

BROKEN ARROW PUBLIC SCHOOLS DISTRICT NO. 1-003



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

701 SOUTH MAIN STREET | BROKEN ARROW, OK 74012





# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended**

**June 30, 2015**

Broken Arrow Public Schools, District No. I-003

701 S. Main Street

Broken Arrow, Oklahoma 74012

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDING JUNE 30, 2015

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# INTRODUCTORY SECTION







December 14, 2015

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, 2015. 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

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### Local Economy & History

The city of Broken Arrow is a suburban community located in northeastern Oklahoma, primarily in Tulsa County with a small section of the city in western Wagoner County. It is the largest suburb of Tulsa. According to the US Census Bureau in 2013, Broken Arrow has a population of more than 100,000 residents and is the fourth largest city in the state. It is the second fastest growing city in the state, doubling its population since the 1980s. Census projections estimate a population of approximately 107,000 residents by 2018.

Broken Arrow is a city with a wide variety of industries including utilities, health care, education, telecommunications, real estate and retail. Unemployment is currently 3 percent and continues to improve. The median household income is nearly \$64,000, and with a low cost of living, more disposable income is available to residents to reinvest in the community. This is evident by the sales tax trend, as gross sales that are subject to tax has nearly doubled in the past 10 years from \$525 million in 2000 to \$1.3 million in 2014.

Broken Arrow continues to attract new businesses due to the low cost of doing business. It has the lowest sales tax rate in the Tulsa Metro area at 8.35 percent, the lowest utility costs in the region and low property tax rates averaging 1.35 percent, compared to the US average of 2.14 percent.

In addition, the City of Broken Arrow has redeveloped and rebranded the downtown area into the “Rose District,” increasing business occupancy from 70 to 90 percent. The Rose District added upscale living

accommodations along with arts, entertainment, retail and dining venues. Already home to several restaurants and boutiques, a Farmer’s Market pavilion and a 1,500 seat Performing Arts Center, the Rose District is primed for specialty restaurants and local retail. With the establishment of tax increment financing incentives, entrepreneurs and developers are realizing their vision through renovation of main street venues.

Broken Arrow has been repeatedly recognized on a national level, recently ranking as the 15th best “booming” suburb by Coldwell Banker in 2013 and as one of the top 100 cities in which to live and retire by Money Magazine in 2011 and 2012. In 2014, Wallethub named Broken Arrow the best city for first time home buyers.

The school district, Broken Arrow Public Schools (BAPS), has four early childhood centers, 14 elementary schools, five middle schools, one ninth grade academy and one senior high school – all of which combine to serve more than 18,000 students. Students in grades K-5 attend elementary schools. Of the 14 elementary schools, 12 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 two sites – one freshman academy for students in ninth grade and the senior high school for students in grades 10-12. All campuses are fully accredited by the state of Oklahoma and the North Central Association of Secondary Schools and Colleges.

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### 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.

Further, BAPS is represented on the Broken Arrow Economic Development Corporation Board (BAEDC).

Focusing on creating wealth, jobs and economic growth in the community through attraction and retention of businesses, workforce development, education and collaboration with regional partners, the BAEDC is governed by directors that serve as representatives of the business community, the City of Broken Arrow and the school system.

## 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 2014-15 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 Committees. These committees review the financial condition and establish the budget for operation, review student growth to determine long-term needs, and develop programmatic solutions to make the District

more efficient and effective in serving 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 Communication Services Division is responsible for managing the numerous messages and tools for communicating with both internal and external audiences.
- The Instructional Services Division is responsible for ensuring academic accountability at the state and federal level, while also implementing initiatives and support services that enhance academic performance.
- The Administrative Services Division is responsible for managing the services, resources, and extracurricular activities that support and enhance instruction.
- 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 level.

### Board of Education

The Broken Arrow 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 our 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 of Education 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.



BOARD OF EDUCATION: Steve Majors, Dr. Theresa Williamson, Dr. Jarod Mendenhall, Jerry Denton, Cheryl Kelly and Steve Allen



## Projected Enrollment

Broken Arrow Public Schools has seen relatively steady enrollment growth over the past decade. In fact, BAPS' population grew more than three times the national rate between 2000 and 2010. Since 2000, the population in Broken Arrow has increased by 2,281 a year – the strongest in the region.

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. 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 currently 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 the lower and slowing growth rates are for the elementary and preschool-age children.

Districtwide, 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. However, the 2014-15 school year saw an increase in student population of approximately 3 percent with a student gain of more than 500 from the previous school year indicating higher rates of growth are possible than originally predicted.

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## Literacy, Engagement, Graduation – the District's mantra

At Broken Arrow Public Schools, the equation for student success is simple: Literacy + Engagement = Graduation. At the start of the 2014-15 school year, the district announced a renewed focus on these key elements of student success.

With plans to reallocate resources and streamline efforts to support these three goals and enhance instruction, Broken Arrow's instructional specialists and administrative staff are providing educators with a number of high-quality professional development opportunities, as well as continued support through literacy programs, such as Reading Recovery, Literacy First, Read 180, Think Through Math and others.

Engagement occurs when students make an emotional investment in learning, whether through routine requirements like attending class and submitting assignments or student involvement in

extracurricular activities such as academic clubs and sports teams. Student engagement is enhanced by administrators, teachers, coaches and parents who encourage students to become active participants in their schools.

To reach the goal of 100 percent graduation, BAPS is ensuring continued success beyond high school with a number of initiatives, including a College and Career Readiness Center equipped with trained counselors who provide students with personal and academic guidance regarding graduation requirements and college and career preparations. Also housed within the College and Career Center is information about off-campus learning opportunities, such as programs at Tulsa Technology Center, concurrent enrollment at local colleges, online classes and internships through the Career Exploration Program.

## Strategic Plan

Strategic planning is a process the District uses to accomplish its vision and mission while establishing plans for the future. Community members, parents, faculty and staff are part of this intensive process to develop a districtwide strategic plan.

The first step was for the Board of Education members to determine the beliefs, vision and categories that would drive the process, which took place at a special board meeting in January 2012. The individual action plans were then 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 2014-15 school year marked the second year of action plan implementation. In year two, the following action plans were put into place:

### Teaching and Learning

- Establish and maintain partnerships that allow students to gain real world application of curriculum.
- Implement an interdisciplinary approach to all curriculum.

### Human Resources

- Enhance the district's benefit program to recruit, develop and support a dynamic workforce that enables all students to be successful.
- Expand the recruitment plan to include initiatives that provide a quality and diverse work force.
- Develop and implement a comprehensive plan to retain highly effective staff in all areas and at all levels in the organization.

### Funding and Finance

- Increase state and federal grant funding.
- Utilize reporting and cost comparison analysis to review monetary and asset allocations.

## OUR MISSION



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

### Facilities

- Develop community partnerships that help the district and community provide and operate facilities for our patron's educational needs.

### Co-Curricular

- Provide students with adequate time to engage in co-curricular activities during the school day without compromising instruction.

### Communication

- Expand the district's communication toolkit, incorporating available technologies and concepts to reach all audiences.

### Reading Recovery®

Reading Recovery is a short-term intervention for first graders struggling with early reading and writing. Specially trained teachers work individually with students in daily 30-minute lessons lasting 12 to 20 weeks. After a full series of lessons, approximately 75 percent of these students reach grade-level standard. Now in its fourth year at Broken Arrow, this evidence-based program has proven that it is successful at identifying first graders struggling and providing them with intensive one-on-one, 20-minute instructional

lessons. One hundred percent of the students who participated in Reading Recovery in the first grade passed the third grade reading test. Broken Arrow is one of only two districts in the state of Oklahoma to offer this program to its students through a partnership with Texas Woman's University. In 2014-15, Broken Arrow Public Schools had 24 trained teachers and 1 teacher leader, all of whom taught 226 students enrolled in the program.

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### Literacy First™

Literacy First is a research-based literacy initiative that diagnoses current performance levels and then helps teachers develop individualized instructional programs. The 2014-15 school year marked the fourth year that 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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### Early Childhood Education

In 2011, the patrons of Broken Arrow voted to reallocate \$73.5 million dollars of the original \$295 million bond passed in 2009. This reallocation of funds made construction possible for four early childhood centers (ECC), including Park Lane ECC, Aspen Creek ECC, Arrow Springs ECC and Creekwood ECC. Each welcome Broken Arrow's youngest Tigers to pre-kindergarten.

Each ECC is equipped with teachers specifically certified in early childhood education and teaching aides who educate no more than 20 students per classroom. Through activities centered on reading, writing, math, art and music, students begin to develop reasoning and problem solving skills early in their academic career. Parent involvement is a critical component of student success.

From engaging classrooms to the architectural design of the buildings, each ECC stimulates the natural curiosities of young children and was built specifically with four year olds in mind. More than



1,000 students were enrolled in the Pre-K program during the 2014-15 year.

## S.T.E.M. Program

From the elementary level to the secondary level, Broken Arrow Public Schools educators are integrating a strong balance of science, technology, engineering and math (STEM) in the classroom, igniting an inventive spirit among their students.

“By introducing STEM at an early level, we can build upon our students’ curiosities, helping them explore their talents and prepare them for future successes,” said Andrea Sagely, BAPS STEM instructional specialist who was recognized by the International STEM Education Association as one of two STEM Champions for her work in advancing STEM education.

Sagely launched the first elementary STEM lab program at Rhoades Elementary in January 2013. She has since been integral in expanding the program across other elementary schools in the district. As part of the program, kindergarten through fifth grade students visit the lab once a week for hour-long, grade appropriate challenges, including computer coding, bridge construction and more.

“STEM allows our students to take ownership of the learning process,” said Denise Maguire, STEM teacher at Arrowhead Elementary. “The process teaches our students critical thinking skills. The ability to view a problem, make a plan to solve it and implement the plan is an important skill at all points of life.”

A group of Broken Arrow High School (BAHS)

students and their teacher followed the same critical-thinking process, but on a much larger scale.

BAHS science teacher Donna Gradel and her 13 InvenTeam students gained national attention for recently being awarded a \$10,000 grant through the Lemelson Foundation and Massachusetts Institute of Technology (MIT) for creating a low-cost, sustainable fish food for developing countries. Her team is the first in Oklahoma to receive this grant, which was established in 2002, and is one of 15 in the nation this year.

Their challenge was to develop a protein-rich formula of indigenous, all-natural fish food made of a mealworm and algae mixture for tilapia in Kenya. This process included harvesting the ingredients and designing a solar dehydrator to produce the high-protein pellets.

“This project is STEM in action,” said Gradel. “The goal is to have students go through the process of invention, meaning they begin at point A, and learn how to overcome and adjust to the many setbacks they might encounter along the way. Although they may never come up with a cost-effective alternative to traditional fish food, it’s the process of invention that teaches them life lessons.”

The team showcased their project at EurekaFest in Cambridge, Mass., June 2015.

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## Gateway to Technology

Broken Arrow Public Schools 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 engage in engineering design processes to identify possible solutions to real-world problems. Beginning in 6th grade, all students will be introduced to Gateway to Technology in their science classes. Students in 7th and 8th grades 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. The district’s 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.



## Amanda Bowser: District Teacher of the Year

Amidst happy tears, applause and gratitude, Oak Crest Elementary Title I Math Interventionist Amanda Bowser approached the podium at the second annual Star Awards Gala to accept the role as Broken Arrow's 2015 District Teacher of the Year. She was selected from a pool of 27 Site Teacher of the Year candidates.

"What makes an outstanding teacher? One word – love," she said. "Through loving, my lessons become meaningful, and my students desire to excel. The greatest reward of teaching is the opportunity to love a child in a life-changing way each and every day."

For Bowser, she realized her life's calling at the young age of nine years old. She was a third grader sent to detention for breaking the "no talking" rule to reach out to a fellow classmate who needed help reading.

"Sound it out," she whispered.

"I was a trembling, frightened mess serving detention, and yet that is the year I distinctly remember something incredible happening to me," she said. "I often describe it as a milestone that defined me. It's almost like teaching chose me."

Bowser received her bachelor's degree in elementary education from East Central University in 2005 and began her teaching career as a fifth grade teacher at Oak Crest Elementary shortly thereafter.

"As teachers, we have a task unlike any other," she said. "We are charged with the monumental responsibility of overcoming the numerous challenges of our students, school system and society to produce well-rounded, proficient test-taking, critically thinking and productive citizens. We strive to meet these challenges head on."

Bowser and the other candidates went through



an intensive evaluation and interview process with BAPS' Professional Development Committee, a group composed of teachers, administrators and previous Teachers of the Year. The candidates were blindly scored on their portfolio and interviews, and after each was tallied, Bowser was named the winner.

As the District Teacher of the Year, she received a monetary gift from the Broken Arrow Public Schools Foundation and the opportunity to drive the Teacher of the Year SUV, a Ford Escape generously provided by Matthews Ford in Broken Arrow. She went on to represent BAPS at the State Teacher of the Year competition in the summer of 2015 and was selected as the state's Runner Up.

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## Patty Sutton: Support Employee of the Year

Known as the Beyond and Above Award, Broken Arrow's new support staff recognition program honors five employees who consistently demonstrate excellence, going that extra mile for the district's goals and objectives. Nominations were made by

teachers, administrators, supervisors and coworkers. For the 2014-15 school year, Centennial Middle School Secretary Patty Sutton was named the first ever Support Employee of the Year.

### BA Chamber names Cheryl Kelly Elected Official of the Year

Hundreds of Broken Arrow community members and leaders gather every year to show their support for one another during the annual Broken Arrow Chamber of Commerce Awards Banquet. Broken Arrow Public Schools' (BAPS) Board of Education President Cheryl Kelly was named the Elected Official of the Year during this year's formal gala.

"Broken Arrow is a wonderful community with great leadership of which I am grateful to be a part," Cheryl Kelly said. "I am humbled and honored that the Broken Arrow Chamber selected me as the 2015 Elected Official of the Year."

Each year, the Broken Arrow Chamber recognizes an elected official who best demonstrates a commitment to the chamber and community through participation in events and programs, support of pro-business and pro-Broken Arrow initiatives, and demonstration of superior leadership. This award is one of 21 presented at the banquet.

"Cheryl's service as an elected official is characterized by integrity and insightfulness in every decision underscored by doing what is right," said Dr. Christee Jenlink, former dean at NSU-BA, during the presentation of the award. "Her ability to facilitate discussion, even through disagreements, enables thoughtful, progressive outcomes for the good of the people."

Kelly, who represents the southwest corner of the district, has been both a teacher and an administrator in Broken Arrow schools. She was twice named a Site Teacher of the Year and was recognized as one of 10 finalists for BAPS District Teacher of the Year. She is a member of the Broken Arrow Chamber and serves on the Chamber's Legislative Committee. Most recently, she was appointed to serve on the Oklahoma State School Boards Association's Board of Directors for a two-year term.

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### History of BAPS Buildings

Even though Oklahoma would not become a state until 1907, Broken Arrow residents were ahead of their time and valued education for their children. In 1904, a two-story school building was constructed on Main Street Broken Arrow from a 2 percent sales tax initiated by the community. The first Broken Arrow High School senior class graduated in 1908 with only three students.

The average age of the district's educational buildings is 27 years and 68% of the all the buildings utilized by the district are over 20 years old. Voters have continuously approved bonds for new facilities, technology, media centers, school buses, and

textbooks for all students. Broken Arrow continues to renovate and assess building conditions to make the best possible learning environment for its students.

In the early 2000s, Central On Main was repurposed from the original 1904 building. Today it serves as the home to the district's enrollment center, administrative offices and a community ballroom. It is also listed on the National Register of Historic Places, serving as a reminder of Broken Arrow's rich educational history to all who pass through the doors.

Since then, Broken Arrow Public Schools has given generations of students an excellent education at 27 school sites.

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### Net Assessed Value

The district's net assessed valuation (NAV) refers to the local property wealth. For 2014-15 school year, the NAV was \$769,023,417. Since 2000, the district has seen a steady increase in the NAV, which has grown at a rate of 3 to 4 percent each year. The NAV

determines the bonding capacity of a district and has been critical for BAPS as it passed school bonds for capital improvements needed to serve its growing student population. This has been a key figure as a sign of the district's positive economic position.

### Here We Grow – Bond Issue 2015

In February 2015, Broken Arrow patrons passed the 2015 Broken Arrow Public Schools bond proposal, allowing the district to begin its next phase of transformation.

The 2009 bond issue and the reallocation of bond funds in 2011 were a major step in addressing long overdue needs of the district, including eliminating all modular buildings, securing school entrances and building additional school sites to meet the demands of enrollment growth. The 2015 bond issue provides BAPS the opportunity to continue this momentum by meeting the needs of a district that is growing at a rate of 3 percent per year.

The 2015 bond issue projects total \$370 million and will be completed over the course of 12 years. By planning for long-term capital improvement projects,



**BROKEN ARROW PUBLIC SCHOOLS BOND ISSUE 2015**

the district can better utilize resources while ensuring taxpayer dollars are used efficiently. These projects were carefully identified by the Long Range Planning Committee— a group of more than 50 community stakeholders— to include classrooms for growth, facilities for student programs, improvements in security and facility maintenance, advances in technology and instruction, and upgrades in transportation.

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### Technology

The vision of the technology team is to make BAPS a choice destination for education by creating an environment that supports and enhances the technological capabilities provided to students, staff members and the community. BAPS facilitates 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.

In 2014-15, the District continued to enhance its technological infrastructure and instructional devices with funds provided by the 2009 bond issue. With 100 servers split between district sites, the technology department supports more than 18,000 students, 2,000 district employees and 6,000 computers. As of the 2014-15 school year, every classroom was equipped with a SmartBoard, and more students than ever before have access to instructional technology including computer labs, mobile computer lab carts, iPads, and software such as SAFARI Montage and eBackpack.

In the spring of 2015, the district began implementation of a one-to-one computer initiative



by providing personal computing devices for each student in select classes at the Freshman Academy. In the fall of 2015, the district is moving to its next phase of its pilot program, and the incoming class of freshmen will be the first students given personal Chromebooks to use in the classroom and at home.



## Transportation, Child Nutrition, Maintenance and Plant Operations

The transportation department services 115 square miles twice daily. During the 2014-15 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 67 special education bus routes (31 secondary, 32 elementary and four early childhood center routes). The transportation department is self-contained, housing the auto/diesel mechanic garages which service the entire BAPS fleet. Over the course of the year, there were 1,696,979 route miles driven, 264,229 gallons of diesel fuel used for buses and 10,517 students transported daily on buses.

The child nutrition department has a vision to serve quality meals to Broken Arrow Public Schools' students and staff. It also strives to promote healthy and nutritious choices in a fun and friendly atmosphere while also providing support, education and information to the students, staff, parents, and community of Broken Arrow. There were 2,542,581 meals served during the 2014-15 school year.

The maintenance and plant operations department takes pride in the operation of schools, supporting



education by providing the best possible environment conducive to learning. Maintenance and plant operations employees provide routine, preventative and corrective service to the millions of square feet and hundreds of acres of school property. More than 1.8 million square footage was cleaned daily by the plant operations staff during the 14-15 school year.





### Fine Arts Department

Fine arts at Broken Arrow Public Schools has an established tradition of excellence and is recognized for its high standards at regional, state and national levels. The fine arts offerings encourage students to explore their creativity and humanity through a comprehensive aesthetic education.

The fine arts program offers an array of classes, including sculpture, photography, painting, drawing, speech, debate, dance, theater arts, technical theater, men's choir, chamber choir, women's choir, show choir, chamber and symphonic orchestra, several levels of concert bands, the Pride marching band, and instrumental and vocal jazz ensembles.



### 2014-15 Fine Arts Accomplishments

- The Pride of Broken Arrow was named class AAAA national champions at the Bands of America Championship in Indianapolis.
- Broken Arrow High School Chamber Orchestra received superior ratings at the OSSAA contest.
- The all-school musical production of "Oliver!" featured a cast of 80 students ranging from 8 years old to 18.
- The BAHS art department hosted the third annual Empty Bowls event, which raised more than \$4,000 for Broken Arrow Neighbors and BA Food for Kids.

- BAHS' Chamber Choir and Jazz Choir sang with Kristin Chenoweth during her "Coming Home" concert and album.
- The debate team qualified for more than 30 events for regionals, and four students placed at the state tournament.
- The annual BAPS District Art Show featured art from all grade levels.
- The 2015 fine arts seniors earned \$1.84 million in scholarship monies.

### Broken Arrow Performing Arts Center

In August of 2014, Broken Arrow alumna Kristin Chenoweth returned home to perform two concerts in her namesake theatre at the Broken Arrow Performing Arts Center (BAPAC). Both were filmed for the worldwide DVD release and nationally-televised special "Kristin Chenoweth: Coming Home" that aired on PBS in November.

Backed by a 13-piece orchestra, she performed many of her favorites as well as an array of her most memorable songs and Broadway show tunes. The concerts featured the Broken Arrow High School choir under the direction of Justin Rosser.

In addition to Kristin Chenoweth, many other



renowned performers took the stage for the 2014-15 Spotlight Series, including Lee Ann Womack, The Midtown Men, The Time Jumpers featuring Vince Gill and many others. The BAPAC also remains the official location for student assemblies, fine arts productions, concerts and staff seminars.

## Athletics

Broken Arrow Public Schools offers a wide variety of athletic programs, including baseball, basketball, cheer, cross country, football, golf, soccer, softball, swimming, tennis, the Tigettes dance team, track and field, volleyball and wrestling. Athletics is one of the most integral elements in the overall education of students. Sports provide an opportunity to extend the learning process through interscholastic competition. BAPS provides a vigorous and diverse athletic program that is founded on seven pillars: service, trust, respect, integrity, positive attitude, excellence and self-discipline.

### 2014-15 Athletics Accomplishments

- **Special Olympics** – Thousands of athletes, coaches and volunteers from across the state traveled to Stillwater, Okla., for the 46th annual Special Olympics Summer Games May 13-15. After three days of exciting Olympic-style competitions and ceremonies, 55 Broken Arrow Special Olympians in grades 3-12 took the games by storm, bringing home 36 gold, 27 silver and 13 bronze medals.

- **National Signing Day** – Nearly 50 BAHS senior athletes signed their national letters of intent, officially announcing where they would continue to showcase their athletic talents beyond high school.

- **Cheer** – Broken Arrow's varsity cheer squad won their third consecutive Large Coed Division Oklahoma Secondary School Activities Association (OSSAA) State Championship by a margin of 12 points.

- **Softball** – The varsity fast pitch team was state runner-ups and the 2014 Class 6A Academic State Champions with an overall 3.83 GPA. The Lady Tigers slow pitch team took home the title of Class 6A State Champions.

- **Wrestling** – Broken Arrow won its ninth State Wrestling Championship and crowned four state champions, including Markus Simmons, Paden Bailey, Christian Kaiser and Steven Allen.

- **Girls Basketball** – For the second year in a row, the Lady Tigers brought home the 6A State Basketball Championship.

- **Swimming** – In the Class 6A State Swimming



Championship, Breonna Barker won her sixth and seventh state titles in the 50-yard freestyle and the 100-yard freestyle.

- **State qualifiers** – The District had the largest cumulative total of State Championships and runner ups of all districts in class 6A for Oklahoma.

### BAPS Foundation Teacher Grants Program

Since 1992, the Broken Arrow Public Schools Foundation has positively impacted education in Broken Arrow by providing funds to teachers for incentive grants, supporting innovative projects that increase interest and achievement among Broken Arrow students.

For the 2014-15 school year, the Foundation graciously hand delivered \$46,830.86 in grants, the largest total to date, to 87 teachers across the district.

“Providing funds for teacher grants is one of the main reasons the Foundation was founded, and having a positive impact on Broken Arrow students and teachers is our objective,” said Foundation President Kamara Washington. “As always, the caliber of the applications this year was exceptional. We saw everything from building robots to integrating iPads in the classroom.”

The Foundation is operated by a Board of Directors who are elected annually, representing a variety of businesses, the PTA, teaching and administrative staff, and community members. These individuals host the Foundation’s only fundraiser, an annual golf tournament held at Forest Ridge Golf Club each



October, with proceeds funding classroom grants.

“Support for the Foundation gives the community an opportunity to participate in the educational process and to improve student learning,” BAPS Director of Community and Fund Development Amanda Summers said. “Each year, the community has provided its overwhelming endorsement for the Foundation’s mission through generosity, enthusiasm and participation.”

Every fall, hundreds of teachers submit applications for grants that will impact the education of their students. The Foundation sub-committee chooses those grants for projects it considers most exemplary, creative and original. Members of the Foundation then award the checks to the teachers by paying a surprise visit to their classrooms.



### 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, financial stability, and health and safety.

BAPS welcomes the opportunity to support these efforts and improve the lives of Broken Arrow residents through a variety of events. BAPS raised more than \$114,000 in September for the 2014 United Way Campaign.

In addition to monetary donations, district



employees volunteered for various community service projects benefiting local organizations such as Broken Arrow Neighbors, the Margaret Hudson Program and A New Leaf through the Day of Caring.

### 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This marks the second consecutive year the district received the award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. 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 CAFR for the year ended June 30, 2014. This award has been received for three consecutive years. The District believes the CAFR continues to conform to the standards for which this award was granted.



CAFR Team L to R: Dwayne Thompson, Chief Financial Officer; Natalie Eneff, Director of Budget; Cathy Mitchem, Director of Accounting; Donna Dollahon, Treasurer



Communications Team L to R: Amanda Summers, Executive Director of Public Relations; Adam J. Foreman, Graphic Artist/Publications Specialist; Christina Dixon, Communications/Community Relations Coordinator





### 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  
Executive Director of Finance

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, 2014*

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



A handwritten signature in black ink, appearing to read "M. Pepera", is written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read "John D. Musso", is 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, 2014**

Executive Director/CEO



## **Broken Arrow Public Schools**

### **School Officials**

#### **Board of Education**

**2014-2015**

<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**

**2014-2015**

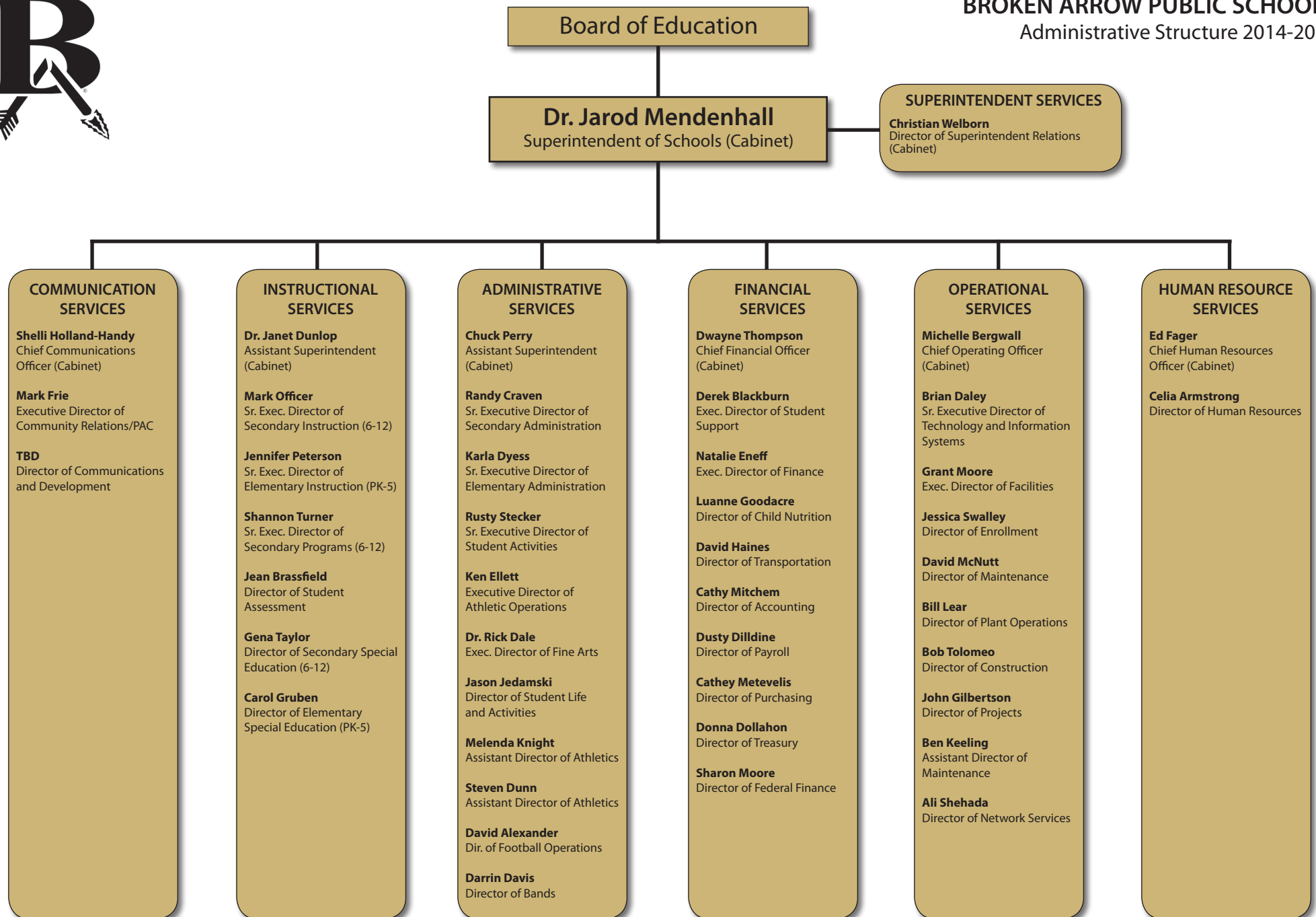
Dr. Jarod Mendenhall	Superintendent
Dr. Janet Dunlop	Assistant Superintendent
Chuck Perry	Assistant Superintendent
Dwayne Thompson	Chief Financial Officer
Michelle Bergwall	Chief Operations Officer
Ed Fager	Chief Human Resources Officer
Shellie Holland-Handy	Chief Communications Officer
Christian Welborn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





# BROKEN ARROW PUBLIC SCHOOLS

## Administrative Structure 2014-2015



# FINANCIAL SECTION





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

Stephen H. Sanders, CPA  
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**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, 2015, 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, 2015, 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.

### **Emphasis of Matter**

As discussed in Note 12, in 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 26-39, the Schedule of Proportionate Share of the Net Pension Liability on page 92 and the Schedule of Contributions on page 93 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 November 20, 2015, 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

November 20, 2015





## MANAGEMENT'S DISCUSSION & ANALYSIS

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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, 2015. 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 fourth consecutive year. Financial highlights of fiscal year 2015 include:

- The District ended the year with a General Fund total fund balance of \$14.6 million which is \$2,818,973 less than the previous year-end. The unassigned portion of the General Fund balance intentionally decreased, primarily due to a 3.0% one-time stipend for all returning employees, which totaled \$2.4 million.
- The assets of the District, in governmental activities, exceeded its liabilities at the close of the most recent fiscal year by \$81.4 million and deferred outflows of resources of \$6.9 million, resulting in a total net position of \$88.2 million. This amount is net of a new reported \$81.3 million deficit in restricted net position resulting from the cumulative unfunded liability for cost-sharing pension benefits as regulated by GASB 68. Government-wide net position totaled \$92.6 million as of June 30, 2015, representing a 44% decrease from 2014 to 2015.
- The net position of business-type activities, food services, increased by 2.7% to \$4.3 million from the previous year. This increase was due to the increase in the net investment of capital assets of \$1.1 million. Additional modernized equipment and furniture was added to the District.
- The governmental activities net investment in capital assets increased by \$8.7 million as the District continues to renovate and construct new buildings as part of its bond program. During fiscal year 2015, the District completed the renovation and construction of eleven projects.



- At the close of the 2015 fiscal year, the District's governmental funds reported combined ending fund balance of \$60.76 million, a decrease of \$.75 million from June 30, 2014.

### **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 41, 42 and 43 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 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 funds are the Arbitrage Fund and the Permanent Fund (Endowment). The basic Governmental Fund financial statements can be found on pages 44, 46, and 47 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 48 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 49 and a budget-to-actual comparison for the Building Fund has been provided on page 50.
- **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 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 51, 52, and 53.

- **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 Private-Purpose Trust Fund (Gift Fund), and Agency Funds (Student Activity). All of the District's fiduciary activities are reported on pages 54 and 55.

**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 56 through 90 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the District's cost-sharing pension liability, which is mandated by GASB, Statement No. 68, *Accounting and Financial Reporting for Pensions*. The schedule of Proportionate Share of Net Pension Liability and the Schedule of Contributions each provide required additional information. These reports can be found on pages 92 and 93.

**Other Supplementary Information - Combining Statements.** 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. The combining statements can be found on page 95.





## MANAGEMENT'S DISCUSSION & ANALYSIS

### 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 largest portion of the District's government-wide net position reflects its investment in capital assets (e.g. land, buildings, vehicles, furniture and equipment, and construction in progress), net of accumulated depreciation plus deferred inflows/outflows of resources (if applicable) less any related debt used to acquire those assets still outstanding.

The District's financial position is the product of several types of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following table presents a summary of the District's net position:

Net Position  
As of June 30, 2015  
(Dollars in Millions)

Table 1

	Governmental Activities		Business-Type Activities		Government-Wide Totals		Increase/ Decrease	Total Percentage Change
	2015	2014	2015	2014	2015	2014		
<b><u>Assets</u></b>								
Current and Other Assets	\$ 61.8	\$ 62.5	\$ 2.0	\$ 3.4	\$ 63.8	65.9	\$ (2.1)	-3%
Capital Assets	200.4	179.5	2.5	1.4	202.9	180.8	22.0	12%
Total Assets	262.2	242.0	4.5	4.8	266.7	246.8	19.9	8%
Deferred Outflows of Resources	6.9	-	-	-	6.9	-	6.9	100%
<b><u>Liabilities</u></b>								
Other Liabilities	20.3	24.5	0.1	0.6	20.4	25.1	(4.7)	-19%
Long Term Liabilities	160.5	56.2	-	-	160.5	56.2	104.3	186%
Total Liabilities	180.8	80.7	0.1	0.6	180.9	81.3	99.6	123%
Deferred Inflows of Resources	-	-	0.1	-	0.1	-	0.1	100%
<b><u>Net Position</u></b>								
Net Investment in								
Capital Assets	108.5	99.7	2.5	1.4	111.0	101.1	9.9	10%
Restricted	(35.3)	43.9	-	-	(35.3)	43.9	(79.3)	-180%
Unrestricted	15.1	17.6	1.8	2.8	16.9	20.5	(3.6)	-17%
Total Net Position	\$ 88.2	\$ 161.3	\$ 4.3	\$ 4.2	\$ 92.6	\$ 165.5	\$ (73.0)	-44%

(figures may be different due to rounding)



## MANAGEMENT'S DISCUSSION & ANALYSIS

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The District's business-type activities net position increased \$.1 million to \$4.3 million; while this dollar growth is smaller, it nonetheless represented an increase of more than 2.7%. 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 2015 over fiscal year 2014 by \$104.3 million or 186% primarily due to reporting an \$88.2 million net pension obligation with implementation of GASB, Statement No. 68, *Accounting and Financial Reporting for Pensions*. The District reports net pension obligation on the cost-sharing defined benefit pension for the purpose of complying with the requirements of GASB No. 68 and also provided to improve the transparency, consistency, and comparability of pension information.

Government-wide net investment in capital assets increased \$9.9 million or 10% 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.

The government-wide net position which represents resources that are unrestricted, \$16.9 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 decreased the District's net position by \$73.1 million. The total cost of all governmental activities programs and services was \$122.6 million. The amount our taxpayers paid for these activities through property taxes was \$54.6 million or 44.6%. Government-wide, our taxpayers paid for the total programs and services of \$132.5 million through property taxes of \$54.6 million or 41.2%.

The following table presents a summary of the change in net position for the fiscal years ended June 30, 2015, and 2014:

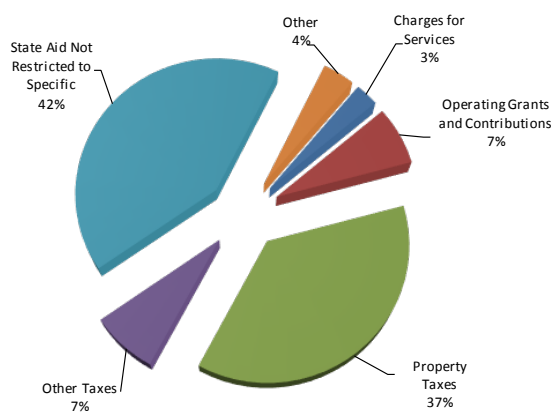


## MANAGEMENT'S DISCUSSION & ANALYSIS

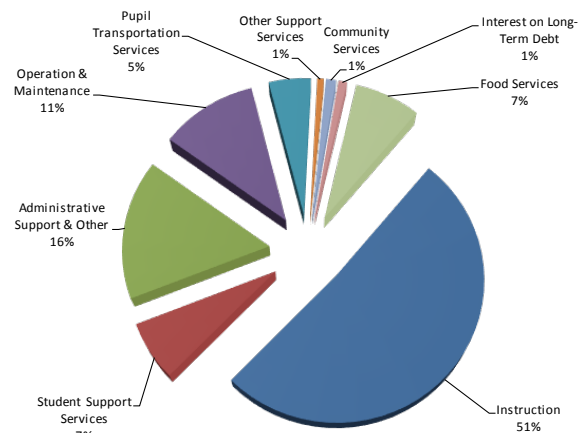
Changes in Net Position  
As of June 30, 2015  
(Dollars in Millions)  
Table 2

	Governmental Activities		Business-Type Activities		Total		Change	Total Percentage Change
	2015	2014	2015	2014	2015	2014		
<b>Revenues</b>								
Program Revenues:								
Charges for Services	\$ 0.3	\$ 0.3	\$ 3.7	\$ 3.8	\$ 4.1	\$ 4.2	\$ (0.1)	-1.77%
Operating Grants and Contributions	6.4	6.2	3.9	3.8	10.3	10.0	0.3	3.11%
Property Taxes	54.6	52.9	-	-	54.6	52.9	1.8	3.38%
Other Taxes	11.0	10.8	-	-	11.0	10.8	0.2	1.98%
State Aid Not Restricted to Specific	61.4	57.2	0.7	0.4	62.1	57.6	4.5	7.79%
Other	3.9	3.5	1.6	0.0	5.6	3.5	2.1	58.27%
Total Revenues	\$ 137.7	\$ 130.9	\$ 10.0	\$ 8.0	\$ 147.7	\$ 138.9	\$ 8.8	6.32%
<b>Expenses</b>								
Instruction	67.9	68.1	-	-	67.9	68.1	(0.2)	-0.33%
Student Support Services	8.9	8.6	-	-	8.9	8.6	0.3	3.95%
Administrative Support & Other	21.2	20.6	-	-	21.2	20.6	0.6	2.82%
Operation & Maintenance	14.6	15.3	-	-	14.6	15.3	(0.7)	-4.54%
Pupil Transportation Services	6.3	6.5	-	-	6.3	6.5	(0.2)	-2.45%
Other Support Services	1.0	0.6	-	-	1.0	0.6	0.3	54.11%
Community Services	1.5	2.0	-	-	1.5	2.0	(0.4)	-22.57%
Interest on Long-Term Debt	1.3	1.7	-	-	1.3	1.7	(0.4)	-26.05%
Food Services	-	-	9.9	7.7	9.9	7.7	2.2	29.21%
Total Expenses	\$ 122.6	\$ 123.3	\$ 9.9	\$ 7.7	\$ 132.5	\$ 131.0	\$ 1.5	1.17%
Other Extraordinary Items & Reclassifications	(88.2)	-	-	-	(88.2)	-	(88.2)	-100%
Change in Net Position	(73.1)	7.6	0.1	0.3	(73.0)	7.9	(65.1)	-822%
Net Position, Beginning	161.4	153.7	4.2	3.9	165.6	157.6	8.0	5%
Net Position, Ending	\$ 88.2	\$ 161.3	\$ 4.3	\$ 4.2	\$ 92.6	\$ 165.5	\$ (72.9)	-44%

Broken Arrow Public School's Government- Wide Revenues for Fiscal Year 2015



Broken Arrow Public School's Government- Wide Expenses for Fiscal Year 2015





## MANAGEMENT'S DISCUSSION & ANALYSIS

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The Statement of Activities presents a district-wide summary of revenues and expenditures for the fiscal year. 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 \$147.7 million, an increase of \$8.8 million from the prior fiscal year total of \$138.9 million. The major contributor to the increase in revenue 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 \$10.0 million, and expenses of \$9.9 million for fiscal year 2015. The final result is an increase in government-wide activities net position of 6.6%, however, due to the required reporting of the State's unfunded cost-sharing pension liability item of \$88.2 million, the net position decreased by 44.1%.

The District contributed \$6.9 million in deferred outflows (contributions) to the reduction of the net pension obligation in fiscal year ending June 30, 2015. The District will continue to see a decrease in the unfunded liability with hopes of reaching 100% funding status within an attainable time frame.

The consistent positive net position and the common annual revenues exceeding ordinary expenses 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 (51%). Another contributor to the higher costs was student support services and administrative support services, which increased a combined total of \$.9 million or 3.2% due primarily to professional development and expenses related to the special education program.

The total government-wide revenues increased by 6.3% with only a 1.0% increase in expenses. Both the governmental and business-type activities contributed to the District's healthier fiscal status.



## 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 \$60,759,604, a decrease of \$.8 million over last year. This decrease was primarily due to the decrease in unassigned fund balance due to payment of a one-time stipend and a one-time expense of new weight room flooring and equipment from the Building Fund. Below is a summary of the Governmental Funds total fund balance comparison:

#### GOVERNMENTAL FUNDS

##### FUND BALANCES

	2015		2014	
Nonspendable:				
Inventory	\$ 312,927	0.5%	\$ 272,414	0.4%
Permanent fund principal **	40,000	0.1%	40,000	0.1%
Restricted for:				
Capital projects	29,285,077	48.2%	26,088,099	42.4%
Building	1,016,052	1.7%	2,333,899	3.8%
Debt service	15,657,564	25.8%	15,515,172	25.2%
Committed to:				
Other Committed Fund Balance	5,881	0.0%	-	0.0%
Assigned to:				
Arbitrage	143,945	0.2%	143,945	0.2%
Endowment - Scholarships **	3,237	0.0%	3,176	0.0%
Unassigned	14,294,922	23.5%	17,113,895	27.8%
	<u>\$ 60,759,604</u>	<u>100.0%</u>	<u>\$ 61,510,599</u>	<u>100.0%</u>

\*\* Permanent Fund restated to Governmental Funds from Fiduciary Funds in 2015.

The Building Fund had a decrease of \$1.3 million mainly due to additional utility and one-time costs related to the renovation of the District's weight room.





## MANAGEMENT'S DISCUSSION & ANALYSIS

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Fund balance classifications as shown in the governmental funds Balance Sheet can be found on pages 64 and 65 of the Notes to the Basic Financial Statements.

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 \$14.3 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 12.7% of the total General Fund actual expenditures, which total \$112,505,385, while the General Fund total fund balance of \$14,607,849 represents 12.98% of that same amount. The General Fund's total fund balance decreased \$2.8 million during the current fiscal year. This is the result of a 3% one-time stipend to all returning employees.

The Debt Service Fund (Sinking Fund) had a total fund balance of \$15.7 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 increased by 12.3% to \$29.3 million, primarily due to the issuance of the 2015 general obligation bonds in the amount of \$29.0 million.

**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 \$4.7 million and non-operating revenues of \$6.3 million. This represents an increase in operating revenue of \$2.4 million primarily due to increased federal and state grants and additional capital contribution to the Child Nutrition Fund. Operating expenses were \$10.7 million, which increased \$2.4 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 52.

**Fiduciary Funds.** The District's Fiduciary Funds consist of the Gift Fund and School Activity Funds. The Gift Fund (Private Purpose Trust Fund) receives 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 54 and 55.



### **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.

For FY 2014-15, the District budgeted original General Fund revenues of \$109.8 million and budgeted original expenditures of \$113.0 million. The Board of Education approved a final revenue General Fund budget of \$109.8 million and an amended final expenditure budget of \$115.3. The General Fund final expenditure budget approved by the Board of Education represents an increase of 2.3%, or \$2,286,254 from the previous year.

Actual revenue collected, at \$110.1 million, for the General Fund, was \$.3 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 \$2.8 million below the final budget of \$115.3 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 Expenditures

- \$2,791,684 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.



## MANAGEMENT'S DISCUSSION & ANALYSIS

### CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2015, the District had \$202.9 million in government-wide capital assets (net of depreciation), of which \$200.4 million was in governmental activities. Table 3, below, displays a comparison of fiscal years 2014 and 2015 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<b>Change</b>
Land	\$ 15.1	\$ 16.1	\$ 0.0	\$ -	\$ 15.1	\$ 16.1	-5.7%
Construction in progress	4.3	11.4	-	0.6	4.3	12.0	-64.2%
Buildings/Improvements, net	165.0	136.5	0.4	-	165.4	136.5	21.2%
Equipment, net	16.0	15.5	2.1	0.8	18.1	16.3	11.0%
<b>Total:</b>	<u>\$ 200.4</u>	<u>\$ 179.5</u>	<u>\$ 2.5</u>	<u>\$ 1.4</u>	<u>\$ 202.9</u>	<u>\$ 180.8</u>	12.2%

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 athletic facilities, special education room additions, elementary school remodeling projects, additions and remodeling to middle schools, a new JROTC program high, 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 with over 18,000 students, 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 76.

Bonded debt outstanding as of June 30, 2015 was \$86,590,000, an increase of \$12,440,000 from the prior fiscal year, and \$18.4 million due with one year. Table 4, on the next page, summarizes bonds outstanding for fiscal years 2014 and 2015. Detailed information on the long-term debt activity can be found in Note 5, pages 77, 78, 79, and 80 of the Notes to the Financial Statements.



## MANAGEMENT'S DISCUSSION & ANALYSIS

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

**Table 4**

	2015	2014
General Obligation Bonds:		
Series 2004B	\$0.00	\$1.20
Series 2005B	0.80	1.58
Series 2010A	0.00	4.75
Series 2010B	2.50	5.00
Series 2011D	3.38	6.75
Series 2012E	10.25	15.38
Series 2013F	13.50	18.00
Series 2014G	21.50	21.50
Series 2014B	5.67	0.00
Series 2015A	29.00	0.00
<b>Total</b>	<b>\$86.59</b>	<b>\$74.15</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, 2015, 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 2014-15, the District's net assessed valuation grew by 3.0% 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.





## MANAGEMENT'S DISCUSSION & ANALYSIS

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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, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 7,161,745	\$ 1,864,239	\$ 9,025,984
Investments	51,540,000	-	51,540,000
Receivables net of allowance for uncollectibles	2,779,765	44	2,779,809
Inventories and prepaid Items	312,926	162,632	475,558
TOTAL CURRENT ASSETS	61,794,436	2,026,915	63,821,351
<b>NON-CURRENT ASSETS</b>			
Land and construction-in-progress	19,406,875	-	19,406,875
Capital assets being depreciated, net	180,989,298	2,511,342	183,500,640
TOTAL NON-CURRENT ASSETS	200,396,173	2,511,342	202,907,515
TOTAL ASSETS	262,190,609	4,538,256	266,728,866
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	6,882,428	-	6,882,428
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	390,721	48,950	439,671
Accrued wages and benefits payable	291,730	7,087	298,817
Accrued interest payable	4,042	-	4,042
Current portion of long-term obligations	19,645,034	-	19,645,034
TOTAL CURRENT LIABILITIES	20,331,526	56,037	20,387,564
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of long-term obligations	72,296,520	-	72,296,520
Net pension obligation	88,199,969	-	88,199,969
TOTAL NON-CURRENT LIABILITIES	160,496,489	-	160,496,489
TOTAL LIABILITIES	180,828,015	56,037	180,884,053
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	152,545	152,545
<b>NET POSITION</b>			
Net Investment in Capital Assets	108,454,620	2,511,341	110,965,961
Restricted for:			
Nonexpendable:			
Endowment	40,000	-	40,000
Pension	(81,317,541)	-	(81,317,541)
Expendable:			
Capital projects	29,285,077	-	29,285,077
Debt Service	15,657,564	-	15,657,564
Building	1,016,052	-	1,016,052
Unrestricted	15,109,250	1,818,333	16,927,583
TOTAL NET POSITION	\$ 88,245,022	\$ 4,329,674	\$ 92,574,696

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, 2015**

		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	\$ 67,860,222	\$ 316,066	\$ 4,703,025	\$ (62,841,131)	\$ -	\$ (62,841,131)
Support services - Students and staff	8,900,778	31,410	501,021	(8,368,347)	-	(8,368,347)
Instructional and school leadership	6,303,796	-	389,465	(5,914,331)	-	(5,914,331)
Administrative support services	14,854,460	-	182,644	(14,671,815)	-	(14,671,815)
Operation and maintenance of plant services	14,639,416	-	47,908	(14,591,508)	-	(14,591,508)
Student transportation services	6,299,690	-	4,717	(6,294,973)	-	(6,294,973)
Operation of non-instructional services	973,423	-	-	(973,423)	-	(973,423)
Other outlays and uses	1,512,250	-	551,955	(960,295)	-	(960,295)
Interest on long-term debt	1,277,727	-	-	(1,277,727)	-	(1,277,727)
TOTAL GOVERNMENTAL ACTIVITIES	122,621,763	347,476	6,380,737	(115,893,551)	-	(115,893,551)
BUSINESS-TYPE ACTIVITIES						
Food services	9,916,922	3,741,850	3,921,853	-	(2,253,220)	(2,253,220)
TOTAL BUSINESS-TYPE ACTIVITIES	9,916,922	3,741,850	3,921,853	-	(2,253,220)	(2,253,220)
TOTAL SCHOOL DISTRICT	\$ 132,538,686	\$ 4,089,326	\$ 10,302,589	\$ (115,893,551)	\$ (2,253,220)	\$ (118,146,771)





**Broken Arrow Public Schools**  
**Statement of Activities**  
**Year Ended June 30, 2015**

			Net (Expense) Revenue and Changes in Net Position			
			Primary Government			
		Program Revenues				
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
GENERAL REVENUES	Expenses					
Taxes						
Property tax, levied for general purposes				\$ 32,019,102	\$ -	\$ 32,019,102
Property tax, levied for debt services				22,628,030	-	22,628,030
County taxes				4,365,060	-	4,365,060
State taxes				6,678,527	-	6,678,527
State aid not restricted to specific programs				61,362,273	716,967	62,079,240
Interest and investment earnings				114,489	921	115,410
Gain on sale of capital assets				139,493	-	139,493
Capital contribution				-	1,636,418	1,636,418
Other sources				3,680,702	12,050	3,692,752
TOTAL GENERAL REVENUES				130,987,678	2,366,355	133,354,033
OTHER EXTRAORDINARY ITEMS & RECLASSIFICATIONS						
Beginning Net Position of Pension (Note 10)				(88,199,969)	-	(88,199,969)
CHANGES IN NET POSITION				(73,105,842)	113,135	(72,992,706)
NET POSITION AT BEGINNING OF YEAR				161,350,863	4,216,539	165,567,403
NET POSITION AT END OF YEAR				\$ 88,245,022	\$ 4,329,674	\$ 92,574,696

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, 2015**

	Major Funds					Non Major	Total
	General	Cooperative	Building	Debt Service	Capital Projects	Other	Total
	Fund	Fund	Fund	Fund	Fund	Governmental	Governmental
						Funds	Funds
<b>ASSET</b>							
Cash and cash equivalents	\$ 5,063,449	\$ 138,739	\$ 34,510	\$ 257,564	\$ 1,485,077	\$ 7,182	6,986,521
Investments	7,000,000	-	1,300,000	15,400,000	27,800,000	40,000	51,540,000
Receivables net of allowance for uncollectibles	2,683,253	7,142	13,604	75,766	-	140,000	2,919,765
Inventories and prepaid items	312,926	-	-	-	-	-	312,926
<b>TOTAL ASSETS</b>	<b>15,059,629</b>	<b>145,881</b>	<b>1,348,114</b>	<b>15,733,330</b>	<b>29,285,077</b>	<b>187,182</b>	<b>61,759,212</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	77,271	-	309,236	-	-	-	386,507
Accrued wages payable	282,310	-	9,420	-	-	-	291,730
Due to other funds	-	140,000	-	-	-	-	140,000
Other liabilities	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>359,581</b>	<b>140,000</b>	<b>318,656</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>818,237</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - delinquent property taxes	92,199	-	13,406	75,766	-	-	181,371
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory	312,927	-	-	-	-	-	312,927
Permanent fund principal	-	-	-	-	-	40,000	40,000
Restricted for:							
Capital projects	-	-	-	-	29,285,077	-	29,285,077
Debt service	-	-	-	15,657,564	-	-	15,657,564
Building	-	-	1,016,052	-	-	-	1,016,052
Committed to:							
Other Committed Fund Balance	-	5,881	-	-	-	-	5,881
Assigned to:							
Arbitrage	-	-	-	-	-	143,945	143,945
Endowment						3,237	3,237
Unassigned	14,294,922	-	-	-	-	-	14,294,922
<b>TOTAL FUND BALANCES</b>	<b>14,607,849</b>	<b>5,881</b>	<b>1,016,052</b>	<b>15,657,564</b>	<b>29,285,077</b>	<b>187,182</b>	<b>60,759,604</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 15,059,629</b>	<b>\$ 145,881</b>	<b>\$ 1,348,114</b>	<b>\$ 15,733,330</b>	<b>\$ 29,285,077</b>	<b>\$ 187,182</b>	

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



**Broken Arrow Public Schools**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**Year Ended June 30, 2015**

Total fund balances - Governmental Funds	\$	60,759,604
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The Statement of Net Position includes those capital assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds:

Cost of assets	\$	261,337,209	
Accumulated depreciation		<u>(60,941,036)</u>	
			200,396,173

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.

171,010

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	<u>(91,941,554)</u>	
Interest payable	<u>(4,042)</u>	
		<u>(91,945,595)</u>

Receivables recorded but the related revenues not available soon enough after year-end were reported as deferred inflows of resources in the governmental funds in accordance with GASB, Statement No. 65, Items Previously Reported as Assets and Liabilities.

181,371

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	(88,199,969)
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Deferred outflows and inflows or resources related to pension are applicable to future periods, and, therefore are not reported in the funds.

Deferred outflows of resources related to pensions	<u>6,882,428</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 88,245,022</u></u>
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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, 2015**

		Major Funds					Non Major	Total Governmental Funds						
		General Fund	Cooperative Fund	Building Fund	Sinking Fund	Capital Projects Fund	Other Governmental Funds							
REVENUES														
Local sources	\$	30,984,320	\$	-	\$	4,233,394	\$	22,659,007	\$	-	\$	61	\$	57,876,782
Intermediate sources		4,365,060		-		-		-		-		-		4,365,060
State sources		67,971,123		-		69,677		-		-		-		68,040,801
Federal sources		6,123,354		49,619		-		-		-		-		6,172,973
Other sources		215,059		-		1,459		-		2,692		-		219,210
TOTAL REVENUES		109,658,916		49,619		4,304,531		22,659,007		2,692		61		136,674,826
EXPENDITURES														
Current														
Instruction		65,629,584		-		358,933		-		1,342,761		-		67,331,278
Student		9,073,794		-		-		-		182,288		-		9,256,082
Instructional staff		5,242,747		43,738		-		-		1,863,490		-		7,149,975
Administration		14,846,559		-		1,358		-		1,111,691		-		15,959,607
Operations and maintenance		10,128,384		-		4,479,295		-		905,788		-		15,513,467
Student transportation		5,767,634		-		-		-		1,079,024		-		6,846,658
Child nutrition operations		-		-		-		-		-		-		-
Community service operations		982,404		-		-		-		-		-		982,404
Other		834,279		-		1,045		-		220		-		835,544
Capital outlay		-		-		184,051		-		24,610,208		-		24,794,259
Debt service														-
Principal		-		-		538,427		22,225,000		258,455		-		23,021,882
Interest		-		-		130,752		1,598,719		3,489		-		1,732,960
TOTAL EXPENDITURES		112,505,385		43,738		5,693,861		23,823,719		31,357,415		-		173,424,117





**Broken Arrow Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2015**

	Major Funds					Non Major	Total
	General Fund	Cooperative Fund	Building Fund	Sinking Fund	Capital Projects Fund	Other Governmental Funds	Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,846,468)	5,881	(1,389,330)	(1,164,712)	(31,354,722)	61	(36,749,291)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	-	34,551,700	-	34,551,700
Capital Leases	-	-	-	-	-	-	-
Premium on new issuance of debt	-	-	-	1,307,103	-	-	1,307,103
Sales of capital assets	68,009	-	71,484	-	-	-	139,493
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	68,009	-	71,484	1,307,103	34,551,700	-	35,998,296
NET CHANGE IN FUND BALANCE	(2,778,459)	5,881	(1,317,847)	142,392	3,196,978	61	(750,994)
FUND BALANCE AT BEGINNING OF YEAR	17,386,308	-	2,333,899	15,515,172	26,088,099	187,121	61,510,599
FUND BALANCE AT END OF YEAR	<u>\$ 14,607,849</u>	<u>\$ 5,881</u>	<u>\$ 1,016,052</u>	<u>\$ 15,657,564</u>	<u>\$ 29,285,077</u>	<u>\$ 187,182</u>	<u>\$ 60,759,604</u>

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, 2015**

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS \$ (750,994)

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	\$ 29,436,799	
Depreciation expense	(5,048,754)	
Retirements and adjustments	<u>(3,470,528)</u>	20,917,518

Receivables recorded but the related revenues not available soon enough after year-end were reported as deferred inflows of resources in the governmental funds in accordance with GASB Statement No. 65.		181,371
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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.		796,882
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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.		(35,858,803)
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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	22,225,000	
Amortization of Premium	<u>459,274</u>	22,684,274

Capital reduction on capital lease original put on books at \$3,500,000. 2014, corrected to \$3,407,790. This correction recorded as a reduction in capital assets purchased (credit) and a reduction to the long-term liabilities (debit) in the Statement of Net Position but does not affect the Statement of Activities.		92,210
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest cost is recognized as the interest accrues, regardless of when it is due.		(4,042)
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The District uses Internal Service Funds to charge the costs of certain activities, such as self insurance, to appropriate function 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.		153,284
--	--	---------

Deferred outflows of resources related to pensions are applicable to future periods, and, therefore, not reported in the governmental funds.		6,882,428
--	--	-----------

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(88,199,969)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (73,105,842)</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, 2015**

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 28,720,661	\$ 28,720,661	\$ 31,016,686	\$ 2,296,025
Intermediate sources	4,223,599	4,223,599	4,365,060	141,461
State sources	68,645,372	68,645,372	67,971,123	(674,249)
Federal sources	6,148,500	6,148,500	6,567,783	419,283
Other sources	2,034,428	2,034,428	174,546	(1,859,882)
<b>TOTAL REVENUES</b>	<b>109,772,560</b>	<b>109,772,560</b>	<b>110,095,198</b>	<b>322,638</b>
<b>EXPENDITURES</b>				
Instruction	65,489,315	66,906,150	65,626,930	1,279,219
Support services				
Student	9,427,060	9,245,780	9,073,604	172,176
Instructional staff	4,737,362	5,606,721	5,243,075	363,646
Administration	14,860,405	15,197,741	14,863,232	334,510
Operation and maintenance	10,062,727	10,579,852	10,104,859	474,992
Student transportation	6,149,830	5,911,441	5,750,462	160,978
Non-instructional services				
Child nutrition operations	-	9,989	-	(9,989)
Community services operations	818,990	978,843	978,151	692
Other	1,454,310	849,739	834,279	15,460
<b>TOTAL EXPENDITURES</b>	<b>113,000,000</b>	<b>115,286,254</b>	<b>112,474,593</b>	<b>2,791,684</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(3,227,440)</b>	<b>(5,513,694)</b>	<b>(2,379,395)</b>	<b>3,114,322</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>19,936,710</b>	<b>19,936,710</b>	<b>17,386,308</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 16,709,270</b>	<b>\$ 14,423,016</b>	<b>\$ 15,006,913</b>	<b>\$ 3,114,322</b>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year			(401,120)	
Wages Payable			(30,792)	
Inventory			40,513	
Investments, change in market value, adjustments			(7,665)	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<b>\$ 14,607,849</b>	

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, 2015**

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 4,161,323	\$ 4,161,323	\$ 4,304,931	\$ 143,608
Intermediate sources	-	-	-	-
State sources	52,517	52,517	69,677	17,160
Federal sources	-	-	-	-
Other sources	508,940	508,940	1,459	(507,481)
<b>TOTAL REVENUES</b>	<b>4,722,780</b>	<b>4,722,780</b>	<b>4,376,068</b>	<b>(346,712)</b>
<b>EXPENDITURES</b>				
Instruction	378,933	358,933	358,933	-
Support services				
Student	-	-	-	-
Instructional staff	-	-	-	-
Administration	12,000	1,400	1,358	42
Operation and maintenance	5,320,231	5,587,374	5,332,553	254,821
Student transportation	-	2,788	-	2,788
Non-instructional services				
Child nutrition operations	-	-	-	-
Community services operations	-	-	-	-
Other	18,500	1,095	1,045	50
<b>TOTAL EXPENDITURES</b>	<b>5,729,664</b>	<b>5,951,590</b>	<b>5,693,889</b>	<b>257,702</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(1,006,884)</b>	<b>(1,228,810)</b>	<b>(1,317,821)</b>	<b>(89,011)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>2,333,899</b>	<b>2,333,899</b>	<b>2,333,899</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1,327,014</b>	<b>\$ 1,105,088</b>	<b>\$ 1,016,078</b>	<b>\$ (89,011)</b>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year			(53)	
Wages Payable			28	
Inventories			-	
Investments, change in market value			-	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<b>\$ 1,016,052</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, 2015**

	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	\$ 1,864,239	\$ 175,224
Investments	-	-
Due from other governments	-	-
Accrued interest receivable	44	-
Inventories	162,632	-
TOTAL CURRENT ASSETS	2,026,915	175,224
<b>NON-CURRENT ASSETS</b>		
Capital assets being depreciated, net	2,511,342	-
TOTAL NON-CURRENT ASSETS	2,511,342	-
TOTAL ASSETS	4,538,256	175,224
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	48,950	4,214
Liability for incurred claims	-	-
Accrued wages payable	7,087	-
TOTAL CURRENT LIABILITIES	56,037	4,214
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Prepayment of School Meals	152,545	-
<b>NET POSITION</b>		
Investment in capital assets	2,511,342	-
Restricted for Capital Projects	-	-
Unrestricted	1,818,332	171,010
TOTAL NET POSITION	4,329,674	171,010
TOTAL LIABILITIES AND NET POSTION	\$ 4,538,256	\$ 175,224

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, 2015**

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities - Internal Service Fund: Workers' Compensation Fund
OPERATING REVENUES		
Meals	\$ 3,741,850	-
Insurance Contributions	-	48,763
Reimbursements	12,049	863,000
TOTAL OPERATING REVENUES	<u>3,753,899</u>	<u>911,763</u>
OPERATING EXPENSES		
Salaries and wages	3,646,403	-
Purchase and contracted services	657,662	35,786
Supplies and materials	3,880,163	-
Depreciation	1,335,111	-
Management Fees	23,929	1,000
Medical claims	250,000	721,692
Other operating expenses	123,655	-
TOTAL OPERATING EXPENSES	<u>9,916,922</u>	<u>758,478</u>
OPERATING INCOME (LOSS)	<u>(6,163,023)</u>	<u>153,284</u>
NON-OPERATING REVENUES		
Interest income	921	-
Federal and state grants	4,638,819	-
Capital contribution	1,636,418	-
TOTAL NON-OPERATING REVENUES	<u>6,276,158</u>	<u>-</u>
CHANGES IN NET POSITION	<u>113,135</u>	<u>153,284</u>
NET POSITION AT BEGINNING OF YEAR	<u>4,216,539</u>	<u>17,725</u>
NET POSITION AT END OF YEAR	<u><u>\$ 4,329,674</u></u>	<u><u>\$ 171,010</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, 2015**

	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	\$ 3,906,451	\$ 48,763
Interfund services provided	-	863,000
Cash payment for insurance claims	(250,000)	(727,164)
Cash payments to suppliers for goods and services	(5,373,993)	(36,786)
Cash payments to employees for services	(3,646,403)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(5,363,945)</u>	<u>147,813</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contribution	1,636,418	-
Capital assets purchased	(839,076)	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>797,342</u>	<u>-</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Non-operating grants received	4,638,819	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>4,638,819</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	-	-
Purchases of investments	-	-
Investment Income	921	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>921</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,137	147,813
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,791,101	27,411
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,864,239</u>	<u>175,224</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating Income (loss)	(6,163,023)	153,284
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	1,335,111	-
Effect of increases and decreases in current assets and liabilities:		
Decrease (Increase) in Receivables	(37)	-
Decrease (Increase) in Inventories	(194,486)	-
Decrease (Increase) in Due from other governments	-	-
Decrease (Increase) in Due from other funds	-	-
Increase (decrease) in Accounts payable	(494,500)	-
Increase (decrease) in Unavailable revenues	152,545	-
Increase (decrease) in Accrued wages payable	445	-
Increase (decrease) in Accrued expenses	-	-
Increase (decrease) in Workers' comp payable	-	(5,471)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (5,363,945)</u>	<u>\$ 147,813</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>		
Commodities received from Department of Human Services	558,868	
Commodities consumed	429,507	

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, 2015**

	Private- Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 40,581	\$ 1,847,579
Investments	50,000	-
<b>TOTAL ASSETS</b>	<u>90,581</u>	<u>1,847,579</u>
<b>LIABILITIES</b>		
Accounts Payable	-	-
Other Liabilities	-	-
Due to student groups	-	1,797,826
Due to other funds	-	49,754
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>\$ 1,847,579</u>
<b>NET POSITION</b>		
Held for scholarships	90,581	
<b>TOTAL NET POSITION</b>	<u>\$ 90,581</u>	

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



**Broken Arrow Public Schools**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2015**

	Private-Purpose Trust Fund - Gift Fund
<hr/>	
ADDITIONS	
Contributions	\$ 17,950
Interest income	92
TOTAL ADDITIONS	<hr/> 18,042 <hr/>
DEDUCTIONS	
Scholarships awarded	16,500
Other deductions	250
TOTAL DEDUCTIONS	<hr/> 16,750 <hr/>
 CHANGE IN NET POSITION	 1,292
 NET POSITION AT BEGINNING OF YEAR	 <hr/> 89,290 <hr/>
 NET POSITION AT END OF YEAR	 \$ 90,581 <hr/> <hr/>

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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### **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*.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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**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, adjusted by the amortization of bond premiums, 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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### **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 funds), the acquisition or construction of general capital assets (Capital Project Funds), and



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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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.

Permanent Fund (Endowment) - The Permanent Fund (Endowment Fund), is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used to support the reporting government's programs and as per the Endowment terms. 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.

### **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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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

Governments, or on behalf of other funds within the District. Private-Purpose Trust Funds are used to report other arrangements under which principal and income benefit individuals and use the terms “expendable” or “nonexpendable” (requirement to maintain invested resources intact). 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 Fund – This fund is an expendable trust fund and is also called the Gift Fund. The Gift Fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. These assets are held for the benefit of others and cannot be used to address activities or obligations of the government. The District maintains a meaningful degree of ongoing responsibility for the resources once they have been contributed.

Agency Funds – The Agency Funds report resources held by the District in a purely custodial capacity. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds. The District’s Agency Funds account for monies collected principally through fundraising efforts of the students and District sponsored groups.

Fiduciary Funds are not incorporated into the government-wide financial statements.

### **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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

**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 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 per 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 and Prepaid Items – 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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

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.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

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.

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 Outflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources until that period. The District reports pension employer contributions that qualify for this category as of June 30, 2015, with implementation of GASB 68, *Accounting and Financial Reporting for Pensions*.

Deferred Inflows of Resources - Material revenues received prior to normal time of receipt should be recorded as liabilities, unless the revenues are a result of a non-exchange transaction and all eligibility requirements, excluding time requirements, have been met. The governmental fund balance sheet includes deferred inflows of resources related to unavailable property taxes receivable; such amounts received in advance should be recorded as a deferred inflow of resources and recognized as revenue of the period to which they apply. The District reports customer deposits from our Enterprise Fund as a prerequisite to receiving the goods or services.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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

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.

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, 2015, 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

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, permanent fund principal, prepaid items, and long-term receivables.

*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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

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 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 information provides the fund balance classifications as shown in the governmental funds balance sheet as of June 30, 2015:

	Major Funds					Non Major	
	General Fund	Cooperative Fund	Building Fund	Sinking Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory	312,927	-	-	-	-	-	312,927
Permanent fund principal	-	-	-	-	-	40,000	40,000
Restricted for:							
Capital projects	-	-	-	-	29,285,077	-	29,285,077
Debt service	-	-	-	15,657,564	-	-	15,657,564
Building	-	-	1,016,052	-	-	-	1,016,052
Committed to:							
Other Committed Fund Balance	-	5,881	-	-	-	-	5,881
Assigned to:							
Arbitrage	-	-	-	-	-	143,945	143,945
Endowment	-	-	-	-	-	3,237	3,237
Unassigned	14,294,922	-	-	-	-	-	14,294,922
<b>TOTAL FUND BALANCES</b>	<b>\$ 14,607,849</b>	<b>\$ 5,881</b>	<b>\$ 1,016,052</b>	<b>\$ 15,657,564</b>	<b>\$ 29,285,077</b>	<b>\$ 187,182</b>	<b>\$ 60,759,604</b>

**Prior Period Adjustments** – The Net Investment in Capital Assets of Governmental Activities has been restated due to the duplication of amortization of bond proceeds in the amount of \$100,629. This amount was incorrectly stated in the Unrestricted Net Position of the Governmental Activities. The Net Investment in Capital Assets was restated to the correct amount of \$99,822,539 and the Unrestricted Net Position of Governmental Activities restated at \$17,547,948, with no change to the Total Net Position of the District. The following table explains the change:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

Year Ended June 30, 2014 - Governmental Activities

	Reported:	Restated:	Difference:
Net Investment in Capital Assets	\$ 99,721,910	\$ 99,822,539	\$ 100,629
Restricted for:			
Expendable:			
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	17,547,978	(100,629)
Total Net Position	<u>\$ 161,307,687</u>	<u>\$ 161,307,687</u>	<u>\$ (0)</u>
Restated Net Position Change:			
Permanent Fund - Endowment		43,176	
Restated Total Net Position		<u>\$ 161,350,863</u>	

The Permanent Fund beginning net position was also presented in the governmental activities from the Fiduciary Fund reports in the amount of \$43,176, of which \$40,000 was nonspendable principal. This reclassification of a fund is a one-time prior period adjustment. The beginning governmental activities net position is restated from \$161,307,687 to \$161,350,863. This net position at beginning of year change is found in the Statement of Activities on page 43. This prior period net position adjustment is a reduction in Fiduciary Funds net position, therefore, the change has no effect to the overall net position of all funds reported by the District.

**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 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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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

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.

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





## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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

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 Capital Project 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.

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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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### **Note 2. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

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.

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, 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.

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

### **Note 2. – CASH, CASH EQUIVALENTS, 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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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### **Note 2. – CASH, CASH EQUIVALENTS, AND INVESTMENTS – cont'd**

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, 2015 all of the District's deposits were either covered by federal deposit insurance or were collateralized at 110% of the investment principal.

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. The District's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2015, all of the Districts investments were either covered by federal deposit insurance or were fully collateralized. Further, all of the District's investments are held by its agent in the District's name. Accordingly, no investments are subject to custodial credit risk.

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 but monitors investment performance on an ongoing basis to limit the District's interest rate risk.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

**Note 2. – CASH, CASH EQUIVALENTS, AND INVESTMENTS – cont'd**

Maturities of investments as of June 30, 2015 are as follows (000's):

Investment Type	Investment Maturities (in Years)		
	Fair Value	Less Than 1	1-3
Certificates of deposit	\$ 51,590	\$ 51,590	\$ -
Total	<u>\$ 51,590</u>	<u>\$ 51,590</u>	<u>\$ -</u>

Foreign Currency Risk – As of June 30, 2015, 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, 2015, was \$17,999,887, of which \$7,085,743 is obligated for outstanding checks.

Investments & Investment Authority – The District Treasurer is required by the Board to invest District monies in the custody of the Treasurer in those investments permitted by law. The Treasurer shall, to the extent practicable, use competitive bids when purchasing direct obligation of the United States Government or other obligations of the United States Government, its agencies or instrumentalities.

The District Treasurer shall limit investments to:

- Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged; provided the District Treasurer, after completion of an investment education program in compliance with applicable law, may invest funds in the investment account in other obligations of the United States Government, its agencies or instrumentalities;
- Obligations to the payment of which the full faith and credit of this state is pledged;
- Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;
- Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation;



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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**Note 2. – CASH, CASH EQUIVALENTS, AND INVESTMENTS – cont'd**

- Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 above, including obligations of the United States, its agencies and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;
- County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value;
- Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in paragraphs 1 through 6 above;
- Warrants, bonds, or judgments of the District;
- Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investment of which consist of those items specified in paragraphs 1 through 8 above, as well as obligations of the United States, its agencies and instrumentalities; or
- Any other investment that is authorized by law

At June 30, 2015, the District's investments consisted of certificates of deposits with an approximate fair market value of \$51,590,000.

**Note 3. – RECEIVABLES**

The major receivables for governmental activities are federal revenue and taxes receivables. Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for governmental funds.

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

**Note 3. – RECEIVABLES – cont’d**

Receivables at June 30, 2015, all due within one year, for the District’s governmental and proprietary funds, in detail, 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	\$ 4,747	\$ -	\$ 198	\$ -	\$ -	\$ -	\$ -	\$ 4,945
Property taxes-delinquent	92,199	-	13,406	75,766	-	-	-	181,371
Due from other governments								
Local	-	-	-	-	-	-	-	-
County	-	-	-	-	-	-	-	-
State	29,755	-	-	-	-	-	-	29,755
Federal	2,456,482	7,142	-	-	-	-	-	2,463,623
Due from Fiduciary Funds	49,754	-	-	-	-	-	-	49,754
Due from other funds	-	-	-	-	-	140,000	-	140,000
Other receivables	50,317	-	-	-	-	-	44	50,361
Total	<u>\$ 2,683,253</u>	<u>\$ 7,142</u>	<u>\$ 13,604</u>	<u>\$ 75,766</u>	<u>\$ -</u>	<u>\$ 140,000</u>	<u>\$ 44</u>	<u>\$ 2,919,809</u>

At June 30, 2015, \$181,371 of receivables were considered to be unavailable and were recorded as deferred inflows of resources.

Amounts due from Federal and State governments as of June 30, 2015 are presented in the table above. Other receivables were the result of transportation and building rental amounts not received as of June 30, 2015. These amounts are expected to be collected within the next fiscal year.

**Interfund Receivables, Payables and Transfers** – Interfund activities among governmental funds and between governmental funds and proprietary funds, which are due within one year, appear as due to/due from other funds on the Governmental Fund Balance Sheet. They also appear on the Proprietary Fund Statement of Net Position and as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund balance as well as the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position.

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.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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**Note 3. – RECEIVABLES – cont’d**

The composition of interfund receivables and payables as of June 30, 2015, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
General Fund	Fiduciary Fund (Agency Fund)	\$ 49,754
Non-Major Fund (Arbitrage)	Cooperative Fund	<u>140,000</u>
	Total	<u>\$ 189,754</u>

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The Cooperative Fund received an interfund loan in the reporting year ending June 30, 2014, which is still due to the Arbitrage Fund in the amount of \$140,000 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 \$49,754.

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 District transfers remaining Capital Project Funds to the debt service fund after all projects related to a bond issue have been completed.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

### **Note 4. - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance June 30, 2014	Increases	Transfers	Adjustments **	Ending Balance June 30, 2015
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 16,051,247	\$ -	\$ (874,229)	\$ (71,120)	\$ 15,105,897
Construction in progress	11,445,342	24,955,051	(32,099,415)	-	4,300,978
Total capital assets not being depreciated:	27,496,589	24,955,051	(32,973,644)	(71,120)	19,406,875
Capital assets being depreciated:					
Buildings and improvements	173,243,560	577,034	32,099,415	(1,899,030)	204,020,980
Improvements other than buildings	4,076,058	254,598	968,528	(109,210)	5,189,974
Furniture and equipment	30,554,731	3,650,116	(94,299)	(1,391,169)	32,719,380
Total capital assets being depreciated:	207,874,349	4,481,748	32,973,644	(3,399,408)	241,930,334
Total assets	235,370,938	29,436,799	-	(3,470,528)	261,337,209
Less: Accumulated depreciation for:					
Buildings and improvements	(40,857,947)	(5,940,403)	-	1,220,128	(45,578,222)
Furniture and equipment	(15,034,336)	(501,628)	-	173,150	(15,362,814)
Total accumulated depreciation :	(55,892,282)	(6,442,031)	-	1,393,278	(60,941,036)
Governmental activities capital assets, net	\$ 179,478,656	\$ 22,994,768	\$ -	\$ (2,077,250)	\$ 200,396,173
<b>Business-Type Activities</b>					
Capital assets, not being depreciated:					
Construction in progress	582,409	595,038	(1,177,446)	-	-
Total capital assets not being depreciated:	582,409	595,038	(1,177,446)	-	-
Capital assets being depreciated:					
Buildings and improvements	-	-	1,153,610	-	1,153,610
Improvements other than buildings	-	-	23,837	-	23,837
Furniture and equipment	944,195	244,038	-	1,636,418	2,824,651
Total capital assets being depreciated	944,195	244,038	1,177,446	1,636,418	4,002,097
Total assets	1,526,603	839,076	-	1,636,418	4,002,097
Less: Accumulated depreciation for:					
Furniture and equipment	(155,645)	(442,450)	-	(892,661)	(1,490,756)
Business-Type activities capital assets, net	1,370,958	396,626	-	743,758	2,511,342
Net Assets All Funds:	\$ 180,849,614	\$ 23,391,393	\$ -	\$ (1,333,493)	\$ 202,907,515

Depreciation expense was charged to governmental functions as follows:

	Depreciation			Depreciation	
<b>Governmental Activities:</b>	Expense:	Adjustments:	Balance:	<b>Business-Type Activities:</b>	
Instruction	\$ 3,749,400	(1,220,128)	\$ 2,529,273	Child Nutrition Fund	\$ 1,335,111
Support services - Students and staff	252,045	(13,783)	238,262		
Instructional support services	409,268	-	409,268		
Administrative support services	764,223	-	764,223		
Operations and maintenance of plant services	578,092	(159,367)	418,725		
Transportation	689,004	-	689,004		
Non-instructional	-	-	-		
Other-unclassified	-	-	-		
Total Depreciation:	\$ 6,442,031	\$ (1,393,278)	\$ 5,048,754	Total Depreciation:	\$ 1,335,111

\*\* Adjustments: Retirements/Disposals/Corrections within classification of assets.

(figures may be different due to rounding)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JUNE 30, 2015

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### **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.

In the 2014-15 fiscal period, the District retired the lease with Bank of Oklahoma Financial Equipment Finance, Inc. of Tulsa, with final payments of principal in the amount of \$513,468 and interest in the amount of \$9,266, for an electronic display board and structure at the High School, which is classified as land improvements.

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 \$3,407,790. The gross amount was adjusted in the 2014-15 fiscal period, by AVB Bank, decrease of \$92,210 from \$3,500,000 in correction of the value contract total. The inception date of this contract was March 24, 2014. A new amortization schedule representing the change in principal and interest amounts is represented in the following table. The expense for amortization of the asset related to the synthetic artificial turf and maintenance equipment began during the 2014-15 fiscal period. At this time there are no restrictions imposed by contract. In past years, the Building Fund has been used to liquidate this liability.

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

**Capital Lease Payment Schedule**

Fiscal Year	Description:	<u>Artificial Turf</u>	<u>Artificial Turf</u>	
<u>Outstanding</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015-2016		305,129	97,809	402,939
2016-2017		315,213	87,726	402,939
2017-2018		325,360	77,578	402,939
2018-2019		335,835	67,104	402,939
2019-2020		346,499	56,439	402,939
2020-2021		357,801	45,138	402,939
2021-2022		369,319	33,620	402,939
2022-2023		381,208	21,730	402,939
2023-2024		388,012	9,476	397,488
Total		<u>\$ 3,124,376</u>	<u>\$ 496,620</u>	<u>\$ 3,620,996</u>

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

The following is a summary of the long-term debt transactions, with deductions, which includes premium on bonds sold of \$1,307,103 for the District for the year ended June 30, 2015:

	<u>2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>2015</u>	<u>Due in One Year</u>
Governmental activities					
Bonds payable	\$ 74,263,300	\$ 34,551,700	\$ (22,225,000)	\$ 86,590,000	\$ 18,375,000
Premium on debt issuance	1,379,349	1,307,103	(459,274)	2,227,178	962,834
Capital lease	4,013,468	-	(889,092) **	3,124,376	307,200
Total	<u>\$ 79,656,117</u>	<u>\$ 35,858,803</u>	<u>\$ (23,573,367)</u>	<u>\$ 91,941,554</u>	<u>\$ 19,645,034</u>

\*\* Total deductions includes both payments (\$796,882) made and principal reduction (\$92,210) on capital leases.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

In compliance with GASB Statement No.62–187, the District amortizes all premiums on bonds sold. The amortization for the 2014-15 fiscal year was \$459,274, which reduces long-term interest expense.

A brief description of the outstanding long-term debt at June 30, 2015, 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	\$ -
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	\$ 800,000
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	\$ -
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	\$ 2,500,000
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	\$ 3,375,000
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	\$ 10,250,000
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	\$ 13,500,000
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	\$ 21,500,000
Building Bonds, Series 2014B, original issue \$5,665,000 Dated 8-01-2014, interest rate of .050% to 2.00%, due in annual Installments of \$1,415,000, final payment of \$1,420,000, due 8-01-2019	\$ 5,665,000
General Obligation Bonds, Series 2015A, original issue \$29,000,000 Dated 5-01-2015, interest rate of 2.00% to 4.00%, due in annual Installments of \$7,250,000, final payment of \$7,250,000, due 5-1-2020	\$ 29,000,000
<b>TOTAL</b>	<b><u>\$ 86,590,000</u></b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

**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>
2015-2016	21,675,000	286,875	\$ 21,976,979
2016-2017	23,665,000	470,523	\$ 24,135,523
2017-2018	18,540,000	393,788	\$ 18,933,788
2018-2019	14,040,000	330,908	\$ 14,370,908
2019-2020	8,670,000	392,767	\$ 9,062,767
Total	<u>\$ 86,590,000</u>	<u>\$ 1,874,860</u>	<u>\$ 88,479,964</u>

Bonds sold at discounts decrease the carrying value of the bond, and bonds sold at a premium increase the carrying value. Interest expense on general long-term debt during the 2014-15 fiscal year totaled \$1,737,002. Amortization on bond premiums for the year ended June 30, 2015 is \$459,274 which decreases long-term interest expense per GASB, Statement No. 23.

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

**General Information about the Pension Plan**

Description of Plan - The District participates in the state-administered Oklahoma Teachers' Retirement System (TRS), 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. Statutory authority for the Board of Trustees is Title 70, Oklahoma Section 17-106 [70 O.S. 17-106]. These statutes 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 as well as actuarial reports at [www.ok.gov/TRS](http://www.ok.gov/TRS). That report may also be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Benefits Provided - TRS provides retirement, disability, and death benefits. Retirement benefits are determined as 2.0 percent of final average salary times the employee's years of service. Combination 80 clients (joined prior to 7/1/92) use their highest three salaries in the average





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

salary calculation. Combination 90 and Combination 90/Minimum Age 60 clients use their highest consecutive five salaries in the average salary calculation. Employees with 5 years of continuous service are eligible to retire at age 62. Employees are eligible for service-related disability when they have at least 10 years of Oklahoma Contributory Service. The same rules apply to nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The retirement plan provides a lifetime benefit to client in addition to a \$5,000 death benefit paid to the surviving beneficiary(ies).

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Governmental Funds
Inactive employees or beneficiaries currently receiving benefits	73
Active employees participating in the plan	1755
Total	1828

Contributions - Per Article 17 of the State Statutes, contribution requirement of the active employees and the District are established and may be amended by the TRS Board. Employees are required to contribute 7.0% of their annual pay. The District's contractually required contribution rate for the year ended June 30, 2015, was 9.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$6,882,428 for the year ended June 30, 2015.

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

At June 30, 2015, the District reported a net pension liability of \$88,199,969 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 1.639%.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

For the period ended June 30, 2015, the District recognized pension expense of \$5,164,614. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,453,797
Net difference between projected and actual investment earnings on pension plan investments	-	21,345,896
Changes in Assumptions	-	-
Changes in proportion and differences between district contributions and proportionate share of contributions	-	1,717,814
Totals	-	24,517,507
District contributions subsequent to the measurement date	6,882,428	-
Totals	\$ 6,882,428	\$ 24,517,507

\$6,882,428 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Inflows
Year ended June 30:	
2015	\$ (5,609,744)
2016	\$ (5,609,744)
2017	\$ (5,609,744)
2018	\$ (5,609,744)
2019	\$ (273,270)
Thereafter	\$ (87,446)
	\$ (22,799,693)



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	-	Entry Age Normal
Amortization Method	-	Level Percentage of Payroll
Amortization Period	-	Amortization over an open 30-year period
Asset Valuation Method	-	5-year smooth market
Inflation	3.00%	
Salary increases	4.00%	average, including inflation
Investment rate of return	8.00%	net of expenses and compounded annually
Payroll growth rate	3.50%	per year

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004- June 30, 2009. As a result of the 2009 actuarial experience study, no future improvement was assumed for pre-retirement mortality, since this would not have a material effect on the liabilities or costs.

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

2008 Legislative Session: A 2.00% ad hoc cost-of-living adjustment (COLA) was provided, effective July 1, 2008. All retirees who retired before July 1, 2007 were eligible, including disabled retirees, special retirees and beneficiaries receiving payments.

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.7%
Domestic Large Cap Equity	10.0%	6.2%
Domestic Mid Cap Equity	13.0%	6.9%
Domestic Small Cap Equity	10.0%	7.0%
International Large Cap Equity	11.5%	7.0%
International Small Cap Equity	6.0%	7.0%
Core Plus Fixed Income	17.5%	2.1%
High-yield Fixed Income	6.0%	4.5%
Private Equity	5.0%	7.9%
Real Estate**	7.0%	5.5%
Master Limited Partnerships	7.0%	7.9%
Total	<u>100.0%</u>	

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

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

**Discount rate** - The discount rate used to measure the total pension liability was 8.00%. The single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. The projection of cash flows used to determine the discount rate assumed the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

**Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption** - The following table provides the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2014. In particular, the table presents the plan's net pension liability, if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	<u>\$ 124,767,828</u>	<u>\$ 88,811,015</u>	<u>\$ 58,462,236</u>

The changes in the Net Pension Liability for the plan is as follows:

Teachers Retirement System - Broken Arrow Public Schools:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2014</b>	<u>\$ 6,656,684</u>	<u>\$ (110,684,606)</u>	<u>\$ 117,341,290</u>
<b>Changes in the year:</b>			
Service cost	-	-	-
Interest on the total pension liability	-	-	-
Differences between actual and expected experience	-	1,453,797	(1,453,797)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	225,744	6,882,428	(6,656,684)
Contribution - State (On-Behalf)	-	4,849,558	(4,849,558)
Contribution- members	-	-	-
Net investment income	-	21,345,896	(21,345,896)
Administrative expense	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
	-	(5,164,614)	5,164,614
<b>Net changes</b>	<u>225,744</u>	<u>29,367,065</u>	<u>(29,141,321)</u>
<b>Balance at June 30, 2015</b>	<u>\$ 6,882,428</u>	<u>\$ (81,317,541)</u>	<u>\$ 88,199,969</u>

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position and changes in net pension liability is available in the separately issued TRS financial report.

**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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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**Note 7. - RISK MANAGEMENT – cont'd**

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, 2015, CBR has reported an outstanding reserve for the District to be \$2,337,989. In order to mitigate the risk associated with this program, the District reserves and restricts a percentage of the fund balance. For 2014-15, this amount was \$171,010 for both general activities and business-type activities.

Commercial policies in force during the year contained the following deductibles:

Property, Fire and Extended Coverage	\$ 25,000
Flood & Earthquake	\$ 50,000
Wind/Hail	\$100,000
Automotive & General	\$ 0
School Leader Legal	\$ 25,000

Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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. – COMMITMENTS AND 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.

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.

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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**Note 8. – COMMITMENTS AND CONTINGENCIES – cont'd**

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.

As of June 30, 2015, the District had outstanding commitments (contracts and purchase orders), of approximately \$439,671 primarily for supplies and equipment. Construction in progress had \$4,300,978 in outstanding projects not completed. These projects consist of renovations to seven school buildings, a new JROTC program, and the addition to our transportation/maintenance facility.

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.

Arbitrage – Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earning on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on bond issue. The rebatable arbitrage must be paid to the federal government. State agencies and institutions of higher education responsible for investment from bond proceeds carefully monitor their investments to restrict earnings to a yield less than the bond issue, and, therefore, limit any arbitrage liability. The District estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

**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 the Capital Project 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.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

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

The lease revenue bond payments will be as follows:

2011 Series		2012 Series	
Fiscal Year	Payment	Fiscal Year	Payment
2015-16	\$ 16,888,231	2015-16	\$ 5,189,150
2016-17	11,259,881	2016-17	3,463,225
2017-18	2,800,681	2017-18	11,211,763
2018-19	9,751,516	2018-19	2,283,200
2019-20	27,600,250	2019-20	2,283,200
		2020-21	5,181,488
		2021-22	21,890,388
		2022-23	31,817,250
Total Obligation:	68,300,559	Total Obligation:	83,319,664
Less amounts representing interest:	<u>(7,755,559)</u>	Less amounts representing interest:	<u>(16,789,664)</u>
Lease Revenue Bonds Payable:	<u>\$ 60,545,000</u>	Lease Revenue Bonds Payable:	<u>\$ 66,530,000</u>

**Note 10. – EXTRAORDINARY AND SPECIAL ITEMS**

The District did not report extraordinary items in the current fiscal year. Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence.

The District reported special items in the current fiscal year. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. The restated beginning net position related to the employee retirement system - pension in the amount of \$88,199,969 is reported as a special item in the Statement of Activities due to the implementation of GASB, Statement No. 68 as it was not part of the District's annual revenues and expenses.

This special item is a one-time entry to present changes in activity, the nature of the activity, and the effect on the net position (GAAFR, page 348) from a prior period. Also see Note 6 for detailed information on employee retirement system - pension net position.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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**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 fourth 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, eight 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:

**Adopted: 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. The implementation of GASB No. 68 on financial statements resulted in a significant decrease in its net position.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JUNE 30, 2015**

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

- ✓ 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. The District did not experience any combinations or disposals of government operations in the fiscal year 2015.
- ✓ Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, was issued in November 2013 and addresses issued regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The provisions of this Statement were required to be applied simultaneously with the provisions of Statement 68. The District implemented the requirements with the fiscal year 2015, by recognizing the contributions made to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the District's reporting period as a deferred outflow of resources and a change in the net pension liability only if it is practical to determine all such amounts.

**New Accounting Pronouncements Issued Not Yet Adopted**

- ✓ Statement No. 77, Tax Abatement Disclosures GASB No. 77 was issued August 2015, and requires governments that enter into tax abatement agreements to disclose certain information about these agreements. Disclosures include; Descriptive information, gross dollar amounts during the period, and commitments made by the government, other than to abate taxes, as part of a tax abatement agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015, earlier application is encouraged. The District is currently researching the tax abatement agreements on file with the City of Broken Arrow and does foresee the disclosing of two current Abatements on file with fiscal year beginning after December 15, 2015.

# REQUIRED SUPPLEMENTARY INFORMATION





**Broken Arrow Public Schools**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Year Ended June 30, 2015**  
**Last 10 Years\***

	<u>2015</u>
Proportion of the net pension liability	1.64%
Proportionate share of the net pension liability	88,199,969
Covered - employee payroll	71,038,573
Proportionate share of the net pension liability as percentage of covered-employee payroll	124.16%
Plan's fiduciary net position	(81,317,541)
Plan fiduciary net position as a percentage of the total pension liability	-92.20%

Notes to schedule:

No benefit changes or changes in assumptions were report in fiscal period 2015.

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year shown.

See Independent auditors' report



**Broken Arrow Public Schools  
Required Supplementary Information  
Schedule of Contributions  
Year Ended June 30, 2015  
Last 10 Years\***

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 6,656,684
Contributions in relation to the actuarially determined contributions	6,656,684
Contribution deficiency (excess)	<u>\$ -</u>
Covered - employee payroll	\$ 71,038,573
Contributions as a percentage of covered - employee payroll	9.37%

Notes to schedule:

Valuation date:	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Amortization Period	Amortization over an open 30-year period
Asset Valuation Method	5-year smooth market
Inflation	3.00%
Salary increases	4.00%, average, including inflation
Investment rate of return	8.00%, net of expenses and compounded annually
Payroll growth rate	3.50% per year
Mortality	RP-2000 Healthy Annuitant Mortality Table

\* Fiscal year 2015 was the 1st year of implementation, therefore only one year shown.  
See Independent auditors' report



# OTHER SUPPLEMENTARY INFORMATION







**Broken Arrow Public Schools**  
**Other Supplementary Information**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**Year Ended June 30, 2015**

	Balance June 30, 2014	Additions	Deductions	Adjustments	Balance June 30, 2015
HIGH SCHOOL TOTAL	\$ 459,180	\$ 1,889,127	\$ (1,705,438)	\$ (754)	\$ 642,115
INTERMEDIATE HIGH SCHOOLS TOTAL	81,065	-	(81,065)	-	0
FRESHMAN ACADEMY TOTAL	-	119,598	(83,521)	-	36,077
ALTERNATIVE SCHOOL TOTAL	21,046	12,413	(8,307)	(1,628)	23,524
MIDDLE SCHOOLS TOTAL	243,660	493,070	(509,393)	(361)	226,976
ELEMENTARY SCHOOLS TOTAL	226,915	379,153	(395,388)	(347)	210,333
EARLY CHILDHOOD CENTERS TOTAL	22,441	95,701	(95,464)	-	22,677
STUDENT CLUBS TOTAL	705,868	3,065,040	(3,204,795)	(1,144)	564,969
ADMINISTRATIVE TOTAL	<u>246,759</u>	<u>152,270</u>	<u>(327,134)</u>	<u>(741)</u>	<u>71,153</u>
TOTAL FUNDS HELD FOR STUDENT ACTIVITIES	<u>2,006,934</u>	<u>6,206,371</u>	<u>(6,410,505)</u>	<u>(4,974)</u>	<u>1,797,826</u>
SUMMARY - ACTIVITY FUNDS					
ASSETS					
Cash	<u>2,006,934</u>	<u>6,256,125</u>	<u>(6,410,505)</u>	<u>(4,974)</u>	<u>1,847,579</u>
LIABILITIES					
Due to other funds	-	49,754	-	-	49,754
Funds held for student activities	<u>2,006,934</u>	<u>6,206,371</u>	<u>(6,410,505)</u>	<u>(4,974)</u>	<u>1,797,826</u>
TOTAL LIABILITIES	<u>\$ 2,006,934</u>	<u>\$ 6,256,125</u>	<u>\$ (6,410,505)</u>	<u>\$ (4,974)</u>	<u>\$ 1,847,579</u>

See independent auditors' report

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# STATISTICAL SECTION





**Statistical Section**  
**Fiscal Year Ended June 30, 2015**  
**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>	99
These schedules compile trend information and report how the District's financial position has changed over time.	
<u>Revenue Capacity</u>	107
These schedules provide information regarding the District's major revenue sources; property taxes, and the stability/growth of revenue.	
<u>Debt Capacity</u>	113
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>	119
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>	123
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 fourth 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 eight years of information, of which four 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 Eight Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>								
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	\$ 108,454,620
Restricted for:								
Nonexpendable:								
Endowment Principal	-	-	-	-	-	-	-	40,000
Pension	-	-	-	-	-	-	-	(81,317,541)
Expendable:								
Debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820	15,515,172	15,657,564
Capital projects	11,670,497	13,529,823	16,741,243	26,233,999	32,698,625	32,924,660	26,088,099	29,285,077
Building	-	-	-	-	3,144,045	2,762,215	2,333,899	1,016,052
Unrestricted	7,402,375	11,352,959	12,127,691	21,412,088	21,980,866	20,080,655	17,648,608	15,109,250
<b>Total Governmental activities net position</b>	<b>87,735,408</b>	<b>101,809,907</b>	<b>110,777,572</b>	<b>129,201,027</b>	<b>147,003,139</b>	<b>153,736,110</b>	<b>161,307,688</b>	<b>88,245,022</b>
<b>Business-type activities</b>								
Investment in capital assets	68,007	-	259,130	25,966	352,642	719,273	1,370,958	2,511,342
Restricted for:								
Nonexpendable	-	-	-	-	-	-	-	-
Expendable:								
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Unrestricted	1,308,354	1,676,733	2,327,646	2,280,412	3,255,159	3,149,060	2,845,581	1,818,332
<b>Total business-type activities net position</b>	<b>1,376,361</b>	<b>1,676,733</b>	<b>2,586,776</b>	<b>2,306,378</b>	<b>3,607,801</b>	<b>3,868,334</b>	<b>4,216,539</b>	<b>4,329,674</b>
<b>District-wide</b>								
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	110,965,961
Restricted for:	-							
Nonexpendable:								
Endowment Principal	-	-	-	-	-	-	-	40,000
Pension	-	-	-	-	-	-	-	(81,317,541)
Expendable:								
Debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820	15,515,172	15,657,564
Capital projects	11,670,497	13,529,823	16,741,243	26,233,999	32,698,625	32,924,660	26,088,099	29,285,077
Building	-	-	-	-	3,144,045	2,762,215	2,333,899	1,016,053
Unrestricted	8,710,729	13,029,692	14,455,337	23,692,500	25,236,025	23,229,715	20,494,188	16,927,583
<b>Total district-wide net position</b>	<b>\$ 89,111,769</b>	<b>\$ 103,486,640</b>	<b>\$ 113,364,348</b>	<b>\$ 131,507,405</b>	<b>\$ 150,610,940</b>	<b>\$ 157,604,444</b>	<b>\$ 165,524,227</b>	<b>\$ 92,574,696</b>

**Note:** The District began to report net position in lieu of net assets in conformity with GASB Statement 63 beginning in 2012.

Only 8 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

Restricted for nonexpendable endowment fund was previously reported in Fiduciary Funds - corrected to Permanent Fund in 2015.

The District began to report pension net position in conformity with GASB Statement No. 68, Accounting and Financial Reporting for Pensions in 2015.

Permanent Fund - restricted for Nonexpendable principal was corrected in the June 30, 2015 fiscal year to be included in Governmental Activities



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

	2008	2009	2010	2011	2012	2013	2014	2015
<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	\$ 65,330,950
Support services - Students	10,433,338	12,845,772	20,727,734	8,169,317	8,166,385	7,951,821	8,390,280	8,662,516
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	5,894,528
Support services - Administration	17,321,656	15,594,220	13,503,518	12,890,477	11,749,833	12,608,451	12,040,169	14,090,237
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	14,220,691
Student transportation services	5,806,382	6,177,841	4,698,556	6,994,021	6,563,236	5,438,306	5,774,785	5,610,686
Other support services	1,264,295	249,408	792,110	487,251	659,417	656,673	631,639	973,423
Child Nutrition	-	-	-	-	80,352	-	1,952,800	1,512,250
Community services	315,802	471,260	398,450	580,860	603,868	688,638	1,827,511	-
Loss on disposal of assets	4,494	182,736	198,809	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	5,048,754
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	1,277,727
Total governmental-type activities expense	<u>111,235,550</u>	<u>112,400,324</u>	<u>117,781,282</u>	<u>111,699,009</u>	<u>111,481,927</u>	<u>110,994,523</u>	<u>123,324,604</u>	<u>122,621,763</u>
Business-type activities								
Food service	6,514,487	6,387,455	7,063,688	6,478,194	6,581,268	7,390,973	7,675,095	9,916,922
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>	<u>9,916,922</u>
Total district expenses	<u>117,750,037</u>	<u>118,787,779</u>	<u>124,844,970</u>	<u>118,177,203</u>	<u>118,063,195</u>	<u>118,385,496</u>	<u>130,999,699</u>	<u>132,538,685</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	316,066
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	31,410
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	6,380,736
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>	<u>6,728,212</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	3,741,850
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	3,921,853
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>	<u>7,663,703</u>
Total district program revenues	<u>\$ 22,712,413</u>	<u>\$ 23,507,320</u>	<u>\$ 27,504,332</u>	<u>\$ 34,456,594</u>	<u>\$ 17,898,730</u>	<u>\$ 13,368,923</u>	<u>\$ 14,133,535</u>	<u>\$ 14,391,915</u>





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

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Net (Expense) Revenue</b>								
Governmental activities	\$ (94,893,925)	\$ (95,752,813)	\$ (96,888,562)	\$ (83,757,792)	\$ (100,376,597)	\$ (104,716,606)	\$ (116,770,318)	\$ (115,893,551)
Business-type activities	(143,699)	472,354	(452,076)	37,183	212,132	(299,967)	(95,846)	(2,253,220)
Total district net expense	<u>(95,037,624)</u>	<u>(95,280,459)</u>	<u>(97,340,638)</u>	<u>(83,720,609)</u>	<u>(100,164,465)</u>	<u>(105,016,573)</u>	<u>(116,866,164)</u>	<u>(118,146,770)</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	32,019,102
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	22,628,030
Other taxes	6,827,847	7,055,450	7,641,379	7,933,296	9,464,365	10,288,974	10,828,630	11,043,588
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	61,362,274
Interest and investment earnings	2,219,124	757,577	247,515	367,898	907,841	90,436	60,895	114,489
Gain on sale of capital assets	-	-	-	-	9,834	16,050	114,259	139,493
Extraordinary Items:								
Net pension liability	-	-	-	-	-	-	-	(88,199,969)
Other	4,936,708	8,209,392	9,194,146	7,465,731	6,187,239	1,560,942	3,311,098	3,680,702
Total governmental activities	<u>102,396,003</u>	<u>111,228,204</u>	<u>107,202,294</u>	<u>101,338,618</u>	<u>118,542,079</u>	<u>111,449,577</u>	<u>124,341,896</u>	<u>42,787,709</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	716,967
Interest and investment earnings	4,705	15,827	20,884	8,344	4,753	3,331	2,654	921
Gain on disposal of capital assets	-	-	4,425	39,431	2,302	-	-	-
Capital contribution	-	-	-	-	-	-	-	1,636,418
Other	-	-	-	-	114,592	28,755	30,956	12,050
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>	<u>2,366,355</u>
Total district-wide	<u>102,777,930</u>	<u>111,282,035</u>	<u>107,538,298</u>	<u>101,749,264</u>	<u>119,124,055</u>	<u>112,010,077</u>	<u>124,785,948</u>	<u>45,154,064</u>
<b>Changes in Net Position</b>								
Governmental activities	7,502,078	15,475,391	10,313,732	17,580,826	18,165,482	6,732,971	7,571,578	(73,105,842)
Business-type activities	238,228	526,185	(116,072)	447,829	794,108	260,533	348,206	113,135
Total district	<u>\$ 7,740,306</u>	<u>\$ 16,001,576</u>	<u>\$ 10,197,660</u>	<u>\$ 18,028,655</u>	<u>\$ 18,959,590</u>	<u>\$ 6,993,503</u>	<u>\$ 7,919,783</u>	<u>\$ (72,992,706)</u>

**Note:** Only 8 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 Eight Fiscal Years**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>								
Reserved								
Unreserved	\$ 5,925,936	\$ 9,410,693	\$ 10,878,215	\$ 18,541,950				
Nonspendable					\$ 161,964	\$ 284,978	\$ 272,414	\$ 312,927
Restricted					-	-	-	-
Committed					-	-	-	-
Assigned					291,828	117,317	-	-
Unassigned					21,383,129	19,534,415	17,113,895	14,294,922
<b>Total general fund</b>	<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>	<u>\$ 14,607,849</u>
<b>All Other Governmental Funds</b>								
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					-	-	-	40,000
Restricted					\$ 52,202,982	\$ 50,911,640	\$ 43,937,170	\$ 45,958,693
Committed					-	-	-	5,881
Assigned					-	-	143,945	147,182
<b>Total all other governmental funds</b>	<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>	<u>\$ 46,151,756</u>

**Note:** The District implemented GASB Statement No. 54 in 2012, resulting in the change in fund balance categories. Only 8 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 Eight Fiscal Years**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015
<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	\$ 57,876,782
Intermediate sources	3,409,448	3,433,650	3,760,192	3,891,556	3,905,726	4,220,581	4,163,544	4,365,060
State sources	59,151,291	61,426,418	54,511,499	54,927,548	58,197,625	59,090,805	63,919,714	68,040,801
Federal sources	8,114,763	10,607,155	14,339,571	15,650,262	10,696,486	5,918,539	6,076,809	6,172,973
Other sources	-	-	-	-	238,255	485,031	2,116,807	219,210
<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>136,674,826</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	67,331,278
Student	39,252,896	39,903,005	45,161,172	41,200,435	8,166,385	8,341,730	8,564,110	9,256,082
Instructional staff	-	-	-	-	5,051,994	6,000,678	6,060,517	7,149,975
Administration	-	-	-	-	13,926,174	13,371,104	15,053,772	15,959,607
Operations and maintenance	3,717	2,098	657,891	1,956,323	13,374,600	14,848,672	21,025,001	15,513,467
Student transportation	6,932,236	6,713,008	7,467,547	4,956,839	6,229,887	6,600,049	6,140,707	6,846,658
<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	982,404
Other	-	-	-	3,510	623,777	49,881	562,330	835,544
Capital outlay	16,864,227	5,618,198	8,238,872	10,005,932	9,880,802	10,867,181	20,712,239	24,794,259
<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	23,021,882
Interest	1,911,725	2,542,069	2,174,625	2,550,031	35,641	1,700,488	1,827,511	1,732,960
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>\$ 173,424,117</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>	<b>(36,749,291)</b>



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

	2008	2009	2010	2011	2012	2013	2014	2015
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	\$ 34,551,700
Capital Leases	-	-	-	-	-	(486,652)	3,500,000	-
Premium on new issuance of debt	-	-	-	-	790,019	727,155	752,823	1,307,103
Proceeds on disposal of capital assets	-	-	-	-	-	-	114,259	139,493
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	35,998,297
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)	\$ (750,994)
Debt service as a percentage of noncapital expenditures <sup>a</sup>	12.86%	12.07%	13.46%	14.88%	14.74%	17.68%	16.16%	17.19%

<sup>a</sup>Noncapital expenditures debt service percentage calculations are total expenditures less capital outlays 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 8 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 Eight Fiscal Years**

Fiscal Year Ended June 30th	Agriculture Assessed Value <sup>a</sup>	Commercial Property Assessed Value <sup>a</sup>	Residential 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	\$ 5,569,995	\$ 80,653,472	\$ 398,197,265	\$ 53,927,308	\$ 34,859,642	\$ 573,207,682	\$ 5,212,934,953	11.00%	\$ 68.00
2009	6,010,342	87,029,692	429,677,540	56,988,436	35,199,606	614,905,616	5,592,219,497	11.00%	71.16
2010	6,387,442	92,490,096	456,636,302	60,148,019	37,125,687	652,787,546	5,960,056,518	10.95%	69.72
2011	6,679,991	96,726,206	477,550,558	61,731,452	38,280,454	680,968,660	6,213,429,439	10.96%	69.25
2012	6,917,221	100,161,291	494,510,044	62,450,345	36,694,573	700,733,473	6,403,085,486	10.94%	70.60
2013	7,073,275	102,420,961	505,666,349	67,790,732	38,357,583	721,308,901	6,602,257,029	10.93%	70.22
2014	7,292,368	105,593,423	521,329,229	80,940,052	36,992,320	639,261,601	6,891,879,682	9.28%	70.51
2015	7,571,784	109,639,361	566,095,388	77,554,379	32,953,314	676,603,081	7,069,347,080	9.57%	71.10

<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 8 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 Eight Fiscal Years**

Fiscal Year	Direct Rates Broken Arrow School District				Rates for Taxpayers in the City of Broken Arrow 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	
2015	36.40	5.20	29.50	71.10	22.23	7.21	13.33	17.14	202.11	
Eight-Year Average									\$ 199.97	

**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 8 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 Seven Years Ago**

Taxpayer	2015			2008		
	Net Assessed Valuation	Percentage of District's Net Assessed Valuation <sup>a</sup>	Rank	Net Assessed Valuation	Percentage of District's Net Assessed Valuation <sup>b</sup>	Rank
Public Service Company of Oklahoma	\$ 6,981,141	0.91%	1	\$ 7,741,886	1.35%	1
Greens at Broken Arrow	5,592,976	0.73%	2	2,327,835	0.41%	5
Wal-Mart Stores	5,194,176	0.68%	3	4,999,454	0.87%	3
Valor Communications of Oklahoma	4,975,022	0.65%	4	5,869,392	1.02%	2
Flight Safety International INC	4,591,545	0.60%	5			
Park at Misson Hills	3,942,206	0.51%	6			
Auburndale Halifax Broken Arrow LLC	3,307,918	0.43%	7			
Oklahoma Natural Gas	2,916,359	0.38%	8	3,317,887	0.58%	4
LSREF2 Oreo (Heights) LLC	2,111,116	0.27%	9			
St. John Hospital	2,032,917	0.26%	10			
Villas At Aspen Park LLC						
Cox Communications				2,111,693	0.37%	7
Lowe's Home Center				1,662,201	0.29%	9
ORIX at Battle Creek LLC				2,324,575	0.41%	6
Roland Investments LTD				1,707,628	0.30%	8
PACCAR				1,260,646	0.22%	10
Total	<u>\$ 41,645,376</u>	<u>5.42%</u>		<u>\$ 33,323,197</u>	<u>5.81%</u>	

<sup>a</sup> Based on FY14-15 District Net Assessed Valuation of 769,023,417

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

**Note:** Only 8 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Source:** Tulsa and Wagoner County Assessors



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

Fiscal Year Ended June 30th	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>			Total Collections to Date		
		Amount	Percentage of Levy	Collected in Subsequent Years <sup>b</sup>	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%	
2015	54,599,566	53,295,303	97.61%	971,679	54,266,983	99.39%	

<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 8 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 Eight 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
2015	88,817,178	3,124,376	-	91,941,554	7,069,347,080	1.30%	167,291,805	54.96%	18,372	5,004

<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 8 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 Eight 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
2015	88,817,178	15,657,564	73,159,614	7,069,347,080	1.03%	18,372	3,982

<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 8 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, 2015**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Direct and Overlapping Debt <sup>b</sup>
Tulsa County	\$ 327,404	9.76%	\$ 31,955
Wagoner County	-	N/A	-
Tulsa Community College	-	N/A	-
Tulsa Vo-Tech #18	-	N/A	-
City of Broken Arrow	94,988,469	100.00%	94,988,469
City of Tulsa	494,387,375	0.68%	3,361,834
City of Coweta	-	N/A	-
Subtotal, overlapping debt			98,382,258
<b>District direct debt<sup>c</sup></b>			91,941,554
<b>Total direct and overlapping debt</b>			<b>\$ 190,323,812</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 Eight Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2015:**

Secondary assessed valuation		\$	769,023,417
Debt Limit (10% of assessed value)			76,902,342
Debt applicable to limit	91,941,554		
Current sinking fund balance	(15,657,564)		76,283,990
Legal debt margin		\$	<u><u>618,352</u></u>

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%
2015	769,023,417	76,902,342	91,941,554	15,657,564	76,283,990	618,352	99.20%

<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 8 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 and ECONOMIC INFORMATION





**Broken Arrow Public Schools**  
**Demographic and Economic Statistics**  
**Last Eight 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
2015	107,506	167,291,805	24,208	3.70%	18,372

<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 8 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 Seven Years Ago**

Employer	2015		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	2,221	2.07%	2,034	2.07%
Walmart	900	0.84%	1,323	1.35%
Northeastern State University	800	0.74%	-	-
Flight Safety International	715	0.67%	650	0.66%
City of Broken Arrow	675	0.63%	746	0.76%
Zeeco	487	0.45%	-	-
Oklahoma Healthcare Services	460	0.43%	-	-
Exterran, Inc.	350	0.33%	-	-
MicahTek, Inc.	350	0.33%	375	0.38%
McDaniel Technical Services	325	0.30%	-	-
A G Equipment Co.	322	0.30%	-	-
Rhema Bible Church	287	0.27%	-	-
Davis H. Elliot/Oklahoma Inc.	275	0.26%	-	-
Baker Hughes Oilfield Ops.	270	0.25%	-	-
St. John Broken Arrow	250	0.23%	-	-
	<u>8,687</u>	<u>8.08%</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 107,506

<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 Eight Fiscal Years**

Full-Time Equivalent Employees by Type									Percentage Change
	2008	2009	2010	2011	2012	2013	2014	2015	2008-2015
Supervisory									
Principals	26	27	27	27	25	25	28	28	7.69%
Assistant Principals	23	23	20	22	26	26	25	29	26.09%
Total supervisory	49	50	47	49	51	51	53	57	16.33%
Instruction									
Teachers	837	806	785	858	875	873	946	1,068	27.60%
Other professionals	200	198	193	149	146	150	149	122	-39.00%
Aides	94	110	102	102	98	95	135	239	154.26%
Total instruction	1,131	1,114	1,080	1,109	1,119	1,118	1,230	1,429	26.35%
Student Services									
Librarians	23	24	24	24	24	24	23	21	-8.70%
Technicians	36	44	41	35	34	44	67	54	50.00%
Social Workers/ Counselors	40	56	54	70	73	76	75	39	-2.50%
Total student services	99	124	119	129	131	144	165	114	15.15%
Support and Administration <sup>a</sup>									
Office	259	281	276	281	277	246	250	184	-28.96%
Maintenance	165	146	134	153	150	146	172	195	18.18%
Food Service	111	121	114	113	114	141	153	83	-25.23%
Transportation	136	147	143	171	170	175	170	159	16.91%
Total support and administration	671	695	667	718	711	708	745	621	-7.45%
Total	1,950	1,983	1,913	2,005	2,012	2,021	2,193	2,221	13.90%

**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 8 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 Eight Fiscal Years**

Fiscal Year Ending June 30th,

	2008	2009	2010	2011	2012	2013	2014	2015
<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	\$ 226,222,682
Student	872,796	898,219	908,414	941,142	957,892	2,457,892	6,200,306	6,258,506
Instructional support	1,788,640	1,788,640	1,788,639	1,799,376	1,902,988	2,307,628	3,067,692	4,005,821
General administration	121,053	121,053	121,053	121,053	163,032	163,032	163,032	176,427
School administration	726,320	726,320	747,575	747,575	747,575	747,575	747,575	812,784
Business	800,627	1,117,041	6,821,682	6,919,619	8,284,960	8,891,941	9,866,374	10,649,898
Operations and maintenance	1,242,654	1,388,662	1,614,769	1,677,952	2,188,376	3,386,270	5,480,740	6,605,416
Transportation	906,167	1,207,067	3,173,817	3,173,817	3,264,782	4,121,614	4,333,934	5,416,963
Non-instructional	731,607	731,607	1,071,120	1,097,086	1,097,086	1,102,205	1,102,204	1,102,204
Other-unclassified	47,811	47,810	47,810	86,508	86,508	86,508	86,509	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>261,337,209</b>
<b>Business-Type Activities<sup>a</sup></b>								
Child nutrition services	-	-	-	-	354,727	725,774	1,526,603	4,002,097
<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>\$ 197,010,489</b>	<b>\$ 209,366,901</b>	<b>\$ 236,897,542</b>	<b>\$ 265,339,307</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 8 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 Eight Fiscal Years**

		2015	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	\$ 29,525	\$ 30,686	\$ 30,686	\$ 30,686
Maximum Salary	\$	44,222	\$ 42,123	\$ 41,560	\$ 41,560	\$ 41,460	\$ 41,460	\$ 41,272	\$ 42,122
Average Salary	\$	35,272	\$ 35,824	\$ 35,543	\$ 35,542	\$ 35,492	\$ 36,073	\$ 35,979	\$ 36,404
Number of Teachers		856	845	824	792	745	777	704	778
<b>Master's</b>									
Minimum Salary	\$	30,806	\$ 30,806	\$ 30,806	\$ 30,806	\$ 31,967	\$ 31,967	\$ 31,967	\$ 31,967
Maximum Salary	\$	48,053	\$ 45,428	\$ 44,753	\$ 44,753	\$ 44,653	\$ 44,653	\$ 44,428	\$ 45,703
Average Salary	\$	38,830	\$ 38,117	\$ 37,780	\$ 37,779	\$ 38,310	\$ 38,310	\$ 38,197	\$ 38,835
Number of Teachers		317	342	323	328	322	331	304	361
<b>Doctor's</b>									
Minimum Salary	\$	32,137	\$ 32,137	\$ 32,137	\$ 32,137	\$ 33,298	\$ 33,298	\$ 33,298	\$ 33,298
Maximum Salary	\$	42,559	\$ 47,959	\$ 47,284	\$ 47,284	\$ 47,184	\$ 47,184	\$ 46,959	\$ 46,959
Average Salary	\$	36,844	\$ 40,048	\$ 39,711	\$ 39,711	\$ 40,241	\$ 40,241	\$ 40,129	\$ 40,128
Number of Teachers		5	6	5	9	7	7	5	4
<b>Total Certified Personnel<sup>a</sup></b>		<b>1,178</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		1,180	982	977	734	700	725	848	827
<b>Administrative Personnel</b>									
Number of Administrators		101	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 8 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 Eight 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%
2015	18,372	132,538,686	7,214	1.43%	1,068	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 8 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 Eight Fiscal Years**

Fiscal Year Ending June 30th

School	2008	2009	2010	2011	2012	2013	2014	2015
<b>Early Childhood Center</b>								
Arrow Springs (2014) <sup>a</sup>								
Square Feet	-	-	-	-	-	-	-	28,479
Capacity	-	-	-	-	-	-	-	260
Enrollment	-	-	-	-	-	-	-	239
Aspen Creek (2013)								
Square Feet	-	-	-	-	-	-	28,712	28,712
Capacity	-	-	-	-	-	-	320	320
Enrollment	-	-	-	-	-	-	310	299
Creekwood (2013)								
Square Feet	-	-	-	-	-	-	28,400	28,400
Capacity	-	-	-	-	-	-	320	320
Enrollment	-	-	-	-	-	-	326	339
Park Lane (2013) <sup>b</sup>								
Square Feet	-	-	-	-	-	-	33,280	33,280
Capacity	-	-	-	-	-	-	360	360
Enrollment	-	-	-	-	-	-	300	299
<b>Elementary</b>								
Arrow Springs (1981) <sup>a</sup>								
Square feet	38,783	38,783	38,783	38,783	38,783	38,783	28,479	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	68,960
Capacity	696	696	696	696	696	696	696	696
Enrollment	487	460	442	432	437	485	480	466
Aspen Creek (2013) <sup>c</sup>								
Square feet	-	-	-	-	-	-	92,539	92,539
Capacity	-	-	-	-	-	-	792	792
Enrollment	-	-	-	-	-	-	627	633
Country Lane (1993)								
Square feet	75,148	90,226	90,226	90,226	90,226	90,226	90,226	90,266
Capacity	984	984	984	984	984	984	984	984
Enrollment	984	984	817	940	845	924	818	834
Country Lane Int. (2007)								
Square feet	97,330	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	1,224
Enrollment	600	610	672	811	697	708	750	769
Creekwood (2013)								
Square feet	-	-	-	-	-	-	92,539	92,539
Capacity	-	-	-	-	-	-	792	792
Enrollment	-	-	-	-	-	-	631	672
Indian Springs (1974) <sup>c</sup>								
Square feet	42,066	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	92,000
Capacity	-	-	-	-	-	864	864	864
Enrollment	-	-	-	-	-	784	788	846
Leisure Park (1983)								
Square feet	70,364	70,364	70,364	70,364	72,530	72,530	72,530	72,530
Capacity	768	768	768	768	768	768	816	816
Enrollment	603	545	543	539	566	578	545	661
Liberty (2004)								
Square feet	70,561	70,561	70,561	70,561	81,446	81,446	81,446	81,466
Capacity	768	768	768	768	984	984	1,032	1,032
Enrollment	744	855	677	672	775	829	739	732



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

Fiscal Year Ending June 30th								
School	2008	2009	2010	2011	2012	2013	2014	2015
<b>Lynn Wood (1980)</b>								
Square feet	46,328	46,328	46,328	46,328	65,395	65,395	65,395	65,395
Capacity	744	744	744	744	744	744	744	744
Enrollment	522	515	506	516	518	533	507	512
<b>Oak Crest (1964) <sup>d</sup></b>								
Square feet	66,462	66,462	66,462	66,462	66,462	66,462	54,020	54,020
Capacity	816	816	816	816	816	816	-	816
Enrollment	497	550	531	540	522	514	-	405
<b>Park Lane (1978) <sup>o</sup></b>								
Square feet	46,752	46,752	46,752	46,752	46,752	46,752	33,280	33,280
Capacity	768	768	768	768	768	-	-	-
Enrollment	686	674	694	696	717	-	-	-
<b>Rhoades (1958)</b>								
Square feet	54,365	54,365	54,365	54,365	68,461	68,461	68,461	68,461
Capacity	720	720	720	720	720	720	720	720
Enrollment	531	533	547	532	523	508	439	445
<b>Spring Creek (1987)</b>								
Square feet	66,178	66,178	66,178	66,178	68,314	68,314	68,314	68,314
Capacity	672	672	672	672	672	672	744	744
Enrollment		455	425	409	405	589	509	513
<b>Vandever (1974)</b>								
Square feet	44,144	44,144	44,144	44,144	64,180	64,180	64,180	64,180
Capacity	720	720	720	720	720	720	768	768
Enrollment	443	448	488	461	450	483	417	445
<b>Westwood (1986) <sup>e</sup></b>								
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	-	-
<b>Wolf Creek (1991)</b>								
Square feet	62,984	62,984	62,984	62,984	87,584	87,584	87,584	87,584
Capacity	864	864	864	864	864	864	864	864
Enrollment	597	592	572	569	596	414	542	540
<b>Middle</b>								
<b>Centennial (2003)</b>								
Square feet	142,200	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	1,400
Enrollment	876	898	916	938	1,014	1,085	981	1,024
<b>Childers (1986)</b>								
Square feet	120,395	120,395	120,395	120,395	120,395	120,395	123,464	123,464
Capacity	1,050	1,050	1,050	1,050	1,050	1,050	1,110	1,110
Enrollment	608	578	562	567	564	549	729	692
<b>Haskell (1958) <sup>d</sup></b>								
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	-
<b>Oliver (1992)</b>								
Square feet	141,305	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	1,150
Enrollment	764	740	722	740	780	734	824	823
<b>Oneta Ridge (2013) <sup>d</sup></b>								
Square feet	-	-	-	-	-	-	132,688	132,688
Capacity	-	-	-	-	-	-	1,250	1,250
Enrollment	-	-	-	-	-	-	744	795
<b>Sequoayah (1967)</b>								
Square feet	106,336	106,336	106,336	106,336	106,336	106,336	99,696	99,696
Capacity	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025
Enrollment	546	551	550	550	532	556	527	535



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

Fiscal Year Ending June 30th								
School	2008	2009	2010	2011	2012	2013	2014	2015
<b>High</b>								
Senior High (1982) <sup>f</sup>								
Square feet	400,255	400,255	400,255	400,255	503,562	503,562	506,417	506,417
Capacity	4,050	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	3,285
North Intermediate (1952)								
Square feet	185,347	185,347	185,347	185,347	183,715	183,715	175,150	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)								
Freshman Academy (2014) <sup>f</sup>								
Square feet	152,636	152,636	152,636	152,636	186,636	186,636	186,636	186,636
Capacity	2,130	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	1,261
Alternative Academy (1954) <sup>d</sup>								
Square feet	18,180	18,180	18,180	18,180	16,548	16,548	16,548	120,092
Capacity	300	300	300	300	300	300	300	1,224
Enrollment	114	116	118	104	111	105	102	120
<b>Other</b>								
Central on Main (1925)								
Square feet	60,807	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>e</sup>								
Square feet	24,612	24,612	24,612	-	-	-	-	-
Education Service Center (2009)								
Square feet	-	-	-	86,230	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	59,217
Transportation (1974)								
Square feet	22,380	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	42,380
Special Services (1974)								
Square feet	6,900	6,900	6,900	-	-	-	-	-
Indoor Practice Facility (2014)								
Square feet	-	-	-	-	-	-	-	71,624

<sup>a</sup> Arrow Springs Elementary was under construction during the 2013-14 school year as it was being transformed into an early childhood center, opening August 2014.

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

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

<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. Haskell students were moved to Oneta Ridge when it opened August 2013. The building now houses the Alternative Academy students.

<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> During the 2014-15 school year the sophomore class was moved to the high school campus, changing South Intermediate High School to the Freshman Academy.

<sup>g</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 8 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, Debbie Renz, 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)

**Joy Hofmeister**  
**State Superintendent of Public Instruction**  
**Oklahoma State Department of Education**  
**2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599**

### AUDIT ACKNOWLEDGEMENT

District Name Broken Arrow Public SchoolsDistrict Number I-003County Name TulsaCounty Code 72

**Audit Year: 2014-2015**

The annual independent audit for the Broken Arrow Public Schools

(District Name)

was presented to the Board of Education in an Open Board Meeting on

12-14-15

(Date of Meeting)

by Sanders, Bledsoe & Hewett, CPAs, LLP

(Independent Auditor)

  
 (Independent Auditor's Signature)

The School Board acknowledges that as the governing body of the district, responsible for the district's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the State Board of Education and the State Auditor and Inspector within 30 days from its presentation, as stated in 70 O.S. § 22-108:

"The district board of education shall forward a copy of the auditor's opinions and related financial statements to the State Board of Education and the State Auditor and Inspector within thirty (30) days after receipt of the audit."

  
 Superintendent of Schools

  
 Board of Education President

  
 Board of Education Vice President

  
 Board of Education Member

  
 Board of Education Member

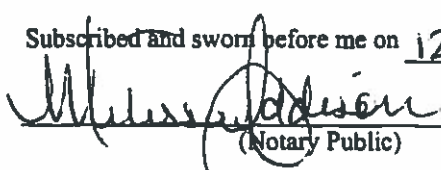
  
 Board of Education Member

Board of Education Member

Board of Education Member

Board of Education Member


 Subscribed and sworn before me on 12.14.15  
 (Sworn On)

 My Commission expires 8.21.19
  
 (Notary Public)

A copy of the Board Agenda and Board Minutes where the audit was presented and approved must accompany the audit.

INDEPENDENT SCHOOL DISTRICT NO. 3 OF TULSA COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2014 TO JUNE 30, 2015

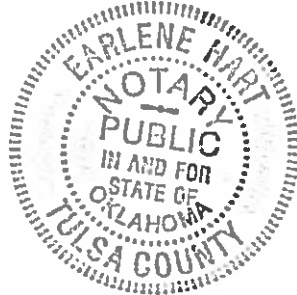
State of Oklahoma            )  
  ) ss  
County of Tulsa            )

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 Broken Arrow Public Schools for the audit year 2014-2015.

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

By Jeffrey D. Hewett  
Authorized Agent

Subscribed and sworn to before me  
This 20th day of November, 2015



Earlene Hart  
Notary Public (or Clerk or Judge)

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