td>
<td>109,830</td>
<td>1</td>
<td>1</td>
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<tr>
<td>63 POTAWATOMIE</td>
<td>C032 SOUTH ROCK CREEK</td>
<td>8,714.40</td>
<td>453,886</td>
<td>181,554</td>
<td>8,714</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>77 WOODWARD</td>
<td>I002 MOORELAND</td>
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<td>286,340</td>
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<td></td>
</tr>
</tbody>
</table>
February 21, 2014

Oklahoma State Board of Education
Oklahoma State Department of Education
2500 North Lincoln Boulevard
Oklahoma City, OK 73105-4599

RE: Carryover Waiver

Dear Members of the State Board of Education:

During the 2012-2013 school term, Sayre Public Schools (051031) exceeded the maximum carryover amount for the general fund. We are respectfully requesting that the penalty for exceeding the statutory limit be waived. Following a lengthy litigation process (6 years) with multiple companies from the oil/gas industry, we have received the release of protested tax funds being held in escrow.

The sum total of those back tax monies has placed us in the position of being ineligible to receive Foundation Aid. As a result, the excess carryover balance will be utilized to ensure that the District be able to meet its financial obligations in the future.

Should you need additional information, please feel free to contact me. We would like to thank you in advance for considering this request.

Respectfully Yours,

[Signature]

Todd Winn,
Superintendent of Schools
<table>
<thead>
<tr>
<th>SENDER: COMPLETE THIS SECTION</th>
<th>COMPLETE THIS SECTION ON DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</td>
<td>A. Signature</td>
</tr>
<tr>
<td>■ Print your name and address on the reverse so that we can return the card to you.</td>
<td>agent</td>
</tr>
<tr>
<td>■ Attach this card to the back of the mailpiece, or on the front if space permits.</td>
<td>addressee</td>
</tr>
</tbody>
</table>

1. Article Addressed to:

051031 5002
TODD WINN, SUPT
SAYRE PUBLIC SCHOOLS
716 NORTHEAST HIGHWAY 66
SAYRE OK 73662

2. Article Number
(Transfer from service label)

91 7108 2133 3932 9097 2113

3. Service Type
[ ] Certified Mail  [ ] Express Mail
[ ] Registered  [ ] Return Receipt for Merchandise
[ ] Insured Mail  [ ] U.O.U.D.

4. Restricted Delivery? (Extra Fee)  [ ] Yes

2. Article Number
(Transfer from service label)

91 7108 2133 3932 9097 2113

PS Form 3811, February 2004  Domestic Return Receipt

192555-02-M-1540
January 28, 2014

Todd Winn, Superintendent
Sayre Public Schools
716 Northeast Highway 66
Sayre, Oklahoma 73662

Dear: Superintendent,

This letter shall serve as official notification to your school district from the Oklahoma State Department of Education, that the General Fund Balance of your school district, as reported, exceeded the allowable amount as outlined in Paragraph G. of Title 70, Section 18-200.1 (see statutory attachment; also note instructions in bold below). Revenue figures used for the general fund balance calculation were gathered from the 2013 Oklahoma Cost Accounting System (OCAS) for the fiscal year ending June 30, 2013.

Title 70, Section 18-200.1, states: “Notwithstanding the provisions of Section 18-112.2 of this title, a school district shall have its State Aid reduced by an amount equal to the amount of carryover in the general fund of the district as of June 30 of the preceding fiscal year, that is in excess of the following standards for two consecutive years:”

(1) Your school district exceeded the allowable carryover limit as of June 30, 2012.
(2) Your school district exceeded the allowable carryover limit as of June 30, 2013.

As stated in law, you are requested to respond in writing no later than Friday, February 28, 2014, on behalf of the school district to the State Aid Section, Oklahoma State Department of Education. Such written response shall indicate the acceptance of the calculated amount, or provide documentation of reasons for rejecting that amount. To reduce your calculated penalty amount, we have already applied numbers two, four, and six as listed on the statutory attachment (Title 70, Section 18-200.1, Paragraph G.). If applicable, you may be able to apply numbers three, five, or eight (State Board of Education action is required for item five) from Title 70, Section 18-200.1 as reasons of protest (this process may further reduce or eliminate any exceeded carryover amount). Your letter of protest should state the applicable numerical items from Paragraph G. We have also applied to our calculation, the provisions of Title 70, Section 1-117 (see attached statute). The Department shall review all school district protest documentation and notify your district by Friday, March 14, 2014, of its finding.

In 70 O.S. 18-200.1, item number five (attached), you may want to ask for a waiver of this penalty from the State Board of Education at its next scheduled meeting on Thursday, March 27, 2014 at 1:00 p.m. The Board will determine if the penalty will cause the school district not to meet remaining financial obligations for the 2013-14 school year. Please contact me if you want to pursue this option; documentation may be required.
The “Exceeded Carryover Allowance Amount After Exclusions” is indicated on the attached calculation sheet on Line 11. If you have questions regarding this penalty calculation, please contact me at (405) 521-3460.

Sincerely,

[Signature]

Kimberly A. Ivester
Assistant Deputy Director,
Financial Services, State Aid Section

Attachments

c: State Superintendent Janet Barresi
   Britton, Kuykendall & Miller, CPAs, PC
   Kevin McKinley, Regional Accreditation Officer
FY2014 GENERAL FUND BALANCE CALCULATION

January 28, 2014

COUNTY NUMBER: 5  COUNTY NAME: BECKHAM
DISTRICT NUMBER: 1031  DISTRICT NAME: SAYRE

1. 2013 GENERAL FUND REVENUE
   (Fund 11, Source of Revenue 1000 through 4999, plus 5150, 5160, 5190, 6130, 6140, 6200
   less Expenditures for Fund 11, Function 5800, Object 970)
   5,803,638.02

2. ALLOWABLE PERCENTAGE OF GENERAL FUND BALANCE (See below)
   20%

3. GENERAL FUND BALANCE ALLOWABLE
   (Line 1 times Line 2)
   1,160,727.60

4. GENERAL FUND BALANCE - JUNE 30, 2013
   (As reported on the FY2014 Estimate of Needs)
   7,730,607.06

5. LINE 4 minus LINE 3 - GENERAL FUND BALANCE PENALTY
   6,569,879.46

6. FEDERAL REVENUE
   (Fund 11, Source of Revenue 4000 through 4999, plus Fund 22, Source 5150 [rolled to Fund 11])
   398,367.44

7. LINE 6 minus LINE 5 - GENERAL FUND BALANCE PENALTY
   6,171,512.02

8. GIFTS AND ENDOWMENTS
   (Fund 11, Source of Revenue 1610 and 1640)
   4,623.82

9. LINE 8 minus LINE 7 - GENERAL FUND BALANCE PENALTY
   6,166,888.20

EXCLUSIONS APPLIED FROM 70 O.S. 18-200.1 (PARAGRAPH G.):

10. LESS INCREASE IN STATE AID BECAUSE OF STATE AID FACTOR
    ADJUSTMENT DURING LAST TWO MONTHS OF THE PRECEDING FISCAL YEAR
    0

11. GROSS PRODUCTION GROWTH GREATER THAN PRECEDING YEAR
    31,630.00

12. EXCEEDED CARRYOVER AMOUNT AFTER EXCLUSIONS
    (Line 9 minus [Lines 10 and 11] equals Adjusted General Fund Balance Penalty)
    6,135,258.20

13. DISTRICT EXCEEDED TWO CONSECUTIVE YEARS
    YES

14. EXEMPTION FOR ANNEXATION/CONSOLIDATION
    NO

15. AMOUNT OF STATE AID TO BE REDUCED AFTER THE MARCH PAYMENT
    17,981

STATE BOARD OF EDUCATION ACTION REQUIRED:

A. NO FOUNDATION AND/OR SALARY INCENTIVE AID IN PRECEDING YEAR
   YES

B. PENALTY IS MORE THAN FORTY PERCENT (40%) OF REMAINING STATE AID
   YES

Total Amount of Gen. Fund

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Cash Surplus as of June 30</td>
<td></td>
</tr>
<tr>
<td>Less than $1,000,000</td>
<td>40%</td>
</tr>
<tr>
<td>$1,000,000–$2,999,999</td>
<td>35%</td>
</tr>
<tr>
<td>$3,000,000–$3,999,999</td>
<td>30%</td>
</tr>
<tr>
<td>$4,000,000–$4,999,999</td>
<td>25%</td>
</tr>
<tr>
<td>$5,000,000–$5,999,999</td>
<td>20%</td>
</tr>
<tr>
<td>$6,000,000–$7,999,999</td>
<td>18%</td>
</tr>
<tr>
<td>$8,000,000–$9,999,999</td>
<td>16%</td>
</tr>
<tr>
<td>$10,000,000 or More</td>
<td>14%</td>
</tr>
</tbody>
</table>
February 06, 2014

Kimberly A. Ivester  
Oklahoma State Department of Education  
2500 North Lincoln Boulevard  
Oklahoma City, OK 73105-4599

Re: Carry Over Waiver

Dear Ms. Ivester,

Kiowa Public School is requesting a Statutory Waiver with regard to Title 70 Section 18-200.1. We have an electric generating power plant in our District that creates an Ad Valorem tax base that causes us to be ineligible to receive Foundation Aid.

Therefore, at the end of the fiscal year we must carry over more than the law allows in order to maintain an adequate balance to finish the calendar year.

Kiowa School would like to thank you in advance for your consideration in the matter.

Sincerely,

Michael W. Kellogg, Superintendent
1. Article Addressed to:

611314 5002
MICHAEL KELLOGG, SUPT
KIOWA PUBLIC SCHOOLS
406 EAST 8TH STREET
KIOWA OK 74553

2. Article Number
(Transfer from service label) 91 7108 2133 3932 9097 2304

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

PS Form 3811, February 2004 Domestic Return Receipt 102585-02-M-1540
Michael Kellogg, Superintendent  
Kiowa Public Schools  
406 East 8Th Street  
Kiowa, Oklahoma 74553

Dear: Superintendent,

This letter shall serve as official notification to your school district from the Oklahoma State Department of Education, that the General Fund Balance of your school district, as reported, exceeded the allowable amount as outlined in Paragraph G. of Title 70, Section 18-200.1 (see statutory attachment; also note instructions in bold below). Revenue figures used for the general fund balance calculation were gathered from the 2013 Oklahoma Cost Accounting System (OCAS) for the fiscal year ending June 30, 2013.

Title 70, Section 18-200.1, states: "Notwithstanding the provisions of Section 18-112.2 of this title, a school district shall have its State Aid reduced by an amount equal to the amount of carryover in the general fund of the district as of June 30 of the preceding fiscal year, that is in excess of the following standards for two consecutive years;"

(1) Your school district exceeded the allowable carryover limit as of June 30, 2012.
(2) Your school district exceeded the allowable carryover limit as of June 30, 2013.

As stated in law, you are requested to respond in writing no later than Friday, February 28, 2014, on behalf of the school district to the State Aid Section, Oklahoma State Department of Education. Such written response shall indicate the acceptance of the calculated amount, or provide documentation of reasons for rejecting that amount. To reduce your calculated penalty amount, we have already applied numbers two, four, and six as listed on the statutory attachment (Title 70, Section 18-200.1, Paragraph G.). If applicable, you may be able to apply numbers three, five, or eight (State Board of Education action is required for item five) from Title 70, Section 18-200.1 as reasons of protest (this process may further reduce or eliminate any exceeded carryover amount). Your letter of protest should state the applicable numerical items from Paragraph G. We have also applied to our calculation, the provisions of Title 70, Section 1-117 (see attached statute). The Department shall review all school district protest documentation and notify your district by Friday, March 14, 2014, of its finding.

In 70 O.S. 18-200.1, item number five (attached), you may want to ask for a waiver of this penalty from the State Board of Education at its next scheduled meeting on Thursday, March 27, 2014 at 1:00 p.m. The Board will determine if the penalty will cause the school district not to meet remaining financial obligations for the 2013-14 school year. Please contact me if you want to pursue this option; documentation may be required.
The "Exceeded Carryover Allowance Amount After Exclusions" is indicated on the attached calculation sheet on Line 11. If you have questions regarding this penalty calculation, please contact me at (405) 521-3460.

Sincerely,

[Signature]

Kimberly A. Ivesier
Assistant Deputy Director,
Financial Services, State Aid Section

ki

Attachments

c: State Superintendent Janet Barresi
   Kerry John Patten, CPA
   Shellie Gammill, Regional Accreditation Officer
FY2014 GENERAL FUND BALANCE CALCULATION

January 28, 2014

COUNTY NUMBER: 61
COUNTY NAME: PITTSBURG
DISTRICT NUMBER: 0101
DISTRICT NAME: KIOWA

1. 2013 GENERAL FUND REVENUE
   (Fund 11, Source of Revenue 1000 through 4999, plus 5150, 5160, 5190, 6130, 6140, 6200
   less Expenditures for Fund 11, Function 5800, Object 970)
   4,013,323.43

2. ALLOWABLE PERCENTAGE OF GENERAL FUND BALANCE (See below)
   25%

3. GENERAL FUND BALANCE ALLOWABLE
   (Line 1 times Line 2)
   1,003,330.86

4. GENERAL FUND BALANCE - JUNE 30, 2013
   (As reported on the FY2014 Estimate of Needs)
   4,409,382.75

5. LINE 4 minus LINE 3 – GENERAL FUND BALANCE PENALTY
   3,406,051.89

6. FEDERAL REVENUE
   (Fund 11, Source of Revenue 4000 through 4999, plus Fund 22, Source 5150 [rolled to Fund 11])
   271,432.11

7. LINE 6 minus LINE 5 – GENERAL FUND BALANCE PENALTY
   3,134,619.78

8. GIFTS AND ENDOWMENTS
   (Fund 11, Source of Revenue 1610 and 1640)
   0

9. LINE 8 minus LINE 7 – GENERAL FUND BALANCE PENALTY
   3,134,619.78

EXCLUSIONS APPLIED FROM 70 O.S. 18-200.1 (PARAGRAPH G.):

10. LESS INCREASE IN STATE AID BECAUSE OF STATE AID FACTOR
    ADJUSTMENT DURING LAST TWO MONTHS OF THE PRECEDING FISCAL YEAR
    0

11. GROSS PRODUCTION GROWTH GREATER THAN PRECEDING YEAR
    0

12. EXCEEDED CARRYOVER AMOUNT AFTER EXCLUSIONS
    (Line 9 minus [Lines 10 and 11] equals Adjusted General Fund Balance Penalty)
    3,134,619.78

13. DISTRICT EXCEEDED TWO CONSECUTIVE YEARS
    YES

14. EXEMPTION FOR ANNEXATION/CONSOLIDATION
    NO

15. AMOUNT OF STATE AID TO BE REDUCED AFTER THE MARCH PAYMENT
    11,028

STATE BOARD OF EDUCATION ACTION REQUIRED:

A. NO FOUNDATION AND/OR SALARY INCENTIVE AID IN PRECEDING YEAR
   YES

B. PENALTY IS MORE THAN FORTY PERCENT (40%) OF REMAINING STATE AID
   YES

Total Amount of Gen. Fund

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February 21, 2014

Oklahoma State Board of Education
Oklahoma State Department of Education
2500 North Lincoln Boulevard
Oklahoma City, Ok 73105-4599

Dear Members of the State Board of Education:

During the 2012-2013 school year Hammon Public Schools (651066) exceeded the maximum carryover for the general fund. We humbly are requesting that the penalty for exceeding the carryover be waived for last year’s excess carryover. We are using the excess money for a lease-purchase agreement to partially fund a new cafeteria building, Early Childhood classrooms, and a tornado shelter. The new facility replaced facilities that were over 50 years old. We just have recently completed the project and have been making lease-purchase payments.

Our school does meet the exception of Paragraph G: Number 5 regarding receipt of Foundation and/or Salary Incentive Aid and the loss of more than 40% of the remaining State Aid. The project that was just completed has significantly depleted the amount of carryover that Hammon Schools have. However, the safety of the students of Hammon Schools is paramount. Should you need additional information, please feel free to contact me. We thank you in advance for considering this request.

Respectfully yours,

Randy Ann Stickney
1. Article Addressed to:

651066 5002
RANDY ANN STICKNEY, SUPT
HAMMON PUBLIC SCHOOLS
802 SHOCKEY ST
HAMMON OK 73650

A. Signature
Kathy Meagi

D. Is delivery address different from item 1? □ Yes □ No
If YES, enter delivery address below: □

2. Article Number
(Transfer from service label) 91 7108 2133 3932 9097 2366

3. Service Type
☒ Certified Mail □ Express Mail
□ Registered □ Return Receipt for Merchandise
□ Insured Mail □ C.O.D.

4. Restricted Delivery? (Extra Fees) □ Yes

PS Form 3811, February 2004 Domestic Return Receipt
January 28, 2014

Randy Ann Stickney, Superintendent
Hammon Public Schools
802 Shockey St.
Hammon, Oklahoma 73550

Dear: Superintendent,

This letter shall serve as official notification to your school district from the Oklahoma State Department of Education, that the General Fund Balance of your school district, as reported, exceeded the allowable amount as outlined in Paragraph G. of Title 70, Section 18-200.1 (see statutory attachment, also note instructions in bold below). Revenue figures used for the general fund balance calculation were gathered from the 2013 Oklahoma Cost Accounting System (OCAS) for the fiscal year ending June 30, 2013.

Title 70, Section 18-200.1, states: "Notwithstanding the provisions of Section 18-112.2 of this title, a school district shall have its State Aid reduced by an amount equal to the amount of carryover in the general fund of the district as of June 30 of the preceding fiscal year, that is in excess of the following standards for two consecutive years:"

(1) Your school district exceeded the allowable carryover limit as of June 30, 2012.
(2) Your school district exceeded the allowable carryover limit as of June 30, 2013.

As stated in law, you are requested to respond in writing no later than Friday, February 28, 2014, on behalf of the school district to the State Aid Section, Oklahoma State Department of Education. Such written response shall indicate the acceptance of the calculated amount, or provide documentation of reasons for rejecting that amount. To reduce your calculated penalty amount, we have already applied numbers two, four, and six as listed on the statutory attachment (Title 70, Section 18-200.1, Paragraph G.). If applicable, you may be able to apply numbers three, five, or eight (State Board of Education action is required for item five) from Title 70, Section 18-200.1 as reasons of protest (this process may further reduce or eliminate any exceeded carryover amount). Your letter of protest should state the applicable numerical items from Paragraph G. We have also applied to our calculation, the provisions of Title 70, Section 1-117 (see attached statute). The Department shall review all school district protest documentation and notify your district by Friday, March 14, 2014, of its finding.

In 70 O.S. 18-200.1, item number five (attached), you may want to ask for a waiver of this penalty from the State Board of Education at its next scheduled meeting on Thursday, March 27, 2014 at 1:00 p.m. The Board will determine if the penalty will cause the school district not to meet remaining financial obligations for the 2013-14 school year. Please contact me if you want to pursue this option; documentation may be required.
The "Exceeded Carryover Allowance Amount After Exclusions" is indicated on the attached calculation sheet on Line 11. If you have questions regarding this penalty calculation, please contact me at (405) 521-3460.

Sincerely,

[Signature]

Kimberly A. Ivester
Assistant Deputy Director,
Financial Services, State Aid Section

ki

Attachments

c: State Superintendent Janet Barresi
   Britton, Kuykendall & Miller, CPAs, PC
   Kim Hale, Regional Accreditation Officer
FY2014 GENERAL FUND BALANCE CALCULATION

January 28, 2014

COUNTY NUMBER: 65       COUNTY NAME: ROGER MILLS
DISTRICT NUMBER: 1066     DISTRICT NAME: HAMMON

1. 2013 GENERAL FUND REVENUE       4,531,360.85
   (Fund 11, Source o' Revenue 1000 through 4999, plus 5150, 5160, 5190, 6130, 6140, 6200
   less Expenditures for Fund 11, Function 5800, Object 970)

2. ALLOWABLE PERCENTAGE OF GENERAL FUND BALANCE (See below) 25%

3. GENERAL FUND BALANCE ALLOWABLE 1,132,840.21
   (Line 1 times Line 2)

4. GENERAL FUND BALANCE - JUNE 30, 2013 2,469,720.36
   (As reported on the FY2014 Estimate of Needs)

5. LINE 4 minus LINE 3 – GENERAL FUND BALANCE PENALTY 1,336,880.15

6. FEDERAL REVENUE 159,194.45
   (Fund 11, Source of Revenue 4000 through 4999, plus Fund 22, Source 5150 [rolled to Fund 11])

7. LINE 6 minus LINE 5 – GENERAL FUND BALANCE PENALTY 1,177,685.70

8. GIFTS AND ENDOWMENTS 0
   (Fund 11, Source of Revenue 1610 and 1640)

9. LINE 8 minus LINE 7 – GENERAL FUND BALANCE PENALTY 1,177,685.70

EXCLUSIONS APPLIED FROM 70 O.S. 18-200.1 (PARAGRAPH G.):

10. LESS INCREASE IN STATE AID BECAUSE OF STATE AID FACTOR
    ADJUSTMENT DURING LAST TWO MONTHS OF THE PRECEDING FISCAL YEAR 0

11. GROSS PRODUCTION GROWTH GREATER THAN PRECEDING YEAR 29,735.00

12. EXCEEDED CARRYOVER AMOUNT AFTER EXCLUSIONS 1,147,950.70
    (Line 9 minus [Lines 10 and 11] equals Adjusted General Fund Balance Penalty)

13. DISTRICT EXCEEDED TWO CONSECUTIVE YEARS YES

14. EXEMPTION FOR ANNEXATION/CONSOLIDATION NO

15. AMOUNT OF STATE AID TO BE REDUCED AFTER THE MARCH PAYMENT 6,364

STATE BOARD OF EDUCATION ACTION REQUIRED:

A. NO FOUNDATION AND/OR SALARY INCENTIVE AID IN PRECEDING YEAR YES

B. PENALTY IS MORE THAN FORTY PERCENT (40%) OF REMAINING STATE AID YES

Total Amount of Gen. Fund

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03/13/2014

To: Ms. Kimberly A. Ivester
   Assistant Deputy Director
   Financial Services, State Aid Section

From: Danny McCuiston
      Superintendent
      Freedom Public Schools

Ms. Ivester,

Please carry this request on behalf of the Freedom Public School District to the State Board of Education to consider a waive of the penalty assessed for an excessive Cash Forward Balance in the proceeding school year. In a district such as Freecom which deals with such extreme demographic challenges, the standard “norms” cannot always be applied in an equitable manner.

Freedom Public Schools is a district which receives no Foundation, Salary and Incentive Aid. Freedom Public Schools receives only Transportation Funding from the state, in an amount just over $3,600.00 in the current fiscal year. Freecom Public Schools has a small operation budget and revenues that fluctuates with the energy industry. As a necessity, the district must develop and maintain an adequate cash balance to protect the district from the current fiscal year’s shifts in revenues which have been experienced many times in the past. Also, at the beginning of FY'13 the district closed out a prior year encumbrance of $150,000.00 and returned these revenues to the General Budget which accounted for the large majority of the excess carryover.

Since the bulk of the penalty was the results of a prior encumbrance and considering the amount of State Aid the district receives, I request the State Board of Education waive the penalty for Freedom Public Schools.

Sincerely,

Danny McCuiston

Received Time Mar. 14, 2014 10:47AM No. 1662 FREEDOM TO LEARN
1. Article Addressed to:

761006 5002
DANNY MCCUISTON, SUPT
FREEDOM PUBLIC SCHOOLS
1138 EAGLE PAGG
FREEDOM OK 73842

2. Article Number
(Transfer from service label)  91 7108 2133 3932 9097 2441

3. Service type
☑ Certified Mail  ☐ Express Mail
☐ Registered  ☐ Return Receipt for Merchandise
☐ Insured Mail  ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)  ☐ Yes

PS Form 3811, February 2004  Domestic Return Receipt
10595-02-M-1540
January 28, 2014

Danny McCuiston, Superintendent
Freedom Public Schools
1138 Eagle Pass
Freedom, Oklahoma 73342

Dear: Superintendent,

This letter shall serve as official notification to your school district from the Oklahoma State Department of Education, that the General Fund Balance of your school district, as reported, exceeded the allowable amount as outlined in Paragraph G. of Title 70, Section 18-200.1 (see statutory attachment; also note instructions in bold below). Revenue figures used for the general fund balance calculation were gathered from the 2013 Oklahoma Cost Accounting System (OCAS) for the fiscal year ending June 30, 2013.

Title 70, Section 18-200.1, states: “Notwithstanding the provisions of Section 18-112.2 of this title, a school district shall have its State Aid reduced by an amount equal to the amount of carryover in the general fund of the district as of June 30 of the preceding fiscal year, that is in excess of the following standards for two consecutive years:”

(1) Your school district exceeded the allowable carryover limit as of June 30, 2012.
(2) Your school district exceeded the allowable carryover limit as of June 30, 2013.

As stated in law, you are requested to respond in writing no later than Friday, February 28, 2014, on behalf of the school district to the State Aid Section, Oklahoma State Department of Education. Such written response shall indicate the acceptance of the calculated amount, or provide documentation of reasons for rejecting that amount. To reduce your calculated penalty amount, we have already applied numbers two, four, and six as listed on the statutory attachment (Title 70, Section 18-200.1, Paragraph G.). If applicable, you may be able to apply numbers three, five, or eight (State Board of Education action is required for item five) from Title 70, Section 18-200.1 as reasons of protest (this process may further reduce or eliminate any exceed carryover amount). Your letter of protest should state the applicable numerical items from Paragraph G. We have also applied to our calculation, the provisions of Title 70, Section 1-117 (see attached statute). The Department shall review all school district protests: documentation and notify your district by Friday, March 14, 2014, of its finding.

In 70 O.S. 18-200.1, item number five (attached), you may want to ask for a waiver of this penalty from the State Board of Education at its next scheduled meeting on Thursday, March 27, 2014 at 1:00 p.m. The Board will determine if the penalty will cause the school district not to meet remaining financial obligations for the 2013-14 school year. Please contact me if you want to pursue this option; documentation may be required.
The "Exceeded Carryover Allowance Amount After Exclusions" is indicated on the attached calculation sheet on Line 11. If you have questions regarding this penalty calculation, please contact me at (405) 521-3460.

Sincerely,

[Signature]

Kimberly A. Wester
Assistant Deputy Director,
Financial Services, State Aid Section

ki

Attachments

c: State Superintendent Janet Barresi
   Charles W. Carroll, P.A.
   Kim Hale, Regional Accreditation Officer
FY2014 GENERAL FUND BALANCE CALCULATION

January 28, 2014

COUNTY NUMBER: 76  COUNTY NAME: WOODS
DISTRICT NUMBER: 1006  DISTRICT NAME: FREEDOM

1. 2013 GENERAL FUND REVENUE  1,363,405.13
(Fund 11, Source of Revenue 1000 through 4999, plus 5150, 5160, 5190, 6130, 6140, 6200
less Expenditures for Fund 11, Function 5800, Object 970)

2. ALLOWABLE PERCENTAGE OF GENERAL FUND BALANCE (See below)  35%

3. GENERAL FUND BALANCE ALLOWABLE  477,191.80
(Line 1 times Line 2)

4. GENERAL FUND BALANCE - JUNE 30, 2013  668,105.35
(As reported on the FY2014 Estimate of Needs)

5. LINE 4 minus LINE 3 – GENERAL FUND BALANCE PENALTY  190,913.55

6. FEDERAL REVENUE  22,369.74
(Fund 11, Source of Revenue 4000 through 4999, plus Fund 22, Source 5150 [rolled to Fund 11])

7. LINE 6 minus LINE 5 – GENERAL FUND BALANCE PENALTY  168,543.81

8. GIFTS AND ENDOWMENTS  500
(Fund 11, Source of Revenue 1610 and 1640)

9. LINE 8 minus LINE 7 – GENERAL FUND BALANCE PENALTY  168,043.81

EXCLUSIONS APPLIED FROM 70 O.S. 18-200.1 (PARAGRAPH G.):

10. LESS INCREASE IN STATE AID BECAUSE OF STATE AID FACTOR 
ADJUSTMENT DURING LAST TWO MONTHS OF THE PRECEDING FISCAL YEAR  0

11. GROSS PRODUCTION GROWTH GREATER THAN PRECEDING YEAR  0

12. EXCEEDED CARRYOVER AMOUNT AFTER EXCLUSIONS  168,043.81
(Line 9 minus [Lines 10 and 11] equals Adjusted General Fund Balance Penalty)

13. DISTRICT EXCEEDED TWO CONSECUTIVE YEARS  YES

14. EXEMPTION FOR ANNEXATION/CONSOLIDATION  NO

15. AMOUNT OF STATE AID TO BE REDUCED AFTER THE MARCH PAYMENT  1,365

STATE BOARD OF EDUCATION ACTION REQUIRED:

A. NO FOUNDATION AND/OR SALARY INCENTIVE AID IN PRECEDING YEAR  YES

B. PENALTY IS MORE THAN FORTY PERCENT (40%) OF REMAINING STATE AID  YES

Total Amount of Gen. Fund

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Ms. Lingle,

I have been unable to reach the district by phone this morning, but parent/teacher conference days are chaotic. Taloga will be submitted in the State Board (agenda packets) with no response. If correspondence (accepting, protesting or request of waiver) is received prior to the March 25th board meeting, it will be presented to the State Board office for consideration.

Kimberly Ivester
Assistant Director, State Aid Section
Oklahoma State Department of Education
2500 N Lincoln Blvd., Rm 427
Oklahoma City, Oklahoma 73105
(405) 522-0119 Direct Line, (405) 521-3460 Office
(405) 522-3559 Fax
Kimberly.Ivester@sde.ok.gov
(My office hours are 7:30-4:00 CST)

Let me try again with the attachment.

Ms. Lingle,

I phoned and was told that you are out of the office today, but normally read you email correspondence. Attached is the original correspondence submitted to Taloga for the General Fund Balance Penalty. This penalty is being submitted tomorrow for the State Board agenda/packets for the next State Board meeting on Tuesday, March 25, 2014 at 1:00 p.m. Your district meets the criteria for the State Board’s discretion to waiver, but we did not receive a district reply pursuant to the below statutory requirement. If no correspondence is received from your district by noon tomorrow, then Taloga’s documentation will be submitted to Board without the required response.

70 O.S. § 18-200.1 (G) Allocation of State Aid - Formula for State Aid
2. By February 1 the State Department of Education shall send by certified mail, with return receipt requested, to each School District Superintendent, Auditor and Regional Accreditation Officer a notice of and calculation sheet reflecting the general fund balance penalty to be assessed against that school district. Calculation of the general fund balance penalty
shall not include federal revenue. Within thirty (30) days of receipt of this written notice the school district shall submit to the Department a written reply either accepting or protesting the penalty to be assessed against the district. If protesting, the school district shall submit with its reply the reasons for rejecting the calculations and documentation supporting those reasons. The Department shall review all school district penalty protest documentation and notify each district by March 15 of its finding and the final penalty to be assessed to each district. General fund balance penalties shall be assessed to all school districts by April 1.

5. If a school district does not receive Foundation and/or Salary Incentive Aid during the preceding fiscal year, the State Board of Education may waive the penalty assessed in this subsection if the penalty would result in a loss of more than forty percent (40%) of the remaining State Aid to be allocated to the school district between April 1 and the remainder of the school year and if the Board determines the penalty will cause the school district not to meet remaining financial obligations.

Kimberly A. Ivester
Assistant Director, State Aid Section
Oklahoma State Department of Education
2500 N Lincoln Blvd., Rm 427
Oklahoma City, Oklahoma 73105
(405) 522-0119 Direct Line, (405) 521-3460 Office
(405) 522-3559 Fax
Kimberly.Ivester@sde.ok.gov
(My office hours are 7:30-4:00 CST)
January 28, 2014

Darci Lingle, Superintendent
Taloga Public Schools
500 West Ruble
Taloga, Oklahoma 73667

Dear: Superintendent,

This letter shall serve as official notification to your school district from the Oklahoma State Department of Education, that the General Fund Balance of your school district, as reported, exceeded the allowable amount as outlined in Paragraph G. of Title 70, Section 18-200.1 (see statutory attachment, also note instructions in bold below). Revenue figures used for the general fund balance calculation were gathered from the 2013 Oklahoma Cost Accounting System (OCAS) for the fiscal year ending June 30, 2013.

Title 70, Section 18-200.1, states: "Notwithstanding the provisions of Section 18-112.2 of this title, a school district shall have its State Aid reduced by an amount equal to the amount of carryover in the general fund of the district as of June 30 of the preceding fiscal year, that is in excess of the following standards for two consecutive years:"

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In 70 O.S. 18-200.1, item number five (attached), you may want to ask for a waiver of this penalty from the State Board of Education at its next scheduled meeting on Thursday, March 27, 2014 at 1:00 p.m. The Board will determine if the penalty will cause the school district not to meet remaining financial obligations for the 2013-14 school year. Please contact me if you want to pursue this option; documentation may be required.
The "Exceeded Carryover Allowance Amount After Exclusions" is indicated on the attached calculation sheet on Line 11. If you have questions regarding this penalty calculation, please contact me at (405) 521-3460.

Sincerely,

Kimberly A. Ivester
Assistant Deputy Director,
Financial Services, State Aid Section

ki

Attachments

c: State Superintendent Janet Barresi
   Charles W. Carroll, P.A.
   Kim Hale, Regional Accreditation Officer
FY2014 GENERAL FUND BALANCE CALCULATION

January 28, 2014

COUNTY NUMBER: 22  COUNTY NAME: DEWEY
DISTRICT NUMBER: 1010  DISTRICT NAME: TALOGA

1. 2013 GENERAL FUND REVENUE
   (Fund 11, Source of Revenue 1000 through 4999, plus 5150, 5160, 5190, 6130, 6140, 6200
   less Expenditures for Fund 11, Function 5800, Object 970)  2,054,590.70

2. ALLOWABLE PERCENTAGE OF GENERAL FUND BALANCE (See below)  35%

3. GENERAL FUND BALANCE ALLOWABLE
   (Line 1 times Line 2)  719,106.75

4. GENERAL FUND BALANCE - JUNE 30, 2013
   (As reported on the FY2014 Estimate of Needs)  1,327,413.38

5. LINE 4 minus LINE 3 – GENERAL FUND BALANCE PENALTY  608,306.63

6. FEDERAL REVENUE
   (Fund 11, Source of Revenue 4000 through 4999, plus Fund 22, Source 5150 [rolled to Fund 11])  22,189.67

7. LINE 6 minus LINE 5 – GENERAL FUND BALANCE PENALTY  586,116.96

8. GIFTS AND ENDOWMENTS
   (Fund 11, Source of Revenue 1610 and 1640)  0

9. LINE 8 minus LINE 7 – GENERAL FUND BALANCE PENALTY  586,116.96

EXCLUSIONS APPLIED FROM 70 O.S. 18-200.1 (PARAGRAPH G):

10. LESS INCREASE IN STATE AID BECAUSE OF STATE AID FACTOR
    ADJUSTMENT DURING LAST TWO MONTHS OF THE PRECEDING FISCAL YEAR  0

11. GROSS PRODUCTION GROWTH GREATER THAN PRECEDING YEAR  0

12. EXCEEDED CARRYOVER AMOUNT AFTER EXCLUSIONS

13. DISTRICT EXCEEDED TWO CONSECUTIVE YEARS  YES

14. EXEMPTION FOR ANNEXATION/CONSOLIDATION  NO

15. AMOUNT OF STATE AID TO BE REDUCED AFTER THE MARCH PAYMENT  1,885

STATE BOARD OF EDUCATION ACTION REQUIRED:

A. NO FOUNDATION AND/OR SALARY INCENTIVE AID IN PRECEDING YEAR  YES

B. PENALTY IS MORE THAN FORTY PERCENT (40%) OF REMAINING STATE AID  YES

Total Amount of Gen. Fund

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