



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014



Broken Arrow Public Schools  
District No. I-003

701 S. Main Street  
Broken Arrow, Oklahoma 74012





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701 S. Main Street

Broken Arrow, Oklahoma 74012

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Fiscal Year Ended June 30, 2014

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## Introductory Section





December 8, 2014

Citizens and Governing Board of Education  
Broken Arrow Public Schools, District I-003  
701 S. Main Street  
Broken Arrow, OK 74012

Management hereby presents the Comprehensive Annual Financial Report ("CAFR") of Broken Arrow Public Schools, Broken Arrow, Oklahoma for the year ended June 30, 2014. This report was prepared by the District's Office of Finance. State law mandates that school districts undergo an annual single audit and publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with auditing standards (GAAS) by a firm of licensed certified public accountants.

Management of the District assumes full responsibility for the completeness and reliability of all of the information presented in this report and provides reasonable assurance that its financial statements are free of any material misstatements.

To provide a reasonable basis for making these representations, the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to gather sufficient reliable information for the preparation of the District's financial statements. The cost of internal controls should not outweigh their benefits; consequently, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Internal offices of the District, namely the offices of Accounting, Budget, and Accounts Payable, regularly review expenditures of district funds and perform selective and random reviews of operations and controls further ensuring that this report is complete and reliable in all material respects and in conformity with GAAP.

The District's Management Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a required narrative introduction, overview, and analysis of the basic financial statements to be read in conjunction with this letter of transmittal.

The District's financial statements have been audited by Sanders, Bledsoe & Hewett, LLP. As part of the federally mandated "Single Audit" requirement, Sanders, Bledsoe & Hewett, LLP, also performs an annual audit of the District's internal controls and compliance thereto with legal requirements involving the administration of federal awards and grants. The Single Audit is designed to meet the needs of federal grantor agencies. These reports are available in the District's separately issued Single Audit Report.

# DISTRICT PROFILE

BROKEN ARROW PUBLIC SCHOOLS

## Local Economy & History

The city of Broken Arrow is a suburban community located in the northeastern part of the state of Oklahoma, primarily in Tulsa County with a small section of the city in western Wagoner County, and is the largest suburb of Tulsa. According to the 2013 U.S. Census, Broken Arrow has a population of approximately 103,500 residents and is the fourth largest city in the state. It continues to be one of the fastest-growing communities in Oklahoma, doubling its population since the 1980s.

Broken Arrow is a city with a wide variety of industry, including utilities, health care, education, telecommunications, real-estate and retail. Unemployment is currently 3 percent and continues to improve. Broken Arrow leaders currently maintain more than 30 city parks, one of which is an events park that houses a children's museum, adult softball fields, arboretum, nature trails and splash pads. The City of Broken Arrow recently redeveloped the downtown area into the "Rose District," increasing business occupancy from 70 percent to 90 percent.

The Rose District offers aesthetically pleasing features with widened sidewalks, enhanced lighting fixtures, self-watering planters, as well as an eclectic

mix of specialty stores, restaurants and service shops – most of which are locally-owned, mom-and-pop shops. Tax revenue in the downtown district grew 33 percent from 2012 to 2013.

Broken Arrow has been recognized on a national level as the 15th best "booming" suburb by Coldwell Banker in 2013 and as one of the top 100 cities to live and retire by Money magazine in 2011 and 2012.

The school district, Broken Arrow Public Schools (BAPS), has three early childhood centers, 15 elementary schools, five middle schools, two intermediate schools and one senior high school – all of which combine to serve more than 17,000 students. Students in grades K-5 attend elementary schools. Of the 15 elementary schools, 13 are grades K-5, one is configured to serve students in grades K-2 and one houses students in grades 3-5. Middle schools serve grades 6-8. The high school is composed of three sites, which includes two intermediate high schools for students in grades 9 and 10 and the senior high school for grades 11 and 12. All three campuses are fully accredited by the state of Oklahoma and the North Central Association of Secondary Schools and Colleges.

## Relationship to Other Governments

Broken Arrow Public Schools values its relationship with other governmental entities. The City of Broken Arrow, Chamber of Commerce and BAPS exchange representation on boards and committees to promote communication and collaboration between entities to improve the quality of life in Broken Arrow.

Success of this relationship was evident as the executive leadership team from BAPS was honored in February of 2014 as the Broken Arrow Chamber of Commerce "Citizen of the Year."

Since 1959, the "Citizen of the Year" award has been given to an individual who displays a "service above self" mentality, consistently working with organizations in the community to improve Broken Arrow. For the first time, it was awarded to an organization – Broken Arrow Public Schools.



# BROKEN ARROW

*Where opportunity lives*

"The leadership team of Broken Arrow Public Schools should be commended on a job well done," said Dr. Christee Jenlink, dean at Northeastern State University – Broken Arrow. "They have changed the look and perception of our schools and community."

## Budgetary Controls

Broken Arrow Public Schools utilizes budgetary controls to ensure compliance with legal appropriation limitations and to provide an operating plan for the District's resources. At the beginning of each fiscal year, BAPS completes an Estimate of Needs report. The County Excise Board then approves the appropriated funds for the legal budget. The Board of Education is required to approve the budget within 45 days after the County Excise Board approves the Estimate of Needs. Once the Board of Education approves the operating budget, any changes to appropriations must be approved by the Board of Education.

The annual budget serves three purposes: (1) it is the financial plan for the District for the fiscal year, reflecting goals and priorities at the individual, departmental and District level, (2) it is a management tool for the administrative staff and provides primary control to direct and limit expenditures, and (3) it represents planned fiscal activities of the District to the employees, students and patrons of the District. The level of budgetary control is maintained by fund and by project. Individual line items may be adjusted without Board action, but total budgeted expenditures may not exceed appropriations at the



major fund level without Board approval. The District utilizes an encumbrance system as a technique of budgetary control with encumbered appropriations lapsing at year end.

Overall responsibility for the budget rests with the Chief Financial Officer, at the direction of the Superintendent. The Chief Financial Officer develops procedures for budget control and reporting in accordance with State and Federal laws and regulations, Board policy, and proper internal controls. During the 2013-14 budgeting process, one of the critical goals was to maintain a well-established fund balance. This fund balance helped combat inflationary items such as insurance, utilities and fuel. Additionally, it helped protect the District against uncertain State and Federal funding.

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## Long-Term Financial Planning and Major Initiatives

The District utilizes four community-wide committees for planning: Long Range, Bond Oversight, Budget and Strategic Planning.

These committees review the financial condition and establish the budget for operation, review the student growth to determine long-term needs, and develop programmatic solutions to make the District more efficient and effective in serving the students. In addition, the District completes a Comprehensive Annual Financial Report.

The Comprehensive Annual Financial Report serves as a valuable tool to provide transparency for the District's patrons, employees and community.





## Administration

The administration of Broken Arrow Public Schools is separated into seven divisions, with different departments in each division:

- The Superintendent Services Division is responsible for the everyday educational operations at elementary and secondary levels, while also coordinating District functions and overseeing the District's strategic plan.
- The Administrative Services Division is responsible for managing the services, resources and extracurricular activities that support and enhance instruction.
- The Instructional Services Division is responsible for ensuring academic accountability at the State and Federal levels, while at the same time implementing initiatives and support services that enhance academic performance.
- The Financial Services Division is responsible for managing District financial resources to ensure fiscal stability. This division also includes the administration of those departments that offer auxiliary services to support education.
- The Operating Services Division is responsible for overseeing District construction and technology implementation, as well as facility use, upkeep and daily operations.
- The Human Resource Services Division is responsible for recruitment, retention and management of human capital, as well as ensuring employer accountability at the State and Federal levels.
- The Communication Services Division is responsible for managing the numerous messages and tools used for communicating with both internal and external audiences.

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## Board of Education

Broken Arrow Public Schools Board of Education is an elected board and enjoys an excellent reputation for selfless service to the community. Board members tackle the enormous job of governing the school district while preserving the core of the community's democratic values.

The Board is responsible for establishing policies under which the school system operates, adhering to Oklahoma and federal laws, and balancing the unique needs of the community. As citizen

leaders, individual school board members face complex and demanding challenges, contributing hundreds of hours each year to effectively lead the District.

The Board is comprised of five board members, each representing one of the five zones within the District. Each Board member serves a five-year term in office, and annual elections are held each February. The Board of Education plays an invaluable role by promoting and supporting the mission and vision of the District.



## Projected Enrollment

Broken Arrow Public Schools has seen relatively steady enrollment growth over the past decade. In fact, BAPS' population grew at more than three times the national rate between 2000 and 2010. Based on independent research of birthrates, the resulting prediction model of BAPS projects an enrollment of 20,298 students by 2024. This, of course, would be based on the same rate of growth during the next 10 years as has occurred during the last 10 years. Since 2000, the population in the Broken Arrow has increased by 2,281 a year – the strongest in the region. Low-end projections call for a gain of 1,527 new students in the next decade, indicating that BAPS' school-age population will grow more aggressively during the next decade than it has during the last decade. The prediction model indicates that the 0-4 year-old population in the district should grow about 0.7 percent annually from 2013 through

2018, increasing single year of age cohorts from an average of 1,545 children today to 1,633 in 2023. The 5-14 year-old population is estimated to average 1,397 per cohort right now and is projected to grow by 1.4 percent annually through 2018 and then 0.5 percent annually through 2023, increasing cohort sizes to 1,494 in 2018 and 1,531 in 2023. Finally, the 15-18 year-old population is projected to grow by 1.8 percent through 2018 and 1.1 percent for the years 2018 through 2023. Thus, these projections imply that growth could taper off in a decade, as the higher growth rates are for older children (due to the boom in the mid-2000s to present) and lower and slowing growth rates for the elementary and preschool-age children. District-wide, school-age populations are projected to grow by about 1.5 percent annually through 2018 and less than half that rate, 0.7 percent, from 2018 to 2023.

## Beliefs

We Believe...

- In utilizing 21st Century technology in achieving academic success.
- All students will be college or career ready.
- Community beliefs and values are paramount to the development of our children.
- In a culture of collaboration and respect for internal and external stakeholders.
- In fostering an atmosphere of employee engagement and open communication.
- In community partnerships.
- In a culture of excellence that demonstrates trust, professionalism, integrity and character.
- In providing quality student opportunities.
- In promoting an environment which recognizes and celebrates successes.
- Diversity enriches our learning environment.
- We are responsible for building upon the rich history we have inherited.



### Strategic Plan

Strategic planning is a process the District has used to accomplish its vision and mission while establishing plans for the future. Community members, parents, faculty and staff are part of this intensive process of developing a district-wide Strategic Plan.

The initial planning session took place at a special board meeting in January 2012, where the Board of Education determined the beliefs, vision and categories that would drive the process. Then, individual action plans were developed and designed by 12 different action teams, comprised of 150 individuals. These plans were presented to the Board of Education for a first reading at their January 2013 regular meeting.

Once approved, the Superintendent assigned each Action Plan to a specific group of staff members for implementation over the next three to five years. The 2013-14 school year marked the first year of action plan implementation.

The following objectives guide the action plans:

- **Teaching and Learning** – Goal: Create engaging, relevant and rigorous learning experiences for all students. Objectives Completed: Created a post-secondary plan for every secondary student at BAPS.
- **Funding and Finance** – Goal: All stakeholders will responsibly utilize financial resources to optimize student success. Objectives Completed: Developed opportunities to increase funding at the local level through various initiatives. Developed a three-tiered plan to educate all stakeholders regarding the District's finances and budget.
- **Facilities** – Goal: Create a proactive approach that results in equitable facilities throughout the District. Objectives Completed: Developed a Long-Range Planning Committee that prioritizes the needs of the District and assists with items for bond issues, boundary zones and land acquisitions.
- **Co-Curricular** – Goal: Create comprehensive, co-curricular offerings for every student. Objectives Completed: Identified required blocks of time based on local, state and federal requirements and logistical constraints. Created a wider range of co-curricular activities for Broken Arrow students in grades Pre-K through 12 that are more relevant and accessible.
- **Communication**—Goal: All communication should reflect the vision and mission of the District. Objectives Completed: Identify, design and develop a communication process that is relevant to all stakeholders.

### OUR MISSION



To educate, equip and empower  
a community of learners by  
providing dynamic learning  
opportunities which enable all  
students to be successful.

### Reading Recovery®

Reading Recovery® is a short-term intervention for first graders who have difficulty with early reading and writing. Specially-trained teachers work with students individually during daily, 30-minute lessons for 12 to 20 weeks. After a full series of lessons, about 75 percent of these students reach grade-level standard.

The program was first implemented in Broken Arrow during the 2011-12 school year. Broken Arrow Public Schools had 15 trained teachers during the 2013-14 school years and in recent months, have

trained an additional nine teachers. These teachers received professional development from the district teacher leader, who received training from faculty at Texas Woman's University.

In 2013-14, 196 students were taught by these 24 Reading Recovery® teachers and one teacher leader. These teachers also taught 1,255 students during the second half of the day when they were not teaching Reading Recovery. Of the 196 enrolled in this program, 71 percent reached average or better levels of reading and writing.

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### Literacy First™

Literacy First™ is a research-based literacy initiative that diagnoses current performance levels to help teachers develop individualized instructional programs. The 2013-14 school year marks the third year the District has committed to this program. It serves as a binding agent across all core academic

areas so that each teacher is focused on improving reading and writing skills. The program encompasses grades Pre-K through 8 as a comprehensive, cumulative method for bringing all students to a high level of reading and writing achievement.

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### Gifted and Talented Program

Broken Arrow Public Schools is committed to providing opportunities which promote the growth of skills, knowledge and understanding necessary for students to reach their full potential. Through this commitment, the best possible student outcomes are achieved.

The Broken Arrow Public Schools Gifted & Talented program develops independence of thought and study by providing varied opportunities for becoming

efficient and productive thinkers, and to foster within each gifted student a realistic awareness of self and comprehension of the significance of his/her potential role in society.

Students who are identified for the Gifted & Talented program require differentiated instruction for the full development of their general intellectual ability, specific academic ability, thinking skills, leadership ability and performance or productive ability.

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### Kaleidoscope (Grades 1-5)

Kaleidoscope is a broad-based program that consists of a variety of options for gifted elementary students. A resource room "send out" program gives students in grades 2-5 the opportunity to work with a teacher who is trained in the education of the gifted. Students in this class are involved in activities

designed to increase their knowledge in a variety of subject areas, develop critical thinking, decision making, problem solving and research skills while applying them to units of study. Formal identification and placement of gifted students does not take place until second grade.



## Middle School and High School Gifted Program (Grades 6-12)

Unique patterns of individual characteristics, interests, aptitudes, abilities and values indicate that secondary schools should offer the intellectually gifted many choices.

Students identified as gifted at the middle school may select from a variety of Pre-AP courses. These classes emphasize strategic reasoning, creative and critical thinking skills, and cooperative learning strategies. Advanced course work will differ in pace,

breadth and depth.

At the intermediate high school and high school level, students identified as gifted will select from a variety of options. Their course work may include Pre-AP classes and/or Advanced Placement classes. Both Pre-AP and AP classes will emphasize strategic reasoning, creative and critical thinking skills, and cooperative learning strategies. Advanced course work will differ in pace, breadth and depth.

## S.T.E.M.

STEM is an acronym for Science, Technology, Engineering and Mathematics. STEM instruction focuses on engagement in inquiry, logical reasoning, collaboration and investigation.

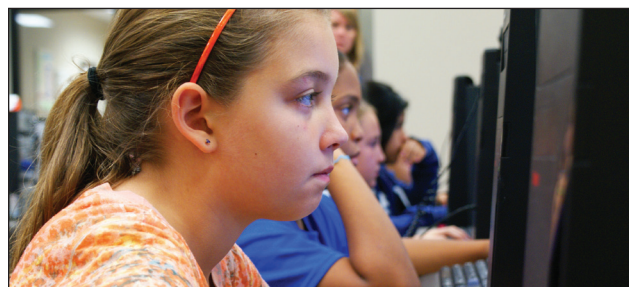
Across the district, students in grades K-5 are able to experience the STEM enrichment lab as part of their weekly curriculum. The goal of the STEM program is to help create critical thinkers and increase science literacy by engaging students in exciting, yet meaningful activities that encompass the four components of STEM. The District is preparing today's students for tomorrow's jobs, allowing them to be competitive in an increasingly global economy.



## Gateway to Technology

Broken Arrow Public Schools recently received both state and community funding to implement a new program called Gateway to Technology. This program teaches students the concepts of science, technology, engineering and math using project-based learning. Middle school students will engage in engineering design processes to identify possible solutions to real-world problems.

Beginning in sixth grade, all students will be introduced to Gateway to Technology in their science classes. Students in grades 7 and 8 will then have the opportunity to select Gateway to Technology courses as one of their electives. Students who complete the necessary prerequisites in middle school will



then have the opportunity to continue with STEM learning in high school through Project Lead the Way, an intensive course series that explores engineering, biomedicine and other STEM-related careers. Our hope is that these well-designed, hands-on courses will provide students with the skills and experience they need to open doors to endless possibilities in STEM-related fields.



## Tonya Boyle: District Teacher of the Year

On the evening of April 3, the District's Annual Teacher of the Year Gala was held at the Renaissance Hotel in Tulsa. Each of the 27 Site Teachers of the Year were honored throughout the evening and, amidst cheers from her friends and family in the audience, Rhoades Elementary fifth grade teacher Tonya Boyle was named the 2014 District Teacher of the Year.

"Rhoades Elementary is the best kept secret in the district," Boyle said. "I don't know what to say. I'm very humbled; this is an awesome district."

Of the 27 site teachers nominated, five were named finalists, including Aspen Creek kindergarten teacher Bridget Cook, Broken Arrow High School advanced placement art teacher Cindy Gharibvand, Arrowhead Elementary second grade teacher Debra Goss and North Intermediate High School biology teacher Tamara Yeldell. Each of the Site Teachers of the Year received a cash award from the Broken Arrow Public Schools Foundation. As BAPS Teacher of the Year, Boyle received the keys to a 2014 Ford Escape to drive for a year.

Boyle, who has a bachelor's degree in elementary education from the University of Central Oklahoma and a master's in education administration from Eastern Kentucky University, has more than 22 years of teaching experience. Her career with BAPS began in 1991, and she has been at Rhoades Elementary since 2008.

After being nominated as the Rhoades Site Teacher

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***"My philosophy begins with the belief that all children can learn, and it is often on their own time schedule, in their own style, starting at their own level. It is my job, as a teacher, to facilitate that learning. I want to create an environment where mistakes are accepted, re-dos are welcomed and successes are applauded."***

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of the Year by her peers, Boyle and the other 26 candidates went through an evaluation and interview process to determine the 2014 BAPS Teacher of the Year.

"The Site Teacher of the Year recipients have until February to submit portfolios to the Professional Development Committee," said Diana Beaulieu, Director of Elementary Instruction. "As a committee, we then thoroughly review each portfolio, interview the candidates, and eventually arrive at the person we believe to be the best candidate for the District Teacher of the Year. It's an arduous process for both the candidates and the committee, but it's incredibly rewarding."

The Professional Development Committee, a group composed of teachers, administrators and both current and previous Teachers of the Year, meet to evaluate each candidate's portfolio and conduct interviews. Each candidate is scored on the various portions of the process, and after all the scores were tallied, Boyle was the winner. Boyle then represented Broken Arrow Public Schools in the State Teacher of the Year competition.

"Ms. Boyle's commitment to her students, her fellow colleagues and this district is truly inspiring," BAPS Superintendent Dr. Jarod Mendenhall said. "We are fortunate that she has chosen to share her talents and dedication with the students of Broken Arrow."

## Dr. Jarod Mendenhall: District No. 5 Superintendent of the Year

The Oklahoma Association of School Administrators (OASA) named Dr. Jarod Mendenhall, Superintendent of Broken Arrow Public Schools, as the 2014 District #5 Superintendent of the Year.

For this award, Dr. Mendenhall is one of 20 superintendents selected by his peers from 20 regions across the state. These administrators were recognized at the OASA awards banquet June 4, 2014, on the eve of the Annual Cooperative Council for Oklahoma School Administration (CCOSA) Summer Conference. They were honored by colleagues along with the District Assistant Superintendent/Central Office administrator finalists.

"We congratulate Superintendent Mendenhall for being selected by his colleagues for his leadership, service and accomplishments in education," Executive Director of OASA Steven Crawford said. "These administrators are chosen for their significant accomplishments in education, involvement in professional activities and active role in their communities."

Dr. Mendenhall has served as the Superintendent of the Broken Arrow Public Schools since 2010. Under his leadership, BAPS has constructed and opened six new schools and remodeled a portion of the 27 other sites in the district. He has overseen and managed a \$295 million bond issue, and has developed and



led 200 community stakeholders through a strategic planning process that will take the district through the next five years.

Prior to being Superintendent for Broken Arrow, Mendenhall served as the Assistant Superintendent for Support Services at Union Public Schools and was the Executive Director for Curriculum Improvement at Broken Arrow. He began his career as a teacher at Sapulpa and Union before becoming an assistant principal at Bartlesville and Union, then later a principal at Union.

In 2013, Dr. Mendenhall received the Broken Arrow Citizen of the Year Leadership Team Award. In 2011, he was the Rachel's Challenge National Superintendent of the Year and was the Oral Roberts University Most Outstanding Achievement Doctoral Graduate.

Upon learning he had received this award, Dr. Mendenhall stated, "As a teacher and as a school administrator, I have learned that trust is the foundation of successful leadership. I am honored by the confidence my colleagues have expressed by naming me District #5 Superintendent of the Year."



### Construction

In order to accommodate a growing population in recent years, BAPS has taken on several construction projects. During the 2013-14 school year, six new facilities were opened.

Aspen Creek Early Childhood Center located next to the new Aspen Creek Elementary, Creekwood Early Childhood Center built next to Creekwood Elementary, Park Lane Early Childhood Center and Oneta Ridge Middle School opened fall of 2013.

Park Lane Elementary was repurposed into an Early Childhood Center by removing 12 modular buildings and remodeling the original building to accommodate changes needed for a Pre-K facility.

Aspen Creek Elementary and Aspen Creek Early Childhood Center were built on land purchased on Florence (111th) between Aspen and Olive (145th and 129th) to accommodate the district's new Pre-K program and the closing of Indian Springs Elementary in 2013.

Creekwood Elementary and Creekwood Early Childhood Center were built on purchased property just west of the high school to accommodate the new Pre-K program and the closing of Westwood Elementary in 2013.

Both Creekwood Elementary and Aspen Creek



Elementary were built with 36 classrooms, a science lab, an art room, a music room, library, cafeteria and full-size gymnasium.

Oneta Ridge Middle School was built on purchased property next to Highland Park Elementary with 34 classrooms, six science labs and a state-of-the-art technology engineering classroom spread throughout two main floors. The new school includes large facilities for the athletic and fine arts programs. Band, art, orchestra, choir and theatre arts will enjoy adequate space for practice, performance and storage. At the top of the grand stairway, students enjoy a spacious media center with comfortable reading lounges. A majority of the classrooms have windows that provide plenty of solar light and amazing views of the surrounding landscape.

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### Technology

The vision of the technology team is to make BAPS a choice destination for education by creating an infrastructure to support and enhance the technological capabilities provided to students, staff members and the community. BAPS strives to facilitate learning and creativity through innovative technology, providing students with access to modern, state-of-the-art equipment that enhances their ability to succeed in tomorrow's world. The district promotes substantial increases in student achievement motivated by interactive technology resources.

The technology staff members ensure that every project or task supports BAPS in providing superior customer service, support, training, as well as innovative research and implementation of the needs of all students, staff, departments and community stakeholders. The technology department supports approximately 18,000 students, more than 2,000 district staff and more than 6,000 computers. These platforms

support 100 servers split between district sites that span more than 115 square miles.

The technology team is proud of the district data center. The data center is a level-3 structure; meaning it can withstand an F4 tornado or beyond. It is independently powered by generators in case of a power outage. It has its own fire detection system and dry chemical extinguishing system. It also has its own independent cooling system to maintain a constant temperature to offset the intense heat produced by the hardware. The technology department also has a data disaster recovery site housed at Country Lane Intermediate School with 30,000 GB of storage where all District data is replicated as a back-up, in case of the destruction of the data center at the Education Service Center. The data center has been built for the ability to expand to meet the demands of future technology. Gradually, all district servers will be moved to this new facility.



## Transportation, Child Nutrition and Maintenance

The transportation department services 115 square miles twice daily. During the 2013-14 school year, there were 158 buses in the fleet which included 112 regular buses, 42 special needs buses and four activity buses. The BAPS transportation department runs 206 regular education bus routes (117 secondary, 84 elementary and five Tulsa Technology routes), as well as 82 special education bus routes (31 secondary, 32 elementary, four early childhood center routes, one shuttle to Muskogee, 11 mid-day routes and three special education afternoon work program routes). The transportation department is self-contained, housing the auto/diesel mechanic garages, which services the entire BAPS fleet.

The child nutrition department has a vision to serve the best quality meals to the students and staff of Broken Arrow Public Schools. It also strives to promote healthy and nutritious choices in a fun and friendly atmosphere and to provide support, education and information to the students, staff, parents and the community of Broken Arrow.

Broken Arrow High School has joined a growing number of U.S. public schools maintaining a Subway franchise on campus. Broken Arrow is the only school in the state to offer this as a meal choice. A survey of



students indicated sufficient interest in this program, to which the Board unanimously voted to approve the Subway franchise during their January 2013 meeting. Subway® waives initial franchise fees for schools and trains workers at no cost, with the District paying Subway a percentage of sales. The Director of Child Nutrition sees this as a way to increase student lunch participation at the high school in an effort to help with the entire school district totals for meals sold. This exciting new opportunity qualifies as a 'reimbursable' meal under the federal school lunch program. The students have a choice between five to six healthy sandwich selections, which are served with milk, fruit and vegetables. No chips or sodas are sold with the sandwiches.

The maintenance department takes pride in the operation of schools and plays a large part in supporting education by providing the best environment conducive to learning. The maintenance employees provide routine, preventive and corrective service to the millions of square feet and hundreds of acres of school property. The maintenance department is familiar with the design of all the school sites, and is invested in daily operations and advocates for the needs of each school site. They are true members of the BAPS community.



### Visual Arts

Broken Arrow Public Schools visual art programs provide the skills and knowledge students need to develop the creativity and determination necessary for success in today's global information age. Art education creates solution seekers who see more than a world of black or white choices. The programs develop students' capacity to think critically and identify creative and resourceful solutions.

Broken Arrow students are offered a variety of choices in visual arts, beginning in elementary school where every child experiences art at a specific time each week. Through middle school, choices expand to include opportunities in sculpture, painting, pottery, ceramics, drawing and stained glass. At the high school level, Pre-AP offers a path into Advanced Placement



art where college credit is offered for both studio and drawing portfolios. Many students from Broken Arrow have ranked nationally in the AP program.

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### Band Program

The Broken Arrow band program was founded in 1929 and has developed a tradition of musical excellence. Under the current structure, the band program consists of five middle schools, two intermediate high schools (grades 9 and 10) and one senior high school. The senior high and intermediate schools each have three concert bands that meet daily and focus only on concert repertoire. The marching band, also known as the Pride of Broken Arrow, is a volunteer organization open for audition to anyone in grades 9-12. The "Pride" meets after school for rehearsal and performs at home and away football games, as well as various state, regional and national marching band contests.

The Broken Arrow band program has a heritage,

which includes the prestigious John Phillip Sousa Sudler Shield, and performances in the Presidential Inaugural Parade and the Rose Bowl Parade. Broken Arrow is a 21-time Oklahoma State Marching Band Champion and has received the Oklahoma Schools Sweepstakes Award more than 100 times. The various concert bands have performed at the Oklahoma Music Educators Convention on several different occasions. The school band program has also produced multiple state champion jazz ensembles, winter guards, percussion ensembles, and numerous district and state superior rated solos and small ensembles. The Pride of Broken Arrow is the 2006 and 2011 Bands of America Grand National Champions.

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### Athletics

Broken Arrow Public Schools offers a wide variety of athletic programs, including baseball, basketball, cheer, cross country, football, golf, soccer, softball, swimming, tennis, Tigettes, track and field, volleyball and wrestling. Athletics is one of the most integral elements in the overall education of students, providing an opportunity to extend the learning process through interscholastic competition. BAPS provides a vigorous and diverse

athletic program that is founded on seven pillars to learn and strive for: service, trust, respect, integrity, positive attitude, excellence and self-discipline.

In 2013-14, Broken Arrow's girls varsity basketball team went undefeated and secured the state's 6A Championship.

The boys varsity track team and varsity cheerleaders also both secured state championships.



## Broken Arrow Performing Arts Center

The Broken Arrow Performing Arts Center is home to the Kristin Chenoweth Theater and acts as the official location for Broken Arrow Public Schools fine arts programs. Kristin Chenoweth, a Broken Arrow native who has climbed the heights of fame in television, movies and Broadway, is both a supporter and contributor to the PAC mission to nurture Broken Arrow students who have their sights set on making a career in the performing arts.

The Broken Arrow Performing Arts Center is the cornerstone of the arts district in downtown Broken Arrow. The professional, exciting atmosphere continues to offer a premier venue for major performances from across the nation. Since its grand opening in 2009, the PAC has been a place to bring world class entertainment in Broadway tours, pop concerts, specialty shows and various other events to the area.

During the 2013-14 school year, the Performing Arts Center Spotlight Series hosted Broadway productions



“Bring It On: The Musical,” “The Beatles Rain” and “Memphis,” as well as performers Sandi Patti, David Phelps, Bruce Hornsby & Ricky Skaggs, the Ten Tenors and Sinbad & Take 6. In addition to hosting award-winning shows, the PAC is also home to the administrative offices of Broken Arrow Public Schools. From human resources and payroll to instruction and the superintendent’s office, each of the District’s administrative offices can be found along the east wing of the PAC.

## Fine Arts

Broken Arrow offers a variety of fine and performing arts programs, including marching, concert and jazz bands, percussion ensembles, string and full orchestra, choir, and drama.

In April 2014, more than 170 Broken Arrow high school band, orchestra, choir and drama students traveled to New York City to explore all it had to offer—Broadway, historical sites and, most importantly, Carnegie Hall. After a year of planning and many months of practice, the students shared their talents and hard work on the stage of the renowned concert hall for nearly 600 people.

The three-act concert began with the Broken Arrow High School wind ensemble, followed by the choir and orchestra. Students performed the world premiere of “The Voices of Broken Arrow”, a choral-orchestral work constructed by Tulsa-based composer Dan Wootton. The text of the movement was compiled from essay responses of more than 100 Broken Arrow fine arts students. Each student was asked open-ended questions such as, “One word that brings me joy is...” or “One word that gives me strength is...” The composition conveyed the joy, fear, sorrow and strength of Broken Arrow students.



Before the finale, Broken Arrow alumna and Broadway star Kristin Chenoweth, with baton in hand, conducted “Oklahoma!”

A month prior to the trip, Chenoweth graciously helped raise more than \$36,000 during “An Evening with Kristin” to help offset costs of traveling to New York City. This one-of-a-kind event brought a packed house and 10 students from surrounding high schools and colleges to the Broken Arrow Performing Arts Center for an educational master class taught by Chenoweth herself.

In addition to adding their name to the impressive list of Carnegie Hall performers, the students also attended award-winning Broadway shows, including “Bullets Over Broadway” and “Newsies,” visited Ground Zero, the One World Trade Center and experienced the creativity of the Metropolitan Museum of Art.

## Partners In Education

Broken Arrow Public Schools initiated a Partners In Education (PIE) program in 1994 to connect businesses with schools in a mutually-beneficial cooperative program. The PIE program supports collaborative efforts between Broken Arrow Public Schools and area businesses and organizations that promote academic and personal growth for students, as well as foster a working, healthy relationship between community and education.

Business partners provided more than \$140,000 worth of financial contributions and in-kind services to the District, individual school sites and the Broken Arrow Public Schools Foundation during 2013-14. Business Partners provided financial support for such things as field trips, classroom supplies and equipment, student school supplies, student incentive programs encouraging citizenship and leadership skills and assistance for students to attend state and national school activities. The PIE program has provided financial support for district items and functions such as Adopt-a-Tiger, Above and Beyond, Teacher of the Year and the Broken Arrow Public Schools Foundation. The PIE Program encourages community pride and recognition for the District's teachers by sponsoring the city-wide National "Teacher Appreciation Week" project and "Celebrating the Arts."

"The mission of the Partners In Education program is to unite community businesses, organizations and individuals in providing all learners with the educational opportunities needed to create experienced, well-rounded future citizens," Superintendent Dr. Jarod Mendenhall said. "This year, the Partners In Education program was pleased to award a total of \$9,921.63 in grant monies to five different schools, directly benefitting approximately 2,000 students."

"I have always been a big supporter of Partners In Education," said Karen Snider, fourth grade teacher at Spring Creek. "Our school has been blessed with several excellent partners over the years, and while this has been my first year to apply for a Partners grant, I assure you, it will not be my last! What a wonderful opportunity to enhance our curriculum with items that are needed for our classrooms."



Snider received a grant to buy her students an iPad for the classroom, and she was overjoyed.

"I am thankful for the citizens and business owners who choose to be part of the BAPS Foundation and Partners In Education programs," Mendenhall said. "I also appreciate our teachers' efforts to creatively enhance their students' educational experience by applying for these grants."

The PIE program encompasses not only business partners but individuals as well. PIE utilizes individual volunteers to visit elementary schools to read to students of various ages and skill levels or to simply sit and listen as students read to them. This program, "Reading Buddies", aids in the development of reading skills and is utilized by each school site at different times and in different ways.

"We greatly appreciate anyone willing to spend time reading to entire classes or small groups," said Leisure Park Principal Janet Dotson. "Volunteers can also help students by listening to them read while a teacher is in the classroom and working with other students. Students learn at different paces and by using different learning styles, but the one thing they all need is practice."

## BAPS Foundation Teacher Grants Program

Established in 1992, the Broken Arrow Public Schools Foundation has positively influenced education in Broken Arrow by providing funds for incentive grants to teachers.

Every year, teachers in the Broken Arrow School District submit applications for grants that will impact the education of Broken Arrow students. A sub-committee of the Foundation, as well as educational personnel not involved in the grant writing or submission process, choose to fund the projects they consider most exemplary. Members of the Foundation then award the checks to the teachers in the spring by paying a surprise visit to the teachers in their classroom.

In the spring of 2014, the Broken Arrow Public Schools Foundation delivered 69 grants totaling \$31,333.62 to Broken Arrow teachers at sites across the District.

“The Foundation plays a very important role within the District and directly impacts student learning with their grant program,” said Superintendent Dr. Jarod Mendenhall. “Every spring, teachers across our District are surprised with checks that fund their



Kamara Washington, BAPS Foundation president, receives a warm welcome from kindergarten students at Oak Crest Elementary as their teacher receives a grant from BAPS Foundation.



grant requests, and these grants are used to give our students a more enriched educational experience.”

The funding for the special classroom projects that will be provided by the grants will help the students of 52 teachers – some teachers received more than one grant, while some individual grants benefited more than one teacher.

A Board of Directors, representing a variety of businesses, the PTA, the teaching and administrative staff, and individual citizens, are elected annually to serve as trustees of the Foundation. The Foundation conducts an annual golf tournament held at Forest Ridge Golf Club which provides funds for the classroom grants.



### United Way District Campaign

Broken Arrow Public Schools is a longtime supporter of the Tulsa Area United Way. The Tulsa Area United Way works to advance the common good by focusing on the three building blocks of a better quality of life—education, health/safety and financial stability. Broken Arrow welcomes the opportunity to support these efforts and improve the lives of Broken Arrow residents through a variety of events. BAPS employees raised an astonishing \$109,141 in September for the 2013 United Way Campaign. Leaders from every school site and department volunteered on the District’s United Way Leadership Team. In addition to



monetary donations, district employees participated in various community service projects benefiting local organizations such as Broken Arrow Neighbors, the Margaret Hudson Program and A New Leaf.

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### Finance Department receives honors for report

Broken Arrow Public Schools was awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the fiscal year ending June 30, 2013. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily-readable and efficiently organized Comprehensive Annual Financial Report. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

Additionally, the District was awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its Comprehensive Annual Financial Report for the year ending June 30, 2013. This award has been received for two consecutive years. The District believes the Comprehensive Annual Financial Report continues to conform to the standards for which this award was granted.



CAFR Team L to R: Karen Steitz, Administrative Assistant to CFO; Donna Dollahon, Treasurer; Cathy Mitchem, Director of Accounting; Dwayne Thompson, CFO; Natalie Eneff, Director of Budget

### Closing

In closing, without the leadership and support of the Broken Arrow Public Schools' Board of Education, preparation of this report would not have been possible.

Sincerely,



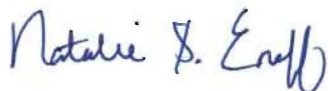
Jarod Mendenhall, Ed.D.  
Superintendent



Dwayne Thompson  
Chief Financial Officer



Donna Dollahon  
Director of Treasury



Natalie Eneff  
Director of Budget



Cathy Mitchem  
Director of Accounting



# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

**Broken Arrow Public Schools, I-003**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Terrie S. Simmons", written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in black ink, reading "John D. Musso", written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

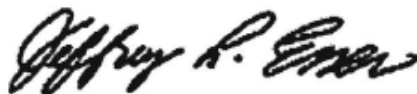
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Broken Arrow Public Schools, I-003 --  
Oklahoma**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**



Executive Director/CEO



## **Broken Arrow Public Schools**

### **School Officials**

#### **Board of Education**

**2013-2014**

<b>Name</b>	<b>Title</b>
Cheryl Kelly	President
Steve Allen	Vice President
Jerry Denton	Board Clerk
Steve Majors	Board Deputy Clerk
Dr. Theresa Williamson	Member

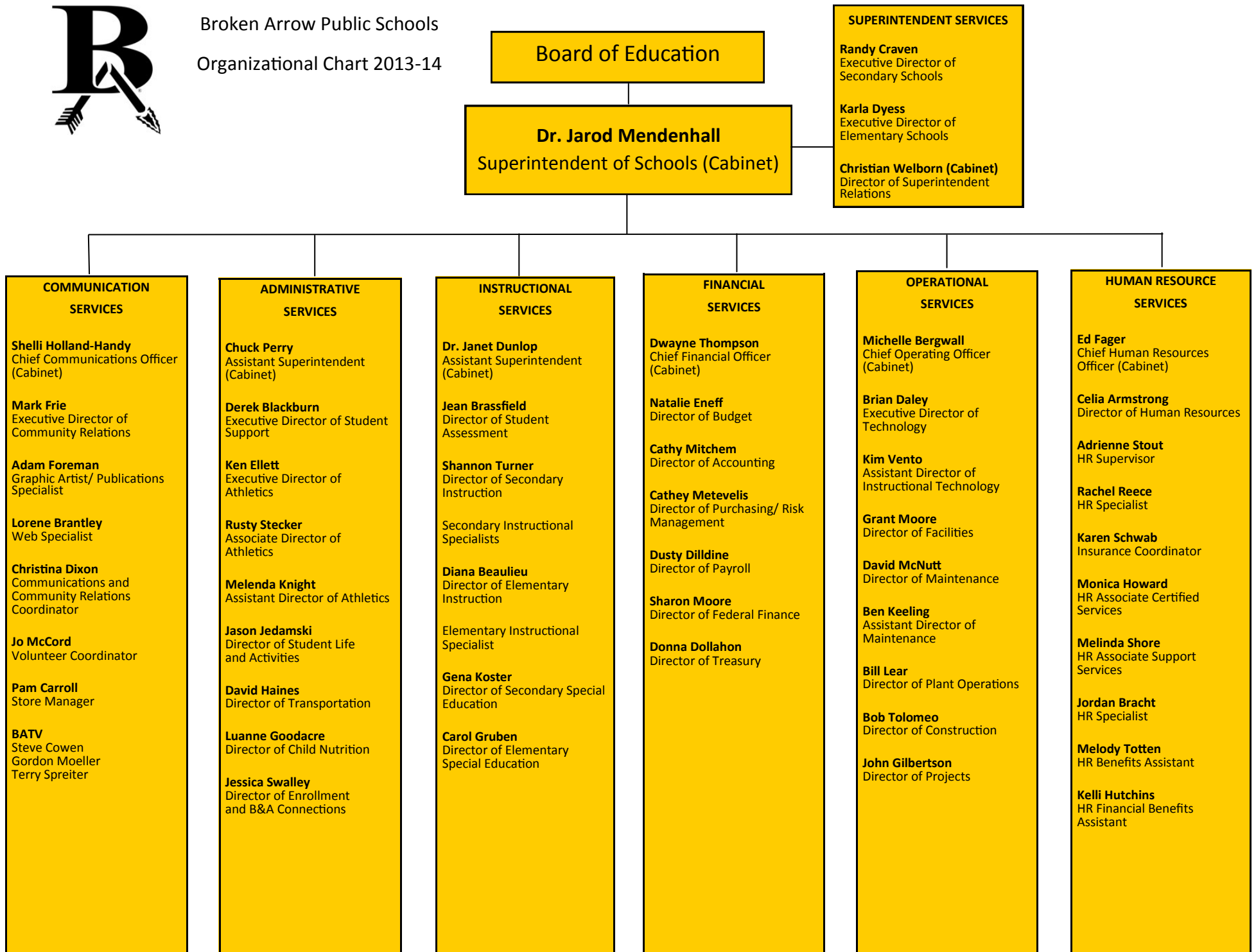
#### **Executive Administration**

**2013-2014**

Dr. Jarod Mendenhall	Superintendent
Dr. Janet Dunlop	Assistant Superintendent
Chuck Perry	Assistant Superintendent
Dwayne Thompson	Chief Financial Officer
Michelle Bergwall	Chief Operations Officer
Ed Fager	Chief Human Resources Officer
Shellie Holland-Handy	Chief Communications Officer
Christian Welborn	Director of Superintendent Relations



Broken Arrow Public Schools  
Organizational Chart 2013-14



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## Financial Section





**SANDERS, BLEDSOE & HEWETT**  
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA  
Eric M. Bledsoe, CPA  
Jeffrey D. Hewett, CPA

P.O. BOX 1310 • 101 N. MAIN ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Independent Broken Arrow School District No. 3  
Broken Arrow, Oklahoma

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Independent Broken Arrow School District No. 3 (the District), Tulsa County, Oklahoma, as of and for the year ended June 30, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Building Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 28-40 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 introductory section, combining statement, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report (under a separate cover) dated October 22, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett  
Certified Public Accounts, LLP

October 22, 2014



## **Broken Arrow Public Schools Management's Discussion & Analysis**

In this section of the Comprehensive Annual Financial Report, Broken Arrow Public School District (the "District") discusses and analyzes its financial performance for the year ended June 30, 2014. Readers should review this section in conjunction with the transmittal letter, the independent auditors' report, and the District's Basic Financial Statements.

The Management's Discussion & Analysis (MD&A) is a required element of the annual financial report under the Governmental Accounting Standards Board (GASB) Statement No. 34 reporting model. Under this model, entities are required to adhere to certain standards of presentation for the financial statements, notes, and required supplementary information (RSI) that must be included within the annual financial report. The intent of the MD&A is to present an objective and simple analysis of the District's financial activities and enhanced knowledge of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

The District's financial status improved substantially for a third consecutive year. Financial highlights of fiscal year 2014 include:

- The District ended the year with a General Fund total fund balance of \$17,386,308 which is \$2.6 million less than the previous year-end. The unassigned portion of the General Fund balance intentionally decreased, primarily due to a 4.0% one-time stipend for all returning employees, which totaled \$2.75 million.
- Government-wide net position totaled \$165.5 million as of June 30, 2014, representing a 5.0% increase from 2013 to 2014. The net position of only governmental activities grew more than 4.9% from \$153.7 million at June 30, 2013 to \$161.3 million at June 30, 2014. These increases are primarily due to the increase in the net investment of capital assets and the decrease in capital projects within the District. Building a solid net position ensures long-term financial health and fiscal sustainability.
- The net position of business-type activities, food services, also increased by 9.1% to \$4.2 million from the previous year. This increase was due to an increase in the net investment of capital assets by the addition of modernized equipment and furniture to enhance the High School cafeteria and related areas.
- The investment in capital assets increased as the District continues to renovate and construct new buildings as part of its bond program. During fiscal year 2014, the District completed the construction of six new campuses, upgraded technology at all campuses, and renovated thirteen campuses.





## Broken Arrow Public Schools Management's Discussion & Analysis

### **OVERVIEW OF FINANCIAL STATEMENTS**

Both the discussion and analysis presented are intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of two kinds of statements that present different views of the District; 1) government-wide financial statements, 2) fund financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to present both long-term and short-term broad overviews of the District's financial status.

The *Statement of Net Position*, presents information on all the District's assets and liabilities, with the difference between the two reported as the net position. Over time, changes in the statement of net position will give an overall indication of growth (increases) or decline (decreases). Of course, other factors beyond the District's control should also be considered in assessing growth or decline over time.

The *Statement of Activities* includes all current year revenues and expenditures, regardless of when cash is received or paid. As a result, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has only one business-type activity, the Child Nutrition Fund.

Component units are legally separate organizations for which the Board of Education of the District is legally accountable. The District has no component units for which it is financially accountable.

The government-wide financial statements can be found on pages 42, 43 and 44 of this report.

**Fund Financial Statements.** Fund financial statements provide detailed information about the various funds, or grouping of related accounts used to maintain control over resources



## Broken Arrow Public Schools Management's Discussion & Analysis

segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

- **Governmental Funds.** These funds include most of the District's activities, which provide a short-term analysis of the District operations and services. Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Governmental Funds include the General Fund, the Special Revenue Funds, the Debt Service (Sinking) Fund, and the Capital Projects (Bond) Funds, all of which are considered to be major funds. Data from other government funds, or non-major funds are combined in a single, aggregated presentation column. The District's non-major fund is the Arbitrage Fund. The basic Governmental Fund financial statements can be found on pages 45 and 46 of this report.

Both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities. These reconciliations can be found on pages 45 and 47 of this report.

- **Budgetary Comparison.** In addition to the basic financial statements, this report also presents certain budgetary reporting comparisons that governments must present. The District has presented this information as part of the basic financial statements rather than required supplemental information. These reports are statements rather than schedules as directed by Governmental Accounting Auditing, and Financial Reporting ("GAAFR") and GASB Statement No. 34. The District adopts an annual expenditure budget for all Governmental Funds. A budget-to-actual comparison for the General Fund has been provided on page 48 and a budget-to-actual comparison for the Building Fund has been provided on page 49.
- **Proprietary Funds.** These funds report two types of funds; enterprise and internal service. These funds are generally reported in the same manner as the government-wide financial statements, only in more detail. Enterprise fund activities are generally financed and operated like businesses. These funds are one of the only areas the District compares the sources of cash during the year to the purposes for which cash was used. The Child Nutrition Fund, which is the District's Enterprise Fund, is used to account for



## Broken Arrow Public Schools Management's Discussion & Analysis

any activity that charges a fee to users. This fund is legally required to cover its cost with fees and charges rather than taxes and similar revenues. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the Internal Service Fund to report activities for its self-insured workers' compensation fund. The basic Proprietary Fund financial statements can be found on pages 50, 51, and 52.

- **Fiduciary Fund.** Fiduciary Funds are those over which the District serves as a trustee, or fiduciary, but are actually owned by others. The responsibility of the District is to make sure the funds are used for their intended purpose, and by those to whom they belong. These assets are excluded from District-wide financial statements because they cannot be used to fund operations. Fiduciary Funds include the Expendable Trust Funds (Gift and Endowment Funds), which are also called Private - Purpose Trust Funds, and Agency (Student Activity) Funds. All of the District's fiduciary activities are reported on pages 53 and 54.

**Notes to the financial statements.** The notes to the financial statements provide narrative additional information that is essential to full disclosure in the government-wide or fund financial statements. The notes to financial statements can be found on pages 55 through 83 of this report.

**Combining Statements and Comparative Schedules.** These statements are prepared in connection with Fiduciary Funds and are presented immediately following the required supplementary information. Agency Funds are used to account for assets held by the District as an agent for certain individuals and organizations. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Combining statements can be found on pages 85 and 86, and comparative schedules are found on pages 87, 88, and 89.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position.** This analysis emphasizes the governmental-wide net position (Table 1). Net Position, the residual of all other financial statement elements presented in a statement of financial position, may serve as a useful indicator of a government's financial position over time. Table 1 provides a summary comparison of the District's combined net position, as well as two separate activity columns for governmental and business-type activities.

The majority of improvement to the District's financial position came from its governmental activities, the net position of which grew \$7.6 million to \$161.3 million.



## Broken Arrow Public Schools Management's Discussion & Analysis

### Net Position As of June 30, 2014 (Dollars in Millions)

Table 1

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Government-Wide Totals</b>		<b>Increase/ Decrease</b>	<b>Total Percentage Change</b>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>		
<b><u>Assets</u></b>								
Current and Other Assets	\$ 62.6	\$ 72.7	\$ 3.4	\$ 3.7	\$ 65.9	76.4	\$ (10.4)	-14%
Capital Assets	179.5	157.5	1.4	0.7	180.8	158.2	22.6	14%
Total Assets	242.0	230.2	4.8	4.4	246.8	234.6	12.2	5%
<b><u>Liabilities</u></b>								
Other Liabilities	24.5	27.8	0.6	0.5	25.1	28.3	(3.3)	-12%
Long Term Liabilities	56.2	48.7	-	-	56.2	48.7	7.5	15%
Total Liabilities	80.7	76.5	0.6	0.5	81.3	77.0	4.2	6%
<b><u>Net Position</u></b>								
Net Investment in								
Capital Assets	99.7	82.9	1.4	0.7	101.1	83.6	17.5	21%
Restricted	43.9	51.3	-	0.2	43.9	51.5	(7.6)	-15%
Unrestricted	17.6	19.5	2.8	3.0	20.5	22.5	(2.0)	-9%
Total Net Position	\$ 161.3	\$ 153.7	\$ 4.2	\$ 3.9	\$ 165.5	\$ 157.6	\$ 7.9	5%

The District's business-type activities net position increased \$.3 million to \$4.2 million; while this dollar growth is smaller, it nonetheless represented an increase of more than 9.1%. This growth is primarily due to an increase in local collections as well as an increase in capital assets. Child Nutrition Fund activities continue to be stable and self-supporting.

The District experienced an increase in governmental activities long-term debt payable or liabilities in the fiscal year 2014 over fiscal year 2013 by \$7.5 million or 15.0% primarily due to a new capital lease agreement for artificial grass on the High School Athletic campus.

Government-wide current assets decreased as cash and investments were used to pay vendors and employees while capital assets increased from prior year due to continued construction in the bond program.

Government-wide net investment in capital assets increased \$17.5 million or 20.9% over the prior fiscal year, representing significant progress in the completion of school buildings and building renovations. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of depreciation, it should be noted that the resources needed to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion (approximately 27%) of the District's government-wide net position represents resources that are subject to





## Broken Arrow Public Schools Management's Discussion & Analysis

external restrictions on how they may be used. The remaining balance of government-wide unrestricted net position, \$20.5 million, may be used to meet the District's ongoing obligations to citizens and creditors. The District will maintain unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations and to maintain the District's Aaa/AAA bond ratings.

**Changes in Net Position.** Changes in governmental activities net position are presented in Table 2 on the following page. Governmental activities increased the District's net position by \$7.6 million. The total cost of all governmental activities programs and services was \$123.3 million. The amount our taxpayers paid for these activities through property taxes was \$52.9 million or 40.4%. The Statement of Activities presents a district-wide summary of revenues and expenditures for the fiscal year. District-wide, the net position increased by \$7,571,578 during 2013-14. The format of the presentation identifies expenditures by program areas (functions), and identifies to what extent those expenditures are offset by charges for services, operating grants, and contributions.

The District's total government-wide revenues were \$138.9 million. The major contributor to the increase in revenue of \$13.5 million is an increase in property tax collections, as well as the increase to State Aid not restricted to specific programs. Over the two year period, a number of shifts can be observed, such as an increase in property taxes, an increase in State Aid revenue, and an increase in operating grants and contributions that reflects continuing valuation growth. Business-type activities, consisting of child nutrition services, had total revenues of \$8.0 million, and expenses of \$7.7 million for fiscal year 2014. The final result is an increase in government-wide activities net position of 5.0%.

This consistent increase in net position reflects the District's philosophy of managing ongoing growth while maintaining financial stability through strong budgetary and spending controls.

The expenses of all government-wide programs and services increased slightly. The District's expenses are predominantly related to instruction of students (52%). Another significant contributor to the higher costs was operation and maintenance expenses, which increased 25.7% due primarily to salary increases for custodial personnel and higher fuel costs. The 8.9% increase in instruction-related costs is also largely from salary increases for teachers and other educational staff.

The total government-wide revenues surpassed expenses, which increased the net position by \$7.9 million over last year. Both the governmental and business-type activities contributed to the District's healthier fiscal status.

The following table presents a summary of the change in net position for the fiscal years ended June 30, 2014, and 2013:

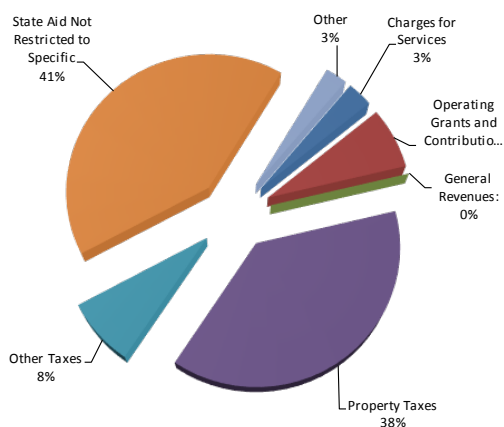


# Broken Arrow Public Schools Management's Discussion & Analysis

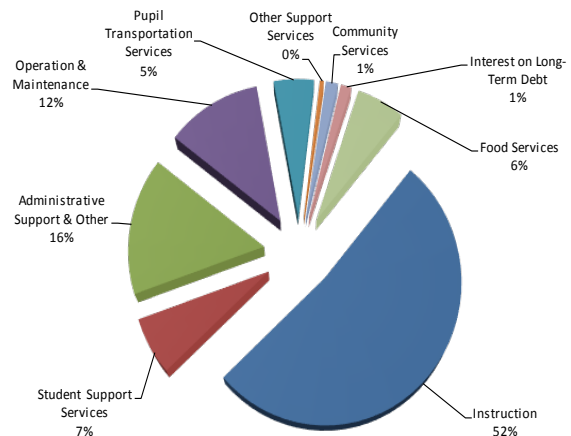
Changes in Net Position  
As of June 30, 2014  
(Dollars in Millions)  
Table 2

	Governmental Activities		Business-Type Activities		Total		Change	Total Percentage Change
	2014	2013	2014	2013	2014	2013		
<b>Revenues</b>								
Program Revenues:								
Charges for Services	\$ 0.3	\$ 0.4	\$ 3.8	\$ 3.5	\$ 4.2	\$ 3.9	\$ 0.3	8%
Operating Grants and Contributions	6.2	5.9	3.8	3.6	10.0	9.5	0.5	5%
General Revenues:								
Property Taxes	52.9	46.5	-	-	52.9	46.5	6.4	14%
Other Taxes	10.8	10.3	-	-	10.8	10.3	0.5	5%
State Aid Not Restricted to Specific	57.2	53.0	0.4	0.5	57.6	53.6	4.0	8%
Other	3.5	1.7	0.0	0.0	3.5	1.7	1.8	107%
Total Revenues	\$ 130.9	\$ 117.7	\$ 8.0	\$ 7.7	\$ 138.9	\$ 125.4	\$ 13.5	11%
<b>Expenses</b>								
Instruction	68.1	62.5	-	-	68.1	62.5	5.6	9%
Student Support Services	8.6	8.0	-	-	8.6	8.0	0.6	7%
Administrative Support & Other	20.6	19.1	-	-	20.6	19.1	1.5	8%
Operation & Maintenance	15.3	12.2	-	-	15.3	12.2	3.1	26%
Pupil Transportation Services	6.5	6.0	-	-	6.5	6.0	0.4	7%
Other Support Services	0.6	0.7	-	-	0.6	0.7	(0.1)	-12%
Community Services	2.0	0.7	-	-	2.0	0.7	1.2	166%
Interest on Long-Term Debt	1.7	1.7	-	-	1.7	1.7	0.0	1%
Food Services	-	-	7.7	7.4	7.7	7.4	0.3	4%
Total Expenses	\$ 123.3	\$ 111.0	\$ 7.7	\$ 7.4	\$ 131.0	\$ 118.4	\$ 12.6	11%
Change in Net Position	7.6	6.7	0.3	0.3	7.9	7.0	0.9	13%
Net Position, Beginning	153.7	147.0	3.9	3.6	157.6	150.6	7.0	5%
Net Position, Ending	\$ 161.3	\$ 153.7	\$ 4.2	\$ 3.9	\$ 165.5	\$ 157.6	\$ 7.9	5%

Broken Arrow Public School's Government- Wide Revenues for Fiscal Year 2014



Broken Arrow Public School's Government- Wide Expenses for Fiscal Year 2014





**Broken Arrow Public Schools  
Management's Discussion & Analysis**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As discussed earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

**Governmental Funds.** Under the District's fund accounting system, *Governmental Funds* focus is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's Governmental Funds reported combined ending total fund balances of \$61,467,423, a decrease of \$9.4 million over last year. This decrease was primarily due to the unrestricted General Fund unassigned fund balance providing for a 4% one-time stipend to all returning employees and a decrease in capital projects as the District closes out the 2009 bond program. Below is a summary of the Governmental Funds total fund balance comparison:

GOVERNMENTAL FUNDS

FUND BALANCES

	<u>2014</u>		<u>2013</u>	
Nonspendable:				
Inventory	\$	272,414	0.4%	\$ 284,978 0.4%
Permanent fund principal		-		-
Restricted for:				
Capital projects		26,088,099	42.4%	32,924,660 46.5%
Building		2,333,899	3.8%	2,762,215 3.9%
Debt service		15,515,172	25.2%	15,080,820 21.3%
Committed to:				
Other Committed Fund Balance		-	0.0%	- 0.0%
Assigned to:				
Arbitrage		143,945	0.2%	143,945 0.2%
Unassigned		17,113,895	27.8%	19,651,732 27.7%
	\$	<u>61,467,423</u>	<u>100.0%</u>	<u>\$ 70,848,350</u> <u>100.0%</u>

The Building Fund had a decrease of \$428,316 mainly due to additional utility and related costs in opening six new school campuses.

Fund balance classifications as shown in the governmental funds Balance Sheet can be found on pages 63 and 64 of the Notes to the Basic Financial Statements.



## Broken Arrow Public Schools Management's Discussion & Analysis

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the General Fund's unassigned fund balance was \$17.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total General Fund actual expenditures. General Fund unassigned fund balance represents 16.0% of the total General Fund actual expenditures, which total \$106,796,623, while the General Fund total fund balance of \$17,386,308 represents 16.3% of that same amount. The General Fund's total fund balance decreased \$2.6 million during the current fiscal year. This is the result of a 4% one-time stipend to all returning employees.

The Debt Service Fund (Sinking Fund) had a total fund balance of \$15.5 million, all of which is restricted for the payment of debt service requirements. Millage rates for Sinking Fund levies are not controlled by the District but are set annually by the Tulsa County Excise Board after a thorough review of property valuations and the District's debt service needs. The Capital Projects Fund balance decreased by 20.7% to \$26.1 million, primarily due to facilities acquisition and construction costs expended during the year.

**Proprietary Funds.** The District's proprietary's funds consist of the Enterprise Fund (Child Nutrition Fund) and the Internal Service Fund (Workers' Compensation Fund) and provide the same type of information found in the government-wide financial statements but in more detail. The Proprietary Funds have operating revenues of \$4.2 million and non-operating revenues of \$4.3 million. This represents an increase in operating revenue of \$.71 million primarily due to increased charges for meals. Operating expenses were \$8.2 million, which increased \$.80 million largely due to salaries and wages, expenses for new appliances, and higher workers' compensation claims for the fiscal year. The Statement of Revenues, Expenditures, and Changes in Fund Net Position for Proprietary Funds can be found on page 51.

**Fiduciary Funds.** The District's Fiduciary Funds include the Gift Fund, the Endowment Fund, and School Activity Funds. The Gift Fund and Endowment Fund (Private Purpose Trust Funds) both receive revenues from donations made by individuals or organizations. These funds are used for purposes specified by the donor. School site activity funds are used to account for funds raised at the individual sites through fundraising efforts and the District's vending contract. The administration is responsible for collecting and disbursing these funds under the authorization of the Board of Education. The Fiduciary Funds financial statements can be found on pages 53 and 54.

### **BUDGETARY HIGHLIGHTS**

The District's budget is prepared according to Oklahoma law and is based on accounting for certain transactions in appropriated funds on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.





**Broken Arrow Public Schools  
Management's Discussion & Analysis**

For FY 2013-14, the District budgeted original General Fund revenues of \$103.0 million and budgeted original expenditures of \$106.0 million. The Board of Education approved an amended final revenue General Fund budget of \$103.9 million and an amended final expenditure budget of \$108.2. The General Fund final expenditure budget approved by the Board of Education represents an increase of 5.4%, or \$5,577,158 from the previous year.

Actual revenue collected, at \$104.4 million, for the General Fund, was \$0.4 million more than final budget projection due to increased funding from State Aid and other State dedicated sources such as motor vehicle tax collections.

Actual expenditures for the General Fund were \$1.4 million below the final budget of \$108.2 million.

During the course of the year, the Board of Education approved several revisions to the budgeted revenue and expenditures original appropriations. These revisions resulted from the following circumstances:

- Amendments during the year for changes in programs.
- Amendments to revise estimates for Local and State revenue based on the latest information on official student count numbers and tax collections.
- Amendments to revise estimates for Federal grant collections based on budget revisions.

Differences between the original and final amended budget are summarized below:

**General Fund Revenues**

- \$967,351 increase in Local, State and Federal revenues to align budget with estimated year end totals. This includes a \$701,777 increase in State Sources partially due to additional funding for the State Flexible Benefit Allowance from increased staffing.

**General Fund Expenditures**

- \$2,234,441 total increase in expenditure budgets to align budget with estimated year end totals. This includes Federal grant notifications the District received throughout the year that were not known at the time of the budget adoption. This also includes increases in State and Federal grant expenditure budgets based on increased allocation notices.



# **Broken Arrow Public Schools** **Management's Discussion & Analysis**

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2014, the District had \$180.8 million in government-wide capital assets (net of depreciation), of which \$179.5 million was in governmental activities. Table 3, below, displays a comparison of fiscal years 2013 and 2014 balances.

**Broken Arrow Public School's Capital Assets**  
 (Net of depreciation, in Millions)

Table 3

	<b>Governmental</b>		<b>Business - Type</b>		<b>Total</b>		<b>Total</b>
	<b>Activities</b>		<b>Activities</b>		<b>Total</b>		<b>Percentage</b>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<b>Change</b>
Land	\$ 16.1	\$ 16.1	\$ -	\$ -	\$ 16.1	\$ 16.1	0.0%
Construction in progress	11.4	10.7	-	-	11.4	10.7	7%
Buildings/Improvements, net	136.5	114.3	-	-	136.5	114.3	19%
Equipment, net	15.5	7.6	1.4	0.4	16.9	8.0	111%
<b>Total:</b>	<u>\$ 179.5</u>	<u>\$ 148.7</u>	<u>\$ 1.4</u>	<u>\$ 0.4</u>	<u>\$ 180.8</u>	<u>\$ 149.1</u>	21%

Government-wide capital assets represent a capitalization level of \$2,500, consistent with State accounting regulations. The majority of the Construction in Progress consists of the construction of new early childhood centers, elementary schools, additions and remodeling to seven elementary campuses, addition to the current high school and various other construction projects. The District continues to grow in a broad range of capital assets, including facilities and equipment for instruction, transportation vehicles, athletic facilities, computer and audio visual equipment, administrative offices, maintenance, and construction in progress. These facilities and tools will enable the District's staff to produce quality education and products. The District's student population continues to grow to just over 18,000, therefore, equipment purchases, classroom space, and improvements on land and/or buildings are necessary to provide that growth.

Additional information on the District's capital assets may be found in Note 4, Notes to the Basic Financial Statements beginning on page 72.

Bonded debt outstanding as of June 30, 2014 was \$74,150,000, an increase of \$1,275,000 from the prior fiscal year, and \$22.2 million due with one year. Table 4, on the next page, summarizes bonds outstanding for fiscal years 2013 and 2014. Detailed information on the long-term debt activity can be found in Note 5, pages 73, 74, 75, and 76 of the Notes to the Financial Statements.



**Broken Arrow Public Schools  
Management's Discussion & Analysis**

**Bonded Debt Outstanding at Year End  
(In Millions)  
Table 4**

	2014	2013
General Obligation Bonds:		
Series 2004B	\$1.20	\$2.40
Series 2005B	1.58	2.35
Series 2009A	0.00	2.50
Series 2010A	4.75	9.50
Series 2010B	5.00	7.50
Series 2011D	6.75	10.13
Series 2012E	15.38	20.50
Series 2013F	18.00	18.00
Series 2014G	21.50	0.00
<b>Total</b>	<b>\$74.15</b>	<b>\$72.88</b>

**Economic Factors and Next Year's Budgets and Rates.** Budgetary resource allocations are distributed to campuses and central organizations that support the programs of the District. The District's budget process begins with the development of enrollment projections by the District's Budget Committee. Enrollment projections are then used to determine initial campus allocations through the use of Board level approval. The District uses line-item and site-based budgetary approaches to provide campuses with a standard allocation based on student enrollment. Enrollment projections also drive general operating staffing levels and non-position allocations. Staffing ratios adhere to the Oklahoma legislature mandated by House Bill 1017. That statute has been amended to include a waiver until 2016. Enrollment projections for the year ended June 30, 2014, show enrollment numbers to increase slightly due to the growing population of the District.

Local sources of revenue consist primarily of ad valorem revenue, which is based on an annual levy of 36 mills (one mill is equal to \$1 per \$1,000 of net assessed valuation). For 2013-14, the District's net assessed valuation grew by 4.3% primarily due to an increase in personal real property within the boundaries of the District. Additional information on the District's net assessed valuation can be found in the Statistical Section of this report. Other local sources of revenue include fees from before and after school care, community education classes, and interest earnings.



## **Broken Arrow Public Schools Management's Discussion & Analysis**

Intermediate sources of revenue include the county 4-mill ad valorem levy and county mortgage apportionment. The largest source of revenue, received from the State, includes Foundation & Salary Incentive Aid, the State Health Insurance Allowance, Motor Vehicle Collections, and State School Land Earnings. Federal sources of revenue include IDEA, all No Child Left Behind programs, and other Federal programs.

The District Finance office uses a zero-based budgetary approach for allocation based on historical expenditures and services provided. Despite continued increases in State revenue collections, the District continues to maintain a conservative budget. The District also continued the tradition of preserving a strong year-end fund balance.

The District continues to provide reciprocal benefit to the community and schools, therefore continually experiencing positive citizen support. Bond dollars passed by the community provide the necessary funding for facilities, renovations, technology, textbooks, instructional equipment and uniforms. It is these annual bond dollars and strong patronage that allow the District the opportunity and commitment to maintain facilities and to maximize the use of instructional technology and equipment. State law limits a school district's bonding capacity to ten percent of its net assessed valuation.

### **Contacting the District's Financial Management**

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the District's financial position, and to demonstrate the District's accountability for the resources it receives. If you have questions about this report, or would like additional information, contact Mr. Dwayne Thompson, Chief Financial Officer, Broken Arrow Public Schools, 701 S. Main Street, Broken Arrow, Oklahoma, 74012. The District's web page is located at <http://www.baschools.org>.





## Basic Financial Statements





**Broken Arrow Public Schools**  
**Statement of Net Position**  
**Year Ended June 30, 2014**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 11,572,147	\$ 1,738,547	\$ 13,310,695
Investments	47,400,000	1,300,000	48,700,000
Receivables:			
Property taxes-delinquent	237,588	-	237,588
Due from other governments	3,017,616	-	3,017,616
Due from Fiduciary Funds	1,602	-	1,602
Accrued interest	1,130	7	1,138
Other receivables	28,781	-	28,781
Inventories	272,414	357,118	629,532
<b>TOTAL CURRENT ASSETS</b>	<b>62,531,280</b>	<b>3,395,673</b>	<b>65,926,952</b>
<b>NON-CURRENT ASSETS</b>			
Land and construction-in-progress	27,496,589	-	27,496,589
Capital assets being depreciated, net	151,982,067	1,370,958	153,353,025
<b>TOTAL NON-CURRENT ASSETS</b>	<b>179,478,656</b>	<b>1,370,958</b>	<b>180,849,615</b>
<b>TOTAL ASSETS</b>	<b>242,009,935</b>	<b>4,766,631</b>	<b>246,776,567</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	538,310	543,450	1,081,759
Accrued wages and benefits payable	260,966	6,642	267,608
Accrued interest payable	7,665	-	7,666
Deferred Revenue	239,190	-	239,190
Current portion of long-term obligations	23,483,227	-	23,483,227
<b>TOTAL CURRENT LIABILITIES</b>	<b>24,529,358</b>	<b>550,092</b>	<b>25,079,450</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of long-term obligations	56,172,890	-	56,172,890
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>56,172,890</b>	<b>-</b>	<b>56,172,890</b>
<b>TOTAL LIABILITIES</b>	<b>80,702,248</b>	<b>550,092</b>	<b>81,252,340</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	99,721,910	1,370,958	101,092,868
Restricted for:			
Capital projects	26,088,099	-	26,088,099
Debt Service	15,515,172	-	15,515,172
Building	2,333,899	-	2,333,899
Unrestricted	17,648,608	2,845,581	20,494,188
<b>TOTAL NET POSITION</b>	<b>\$ 161,307,687</b>	<b>\$ 4,216,539</b>	<b>\$ 165,524,227</b>

The accompanying notes to the financial statements are an integral part of this statement.



**Broken Arrow Public Schools**  
**Statement of Activities**  
**Year Ended June 30, 2014**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 68,082,139	\$ 321,387	\$ 4,729,118	\$ (63,031,633)	\$ -	\$ (63,031,633)
Support services - Students and staff	8,561,698	24,410	445,970	(8,091,318)	-	(8,091,318)
Instructional and school leadership	5,958,854	-	557,753	(5,401,101)	-	(5,401,101)
Administrative support services	14,617,988	-	194,058	(14,423,931)	-	(14,423,931)
Operation and maintenance of plant services	15,335,619	-	-	(15,335,619)	-	(15,335,619)
Student transportation services	6,456,984	-	8,225	(6,448,759)	-	(6,448,759)
Operation of non-instructional services	631,639	-	-	(631,639)	-	(631,639)
Other outlays and uses	1,952,800	-	273,365	(1,679,435)	-	(1,679,435)
Interest on long-term debt	1,726,883	-	-	(1,726,883)	-	(1,726,883)
TOTAL GOVERNMENTAL ACTIVITIES	123,324,604	345,797	6,208,489	(116,770,318)	-	(116,770,318)
BUSINESS-TYPE ACTIVITIES						
Food services	7,675,095	3,816,946	3,762,302	-	(95,846)	(95,846)
TOTAL BUSINESS-TYPE ACTIVITIES	7,675,095	3,816,946	3,762,302	-	(95,846)	(95,846)
TOTAL SCHOOL DISTRICT	\$ 130,999,699	\$ 4,162,744	\$ 9,970,791	\$ (116,770,318)	\$ (95,846)	\$ (116,866,164)



**Broken Arrow Public Schools**  
**Statement of Activities**  
**Year Ended June 30, 2014**

				Net (Expense) Revenue and Changes in Net Position		
		Program Revenues		Primary Government		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
GENERAL REVENUES	Expenses					
Taxes						
Property tax, levied for general purposes				\$ 31,156,969	\$ -	\$ 31,156,969
Property tax, levied for debt services				21,702,367	-	21,702,367
County taxes				4,163,544	-	4,163,544
State taxes				6,665,086	-	6,665,086
State aid not restricted to specific programs				57,167,677	410,442	57,578,120
Interest and investment earnings				60,895	2,653	63,549
Gain on disposal of capital assets				114,259	-	114,259
Other sources				3,311,098	30,956	3,342,055
TOTAL GENERAL REVENUES				124,341,896	444,052	124,785,948
CHANGES IN NET POSITION				7,571,578	348,206	7,919,784
NET POSITION AT BEGINNING OF YEAR				153,736,110	3,868,334	157,604,444
NET POSITION AT END OF YEAR				\$ 161,307,687	\$ 4,216,539	\$ 165,524,227

The accompanying notes to the financial statements are an integral part of this statement.



# Broken Arrow Public Schools

## Balance Sheet - Governmental Funds

### Year Ended June 30, 2014

	Major Funds					Non Major	Total
	General Fund	Cooperative Fund	Building Fund	Sinking Fund	Bond Fund	Other Governmental Funds - Arbitrage	Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,536,672	\$ 111,353	\$ 425,119	\$ 515,172	\$ 1,952,476	\$ 3,945	\$ 11,544,736
Investments	6,000,000	-	2,000,000	15,000,000	24,400,000	-	47,400,000
Property taxes-delinquent	122,445	-	17,487	97,656	-	-	237,588
Due from other governments	2,930,665	86,951	-	-	-	-	3,017,616
Due from other funds	1,602	-	-	-	-	140,000	141,602
Other receivables	28,781	-	-	-	-	-	28,781
Accrued interest	879	-	251	-	-	-	1,130
Inventories	272,414	-	-	-	-	-	272,414
<b>TOTAL ASSETS</b>	<b>17,893,458</b>	<b>198,304</b>	<b>2,442,857</b>	<b>15,612,828</b>	<b>26,352,476</b>	<b>143,945</b>	<b>62,643,868</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	123,920	58,304	82,023	-	264,377	-	528,624
Accrued wages payable	251,518	-	9,448	-	-	-	260,966
Due to other funds	-	140,000	-	-	-	-	140,000
Other liabilities	7,665	-	-	-	-	-	7,665
Deferred revenues	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>383,103</b>	<b>198,304</b>	<b>91,471</b>	<b>-</b>	<b>264,377</b>	<b>-</b>	<b>937,254</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - delinquent property taxes	124,047	-	17,487	97,656	-	-	239,190
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory	272,414	-	-	-	-	-	272,414
Permanent fund principal	-	-	-	-	-	-	-
Restricted for:							
Capital projects	-	-	-	-	26,088,099	-	26,088,099
Debt service	-	-	-	15,515,172	-	-	15,515,172
Building	-	-	2,333,899	-	-	-	2,333,899
Committed to:							
Other Committed Fund Balance	-	-	-	-	-	-	-
Assigned to:							
Arbitrage	-	-	-	-	-	143,945	143,945
Unassigned	17,113,895	-	-	-	-	-	17,113,895
<b>TOTAL FUND BALANCES</b>	<b>17,386,308</b>	<b>-</b>	<b>2,333,899</b>	<b>15,515,172</b>	<b>26,088,099</b>	<b>143,945</b>	<b>61,467,423</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 17,893,458</b>	<b>\$ 198,304</b>	<b>\$ 2,442,857</b>	<b>\$ 15,612,828</b>	<b>\$ 26,352,476</b>	<b>\$ 143,945</b>	

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Capital assets used in government activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Cost of assets	\$ 235,370,938	
Accumulated depreciation	<u>(55,892,282)</u>	179,478,656

An Internal Service Fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities.

17,725

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. Interest payable on debt and other long-term obligations are also not recorded in the governmental funds but are reported in the Statement of Net Position. Long-term liabilities at year-end consist of:

Bonds, capital leases, and contracts	(79,656,117)	<u>(79,656,117)</u>
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**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 161,307,687**

The accompanying notes to the financial statements are an integral part of this statement.





**Broken Arrow Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2014**

	Major Funds					Non Major	
	General Fund	Cooperative Fund	Building Fund	Sinking Fund	Bond Fund	Other Governmental Funds - Arbitrage	Total Governmental Funds
<b>REVENUES</b>							
Local sources	\$ 28,294,626	\$ -	\$ 4,096,905	\$ 21,702,367	\$ -	\$ -	\$ 54,093,898
Intermediate sources	4,163,544	-	-	-	-	-	4,163,544
State sources	63,780,245	86,951	52,517	-	-	-	63,919,714
Federal sources	6,076,809	-	-	-	-	-	6,076,809
Other sources	1,930,996	-	12,748	-	33,063	140,000	2,116,807
<b>TOTAL REVENUES</b>	<b>104,246,221</b>	<b>86,951</b>	<b>4,162,170</b>	<b>21,702,367</b>	<b>33,063</b>	<b>140,000</b>	<b>130,370,771</b>
<b>EXPENDITURES</b>							
<b>Current</b>							
Instruction	62,985,094	-	20,000	-	1,924,161	-	64,929,255
Student	8,508,543	-	-	-	55,567	-	8,564,110
Instructional staff	4,695,202	86,951	-	-	1,278,364	-	6,060,518
Administration	13,956,699	-	14,471	-	1,082,602	-	15,053,772
Operations and maintenance	9,704,610	-	8,065,412	-	3,254,978	-	21,025,001
Student transportation	5,898,330	-	-	-	242,377	-	6,140,708
Child nutrition operations	-	-	-	-	-	-	-
Community service operations	631,639	-	-	-	-	-	631,639
Other	416,505	140,000	4,714	-	1,111	-	562,330
Capital outlay	-	-	68,474	-	20,643,764	-	20,712,239
<b>Debt service</b>							
Principal	-	-	-	20,225,000	-	-	20,225,000
Interest	-	-	31,674	1,795,838	-	-	1,827,511
<b>TOTAL EXPENDITURES</b>	<b>106,796,623</b>	<b>226,951</b>	<b>8,204,746</b>	<b>22,020,838</b>	<b>28,482,924</b>	<b>-</b>	<b>165,732,081</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>							
	(2,550,402)	(140,000)	(4,042,576)	(318,471)	(28,449,861)	140,000	(35,361,310)
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of debt	-	-	-	-	21,613,300	-	21,613,300
Capital Leases	-	-	3,500,000	-	-	-	3,500,000
Premium on new issuance of debt	-	-	-	752,823	-	-	752,823
Gain (loss) on disposal of capital assets	-	-	114,259	-	-	-	114,259
Transfers in	-	140,000	-	-	-	-	140,000
Transfers out	-	-	-	-	-	(140,000)	(140,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>140,000</b>	<b>3,614,259</b>	<b>752,823</b>	<b>21,613,300</b>	<b>(140,000)</b>	<b>25,980,382</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,550,402)</b>	<b>-</b>	<b>(428,316)</b>	<b>434,352</b>	<b>(6,836,561)</b>	<b>-</b>	<b>(9,380,928)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>19,936,710</b>	<b>-</b>	<b>2,762,215</b>	<b>15,080,820</b>	<b>32,924,660</b>	<b>143,945</b>	<b>70,848,350</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 17,386,308</b>	<b>\$ -</b>	<b>\$ 2,333,899</b>	<b>\$ 15,515,172</b>	<b>\$ 26,088,099</b>	<b>\$ 143,945</b>	<b>\$ 61,467,423</b>

The accompanying notes to the financial statements are an integral part of this statement.



**Broken Arrow Public Schools**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures, and Changes in Fund Balance with the**  
**District-Wide Statement of Activities**  
**Year Ended June 30, 2014**

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS	\$	(9,380,928)
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AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN 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 are allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceed depreciation for the period.

Capital outlays	29,262,529	
Depreciation expense	(4,754,420)	
Retirements and adjustments	<u>(2,532,717)</u>	21,975,391

Payments made on capital leases are reported as expenditures in the governmental funds, but the amount of the lease payments attributable to principal reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This is the principal portion of the lease payments made during the period.		499,881
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Proceeds from sales of bonds and related premiums are reported in the governmental funds as a source of financing but are recorded as long-term liabilities in the Statement of Net Position.		(21,613,300)
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Repayment of bond principal and bond premium is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Principal payments	20,225,000	
Amortization of Premium	100,629	
Premium on issuance of bonds	<u>(752,823)</u>	19,572,807

Proceeds from lease purchase agreements are reported in the governmental funds as a source of financing but are recorded as long-term liabilities in the Statement of Net Position.		(3,500,000)
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The District uses Internal Service Funds to charge the costs of certain activities, such as self insurance, to appropriate functions in other funds. The net income (loss) of Internal Service Funds are reported with governmental activities. The net effect of this consolidation is to increase the change in net position.		17,725
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>7,571,578</u></u>
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The accompanying notes to the financial statements are an integral part of this reconciliation.



**Broken Arrow Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**Budgeted Governmental Fund Types - General Fund**  
**Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 28,728,472	\$ 28,828,472	\$ 28,346,165	\$ (482,307)
Intermediate sources	4,221,268	4,221,268	4,163,544	(57,724)
State sources	62,386,390	63,088,166	63,780,245	692,079
Federal sources	6,037,910	6,203,485	6,133,489	(69,996)
Other sources	1,630,738	1,630,738	1,930,996	300,258
TOTAL REVENUES	<u>103,004,778</u>	<u>103,972,129</u>	<u>104,354,439</u>	<u>382,310</u>
<b>EXPENDITURES</b>				
Instruction	62,622,960	63,576,334	62,983,053	593,281
Support services				
Student	7,853,345	8,737,177	8,497,218	239,959
Instructional staff	4,668,284	5,263,735	4,978,668	285,067
Administration	13,680,260	13,986,474	13,906,275	80,199
Operation and maintenance	10,742,873	9,684,032	9,605,123	78,910
Student transportation	5,759,466	5,923,648	5,863,663	59,985
Non-instructional services				
Child nutrition operations	-	-	-	-
Community services operations	667,812	627,299	620,805	6,494
Other	5,000	435,742	416,505	19,238
TOTAL EXPENDITURES	<u>106,000,000</u>	<u>108,234,441</u>	<u>106,871,310</u>	<u>1,363,132</u>
EXCESS REVENUES (EXPENDITURES)	(2,995,222)	(4,262,312)	(2,516,870)	1,745,441
FUND BALANCE AT BEGINNING OF YEAR	<u>19,936,710</u>	<u>19,936,710</u>	<u>19,936,710</u>	-
FUND BALANCE AT END OF YEAR	<u>\$ 16,941,488</u>	<u>\$ 15,674,398</u>	<u>17,419,840</u>	<u>\$ 1,745,441</u>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year			(95,655)	
Wages Payable			74,688	
Inventory			(12,564)	
Investments, change in market value			-	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			<u>\$ 17,386,308</u>	

The accompanying notes to the financial statements are an integral part of this statement.



**Broken Arrow Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**Budgeted Governmental Fund Types - Building Fund**  
**Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 4,123,432	\$ 4,123,432	\$ 4,102,697	\$ (20,735)
Intermediate sources	-	-	-	-
State sources	50,928	50,928	52,517	1,589
Federal sources	-	-	-	-
Other sources	10,839	10,839	64,816	53,977
<b>TOTAL REVENUES</b>	<b>4,185,199</b>	<b>4,185,199</b>	<b>4,220,030</b>	<b>34,831</b>
<b>EXPENDITURES</b>				
Instruction	20,000	20,000	20,000	-
Support services				
Student	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	14,971	14,471	500
Operation and maintenance	4,947,500	4,903,898	4,552,667	351,231
Student transportation	-	-	-	-
Non-instructional services				
Child nutrition operations	-	-	-	-
Community services operations	-	-	-	-
Other	35,500	81,131	69,248	11,883
<b>TOTAL EXPENDITURES</b>	<b>5,003,000</b>	<b>5,020,000</b>	<b>4,656,386</b>	<b>363,614</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(817,801)</b>	<b>(834,801)</b>	<b>(436,356)</b>	<b>398,445</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>2,762,215</b>	<b>2,762,215</b>	<b>2,762,215</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1,944,414</b>	<b>\$ 1,927,414</b>	<b>2,325,859</b>	<b>\$ 398,445</b>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year			17,487	
Wages Payable			(9,448)	
Inventories			-	
Investments, change in market value			-	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<b>\$ 2,333,899</b>	

The accompanying notes to the financial statements are an integral part of this statement.



**Broken Arrow Public Schools**  
**Statement of Net Position - Proprietary Funds**  
**Year Ended June 30, 2014**

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities - Internal Service Fund: Workers' Compensation Fund
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 1,738,547	\$ 30,311
Investments	1,300,000	-
Due from other governments	-	-
Accrued interest receivable	7	-
Inventories	357,118	-
TOTAL CURRENT ASSETS	<u>3,395,673</u>	<u>30,311</u>
<b>NON-CURRENT ASSETS</b>		
Capital assets being depreciated, net	<u>1,370,958</u>	-
TOTAL NON-CURRENT ASSETS	<u>1,370,958</u>	-
TOTAL ASSETS	<u><u>4,766,631</u></u>	<u><u>30,311</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	543,450	9,686
Liability for incurred claims	-	2,900
Accrued wages payable	6,642	-
TOTAL CURRENT LIABILITIES	<u><u>550,092</u></u>	<u><u>12,586</u></u>
<b>NET POSITION</b>		
Net Investment in capital assets	1,370,958	-
Restricted for Capital Projects	-	-
Unrestricted	2,845,581	17,725
TOTAL NET POSITION	<u>4,216,539</u>	<u>17,725</u>
TOTAL LIABILITIES AND NET POSTION	<u><u>\$ 4,766,631</u></u>	<u><u>\$ 30,311</u></u>

The accompanying notes to the financial statements are an integral part of this statement.





**Broken Arrow Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2014**

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities - Internal Service Fund: Workers' Compensation Fund
OPERATING REVENUES		
Meals	\$ 3,817,045	\$ -
Insurance Contributions	-	13,085
Reimbursements	23,346	375,000
TOTAL OPERATING REVENUES	<u>3,840,391</u>	<u>388,085</u>
OPERATING EXPENSES		
Salaries and wages	3,389,754	-
Purchase and contracted services	198,593	43,945
Supplies and materials	3,860,265	-
Depreciation	149,143	-
Management Fees	28,979	-
Medical claims	89,766	326,415
Other operating expenses	109,826	-
TOTAL OPERATING EXPENSES	<u>7,826,326</u>	<u>370,359</u>
OPERATING INCOME (LOSS)	<u>(3,985,936)</u>	<u>17,725</u>
NON-OPERATING REVENUES		
Interest income	2,653	-
Federal and state grants	4,331,487	-
Disposal of assets	-	-
TOTAL NON-OPERATING REVENUES	<u>4,334,141</u>	<u>-</u>
CHANGES IN NET POSITION	<u>348,205</u>	<u>17,725</u>
NET POSITION AT BEGINNING OF YEAR	<u>3,868,334</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u><u>\$ 4,216,539</u></u>	<u><u>\$ 17,725</u></u>

The accompanying notes to the financial statements are an integral part of this statement.



**Broken Arrow Public Schools**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended June 30, 2014**

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities - Internal Service Fund: Workers' Compensation Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from user charges	\$ 3,837,786	\$ 13,085
Interfund services provided	-	375,000
Cash payment for insurance claims	(89,766)	(313,829)
Cash payments to suppliers for goods and services	(4,349,462)	(43,945)
Cash payments to employees for services	(3,389,754)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(3,991,197)</u>	<u>30,311</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Disposal of assets	-	-
Capital assets purchased	(651,686)	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(651,686)</u>	<u>-</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Non-operating grants received	4,380,210	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>4,380,210</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	2,100,000	-
Purchases of investments	(1,300,000)	-
Investment Income	2,664	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>802,664</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	539,991	30,311
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,198,556</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>1,738,547</u></u>	<u><u>30,311</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating Income (loss)	(3,985,946)	17,725
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	149,143	-
Effect of increases and decreases in current assets and liabilities:		
Decrease (Increase) in Receivables	-	-
Decrease (Increase) in Inventories	(162,643)	-
Decrease (Increase) in Due from other governments	3,900	-
Decrease (Increase) in Due from other funds	-	-
Increase (decrease) in Accounts payable	(28,993)	-
Increase (decrease) in Unearned revenues	(11)	-
Increase (decrease) in Accrued wages payable	29,474	-
Increase (decrease) in Accrued expenses	-	-
Increase (decrease) in Workers' comp payable	3,878	12,586
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ (3,991,197)</u></u>	<u><u>\$ 30,311</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>		
Commodities received from Department of Human Services	584,890	
Commodities consumed	463,776	

The accompanying notes to the financial statements are an integral part of this statement.



**Broken Arrow Public Schools**  
**Statement of Net Position - Fiduciary Funds**  
**Year Ended June 30, 2014**

	Private- Purpose Trust Funds	Agency Fund
	<u>                    </u>	<u>                    </u>
ASSETS		
Cash and cash equivalents	\$      42,466	\$     2,008,537
Investments	<u>          90,000</u>	<u>                  -</u>
TOTAL ASSETS	<u>         132,466</u>	<u>         2,008,537</u>
LIABILITIES		
Accounts Payable	-	-
Other Liabilities	-	-
Due to student groups	-	2,006,934
Due to other governments	<u>                  -</u>	<u>          1,602</u>
TOTAL LIABILITIES	<u>                  -</u>	<u>      \$     2,008,537</u>
NET POSITION		
Held for scholarships	<u>         132,466</u>	
TOTAL NET POSITION	<u>      \$     132,466</u>	

The accompanying notes to the financial statements are an integral part of this statement.



**Broken Arrow Public Schools**  
**Statement of Changes in Net Position - Fiduciary Funds**  
**Year Ended June 30, 2014**

	Private-Purpose Trust Funds
ADDITIONS	
Contributions	\$ 15,900
Interest income	162
TOTAL ADDITIONS	<u>16,063</u>
DEDUCTIONS	
Scholarships awarded	500
Other deductions	<u>-</u>
TOTAL DEDUCTIONS	<u>500</u>
 CHANGE IN NET POSITION	 15,563
 NET POSITION AT BEGINNING OF YEAR	 <u>116,903</u>
 NET POSITION AT END OF YEAR	 <u><u>\$ 132,466</u></u>

The accompanying notes to the financial statements are an integral part of this statement.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Broken Arrow Public Schools Independent District No. 3 (the "District") has been prepared in conformity with generally accepted accounting principles ("GAAP") promulgated by The Government Accounting Standards Board ("GASB"). The District also complies with any contracts and grants of agencies from which it receives funds. The more significant of the District's accounting policies are described below.

**Reporting Entity**

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes. The governing body of the District is the Board of Education composed of five elected members. The appointed Superintendent is the executive officer of the District.

The Board has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public, has authority to make decisions, appoint administrators, significantly influence operations, and has primary accountability for fiscal matters. As such, the District is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 61, which modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. There are no component units included within the reporting entity. The District receives funding from Local, State, and Federal government sources and must comply with the requirements of these funding source entities.

Further, the Broken Arrow Education Foundation and the Broken Arrow Performing Arts Center Foundation are not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over these Foundations.

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.





**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**Government-wide and Fund Financial Statements**

The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. These activities are reported separately from business-type activities, which rely to a substantial extent on fees and charges for support.

The Statement of Net Position reports the District's financial and capital resources. Liabilities are segregated between current liabilities (those that are due within one year) and long-term liabilities (those that are due in more than one year).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include tuition or fees paid by students or citizens of the District and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items including Foundation Incentive Aid (also referred to as State Aid), which are not properly included among program revenues, are reported as general revenues. Interest on general long-term debt is considered an indirect expense and is reported on the Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories: Governmental, Proprietary, and Fiduciary. Since the resources in the Fiduciary Funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operation. All other revenues and expenses are non-operating.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use economic resources measurement focus and the accrual basis of accounting, as do the Proprietary and Fiduciary Fund financial statements. The economic resources measurement focus is not applicable to the Agency Funds and therefore has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized, when they are susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, interest and amounts due from other governments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Fund Accounting**

The District reports its financial activities through the use of fund accounting. This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements. There are three categories of funds: Governmental, Proprietary, and Fiduciary.

**Governmental Funds**

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

funds), the acquisition or construction of general capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). Government Fund reporting focuses on the sources, uses, and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as the fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include State and Local property taxes and State funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The General Fund includes Federal and State restricted monies that must be expended for specific programs.

Cooperative Fund - The Cooperative Fund, a Special Revenue Fund, is used to establish the Title II Part B Mathematics and Science Partnership Grant from the government to collect money that must be used for a specific project. This special revenue fund provides an extra level of accountability and transparency to taxpayers that their tax dollars will go toward an intended purpose.

Building Fund - The Building Fund, a Special Revenue Fund, consists mainly of monies derived from specific revenue sources. These sources include property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and purposes other than debt services or capital projects.

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

Capital Projects Fund - The Bond Fund is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment.

Other Funds – The other fund category includes the following non-major funds:



**Broken Arrow Public Schools  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

Arbitrage Rebate Fund - The Arbitrage Rebate Fund holds arbitrage earnings (investment earnings on bond proceeds and certain related funds that exceed the bond yield) in order to make arbitrage rebate payments to the federal government under the Internal Revenue Code. Arbitrage is considered a non-major governmental fund.

**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 useful to financial administration. Goods and/or services can be provided to both outside parties or to other departments or agencies primarily within the District. Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District reports the following major Proprietary Funds:

Child Nutrition Fund – The Child Nutrition Fund consists of monies derived from Federal and State financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

Internal Service Fund – The District has established an Internal Service Fund to account for the transactions of its self-insured workers' compensation plan. Income from this fund is derived primarily from charges to governmental funds based on usage. Accrued liabilities include provisions from claims reported and claims incurred but not reported for workers' compensation insurance. The provision for reported claims is determined by estimating the amount that will ultimately be paid to each claimant.

**Fiduciary Funds**

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms "non-expendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency Funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Private - Purpose Trust Funds - Expendable Trust Funds include the Gift and Endowment



**Broken Arrow Public Schools  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

Funds. The Gift and Endowment Funds receive assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District. The Endowment Fund receives its assets through contributions from philanthropic foundations, individuals or private organizations for which no repayment or special service to the contributor is expected. The income derived from the investment of these assets is used to promote the general welfare of the District; however, the principal must remain intact.

Agency Funds - Agency Funds are the school activity funds which are used to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Budgetary Data**

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31, for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

A budget is legally adopted by the Board of Education for the General Fund, the Building Fund, and the Child Nutrition Fund that includes revenues and expenditures. These budgets are prepared on a cash basis for revenues and the modified accrual basis for expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund - is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year.

**Other Accounting Policies**

Cash and Cash Equivalents – The District considers all cash on hand, demand deposits and highly liquid investments with original maturity of three months or less when purchased to be





**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

cash and cash equivalents.

Investments – Investments consist of United States Treasury securities and agencies and certificates of deposit. All investments are recorded at cost which approximates fair value.

Property Tax – The District records its property taxes receivable as levied. Taxes are levied by the County annually on October 1 and are due one-half by December 31 and one-half by March 31. Major tax payments are received from the County in the months of January through May, and are recognized as revenue in the year received. Lien dates for personal and real property are in June and October, respectively.

Uncollected taxes assessed on valuations made each year are recorded in the District's governmental fund financial statements. The delinquent property taxes which are not collected within 60 days of the year end are recorded in the governmental fund financial statements as deferred inflows of resources, as GASB Statement No. 65. Uncollectible personal and real property taxes are deemed to be immaterial because the real property can be sold for the amount of the taxes due.

Inventories – The District uses the consumption method to account for inventories of supplies and materials. Under this method, these items are carried in an inventory account of the respective fund at cost, using the weighted average method of accounting and are subsequently charged to expenditures when consumed or requisitioned. Although food commodities are received at no cost, their fair value is supplied by the Oklahoma Department of Human Services and is recorded as inventory on the date received. In governmental funds, inventories are reported as non-spendable fund balance.

Capital Assets - Capital assets, which include land, building, building improvements, furniture and equipment, are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for buildings and improvements, and equipment and fixtures is \$2,500, respectively. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are constructed.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

Building and building improvements of the District are depreciated using the straight-line method beginning in the year they are placed in service. Equipment is depreciated using the straight-line method beginning in the month acquired. The District's capital assets have the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment and fixtures	5-15
Vehicles	8

Revenue – All sources of revenue other than federal revenue are recognized as soon as they are both measurable and available. Federal revenue is considered earned in the same period the associated reimbursable expense is recognized. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Deferred Revenue – Revenue that has been earned but is not available to finance expenditures of the current fiscal period is classified as deferred revenue in the governmental funds. The District reports deferred revenue related to expenditures made for federal reimbursable grants during the fiscal year, but reimbursed more than sixty days following the close of the fiscal year.

Compensated Absences - The District's policies regarding accumulated unpaid leave applies only to unused vacation and accumulated sick leave for employees of ten years or more of consecutive employment upon retirement only. The government-wide financial statements do not include any liability for any rights to receive vacation, sick leave or other employee benefits.

Encumbrances - Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. Expenditures are recorded and liabilities are recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

Funds Held for School Organizations - Funds held for school organizations represent the funds received or collected from students or other co-curricular and extracurricular activities conducted in the District, control over which is exercised by the Board of Education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Liabilities - Long-term liabilities are recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount. Bond premium or discounts on debt qualifying as capital-related debt, is included in calculating the amount that is reported as the net investment in capital assets. Beginning with the fiscal year ending June 30, 2014, the District will defer and amortize bond premiums and discounts over the life of the Bonds using the straight line interest method. Bond issuance costs are not significant and are reported as current year expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as administrative support service expenditures.

Fund Balances and Equity - Fund balance refers to the difference between assets and liabilities in the governmental funds balance sheet. The District has a minimum annual General Fund balance Board of Education policy of 5.0% of annual revenue. Fund balance consists of five categories, defined in Governmental Accounting Standards Board Statement No. 54, as follows:

*Non-spendable* – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items, and long-term receivables.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs, and other federal and state grants.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action at the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Education. This classification includes campus activity funds and local special revenue funds.

*Assigned* – includes fund balance amounts that are self-imposed by the District to be used for a particular purpose pursuant to the District's Board of Education Policy 6090. This policy dictates that in order to meet the District's financial obligations and provide a contingency for emergencies or unexpected expenditures, the Board of Education establishes an acceptable range for the General Fund year end fund balance. Based on an analysis of the District's cash flow and the need for a contingency, the targeted minimum annual fund balance for the General Fund is 5.0% of annual revenue. For purposes of this policy, the term "annual revenue" refers to the total amount of annual General Fund collections, excluding the previous year's fund balance, as of June 30. The fund balance can be assigned by the District's Board of Education, the Superintendent, or the Chief Financial Officer.

All other funds will be based on an analysis of cash flow requirements as may be established by state law or regulations.

*Unassigned* – includes residual positive fund balances within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District's policy for the application of net position for which both restricted and unrestricted net position is available, restricted net position is considered to have been spent first.

It is the District's policy to first 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 require that committed amounts would be reduced first, followed by assigned



**Broken Arrow Public Schools  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following table shows the fund balance classifications as shown in the governmental funds balance sheet as of June 30, 2014:

	Major Funds				Non Major	
	General Fund	Building Fund	Sinking Fund	Bond Fund	Other Governmental Funds - Arbitrage	Total Governmental Funds
FUND BALANCES						
Nonspendable:						
Inventory	272,414	-	-	-	-	272,414
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Capital projects	-	-	-	26,088,099	-	26,088,099
Debt service	-	-	15,515,172	-	-	15,515,172
Building	-	2,333,899	-	-	-	2,333,899
Committed to:						
Other Committed Fund Balance	-	-	-	-	-	-
Assigned to:						
Arbitrage	-	-	-	-	143,945	143,945
Unassigned	17,113,895	-	-	-	-	17,113,895
TOTAL FUND BALANCES	<u>\$ 17,386,308</u>	<u>\$ 2,333,899</u>	<u>\$ 15,515,172</u>	<u>\$ 26,088,099</u>	<u>\$ 143,945</u>	<u>\$ 61,467,423</u>

**REVENUES AND EXPENDITURES**

Local Revenues - Revenue from Local sources is the monies generated from within the boundaries of the District and available to the District for its use. The District is authorized by State law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's General, Building and Sinking Funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax rolls for submission to the County Treasurer prior to October 1. The County Treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Other Local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from Intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the State, and distributed to districts in amounts that differ in proportion to those which are collected within such systems.

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

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

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

Federal Revenues - Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass-through from another government, such as the state.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the General Fund. The District maintains a separate Child Nutrition Fund and the federal revenues received for the child nutrition programs are apportioned there.

Interest Earnings - Represent compensation for the use of financial sources over a period of time.

Other Sources and Non-Revenue Receipts – Other sources represent primarily prior year lapsed encumbrances from bond funds and prior year adjustments. Non-revenue receipts represent receipts deposited into a fund that is not new revenues to the District, but the return of assets.

**Expenditures**

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other local education agencies would be included here.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves. These services are designed to assess and improve student well-being and to supplement the teaching process.

Operation of Non-Instructional Services Expenditures - Activities concerned with providing non-instructional services to students, staff or the community.





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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

Facilities Acquisition and Construction Services Expenditures - Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures - A number of outlays of governmental funds are not properly classified as expenditures but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures - This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations), and expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures - Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows as of June 30, 2014.

Deferred Inflows of Resources - In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The governmental fund balance sheet includes deferred inflows of resources related to unavailable property taxes receivable; such receivables will be recognized as revenues in the governmental funds when they become available.

Interfund Transactions - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund,



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

are recorded as expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services provided and used or reimbursements, are reported as transfers. All other interfund transfers are reported as operating transfers.

**Note 2. - CASH AND INVESTMENTS**

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; warrants, bonds or judgments of the District. Income from investments reported in one fund can be assigned directly to another fund.

Credit risk - Credit risk refers to the risk that a borrower will default on any type of debt by failing to make required payments. The risk is primarily that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. Fixed-income securities are subject to credit risk. Credit quality ratings are one method of assessing the ability of the issuer to meet its obligation. There is no District policy related to the limitations on credit rating risk. Due to the unfavorable economic climate and extremely low available interest rates for investing, investments were purchased to obtain the highest possible interest rate.

Custodial credit risk - deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts.

The District's policy 6130 requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name. As of June 30, 2014 all of the District's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Custodial credit risk - investments – This is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of out outside party.



**Broken Arrow Public Schools**  
**Notes to the Basic Financial Statements**  
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**Note 2. - CASH AND INVESTMENTS – cont'd**

Concentration of credit risk – The District's investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments. The District's policy 6130 states the District's investment strategy should be based on the following guidelines: safety of principal, liquidity, yield, diversification, maturity, and quality of the investment instrument.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Foreign Currency Risk – As of June 30, 2014, the District does not hold any foreign currency investments in the investment portfolio.

Cash - The District's bank balance of deposits, cash pools (sweep accounts) and high balance savings at June 30, 2014, was \$19,952,120, of which \$6,410,206 is obligated for outstanding checks.

Investments - At June 30, 2014, the District's investments consisted of treasury bills, and certificates of deposits with an approximate fair market value of \$64,591,580.

**Note 3. – RECEIVABLES**

Receivables at June 30, 2014, all due within one year, for the District's governmental and proprietary funds in the aggregate, are as follows:

	Major Funds					Non Major Funds		
	General Fund	Cooperative Fund	Building Fund	Sinking Fund	Bond Fund	Other Government Funds	Enterprise Fund	Total
Receivables:								
Interest	\$ 879	\$ -	\$ 251	\$ -	\$ -	\$ -	\$ 7	\$ 1,137
Property taxes-delinquent	122,445	-	17,487	97,656	-	-	-	237,588
Due from other governments	2,930,665	86,951	-	-	-	-	-	3,017,616
Due from Fiduciary Funds	1,602	-	-	-	-	-	-	1,602
Due from other funds	-	-	-	-	-	140,000	-	140,000
Other receivables	28,781	-	-	-	-	-	-	28,781
Total	<u>\$ 3,084,373</u>	<u>\$ 86,951</u>	<u>\$ 17,738</u>	<u>\$ 97,656</u>	<u>\$ -</u>	<u>\$ 140,000</u>	<u>\$ 7</u>	<u>\$ 3,426,726</u>



**Broken Arrow Public Schools**  
**Notes to the Basic Financial Statements**  
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**Note 3. - RECEIVABLES – cont'd**

The majority of the receivable balance is attributable to Due from Other Governments. The District participates in a variety of Federal and State programs which it receives grants to partially or fully finance certain activities. Amounts due from Federal and State governments as of June 30, 2014 are presented within the table on page 70.

Other receivables were the result of transportation and building rental amounts not received as of June 30, 2014. These amounts are expected to be collected within the next fiscal year.

Interfund Receivables, Payables and Transfers – Amounts owed between funds which are due within one year are reported as due from/due to other funds. These amounts, except for amounts from Fiduciary Funds, are eliminated from the government wide and business-type activities columns of the Statement of Net Position. The composition of interfund receivables and payables as of June 30, 2014, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
General Fund	Fiduciary Fund (Agency Fund)	\$ 1,602
Non-Major Fund (Arbitrage)	Cooperative Fund	140,000
	Total	<u>\$ 141,602</u>

Interfund receivables and payables represent amounts involving both reciprocal interfund activity and interfund reimbursements for repayment of expenditures or expenses to the fund that initially paid for them. Any unpaid balance at the end of the fiscal year is reported as an interfund receivable and/or payable.

The Cooperative Fund received an interfund loan in the amount of \$140,000 from the Arbitrage Fund for a type of federal grant based solely on claims. When grant claims are fully reimbursed for the Cooperative Fund, repayment will be made to the Non-major Governmental Fund (Arbitrage Fund). An interfund service was provided by the General Fund for substitute and payroll related expenses due from the Activity Fund (Agency Fund) which totaled \$1,602.



**Broken Arrow Public Schools**  
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**Note 4. - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance 6/30/2013	Increases	Transfers	Decreases	Ending Balance June 30, 2014
<b><u>Governmental Activities:</u></b>					
Capital assets, not being depreciated:					
Land	\$ 16,051,247	\$ -	\$ -	\$ -	\$ 16,051,247
Construction in progress	18,713,924	20,712,239	(27,980,821)	-	11,445,342
Total capital assets not being depreciated:	34,765,171	20,712,239	(27,980,821)	-	27,496,588
Capital assets being depreciated:					
Buildings and improvements	147,550,227	4,144,665	27,980,821	(2,356,095)	177,319,618
Furniture and equipment	26,325,729	4,405,625	-	(176,623)	30,554,731
Total capital assets being depreciated	173,875,956	8,550,290	27,980,821	(2,532,717)	207,874,349
Total assets	208,641,127	29,262,529	(0)	(2,532,717)	235,370,938
Less: Accumulated depreciation for:					
Buildings and improvements	(37,091,328)	(5,259,394)	-	1,492,775	(40,857,947)
Furniture and equipment	(14,046,534)	(1,164,424)	-	176,623	(15,034,336)
Total accumulated depreciation	(51,137,862)	(6,423,818)	-	1,669,398	(55,892,282)
Governmental activities capital assets, net	\$ 157,503,264	\$ 22,838,710	\$ (0)	\$ (863,319)	\$ 179,478,656
<b><u>Business-Type Activities</u></b>					
Capital assets, not being depreciated:					
Capital assets being depreciated:					
Furniture and equipment	\$ 725,774	\$ 218,420	\$ -	\$ -	\$ 944,195
Construction in progress	-	582,409	-	-	582,409
Total capital assets being depreciated	725,774	800,829	-	-	1,526,603
Less: Accumulated depreciation for:					
Furniture and equipment	(6,502)	(149,143)	-	-	(155,645)
Business-Type activities capital assets, net	\$ 719,273	\$ 651,686	\$ -	\$ -	\$ 1,370,958
Net Assets All Funds:	\$ 158,222,537	\$ 23,490,396	\$ (0)	\$ (863,319)	\$ 180,849,615

Depreciation expense was charged to governmental functions as follows:

	Expense:	Adjustments:	Balance:	<b><u>Business-Type Activities:</u></b>
<b><u>Governmental Activities:</u></b>				
Instruction	\$ 4,091,105	(1,504,808)	\$ 2,586,297	Child Nutrition Fund \$ 149,143
Support services - Students and staff	171,418		171,418	
Instructional support services	339,818		339,818	
Administrative support services	628,053	(27,744)	600,309	
Operations and maintenance of plant services	603,683	(52,681)	551,002	
Transportation	589,741	(84,165)	505,576	
Non-instructional	-		-	
Other-unclassified	-		-	
Total Depreciation:	\$ 6,423,818	\$ (1,669,398)	\$ 4,754,420	Total Depreciation: \$ 149,143

(figures may be different due to rounding)



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 5. - GENERAL LONG-TERM DEBT**

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue, however, the District typically pays all bonds within 5 to 10 years of the date of issue.

General long-term debt of the District consists of building bonds payable and capital lease-purchase agreements. Debt service requirements for bonds are paid solely from the fund balance and the future revenues of the debt service fund.

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 District's incremental borrowing rate at time of inception unless the lessor's implicit rate is known and lower, as provided by FASB 13, *Accounting for Leases*.

For the year ended June 30, 2014, the District entered into an agreement between AVB Bank for the purchase, acquisition, and lease of synthetic artificial turf on the High School Athletic campus, which is classified as land improvements, and the turf maintenance equipment consisting of three (3) Kubota BX1860 tractors and three (3) Clean Sweep field sweepers for maintenance of the turf, in the gross amount of \$3,500,000. The inception date of this contract was March 24, 2014. The expense for amortization of the asset related to the synthetic artificial turf and maintenance equipment will begin in the 2014-15 fiscal period. At this time there are no restrictions imposed by contract.

The District remains in a contractual agreement for one more fiscal year with Bank of Oklahoma Financial Equipment Finance, Inc. of Tulsa for the lease of an electronic display board and structure at the High School, which is classified as land improvements. The expense resulting from amortization of the asset related to the electronic display board is shown in the following table. At this time there are no restrictions imposed by contract.

The following is a table detailing each periodic payment of the amortizing capital lease agreements:



**Broken Arrow Public Schools**  
**Notes to the Basic Financial Statements**  
**For the Period June 30, 2014**

**Note 5. - GENERAL LONG-TERM DEBT- cont'd**

**Capital Lease Payment Schedule**

Fiscal Year Outstanding	Description:	Scoreboard	Scoreboard	Artificial Turf	Artificial Turf	Total
		Principal	Interest	Principal	Interest	
2014-2015		\$ 513,468	\$ 10,421	\$ 285,484	\$ 128,357	\$ 937,730
2015-2016		-	-	313,386	100,456	413,841
2016-2017		-	-	323,742	90,099	413,841
2017-2018		-	-	334,164	79,677	413,841
2018-2019		-	-	344,922	68,920	413,841
2019-2020		-	-	355,875	57,967	413,841
2020-2021		-	-	367,482	46,359	413,841
2021-2022		-	-	379,312	34,529	413,841
2022-2023		-	-	391,523	22,318	413,841
2023-2024		-	-	404,110	9,732	413,841
Total		<u>\$ 513,468</u>	<u>\$ 10,421</u>	<u>\$ 3,500,000</u>	<u>\$ 638,415</u>	<u>\$ 4,662,304</u>

The following is a summary of the long-term debt transactions, with deductions, which includes premium on bonds sold of \$752,823, for the District for the year ended June 30, 2014:

	2013	Additions	Deductions	2014	Due in One Year
Governmental activities					
Bonds payable	\$ 72,875,000	\$ 21,500,000	\$ (20,225,000)	\$ 74,150,000	\$ 22,225,000
Bonds payable - good faith deposit*	-	113,300	-	113,300	-
Premium on debt issuance	727,155	752,823	(100,629)	1,379,349	459,274
Capital lease	1,013,348	4,013,468	(1,013,348)	4,013,468	798,953
Total	<u>\$ 74,615,503</u>	<u>\$ 26,379,591</u>	<u>\$ (21,338,977)</u>	<u>\$ 79,656,117</u>	<u>\$ 23,483,227</u>

\*good faith deposit on August 2014 bond sale

In compliance with GASB Statement No.62-187, the District amortizes all premiums on bonds sold. The amortization for the 2013-14 fiscal year was \$100,629, which reduces long-term interest expense.





**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 5. - GENERAL LONG-TERM DEBT- cont'd**

A brief description of the outstanding long-term debt at June 30, 2014, is set forth below:

	<u>Amount Outstanding</u>
Building Bonds, Series 2004B, original issue \$10,800,000 dated 11-01-04, interest rates of 3.00% to 3.50%, due in an initial installment of \$1,200,000, annual installments of \$1,200,000, final payment due 11-01-2014	\$ 1,200,000
Building Bonds, Series 2005B, original issue \$7,000,000 dated 12-01-05, interest rates of 3.25% to 5.00%, due in annual installments of \$775,000, final payment of \$800,000, due 12-01-2015	\$ 1,575,000
General Obligation Bonds, Series 2010A, original issue \$19,000,000 dated 4-01-10, interest rate of 5.00%, due in annual installments of \$4,750,000, final payment of \$4,750,000, due 4-01-2015	\$ 4,750,000
Building Bonds, Series 2010B, original issue \$10,000,000 dated 12-01-10, interest rate of 1.2% to 1.45% , due in annual installments of \$2,500,000, final payment of \$2,500,000, due 12-01-2015	\$ 5,000,000
General Obligation Bonds, Series 2011D, original issue \$13,500,000 dated 6-01-11, interest rate of 2.00% to 3.00%, due in annual installments of \$3,375,000, final payment of \$3,375,000, due 6-01-2016	\$ 6,750,000
General Obligation Bonds, Series 2012E, original issue \$20,500,000 Dated 4-01-2012, interest rate of 2.00%, due in annual Installments of \$5,125,000, final payment of \$5,125,000, due 4-01-2017	\$ 15,375,000
General Obligation Bonds, Series 2013F, original issue \$18,000,000 Dated 4-01-2013, interest rate of 2.00%, due in annual Installments of \$4,500,000, final payment of \$4,500,000, due 4-01-2018	\$ 18,000,000
General Obligation Bonds, Series 2014G, original issue \$21,500,000 Dated 4-01-2014, interest rate of 2.00%, due in annual Installments of \$5,375,000, final payment of \$5,375,000, due 4-01-2019	<u>\$ 21,500,000</u>
<b>TOTAL</b>	<u><u>\$ 74,150,000</u></u>



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 5. - GENERAL LONG-TERM DEBT- cont'd**

The annual debt service requirements, including the payment of principal and interest outstanding are as follows:

<u>Fiscal Year Outstanding</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014-2015	\$ 22,225,000	\$ 410,599	\$ 22,635,599
2015-2016	21,675,000	470,625	22,145,625
2016-2017	15,000,000	326,875	15,326,875
2017-2018	9,875,000	224,375	10,099,375
2018-2019	5,375,000	134,375	5,509,375
Total	<u>\$ 74,150,000</u>	<u>\$ 1,566,849</u>	<u>\$ 75,716,849</u>

Interest paid on general long-term debt during the 2013-14 fiscal year totaled \$1,827,511 less the amortization of premium on debt issuance of \$100,629, which equals \$1,726,883.

**Note 6. - EMPLOYEE RETIREMENT SYSTEM AND PLAN**

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 6. - EMPLOYEE RETIREMENT SYSTEM AND PLAN- cont'd**

Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

**Funding Policy**

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2013-14 fiscal year, the District contributed the required 9.5% (which increased from 9.0% to 9.5% on January 1, 2011) and the State of Oklahoma contributed the remaining amount during this year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members, which are recognized as revenues and expenditures/expenses during that period in the government-wide and fund financial statements. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds. The District's total on behalf contributions for the fiscal year ended June 30, 2014 were approximately \$4,639,221.

**Annual Pension Cost**

The District's total compensation for employees covered by the System for the year ended June 30, 2014 was approximately \$66,978,516 and the District's total compensation was approximately \$96,598,559. Total contributions by the District made during the year ended June 30, 2014 amounted to approximately \$6,712,605. These contributions represented approximately 10.0% of covered compensation and represent approximately 7.0% of total contributions to the System. The District has contributed its required contribution to the System. The District's total contributions to the system, which includes on behalf contributions for the years ended June 30, 2013, 2012, and 2011 were \$9,624,500, \$9,202,802, and \$8,719,732 respectively.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 6. - EMPLOYEE RETIREMENT SYSTEM AND PLAN- cont'd**

Ten-year historical trend information and schedule of funding progress is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2014. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit [www.ok.gov/TRS](http://www.ok.gov/TRS) for all plan information.

**Note 7. - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. The District is self-insured for its workers' compensation coverage.

The District utilizes Consolidated Benefits Resources, LLC (CBR), to provide services for workers' compensation claims and administration. CBR will operate a claims management program for the prevention, investigation, processing, accounting and payment of workers' compensation claims. The District's General Fund pays for claims as they are incurred. As of June 30, 2014, CBR has reported an outstanding reserve for the District to be \$1,524,514.36. In order to mitigate the risk associated with this program, the District reserves and restricts a percentage of the fund balance. For 2013-14, this amount was \$17,725 for both general activities and business-type activities.

The District has purchased specific excess and aggregate excess workers' compensation and employers' liability insurance so the District's liability for claim loss is limited.

**Note 8. - CONTINGENCIES**

**Federal Grants**

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



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 8. – CONTINGENCIES – cont'd**

Litigation

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

**Note 9. - LEASE REVENUE BONDS**

On May 1, 2011, the Tulsa County Industrial Authority issued \$72,845,000 of Educational Facilities Lease Revenue Bonds (Broken Arrow Public School Project) Series 2011, to provide funds required for the constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites for the benefit of the Broken Arrow School District.

Also on May 1, 2011, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Tulsa County Industrial Authority. In addition, the District entered into a sublease, as lessee, with the Tulsa County Industrial Authority. The sublease calls for eight (8) annual payments starting September 1, 2012. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of \$285,000,000, on December 8, 2009. In June 2012, the Tulsa County Industrial Authority issued \$67,300,000 of additional Educational Facilities Lease Revenue Bonds, Series 2012, to provide for additional construction, equipment, repairs and remodeling projects for the District.

Broken Arrow Public Schools will gain ownership to the capital improvements incrementally as each payment is made.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 9. - LEASE REVENUE BONDS- cont'd**

The lease revenue bond payments will be as follows:

2011 Series		2012 Series	
<u>Fiscal Year</u>	<u>Payment</u>	<u>Fiscal Year</u>	<u>Payment</u>
2013-14	\$ 6,656,552	2013-14	\$ 2,044,823
2014-15	9,015,483	2014-15	2,769,462
2015-16	16,891,269	2015-16	5,188,621
2016-17	11,260,272	2016-17	3,459,038
2017-18	2,806,168	2017-18	13,114,000
2018-19	9,753,600	2018-19	2,395,000
2019-20	27,597,772	2019-20	265,000
		2022-21	5,174,000
		2021-22	21,890,000
		2022-23	31,811,145
Total Obligation:	83,981,116	Total Obligation:	88,111,089
Less amounts representing interest:	<u>(16,306,306)</u>	Less amounts representing interest:	<u>(20,811,089)</u>
Lease Revenue Bonds Payable:	<u><u>\$ 67,674,810</u></u>	Lease Revenue Bonds Payable:	<u><u>\$ 67,300,000</u></u>

**Note 10. - COMMITMENTS AND CONTINGENCIES**

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



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 10. - COMMITMENTS AND CONTINGENCIES – cont'd**

As of June 30, 2014, the District had outstanding commitments (contracts and purchase orders), of approximately \$1,081,760 primarily for supplies and equipment.

In certain circumstances and occasions, the District is party to legal proceedings which arise in the normal event of operations. Any liability resulting from these accounts is not believed, by management, to have a material effect on the financial statements.

**Note 11. - NOTES ON STATISTICAL INFORMATION**

**Trend Information**

Consultation with the Government Finance Officers Association was initiated in the 2011-12 reporting period, which was the first year the District prepared a Comprehensive Annual Financial Report. For consistency purposes, and due to record retention policies, the District chose to present five years of data on all statistical information during the 2011-12 reporting period. Only five years of data is maintained by our independent auditors, State auditor, and State Department of Education.

This is the third year the District has produced a Comprehensive Annual Financial Report. Going forward, the District will be able to add an additional year of data in order to achieve the ten-year requirement. Therefore, seven years of information is presented in the trend information of the Statistical Section.

The District retains all records relating to property until the period of limitations expires for the year in which the property is disposed or sold.

**Note 12. - NEW/ADOPTED PRONOUNCEMENTS**

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

**Fiscal Year Ended June 30, 2014**

- ✓ GASB pronouncements: Statement No. 65, *Items Previously Reported as Assets and Liabilities* in March 2012 – This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.





**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 12. - NEW/ADOPTED PRONOUNCEMENTS- cont'd**

This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The District has adopted GASB Statement No. 65 in 2014. The result of the adoption of GASB Statement No. 65, has not had a significant impact on the District's financial statement presentation.

**Fiscal Year Ended June 30, 2015**

- ✓ Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and implementation guidance was issued in November 2013. Although the impact that GASB No. 68 has on financial statements has not been quantified, the District believes that adoption will result in a significant decrease in its net position.
  
- ✓ Statement No. 69, Government Combinations and Disposals of Government Operations GASB No. 69 was issued in January 2013 and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisitions and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. GASB 69 becomes effective in fiscal year 2015, and should be applied on a perspective basis.



**Broken Arrow Public Schools  
Notes to the Basic Financial Statements  
For the Period June 30, 2014**

**Note 12. - NEW/ADOPTED PRONOUNCEMENTS- cont'd**

- ✓ Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees GASB No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. This Statement is effective for fiscal years ended June 30, 2015. Earlier application is encouraged. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The District has not yet evaluated the effects that GASB No. 70 will have on its financial statements.

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## Combining Statements and Comparative Schedules





**Broken Arrow Public Schools**  
**Other Supplementary Information**  
**Combining Statement of Changes in Assets and Liabilities -**  
**Private Purpose Trust Funds**  
**Year Ended June 30, 2014**

	Private Purpose Trust Funds		
	Endowment	Gift Fund	Total
	Fund		
ASSETS			
Cash and cash equivalents	\$ 3,176	\$ 39,290	\$ 42,466
Investments	40,000	50,000	90,000
TOTAL ASSETS	43,176	89,290	132,466
LIABILITIES			
Accounts Payable	-	-	-
Other Liabilities	-	-	-
Due to student groups	-	-	-
TOTAL LIABILITIES	-	-	-
NET POSITION			
Restricted	-	-	-
Unrestricted	43,176	89,290	132,466
TOTAL NET POSITION	\$ 43,176	\$ 89,290	\$ 132,466

The accompanying notes to the financial statements are an integral part of this statement.



**Broken Arrow Public Schools**  
**Other Supplementary Information**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**Year Ended June 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Adjustments	Balance June 30, 2014
HIGH SCHOOL TOTAL	\$ 479,923	\$ 1,374,195	\$ 1,395,691	\$ 754	\$ 459,180
INTERMEDIATE HIGH SCHOOLS TOTAL	91,026	210,123	220,084	-	81,065
ALTERNATIVE SCHOOL TOTAL	19,895	13,375	13,851	1,628	21,046
MIDDLE SCHOOLS TOTAL	230,904	575,892	563,497	361	243,660
ELEMENTARY SCHOOLS TOTAL	187,257	390,726	351,415	347	226,915
EARLY CHILDHOOD CENTERS TOTAL	-	72,729	50,288	-	22,441
STUDENT CLUBS TOTAL	753,478	2,895,713	2,944,466	1,144	705,868
ADMINISTRATIVE TOTAL	<u>499,341</u>	<u>617,165</u>	<u>870,489</u>	<u>741</u>	<u>246,759</u>
TOTAL FUNDS HELD FOR					
STUDENT ACTIVITIES	<u>2,261,824</u>	<u>6,149,917</u>	<u>(6,409,781)</u>	<u>4,974</u>	<u>2,006,934</u>
SUMMARY - ACTIVITY FUNDS					
ASSETS					
Cash	<u>2,261,824</u>	<u>6,151,520</u>	<u>(6,409,781)</u>	<u>4,974</u>	<u>2,008,537</u>
LIABILITIES					
Accounts payable and accrued liabilities	-	1,602	-	-	1,602
Funds held for student activities	<u>2,261,824</u>	<u>6,149,917</u>	<u>(6,409,781)</u>	<u>4,974</u>	<u>2,006,934</u>
TOTAL LIABILITIES	<u>\$ 2,261,824</u>	<u>\$ 6,151,520</u>	<u>\$ (6,409,781)</u>	<u>\$ 4,974</u>	<u>\$ 2,008,537</u>

See independent auditors report



**Broken Arrow Public Schools**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedule by Sources**  
**Year Ended June 30, 2014**

	<u>2014</u>	<u>2013</u>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>		
Land	\$ 16,051,247	\$ 16,051,247
Buildings	173,243,560	147,302,374
Improvements other than buildings	4,076,058	247,853
Machinery and equipment	30,554,731	26,325,729
Construction-in-progress	<u>11,445,342</u>	<u>18,713,924</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b><u>\$ 235,370,939</u></b>	<b><u>\$ 208,641,127</u></b>
<b>INVESTMENTS IN GOVERNMENTAL FUNDS</b>		
<b>CAPITAL ASSETS BY SOURCE</b>		
General fund	\$ 2,174,785	\$ 1,905,542
Special revenue fund	7,133,279	3,337,135
Capital projects fund	225,822,167	203,157,743
Donations	-	-
Other sources	<u>240,707</u>	<u>240,707</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b><u>\$ 235,370,939</u></b>	<b><u>\$ 208,641,127</u></b>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Business-Type Activities are excluded from the above amounts.

See independent auditors' report.





**Broken Arrow Public Schools**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**Year Ended June 30, 2014**

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction In-Progress</u>	<u>Total</u>
<b>GENERAL GOVERNMENT</b>						
Instruction	\$ 16,051,247	\$ 166,016,322	\$ 247,853	\$ 10,561,809	\$ 11,445,342	\$ 204,322,573
Support services - Students and staff	-	-	3,715,303	2,485,003	-	6,200,306
Instructional support services	-	1,304,426	-	1,763,266	-	3,067,692
Administrative support services	-	4,270,344	-	6,506,638	-	10,776,982
Operations and maintenance of plant services	-	892,249	112,902	4,475,588	-	5,480,739
Transportation	-	-	-	4,333,935	-	4,333,935
Non-instructional	-	760,218	-	341,984	-	1,102,204
Other-unclassified	-	-	-	86,509	-	86,509
<b>TOTAL GOVERNMENTAL FUNDS</b>						
<b>CAPITAL ASSETS</b>	<u>\$ 16,051,247</u>	<u>\$ 173,243,560</u>	<u>\$ 4,076,058</u>	<u>\$ 30,554,731</u>	<u>\$ 11,445,342</u>	<u>\$ 235,370,939</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Business-Type Activities are excluded from the above amounts.

See independent auditors' report.



**Broken Arrow Public Schools**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Changes by Function and Activity**  
**Year Ended June 30, 2014**

	Governmental Funds Capital Assets June 30, 2013	Additions	Reclassifications & Adjustments	Deductions	Governmental Funds Capital Assets June 30, 2014
<b>GENERAL GOVERNMENT</b>					
Instruction	\$ 185,376,463	\$ 49,667,904	\$ (2,740,973)	\$ (27,980,821)	\$ 204,322,573
Support services - Students and staff	2,457,892	3,742,415	-	-	6,200,306
Instructional support services	2,307,628	760,064	-	-	3,067,692
Administrative support services	9,802,549	1,006,708	-	(32,275)	10,776,982
Operations and maintenance of plant services	3,386,270	2,147,150	-	(52,681)	5,480,739
Transportation	4,121,614	296,486	-	(84,165)	4,333,935
Support services-central	1,102,204	-	-	-	1,102,204
Other support services	86,509	-	-	-	86,509
Non-instructional	-	-	-	-	-
Other-unclassified	-	-	-	-	-
<b>TOTAL GOVERNMENTAL FUNDS</b>					
<b>CAPITAL ASSETS</b>	<u>\$ 208,641,127</u>	<u>\$ 57,620,726</u>	<u>\$ (2,740,973)</u>	<u>\$ (28,149,941)</u>	<u>\$ 235,370,939</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Business-Type Activities are excluded from the above amounts.

See independent auditors' report.



## Statistical Section





**Statistical Section**  
**Fiscal Year Ended June 30, 2014**  
**TABLE OF CONTENTS**

This part of the District's Comprehensive Annual Financial Report presents detailed information as a framework in understanding what the information within the financial statements, note disclosures, and required supplementary information says about the District's overall financial condition.

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u>	93
These schedules compile trend information and report how the District's financial position has changed over time.	
<u>Revenue Capacity</u>	101
These schedules provide information regarding the District's major revenue sources; property taxes, and the stability/growth of revenue.	
<u>Debt Capacity</u>	107
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and their ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	113
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<u>Operating Information</u>	117
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year. This is the third year the District has produced a Comprehensive Annual Financial Report. The District implemented GASB Statement No. 34 in the fiscal year ended June 30, 2012. The District presents seven years of information, of which three most current years adhere to GASB Statement No. 34. Going forward, the District will be able to add an additional year of data in order to achieve the ten-year requirement (see Note 11 in Notes to the Basic Financial Statements).



## Financial Trends





**Broken Arrow Public Schools**  
**District-Wide Net Position by Component**  
**Last Seven Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014
Governmental activities							
Net investment in capital assets	\$ 58,653,278	\$ 63,653,655	\$ 65,696,780	\$ 64,777,360	\$ 72,963,235	\$ 82,887,760	\$ 99,721,910
Restricted for debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820	15,515,172
Restricted for capital projects	11,670,497	13,529,823	16,741,243	26,233,999	32,698,625	32,924,660	26,088,099
Restricted for building	-	-	-	-	3,144,045	2,762,215	2,333,899
Unrestricted	7,402,375	11,352,959	12,127,691	21,412,088	21,980,866	20,080,655	17,648,608
Total Governmental activities net position	<u>87,735,408</u>	<u>101,809,907</u>	<u>110,777,572</u>	<u>129,201,027</u>	<u>147,003,139</u>	<u>153,736,110</u>	<u>161,307,688</u>
Business-type activities							
Net investment in capital assets	68,007	-	259,130	25,966	352,642	719,273	1,370,958
Restricted for debt service	-	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-	-
Unrestricted	1,308,354	1,676,733	2,327,646	2,280,412	3,255,159	3,149,060	2,845,581
Total business-type activities net position	<u>1,376,361</u>	<u>1,676,733</u>	<u>2,586,776</u>	<u>2,306,378</u>	<u>3,607,801</u>	<u>3,868,334</u>	<u>4,216,539</u>
District-wide							
Net investment in capital assets	58,721,285	63,653,655	65,955,910	64,803,326	73,315,877	83,607,033	101,092,868
Restricted for debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820	15,515,172
Restricted for capital projects	11,670,497	13,529,823	16,741,243	26,233,999	32,698,625	32,924,660	26,088,099
Restricted for operations	-	-	-	-	3,144,045	2,762,215	2,333,899
Unrestricted	8,710,729	13,029,692	14,455,337	23,692,500	25,236,025	23,229,715	20,494,188
Total district-wide net position	<u>\$ 89,111,769</u>	<u>\$ 103,486,640</u>	<u>\$ 113,364,348</u>	<u>\$ 131,507,405</u>	<u>\$ 150,610,940</u>	<u>\$ 157,604,444</u>	<u>\$ 165,524,227</u>

**Note:** The District began to report net position in lieu of net assets in conformity with GASB Statement 63 beginning in 2012.  
Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.



**Broken Arrow Public Schools**  
**District-Wide Changes in Net Position**  
**Last Seven Fiscal Years**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>							
Governmental activities							
Instruction	\$ 59,911,169	\$ 60,916,792	\$ 59,698,004	\$ 56,915,460	\$ 59,271,138	\$ 58,117,540	\$ 65,495,842
Support services - Students	10,433,338	12,845,772	20,727,734	8,169,317	8,166,385	7,951,821	8,390,280
Support services - Instructional Staff	4,619,108	3,898,555	4,904,472	6,569,980	5,051,994	5,906,085	5,619,036
Support services - Administration	17,321,656	15,594,220	13,503,518	12,890,477	11,749,833	12,608,451	12,040,169
Operations and maintenance services	6,932,236	6,713,008	7,467,547	12,437,218	11,337,283	10,225,839	12,428,523
Student transportation services	5,806,382	6,177,841	4,698,556	6,994,021	6,563,236	5,438,306	5,774,785
Other support services	1,264,295	249,408	792,110	487,251	659,417	656,673	631,639
Child Nutrition	-	-	-	-	80,352	-	1,952,800
Community services	315,802	471,260	398,450	580,860	603,868	688,638	1,827,511
Loss on disposal of assets	-	-	416,831	319,186	1,726,999	4,502,515	2,532,717
Judgement Paid	-	-	-	-	35,641	-	-
Depreciation	2,715,345	2,808,662	3,217,457	3,785,208	3,333,496	3,195,337	4,904,420
Interest on long-term debt	1,911,725	2,542,069	2,174,625	2,550,031	2,902,285	1,703,318	1,726,882
Total governmental-type activities expense	<u>111,231,056</u>	<u>112,217,588</u>	<u>117,999,304</u>	<u>111,699,009</u>	<u>111,481,927</u>	<u>110,994,523</u>	<u>123,324,604</u>
Business-type activities							
Food service	<u>6,514,487</u>	<u>6,387,455</u>	<u>7,063,688</u>	<u>6,478,194</u>	<u>6,581,268</u>	<u>7,390,973</u>	<u>7,675,095</u>
Total business-type activities expense	<u>6,514,487</u>	<u>6,387,455</u>	<u>7,063,688</u>	<u>6,478,194</u>	<u>6,581,268</u>	<u>7,390,973</u>	<u>7,675,095</u>
Total district expenses	<u><u>117,745,543</u></u>	<u><u>118,605,043</u></u>	<u><u>125,062,992</u></u>	<u><u>118,177,203</u></u>	<u><u>118,063,195</u></u>	<u><u>118,385,496</u></u>	<u><u>130,999,699</u></u>
<b>Program Revenues</b>							
Governmental activities							
Charges for services							
Regular instruction	504,386	479,780	466,790	418,886	340,885	333,432	321,387
Operations and maintenance services	5,052,459	5,050,996	3,713,585	3,445,445	46,530	25,946	24,410
Pupil transportation services	-	-	-	-	-	-	8,225
Community services	-	-	-	-	-	-	-
Other support services	151,704	37,126	480,131		21,430	-	273,365
Operating grants and contributions	10,633,076	11,079,609	16,232,214	24,076,886	10,696,486	5,918,539	5,926,899
Capital grants and contributions	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>16,341,625</u>	<u>16,647,511</u>	<u>20,892,720</u>	<u>27,941,217</u>	<u>11,105,330</u>	<u>6,277,917</u>	<u>6,554,286</u>
Business-type activities							
Charges for services							
Food service	4,033,621	3,905,658	3,714,167	3,467,887	3,320,643	3,494,344	3,816,946
Operating grants and contributions	2,337,167	2,954,151	2,897,445	3,047,490	3,472,757	3,596,662	3,762,302
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities revenues	<u>6,370,788</u>	<u>6,859,809</u>	<u>6,611,612</u>	<u>6,515,377</u>	<u>6,793,400</u>	<u>7,091,006</u>	<u>7,579,249</u>
Total district program revenues	<u><u>\$ 22,712,413</u></u>	<u><u>\$ 23,507,320</u></u>	<u><u>\$ 27,504,332</u></u>	<u><u>\$ 34,456,594</u></u>	<u><u>\$ 17,898,730</u></u>	<u><u>\$ 13,368,923</u></u>	<u><u>\$ 14,133,535</u></u>



**Broken Arrow Public Schools**  
**District-Wide Changes in Net Position**  
**Last Seven Fiscal Years**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014
<b>Net (Expense) Revenue</b>							
Governmental activities	\$ (94,889,431)	\$ (95,570,077)	\$ (97,106,584)	\$ (83,757,792)	\$ (100,376,597)	\$ (104,716,606)	\$ (116,770,318)
Business-type activities	(143,699)	472,354	(452,076)	37,183	212,132	(299,967)	(95,846)
Total district net expense	<u>(95,033,130)</u>	<u>(95,097,723)</u>	<u>(97,558,660)</u>	<u>(83,720,609)</u>	<u>(100,164,465)</u>	<u>(105,016,573)</u>	<u>(116,866,164)</u>
<b>General Revenues and Other Changes in Net Position</b>							
Governmental activities							
Taxes							
Property tax, levied for general purposes	23,604,816	25,319,852	26,900,743	28,204,650	29,039,761	25,814,046	31,156,969
Property tax, levied for debt services	15,009,798	17,992,301	18,234,448	18,799,415	20,294,054	20,656,717	21,702,367
Other taxes	6,827,847	7,055,450	7,641,379	7,933,296	9,464,365	10,288,974	10,828,630
State aid not restricted to specific programs	49,797,710	51,893,632	44,984,063	38,567,628	52,638,985	53,022,412	57,167,677
Interest and investment earnings	2,219,124	757,577	247,515	367,898	907,841	90,436	60,895
Gain on disposal of capital assets	(4,494)	(182,736)	(218,002)	-	9,834	16,050	114,259
Other	4,936,708	8,209,392	9,194,146	7,465,731	6,187,239	1,560,942	3,311,098
Total governmental activities	<u>102,391,509</u>	<u>111,045,468</u>	<u>106,984,292</u>	<u>101,338,618</u>	<u>118,542,079</u>	<u>111,449,577</u>	<u>124,341,896</u>
Business-type activities							
State aid not restricted to specific programs	377,222	38,004	310,695	362,871	460,329	528,414	410,442
Interest and investment earnings	4,705	15,827	20,884	8,344	4,753	3,331	2,734
Gain on disposal of capital assets	-	-	4,425	39,431	2,302	-	-
Other	-	-	-	-	114,592	28,755	30,956
Total business-type activities	<u>381,927</u>	<u>53,831</u>	<u>336,004</u>	<u>410,646</u>	<u>581,976</u>	<u>560,500</u>	<u>444,052</u>
Total district-wide	<u>102,773,436</u>	<u>111,099,299</u>	<u>107,320,296</u>	<u>101,749,264</u>	<u>119,124,055</u>	<u>112,010,077</u>	<u>124,785,948</u>
<b>Changes in Net Position</b>							
Governmental activities	7,502,078	15,475,391	9,877,708	17,580,826	18,165,482	6,732,971	7,571,578
Business-type activities	238,228	526,185	(116,072)	447,829	794,108	260,533	348,206
Total district	<u>\$ 7,740,306</u>	<u>\$ 16,001,576</u>	<u>\$ 9,761,636</u>	<u>\$ 18,028,655</u>	<u>\$ 18,959,590</u>	<u>\$ 6,993,503</u>	<u>\$ 7,919,784</u>

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.





**Broken Arrow Public Schools**  
**Fund Balances of Governmental Funds**  
**Last Seven Fiscal Years**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014
General Fund							
Reserved							
Unreserved	\$ 5,925,936	\$ 9,410,693	\$ 10,878,215	\$ 18,541,950			
Nonspendable					\$ 161,964	\$ 284,978	\$ 272,414
Restricted					-	-	-
Committed					-	-	-
Assigned					291,828	117,317	-
Unassigned					21,383,129	19,534,415	17,113,895
Total general fund	<u>\$ 5,925,936</u>	<u>\$ 9,410,693</u>	<u>\$ 10,878,215</u>	<u>\$ 18,541,950</u>	<u>\$ 21,836,922</u>	<u>\$ 19,936,710</u>	<u>\$ 17,386,308</u>
All Other Governmental Funds							
Reserved, reported in:							
Sinking fund							
Reserved for debt service	\$ 10,009,258	\$ 13,273,470	\$ 16,211,858	\$ 16,777,580			
Bond funds							
Reserved for capital projects	11,670,497	13,529,823	16,741,243	26,233,999			
Other governmental funds	-	-	-	-			
Unreserved, reported in:							
Building fund	1,108,060	1,291,353	1,858,942	2,336,858			
Other governmental funds	1,676,733	2,327,646	2,280,411	2,813,692			
Nonspendable					-	-	-
Restricted					\$ 52,202,982	\$ 50,911,640	\$ 43,937,170
Committed					-	-	-
Assigned					-	-	143,945
Total all other governmental funds	<u>\$ 24,464,548</u>	<u>\$ 30,422,292</u>	<u>\$ 37,092,454</u>	<u>\$ 48,162,129</u>	<u>\$ 52,202,982</u>	<u>\$ 50,911,640</u>	<u>\$ 44,081,115</u>

**Note:** The District implemented GASB Statement No. 54 in 2012, resulting in the change in fund balance categories. Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.



**Broken Arrow Public Schools**  
**Changes in Fund Balances of Governmental Funds**  
**Last Seven Fiscal Years**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>							
Local sources	\$ 47,289,398	\$ 50,434,186	\$ 54,182,832	\$ 53,928,541	\$ 55,819,300	\$ 53,024,547	\$ 54,093,898
Intermediate sources	3,409,448	3,433,650	3,760,192	3,891,556	3,905,726	4,220,581	4,163,544
State sources	59,151,291	61,426,418	54,511,499	54,927,548	58,197,625	59,090,805	63,919,714
Federal sources	8,114,763	10,607,155	14,339,571	15,650,262	10,696,486	5,918,539	6,076,809
Other sources	-	-	-	-	238,255	485,031	2,116,807
<b>Total Revenue</b>	<b>117,964,900</b>	<b>125,901,409</b>	<b>126,794,094</b>	<b>128,397,907</b>	<b>128,857,392</b>	<b>122,739,503</b>	<b>130,370,771</b>
<b>Expenditures</b>							
<b>Current</b>							
Instruction	60,095,117	61,074,372	59,698,004	57,153,774	60,531,381	60,804,635	64,929,255
Student	39,252,896	39,903,005	45,161,172	41,200,435	8,166,385	8,341,730	8,564,110
Instructional staff	-	-	-	-	5,051,994	6,000,678	6,060,517
Administration	-	-	-	-	13,926,174	13,371,104	15,053,772
Operations and maintenance	3,717	2,098	657,891	1,956,323	13,374,600	14,848,672	21,025,001
Student transportation	6,932,236	6,713,008	7,467,547	4,956,839	6,229,887	6,600,049	6,140,707
<b>Non-Instruction expenditures</b>							
Child Nutrition operations	-	-	-	-	80,352	-	-
Community service operations	327,458	249,409	134,219	401,379	603,868	712,139	631,639
Other	-	-	-	3,510	623,777	49,881	562,330
Capital outlay	16,864,227	5,618,198	8,238,872	10,005,932	9,880,802	10,867,181	20,712,239
<b>Debt service</b>							
Principal	13,825,000	12,275,000	15,425,000	15,925,000	18,750,000	20,875,000	20,225,000
Interest	1,911,725	2,542,069	2,174,625	2,550,031	35,641	1,700,488	1,827,511
Other	-	-	-	-	2,886,978	-	-
<b>Total expenditures</b>	<b>\$ 139,212,376</b>	<b>\$ 128,377,159</b>	<b>\$ 138,957,330</b>	<b>\$ 134,153,223</b>	<b>\$ 140,141,839</b>	<b>\$ 144,171,559</b>	<b>\$ 165,732,081</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(21,247,476)</b>	<b>(2,475,750)</b>	<b>(12,163,236)</b>	<b>(5,755,316)</b>	<b>(11,284,447)</b>	<b>(21,432,056)</b>	<b>(35,361,310)</b>



**Broken Arrow Public Schools**  
**Changes in Fund Balances of Governmental Funds**  
**Last Seven Fiscal Years (con't)**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014
Other financing sources (uses)							
Issuance of debt	\$ 23,100,000	\$ 10,000,000	\$ 19,000,000	\$ 23,500,000	\$ 20,500,000	\$ 18,000,000	\$ 21,613,300
Capital Leases	-	-	-	-	-	(486,652)	3,500,000
Premium on new issuance of debt	-	-	-	-	790,019	727,155	752,823
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	114,259
Transfers in	744,310	1,918,251	1,300,920	988,726	-	-	140,000
Transfers out	-	-	-	-	-	-	(140,000)
Total other financing sources (uses)	23,844,310	11,918,251	20,300,920	24,488,726	21,290,019	18,240,503	25,980,382
Net changes in fund balances	\$ 2,596,834	\$ 9,442,501	\$ 8,137,684	\$ 18,733,410	\$ 10,005,572	\$ (3,191,553)	\$ (9,380,928)
Debt service as a percentage of noncapital expenditures <sup>a</sup>	12.86%	12.07%	13.46%	14.88%	14.74%	17.68%	14.82%

<sup>a</sup>Noncapital expenditures debt service percentage calculations are total expenditures less capital outlay reported on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

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## Revenue Capacity





**Broken Arrow Public Schools**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Seven Fiscal Years**

Fiscal Year Ended June 30th	Real Property Assessed Value <sup>a</sup>	Personal Property Net Assessed Value <sup>a</sup>	Public Service Property Assessed Value <sup>b</sup>	Total Net Assessed Value	Total Estimated Actual Value <sup>c</sup>	Ratio of Net Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate <sup>d</sup>
2008	\$ 484,420,732	\$ 53,927,308	\$ 34,859,642	\$ 573,207,682	\$ 5,212,934,953	11.00%	\$ 68.00
2009	522,717,574	56,988,436	35,199,606	614,905,616	5,592,219,497	11.00%	71.16
2010	555,513,840	60,148,019	37,125,687	652,787,546	5,960,056,518	10.95%	69.72
2011	580,956,754	61,731,452	38,280,454	680,968,660	6,213,429,439	10.96%	69.25
2012	601,588,555	62,450,345	36,694,573	700,733,473	6,403,085,486	10.94%	70.60
2013	615,160,586	67,790,732	38,357,583	721,308,901	6,602,257,029	10.93%	70.22
2014	634,215,020	80,940,052	36,992,320	752,147,392	6,891,879,682	10.91%	70.51

<sup>a</sup> Assessed value is defined as the taxable value of real personal property and is subject to an assessment rate set by the County Assessor to calculate the amount of tax liability.

<sup>b</sup> Public service property is centrally assessed by the Oklahoma State Board of Equalization. The assessment rates on public service property, airlines and railroads are included in this category.

<sup>c</sup> Estimated actual value is used in computing the gross assessed value for tax purposes. The Oklahoma Constitution provides that this value will not exceed a 5% increase over the previous year unless improvements were made to the property or if title to the property is transferred, changed, or conveyed to another person.

<sup>d</sup> Components of total direct tax rate are found on the Direct and Overlapping Property Tax Rate table.

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Source:** Tulsa & Wagoner County Assessors



**Broken Arrow Public Schools**  
**Direct and Overlapping Property Tax Rates**  
**Last Seven Fiscal Years**

Fiscal Year	Direct Rates				Rates for Taxpayers in the City of Broken Arrow					
	Broken Arrow School District				Overlapping Rates					Total Direct & Overlapping Rates
	General	Building	Sinking	Total Direct Rates	Tulsa County	Tulsa Community College	Tulsa Vo-Tech	City of Broken Arrow		
2008	\$ 36.40	\$ 5.20	\$ 26.40	\$ 68.00	\$ 22.21	\$ 7.21	\$ 13.33	\$ 15.30	\$ 194.05	
2009	36.40	5.20	29.56	71.16	22.21	7.21	13.33	15.72	200.79	
2010	36.40	5.20	28.12	69.72	22.21	7.21	13.33	15.98	198.17	
2011	36.40	5.20	27.65	69.25	22.21	7.21	13.33	16.44	197.69	
2012	36.40	5.20	29.00	70.60	22.24	7.21	13.33	17.13	206.11	
2013	36.40	5.20	28.62	70.22	22.24	7.21	13.33	16.50	199.72	
2014	36.40	5.20	28.91	70.51	22.23	7.21	13.33	17.32	201.11	
Seven-Year Average									\$ 199.66	

**Note:** A mill is the equivalent of \$1 per \$1,000 of net assessed value. The District's millage rate levy is pursuant to provisions of the Constitution of the State of Oklahoma contained in Article X. The County Excise Board certifies the Estimate of Needs submitted by the District annually and computes the rate of mill levy necessary for General Fund, Building Fund, and Sinking Fund purposes.

Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Source:** Notice of Sale and Official Statement prepared by Stephen L. Smith Corporation and Tulsa and Wagoner County Assessors



**Broken Arrow Public Schools  
Principal Property Taxpayers  
Current Year and Six Years Ago**

Taxpayer	2014		2008	
	Net Assessed Valuation	Percentage of District's Net Assessed Valuation <sup>a</sup>	Net Assessed Valuation	Percentage of District's Net Assessed Valuation <sup>b</sup>
Public Service Company of Oklahoma	\$ 8,771,461	1.17%	\$ 11,910,491	2.08%
Flight Safety International	7,356,266	0.98%	-	-
Wal-Mart Stores	5,184,634	0.69%	4,714,887	0.82%
Valor Communication of Oklahoma	4,278,205	0.57%	8,326,538	1.45%
Park at Misson Hills	3,969,242	0.53%	-	-
Oklahoma Natural Gas	3,881,893	0.52%	4,243,347	0.74%
Auburndale Halifax Broken Arrow LLC	3,263,049	0.43%	-	-
Greens at Broken Arrow	3,048,084	0.41%	2,317,632	0.40%
SJS Hospitality	2,095,537	0.28%	-	-
Villas At Aspen Park LLC	1,800,666	0.24%	-	-
Greens at Battlecreek	1,695,217	0.23%	-	-
Lowe's Home Center	1,618,039	0.22%	1,695,571	0.30%
LSREF2 Oreo (Heights) LLC	1,559,910	0.21%	-	-
Cox Communications	1,453,280	0.19%	2,901,844	0.51%
St. John Hospital	1,437,201	0.19%	-	-
Total	<u>\$ 51,412,684</u>	<u>6.84%</u>	<u>\$ 36,110,310</u>	<u>6.30%</u>

<sup>a</sup> Based on FY13-14 District Net Assessed Valuation of 752,147,392

<sup>b</sup> Based on FY07-08 District Net Assessed Valuation of 573,207,682

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Note:** Of the top 15 principal property tax payers provided by the source below, only 7 were in existence in 2008.

**Source:** Tulsa and Wagoner County Assessors





**Broken Arrow Public Schools  
Property Tax Levies and Collections  
Last Seven Fiscal Years**

Fiscal Year Ended June 30th	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collected in Subsequent Years <sup>b</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 38,922,705	\$ 37,776,917	97.06%	\$ 835,853	\$ 38,612,770	99.20%
2009	43,699,361	42,415,079	97.06%	897,075	43,312,154	99.11%
2010	45,448,521	44,180,722	97.21%	951,925	45,132,647	99.30%
2011	47,093,194	45,916,477	97.50%	1,087,587	47,004,064	99.81%
2012	49,406,126	48,237,658	97.63%	1,096,157	49,333,815	99.85%
2013	50,582,304	49,326,775	97.52%	998,599	50,325,374	99.49%
2014	52,957,704	51,631,605	97.50%	1,050,963	52,682,567	99.48%

<sup>a</sup> The Tulsa County Assessor is required to file a tax roll report on or before October 1 of each year with the Tulsa County Treasurer who must begin collecting taxes by November. The first half of taxes become due and payable on or before December 31. The second half becomes due and payable on or before March 31. If the first half is not paid by December 31, the total tax becomes due and payable on January 1.

<sup>b</sup> Ad valorem taxes not paid on or before April 1 are considered delinquent. Interest accrues on delinquent taxes at the rate of one and one-half percent monthly (18 percent annually) to a maximum of 100 percent of the taxes due until such time as the delinquent taxes are paid. If not paid by the following October 1, the property is offered for sale of the amount of taxes due.

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Source:** Tulsa and Wagoner County Treasurer's records.

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## Debt Capacity





**Broken Arrow Public Schools  
Ratios of Outstanding Debt by Type  
Last Seven Years**

Fiscal Year Ended June 30th	Governmental Activities General Obligation Bonds	Governmental Activities Capital Leases	Business-Type Activities General Obligation Bonds	Total District	Total Estimated Actual Value <sup>a</sup>	Ratio of Outstanding Debt to Estimated Actual Value <sup>a</sup>	Total Personal Income	Ratio of Outstanding Debt Per Personal Income	Average Daily Membership (ADM) <sup>b</sup>	Ratio of Outstanding Debt Per Student <sup>b</sup>
2008	\$ 65,125,000	-	-	\$ 65,125,000	\$ 5,212,934,953	1.25%	\$ 124,762,199	52.20%	15,919	\$ 4,091
2009	62,850,000	-	-	62,850,000	5,592,219,497	1.12%	138,297,718	45.45%	16,087	3,907
2010	66,425,000	-	-	66,425,000	5,960,056,518	1.11%	126,704,010	52.43%	16,460	4,036
2011	74,000,000	-	-	74,000,000	6,213,429,439	1.19%	133,616,459	55.38%	16,629	4,450
2012	75,750,000	-	-	75,750,000	6,403,085,486	1.18%	142,861,660	53.02%	16,836	4,499
2013	73,602,155	1,013,348	-	74,615,503	6,602,257,029	1.13%	148,798,993	50.15%	17,145	4,352
2014	75,642,649	4,013,468	-	79,656,117	6,891,879,682	1.16%	161,187,913	49.42%	17,916	4,446

<sup>a</sup> Estimated actual valuation is taken from the table, Assessed and Estimated Actual Value of Taxable Property.

<sup>b</sup> Per capita calculations are based on the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education.

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Sources:**

District records

Oklahoma State Department of Education



**Broken Arrow Public Schools**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Seven Fiscal Years**

Fiscal Year Ended June 30th	General Obligation Bonds	Less Sinking Fund Balance	Net General Bonded Debt Outstanding	Total Estimated Actual Value <sup>a</sup>	Ratio of Net Debt to Estimated Actual Valuation <sup>a</sup>	Average Daily Membership (ADM) <sup>b</sup>	Ratio of Net Debt Per Student <sup>b</sup>
2008	\$ 65,125,000	\$ 10,009,258	\$ 55,115,742	\$ 5,212,934,953	1.06%	15,919	\$ 3,462
2009	62,850,000	13,273,470	49,576,530	5,592,219,497	0.89%	16,087	3,082
2010	66,425,000	16,211,858	50,213,142	5,960,056,518	0.84%	16,460	3,051
2011	74,000,000	16,774,232	57,225,768	6,213,429,439	0.92%	16,629	3,441
2012	75,750,000	16,620,298	59,129,702	6,403,085,486	0.92%	16,836	3,512
2013	72,875,000	15,080,820	57,794,180	6,602,257,029	0.88%	17,145	3,371
2014	75,642,649	15,515,172	60,127,477	6,891,879,682	0.87%	17,916	3,356

<sup>a</sup> Estimated actual valuation is taken from the table, Assessed and Estimated Actual Value of Taxable Property.

<sup>b</sup> Per capital calculations are based on the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education .

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Sources:**

District records

Oklahoma State Department of Education



**Broken Arrow Public Schools**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Direct and Overlapping Debt <sup>b</sup>
Tulsa County	\$ 183,333	9.84%	\$ 18,040
Wagoner County	-	58.67%	-
Tulsa Community College	-	8.90%	-
Tulsa Vo-Tech #18	-	12.15%	-
City of Broken Arrow	101,401,075	100.00%	101,401,075
City of Tulsa	465,428,726	0.68%	3,164,915
City of Coweta	-	48.22%	-
Subtotal, overlapping debt			104,584,030
<b>District direct debt<sup>c</sup></b>			<b>79,656,117</b>
<b>Total direct and overlapping debt</b>			<b>\$ 184,240,147</b>

<sup>a</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the District's boundaries and dividing it by the County's total taxable assessed value.

<sup>b</sup> Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments.

<sup>c</sup> This direct debt amount is the sum of the governmental activities debt in the Statistical Section schedule of debt ratios.

**Source:** Official Statement and Notice prepared by Stephen L. Smith Corporation



**Broken Arrow Public Schools  
Legal Debt Margin  
Last Seven Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2014:**

Secondary assessed valuation		\$	752,147,392
Debt Limit (10% of assessed value)			75,214,739
Debt applicable to limit	79,656,117		
Current sinking fund balance	(15,515,172)		64,140,945
Legal debt margin		<b>\$</b>	<b>11,073,794</b>

Fiscal Year Ended June 30th	Net Assessed Valuation <sup>a</sup>	Legal Debt Limit 10% of Net Assessed Valuation <sup>b</sup>	Outstanding District Indebtedness	Less Sinking Fund Balance	Total Net Debt Subject to Legal Limit	Legal Debt Margin <sup>c</sup>	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2008	\$ 573,207,682	\$ 57,320,768	\$ 65,125,000	\$ 10,009,258	\$ 55,115,742	\$ 2,205,026	96.15%
2009	614,905,616	61,490,562	62,850,000	13,273,470	49,576,530	11,914,032	80.62%
2010	652,787,546	65,278,755	66,425,000	16,211,858	50,213,142	15,065,613	76.92%
2011	680,968,660	68,096,866	74,000,000	16,774,232	57,225,768	10,871,098	84.04%
2012	700,733,473	70,073,347	75,750,000	16,216,368	59,533,632	10,539,715	84.96%
2013	721,308,901	72,130,890	73,888,348	15,080,820	58,807,528	13,323,362	81.53%
2014	752,147,392	75,214,739	79,656,117	15,515,172	64,140,945	11,073,794	85.28%

<sup>a</sup> Net assessed valuation is taken from the table, Assessed and Estimated Actual Value of Taxable Property.

<sup>b</sup> The general obligation indebtedness of the District is limited by Oklahoma law to 10% of the net assessed value of the taxable property in the District.

<sup>c</sup> The legal debt margin is the additional debt incurring capacity of the District as allowed by Oklahoma law.

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Sources:**

District financial records  
Tulsa and Wagoner County Assessors

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## Demographic & Economic Information





**Broken Arrow Public Schools  
Demographic and Economic Statistics  
Last Seven Fiscal Years**

Fiscal Year Ended June 30th	Population <sup>a</sup>	Total Personal Income <sup>c</sup>	Real Per Capita Personal Income <sup>a</sup>	Unemployment Rate <sup>b</sup>	District Student Population <sup>d</sup>
2008	98,354	\$ 124,762,199	\$ 25,323	3.40%	15,919
2009	101,431	138,297,718	24,974	6.90%	16,087
2010	98,850	126,704,010	24,548	7.00%	16,460
2011	100,073	133,616,459	23,776	6.10%	16,629
2012	102,103	142,861,660	23,838	4.70%	16,836
2013	103,500	148,798,993	24,085	3.40%	17,145
2014	103,808	161,187,913	24,284	3.90%	17,916

<sup>a</sup> US Census Bureau

<sup>b</sup> Oklahoma Employment Security Commission

<sup>c</sup> US Bureau of Economic Analysis

<sup>d</sup> District records average daily membership

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.



**Broken Arrow Public Schools  
Broken Arrow Area Principal Employers  
Current Year and Six Years Ago**

Employer	2014		2008	
	Employees <sup>a</sup>	Percentage of Total Employment <sup>b</sup>	Employees <sup>a</sup>	Percentage of Total Employment <sup>c</sup>
Broken Arrow Public Schools	2,090	2.01%	2,034	2.07%
Walmart	900	0.87%	1,323	1.35%
Northeastern State University	800	0.77%	-	-
Flight Safety International	715	0.69%	650	0.66%
City of Broken Arrow	675	0.65%	746	0.76%
Zeeco	487	0.47%	-	-
Oklahoma Healthcare Services	460	0.44%	-	-
Exterran, Inc.	350	0.34%	-	-
MicahTek, Inc.	350	0.34%	375	0.38%
McDaniel Technical Services	325	0.31%	-	-
A G Equipment Co.	322	0.31%	-	-
Rhema Bible Church	287	0.28%	-	-
Davis H. Elliot/Oklahoma Inc.	275	0.26%	-	-
Baker Hughes Oilfield Ops.	270	0.26%	-	-
St. John Broken Arrow	250	0.24%	-	-
	<u>8,556</u>	<u>8.24%</u>	<u>5,128</u>	<u>5.21%</u>

**Sources:**

<sup>a</sup> Broken Arrow Chamber of Commerce

<sup>b</sup> Based on US Census Bureau population of 103,808

<sup>c</sup> Based on US Census Bureau population of 98,354

**Note:** Of the 15 top employers only 5 were in the top 15 in 2008 for comparison purposes.



**Broken Arrow Public Schools**  
**Full-Time Equivalent District Employees by Type**  
**Last Seven Fiscal Years**

	Full-Time Equivalent Employees by Type							Percentage Change
	2008	2009	2010	2011	2012	2013	2014	2008-2014
Supervisory								
Principals	26	27	27	27	25	25	28	7.69%
Assistant Principals	23	23	20	22	26	26	25	8.70%
Total supervisory	49	50	47	49	51	51	53	8.16%
Instruction								
Teachers	837	806	785	858	875	873	946	13.02%
Other professionals	200	198	193	149	146	150	149	-25.50%
Aides	94	110	102	102	98	95	135	43.62%
Total instruction	1,131	1,114	1,080	1,109	1,119	1,118	1,230	8.75%
Student Services								
Librarians	23	24	24	24	24	24	23	0.00%
Technicians	36	44	41	35	34	44	67	86.11%
Social Workers/ Counselors	40	56	54	70	73	76	75	87.50%
Total student services	99	124	119	129	131	144	165	66.67%
Support and Administration <sup>a</sup>								
Office	259	281	276	281	277	246	250	-3.47%
Maintenance	165	146	134	153	150	146	172	4.24%
Food Service	111	121	114	113	114	141	153	37.84%
Transportation	136	147	143	171	170	175	170	25.00%
Total support and administration	671	695	667	718	711	708	745	11.03%
Total	1,950	1,983	1,913	2,005	2,012	2,021	2,193	12.46%

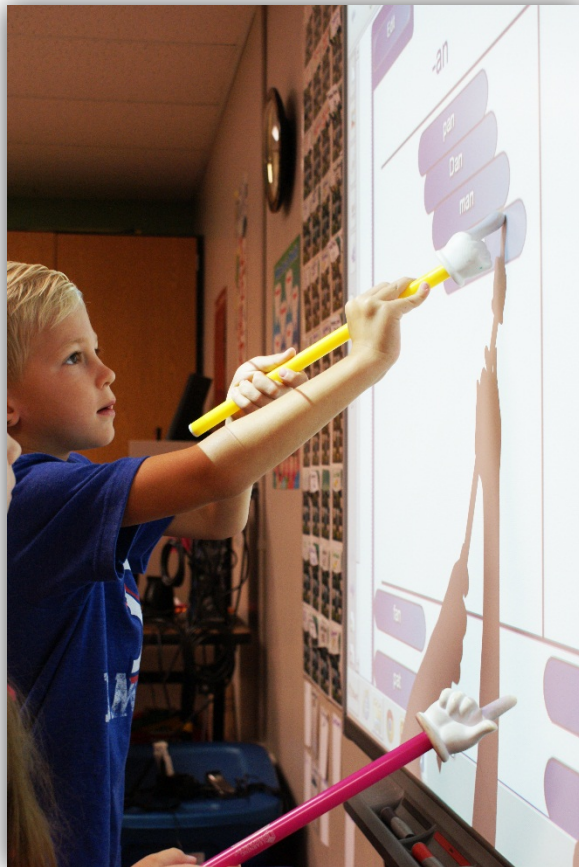
**Source:** State Department of Education and District records

<sup>a</sup> Total Support and Administration does not include instructional support personnel or principals/assistant principals.

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.



## Operating Information





**Broken Arrow Public Schools**  
**Capital Assets by Function and Activity**  
**Last Seven Fiscal Years**

	Fiscal Year Ending June 30th,						
	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>							
Instruction	\$ 151,819,800	\$ 156,398,025	\$ 157,122,239	\$ 167,357,145	\$ 177,962,564	\$ 185,376,462	\$ 204,322,573
Student	872,796	898,219	908,414	941,142	957,892	2,457,892	6,200,306
Instructional support	1,788,640	1,788,640	1,788,639	1,799,376	1,902,988	2,307,628	3,067,692
General administration	121,053	121,053	121,053	121,053	163,032	163,032	163,032
School administration	726,320	726,320	747,575	747,575	747,575	747,575	747,575
Business	800,627	1,117,041	6,821,682	6,919,619	8,284,960	8,891,941	9,866,374
Operations and maintenance	1,242,654	1,388,662	1,614,769	1,677,952	2,188,376	3,386,270	5,480,740
Transportation	906,167	1,207,067	3,173,817	3,173,817	3,264,782	4,121,614	4,333,934
Non-instructional	731,607	731,607	1,071,120	1,097,086	1,097,086	1,102,205	1,102,204
Other-unclassified	47,811	47,810	47,810	86,508	86,508	86,508	86,509
<b>Total Governmental Activities</b>	<b>159,057,474</b>	<b>164,424,443</b>	<b>173,417,118</b>	<b>183,921,273</b>	<b>196,655,762</b>	<b>208,641,127</b>	<b>235,370,939</b>
<b>Business-Type Activities<sup>a</sup></b>							
Child nutrition services	-	-	-	-	352,642	725,774	1,370,958
<b>Total Capital Assets</b>	<b>\$ 159,057,474</b>	<b>\$ 164,424,443</b>	<b>\$ 173,417,118</b>	<b>\$ 183,921,273</b>	<b>\$ 197,008,404</b>	<b>\$ 209,366,901</b>	<b>\$ 236,741,897</b>

<sup>a</sup>Prior to 2011-12, Business-Type Activities are included in Governmental Activities. See notes to financial statements.  
Beginning with 2011-12, the District changed the presentation of information to conform with GASB Statement No.34.

**Note:** See Note 4 in the Financial Section for full details on capital assets.

Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Source:** District Records



**Broken Arrow Public Schools  
Employee Information  
Last Seven Fiscal Years**

		2014	2013	2012	2011	2010	2009	2008
<b>Certified Personnel</b>								
<b>Bachelor's</b>								
Minimum Salary	\$	29,525	\$ 29,525	\$ 29,525	\$ 29,525	\$ 30,686	\$ 30,686	\$ 30,686
Maximum Salary	\$	42,123	\$ 41,560	\$ 41,560	\$ 41,460	\$ 41,460	\$ 41,272	\$ 42,122
Average Salary	\$	35,824	\$ 35,543	\$ 35,542	\$ 35,492	\$ 36,073	\$ 35,979	\$ 36,404
Number of Teachers		845	824	792	745	777	704	778
<b>Master's</b>								
Minimum Salary	\$	30,806	\$ 30,806	\$ 30,806	\$ 31,967	\$ 31,967	\$ 31,967	\$ 31,967
Maximum Salary	\$	45,428	\$ 44,753	\$ 44,753	\$ 44,653	\$ 44,653	\$ 44,428	\$ 45,703
Average Salary	\$	38,117	\$ 37,780	\$ 37,779	\$ 38,310	\$ 38,310	\$ 38,197	\$ 38,835
Number of Teachers		342	323	328	322	331	304	361
<b>Doctor's</b>								
Minimum Salary	\$	32,137	\$ 32,137	\$ 32,137	\$ 33,298	\$ 33,298	\$ 33,298	\$ 33,298
Maximum Salary	\$	47,959	\$ 47,284	\$ 47,284	\$ 47,184	\$ 47,184	\$ 46,959	\$ 46,959
Average Salary	\$	40,048	\$ 39,711	\$ 39,711	\$ 40,241	\$ 40,241	\$ 40,129	\$ 40,128
Number of Teachers		6	5	9	7	7	5	4
<b>Total Certified Personnel<sup>a</sup></b>		<b>1,193</b>	<b>1,152</b>	<b>1,129</b>	<b>1,074</b>	<b>1,115</b>	<b>1,013</b>	<b>1,143</b>
<b>Support Personnel</b>								
Number of Support		982	977	734	700	725	848	827
<b>Administrative Personnel</b>								
Number of Administrators		88	88	86	84	88	85	90

<sup>a</sup> Certified personnel is defined as any employee paid from the certified salary schedule who are required to have certification for their position, per the Oklahoma State Department of Education.

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Source:** District records



**Broken Arrow Public Schools**  
**Operating Statistics**  
**Last Seven Fiscal Years**

Fiscal Year Ended June 30th	Average Daily Membership (ADM) <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost per Pupil <sup>c</sup>	Percentage Change	Teaching Staff <sup>d</sup>	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced - Price Meals <sup>e</sup>
2008	15,919	\$ 111,231,056	\$ 6,987	N/A	837	22:1	33.00%
2009	16,087	112,217,588	6,976	-1.39%	806	23:1	31.80%
2010	16,460	117,999,304	7,169	4.08%	785	25:1	38.00%
2011	16,629	111,699,009	6,717	-6.50%	858	24:1	39.80%
2012	16,836	119,769,371	7,114	5.37%	875	23:1	38.40%
2013	17,145	118,385,496	6,905	3.03%	873	21:1	41.00%
2014	17,916	131,100,328	7,317	-5.63%	946	24:1	42.00%

<sup>a</sup> Final Audited average daily membership (ADM) obtained from the Oklahoma State Department of Education.

<sup>b</sup> Operating expenditures are the total expenses of the District as reported in the Government-Wide Statement of Activities.

<sup>c</sup> Cost per pupil is calculated by dividing operating expenditures by the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education.

<sup>d</sup> Teaching staff includes all certified personnel whose pay is based on the Broken Arrow Education Association's contract.

<sup>e</sup> Percentage of free or reduced students obtained from District records maintained by the Child Nutrition Department.

**Note:** Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.





**Broken Arrow Public Schools**  
**School Building Information**  
**Last Seven Fiscal Years**

School	Fiscal Year Ending June 30th						
	2008	2009	2010	2011	2012	2013	2014
<b>Early Childhood Center</b>							
Aspen Creek (2013)							
Square Feet	-	-	-	-	-	-	28,712
Capacity	-	-	-	-	-	-	320
Enrollment	-	-	-	-	-	-	310
Creekwood (2013)							
Square Feet	-	-	-	-	-	-	28,400
Capacity	-	-	-	-	-	-	320
Enrollment	-	-	-	-	-	-	326
Park Lane (2013) <sup>a</sup>							
Square Feet	-	-	-	-	-	-	33,280
Capacity	-	-	-	-	-	-	360
Enrollment	-	-	-	-	-	-	300
<b>Elementary</b>							
Arrow Springs (1981) <sup>b</sup>							
Square feet	38,783	38,783	38,783	38,783	38,783	38,783	28,479
Capacity	648	648	648	648	648	432	-
Enrollment	393	407	410	379	367	337	-
Arrowhead (1970)							
Square feet	70,813	70,813	70,813	70,813	68,960	68,960	68,960
Capacity	696	696	696	696	696	696	696
Enrollment	487	460	442	432	437	485	480
Country Lane (1993)							
Square feet	75,148	90,226	90,226	90,226	90,226	90,226	90,226
Capacity	984	984	984	984	984	984	984
Enrollment	984	984	817	940	845	924	818
Country Lane Int. (2007)							
Square feet	97,330	97,330	97,330	97,330	97,330	97,330	97,330
Capacity	1,176	1,176	1,176	1,176	1,176	1,176	1,224
Enrollment	600	610	672	811	697	708	750
Indian Springs (1974) <sup>c</sup>							
Square feet	42,066	42,066	42,066	42,066	42,066	42,066	42,066
Capacity	696	696	696	696	696	696	-
Enrollment	475	501	517	517	490	483	-
Highland Park (2012)							
Square feet	-	-	-	-	-	92,000	92,000
Capacity	-	-	-	-	-	864	864
Enrollment	-	-	-	-	-	784	788
Leisure Park (1983)							
Square feet	70,364	70,364	70,364	70,364	72,530	72,530	72,530
Capacity	768	768	768	768	768	768	816
Enrollment	603	545	543	539	566	578	545
Liberty (2004)							
Square feet	70,561	70,561	70,561	70,561	81,446	81,446	81,446
Capacity	768	768	768	768	984	984	1,032
Enrollment	744	855	677	672	775	829	739
Lynn Wood (1980)							
Square feet	46,328	46,328	46,328	46,328	65,395	65,395	65,395
Capacity	744	744	744	744	744	744	744
Enrollment	522	515	506	516	518	533	507



**Broken Arrow Public Schools**  
**School Building Information**  
**Last Seven Fiscal Years**

School	Fiscal Year Ending June 30th						
	2008	2009	2010	2011	2012	2013	2014
Oak Crest (1964) <sup>d</sup>							
Square feet	66,462	66,462	66,462	66,462	66,462	66,462	54,020
Capacity	816	816	816	816	816	816	-
Enrollment	497	550	531	540	522	514	-
Park Lane (1978) <sup>a</sup>							
Square feet	46,752	46,752	46,752	46,752	46,752	46,752	-
Capacity	768	768	768	768	768	-	-
Enrollment	686	674	694	696	717	-	-
Rhoades (1958)							
Square feet	54,365	54,365	54,365	54,365	68,461	68,461	68,461
Capacity	720	720	720	720	720	720	720
Enrollment	531	533	547	532	523	508	439
Spring Creek (1987)							
Square feet	66,178	66,178	66,178	66,178	68,314	68,314	68,314
Capacity	672	672	672	672	672	672	744
Enrollment		455	425	409	405	589	509
Vandever (1974)							
Square feet	44,144	44,144	44,144	44,144	64,180	64,180	64,180
Capacity	720	720	720	720	720	720	768
Enrollment	443	448	488	461	450	483	417
Westwood (1986) <sup>e</sup>							
Square feet	39,448	39,448	39,448	39,448	39,448	39,448	-
Capacity	720	720	720	720	720	720	-
Enrollment	498	484	494	495	508	487	-
Wolf Creek (1991)							
Square feet	62,984	62,984	62,984	62,984	87,584	87,584	87,584
Capacity	864	864	864	864	864	864	864
Enrollment	597	592	572	569	596	414	542
<b>Middle</b>							
Centennial (2003)							
Square feet	142,200	142,200	142,200	142,200	142,200	142,200	142,200
Capacity	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Enrollment	876	898	916	938	1,014	1,085	981
Childers (1986)							
Square feet	120,395	120,395	120,395	120,395	120,395	120,395	123,464
Capacity	1,050	1,050	1,050	1,050	1,050	1,050	1,110
Enrollment	608	578	562	567	564	549	729
Haskell (1958) <sup>d</sup>							
Square feet	120,092	120,092	120,092	120,092	120,092	120,092	120,092
Capacity	1,224	1,224	1,224	1,224	1,224	1,224	1,224
Enrollment	865	860	870	868	889	857	642
Oliver (1992)							
Square feet	141,305	141,305	141,305	141,305	141,305	141,305	141,305
Capacity	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Enrollment	764	740	722	740	780	734	824
Oneta Ridge (2013)							
Square feet	-	-	-	-	-	-	132,688
Capacity	-	-	-	-	-	-	1,250
Enrollment	-	-	-	-	-	-	744
Sequoyah (1967)							
Square feet	106,336	106,336	106,336	106,336	106,336	106,336	99,696
Capacity	1,025	1,025	1,025	1,025	1,025	1,025	1,025
Enrollment	546	551	550	550	532	556	527



**Broken Arrow Public Schools  
School Building Information  
Last Seven Fiscal Years**

School	Fiscal Year Ending June 30th						
	2008	2009	2010	2011	2012	2013	2014
<b>High</b>							
Senior High (1982)							
Square feet	400,255	400,255	400,255	400,255	503,562	503,562	506,417
Capacity	4,050	4,050	4,050	4,050	4,050	4,050	4,050
Enrollment	2,063	2,096	2,136	2,153	2,197	2,160	2,147
North Intermediate (1952)							
Square feet	185,347	185,347	185,347	185,347	183,715	183,715	175,150
Capacity	1,890	1,890	1,890	1,890	1,890	1,890	1,890
Enrollment	1,246	1,235	1,296	1,301	1,300	1,242	1,275
South Intermediate (1976)							
Square feet	152,636	152,636	152,636	152,636	186,636	186,636	186,636
Capacity	2,130	2,130	2,130	2,130	2,130	2,130	2,130
Enrollment	1,144	1,116	1,172	1,143	1,066	1,077	1,122
Alternative Academy (1954)							
Square feet	18,180	18,180	18,180	18,180	16,548	16,548	16,548
Capacity	300	300	300	300	300	300	300
Enrollment	114	116	118	104	111	105	102
<b>Other</b>							
Central on Main (1925)							
Square feet	60,807	60,807	60,807	60,807	60,807	60,807	60,807
Southside (1955)							
Square feet	47,252	47,252	-	-	-	-	-
Education Service Center (1973) <sup>f</sup>							
Square feet	24,612	24,612	24,612	-	-	-	-
Education Service Center (2009)							
Square feet	-	-	-	86,230	86,230	86,230	86,230
Warehouse (1974)							
Square feet	59,217	59,217	59,217	59,217	59,217	59,217	59,217
Transportation (1974)							
Square feet	22,380	22,380	22,380	22,380	22,380	22,380	22,380
Maintenance (1974)							
Square feet	7,488	7,488	7,488	7,488	7,488	7,488	7,488
Special Services (1974)							
Square feet	6,900	6,900	6,900	-	-	-	-

<sup>a</sup> Park Lane Elementary was re-purposed to an early childhood center in 2013-14.

<sup>b</sup> Arrow Springs Elementary was under construction during the 2013-14 school year as it was being transformed into an early childhood center.

<sup>c</sup> Indian Springs Elementary was vacant during the 2013-14 school year as students moved into the new Aspen Creek Elementary.

<sup>d</sup> Students from Oak Crest Elementary and Arrow Springs Early Childhood Center temporarily resided at Haskell Middle school for the 2013-14 school year only while Oak Crest was under renovation.

<sup>e</sup> Westwood Elementary was absorbed by the High School campus as part of their athletic facility upgrade as students moved into the new Creekwood Elementary.

<sup>f</sup> New Education Service Center built in 2009, old Education Service Center demolished in 2011.

**Notes:** Enrollment is based on the annual October 1 District child count required by the Oklahoma State Department of Education. Only increases for regular instructional classroom space square footage additions are shown. Renovated/rebuilt schools include information only after renovations/rebuilding.

Only 7 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Source:** District records

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## Notice of Non-Discrimination

Broken Arrow Public Schools does not discriminate on the basis of race, religion, color, national origin, gender, sexual orientation, disability, genetic information, veteran status, marital status or age in its employment, programs and activities and provides equal access to the Boy Scouts and other designated youth groups.

The following people within the District have been designated to handle inquiries regarding non-discrimination issues and concerns:

- The Chief Human Resources Officer, Ed Fager, should be contacted for all non-student and/or employment related issues at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012;
- The Assistant Superintendent, Administrative Services, Chuck Perry, should be contacted for all student issues related to Title VI of the Civil Rights Act of 1964, as amended, at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012;
- The Director of Special Education, Carol Gruben, should be contacted for all student issues related to Title II of the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, and the Individuals with Disabilities Education Act of 2004 (IDEA), at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012;
- The Assistant Athletic Director, Melenda Knight, should be contacted for all student issues related to Title IX, of the Education Amendments of 1972, at 918-259-4310 or at 1901 E. Albany, Broken Arrow, OK 74012;
- The Chief Operating Officer, Michelle Bergwall, should be contacted for issues related to accessibility to facilities, services and activities pursuant to the Americans with Disabilities Act, at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012.

Inquiries concerning non-discrimination can also be made to the United States Department of Education's Office for Civil Rights. The contact information for the Kansas City Enforcement Office is included below:

Office of Civil Rights, U.S. Department of Education  
One Petticoat Lane  
1010 Walnut Street, Suite 320  
Kansas City, MO 64106  
Telephone: (816) 268-0550  
TTY: (877) 521-2172  
Facsimile: (816) 823-1404  
Email: [OCR.KansasCity@ed.gov](mailto:OCR.KansasCity@ed.gov)

INDEPENDENT SCHOOL DISTRICT NO. 3 OF TULSA COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2013 TO JUNE 30, 2014

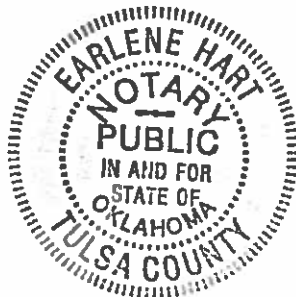
State of Oklahoma            )  
  ) ss  
County of Tulsa            )

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Tulsa Public Schools for the audit year 2013-2014.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP  
Auditing Firm

By Jeffrey D. Hewett  
Authorized Agent

Subscribed and sworn to before me  
This 22nd day of October, 2014



Earlene Hart  
Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016  
Commission No. 00008621