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G R A D U A T I O N

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016



701 SOUTH MAIN STREET | BROKEN ARROW, OKLAHOMA 74012



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ending June 30, 2016**

Broken Arrow Public Schools, District No. I-003

701 S. Main Street

Broken Arrow, Oklahoma 74012

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FISCAL YEAR ENDING JUNE 30, 2016

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# INTRODUCTORY SECTION







December 12, 2016

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, 2016. 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 Jenkins & Kemper CPAs, P.C. As part of the federally mandated "Single Audit" requirement, Jenkins & Kemper CPAs, P.C., 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 U.S. 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 more than 110,000 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 \$77,000, 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 have nearly doubled in the past 10 years, from \$566 million in 2000 to \$1.33 billion in 2015.

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 8.42 percent, the lowest utility costs in the region and low property tax rates averaging 1.35 percent, compared to the U.S. 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, investing four million into the redesign. 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. In 2016, Yelp! named Broken Arrow in its top ten most customer friendly cities in the nation.

The school district, Broken Arrow Public Schools (BAPS), has four early childhood centers, 14 elementary schools, five middle schools, two alternative academies that serve secondary students, one ninth grade academy and one senior high school – all of which combine to provide services to more than 19,000 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 under 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 2015-16 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 handles media and community relations, as well as open records requests and requests to distribute information. Along with managing district publications, the website and social media, Communications Services also includes ArrowVision and the Tiger Threads spirit store.
- 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. Instructional Services also oversees the administration of all school sites, as well as special services, federal programs and assessment.

- The Student Services Division provides opportunities for student engagement and ensures student health and well-being. The Student Services Division includes fine arts, athletics and other co-curricular activities, as well as child nutrition and health services.

- The Business Services Division is responsible for managing district financial services and human resources. Business Services oversees bids, vendors and purchasing, as well as human resources and risk management.

- The Operations Services Division is responsible for the district's facilities and vehicle fleets. The Operations Services Division manages capital improvements, the maintenance of buildings, facility use, plant operations and warehouse, as well as transportation services.

- The Technology Services Division is charged with managing the district's network and all instructional technology, including the 1:1 computer initiative. Technology Services also oversees student data management, enrollment and B&A Connections.

## 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 2015-16 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.

With ongoing 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 years.

The 2015-16 school year marked the third and last year of action plan implementation. In year three, the following action plans were completed:

### Teaching and Learning

- Establish and maintain partnerships that allow students to gain real world application of curriculum
- Create a post-secondary plan for every secondary student at BAPS.

### Human Resources

- Enhance the district's benefit program to recruit, develop and support a dynamic workforce that enables all students to be successful

### Funding and Finance

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

### Facilities

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

## OUR MISSION



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

### Co-Curricular

- Serve students in a greater way through an extensive range of co-curricular/extra-curricular activities that are more relevant, engaging, fun and accessible with the initial goal of each student, in grades Pre-K through 12, being a participant in at least one co-curricular/extra-curricular activity.

### Communication

- Increase the effectiveness of the district's communications by improving the use of existing tools, incorporating available technologies, empowering district staff and adding additional channels as needed to reach all audiences.

The district will begin developing its new strategic plan in September 2016.

## Student Engagement

As Tiger pride continues to reach an all-time high, participation in student activities is becoming the new normal for Broken Arrow students and a renewed energy is overtaking the district. From fine arts opportunities to athletic events and from extracurricular activities to increased student involvement, BAPS is taking its mantra, “Literacy, Engagement and Graduation – every student, every day” to heart.

“Research proves that school connectedness is one of the most influential factors for success both inside and outside of the classroom,” said Jason Jedamski, BAPS director of student life and activities. “From the elementary level to the secondary level, it is important to create an environment in which every student has a niche.”

At Broken Arrow’s 14 elementary schools, students become engaged through a variety of activities. Classes such as physical education, music and art are required for every student in grades 1-5. Students can also participate in various clubs and groups, including safety patrol, yearbook, honor choirs and bands, and many others. At the secondary level, there are a number of activities, clubs, athletics and fine arts opportunities in which students can engage before, during and after school.

“Engagement occurs when students make an emotional investment in learning, whether through routine classroom requirements, athletics, fine arts or through the many opportunities that BAPS offers its students to become involved,” said Chuck Perry, associate superintendent of administrative services.



“The skills they learn by being active participants in their schools lay the foundation for success after high school.”

Having meaningful relationships with peers is a key factor, and parents play a crucial role in keeping their children engaged in school. Because students spend a large portion of their day at school, educators and district employees are in a unique position to help students stay engaged.

## T.I.G.E.R. Challenge- Character Program

In an effort to encourage the development of positive character traits in students, Broken Arrow Public Schools added the T.I.G.E.R. Challenge into its curriculum and extracurricular activities. This revamped districtwide program is based on five core values: tenacity, integrity, gratitude, expectation and respect, all of which create lifelong student success.

The embedded curriculum is differentiated for

each school level. Some activities are schoolwide, including presentations, awards assemblies and community service projects, while others take place at the classroom level. Past districtwide initiatives have included a Walk-A-Thon to raise funds for programming, food drives for local hunger agencies, and secondary students hosting kindness programs for elementary students.



## Progressive Manufacturing

According to the U.S. Census Bureau, manufacturing is the fourth largest employer in the nation, hiring more than 11 million people annually. In Oklahoma, the manufacturing sector has been a key component in strengthening the state's economy in recent years, and because of this, Broken Arrow Public Schools is partnering with Tulsa Technology Center (Tulsa Tech) to offer an ongoing manufacturing program for secondary students.

The manufacturing curriculum for grades 8-12 is designed to create a pathway to Tulsa Tech's full-time program.

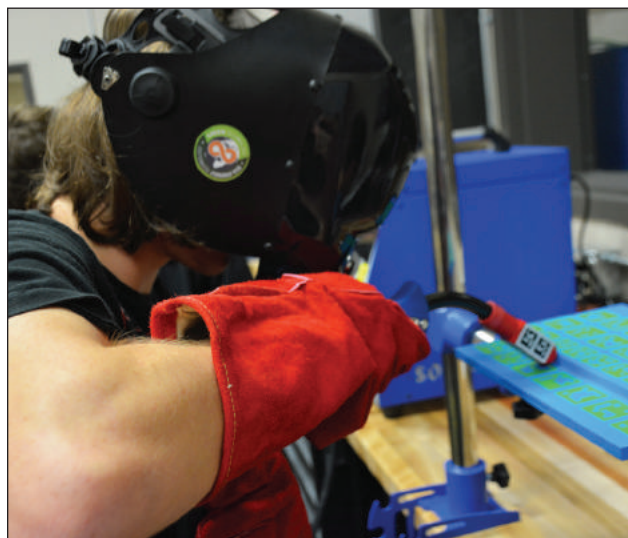
Beginning in sixth grade, all students are introduced to Gateway to Technology (GTT) in their science classes. Students in seventh and eighth grade may then select a GTT course as an elective. These classes focus on the history of inventions and innovations, emphasizing the core concepts of technology and various approaches to problem solving, including engineering design and manufacturing.

With an interest in manufacturing established at the middle school level, students have the opportunity to progress into an Introduction to Manufacturing course in ninth grade. This course, which doesn't require any prerequisites, provides a jump start into advanced manufacturing courses at the high school and vocational level. Students will learn about safety and tool usage, the basics of blueprint reading, welding principles and more.

After completing the Introduction to Manufacturing course, students at the high school are able to enroll in Foundations to Manufacturing, a course taught by Tulsa Tech teacher Charles Young.

"Oklahoma is doing something that is completely unheard of," Young said. "We are becoming pioneers of career and technical education, and we continue to take things to the next level. BAHS and Tulsa Tech are coming together to provide students with an opportunity to help them find a high paying, rewarding and highly-skilled career – not a job, but a career."

This course, offered by Tulsa Tech on the Broken Arrow High School campus, covers topics ranging from welding to fundamentals of robotics while



teaching the concepts of creating products.

Once students have completed the Foundations to Manufacturing course, they have the opportunity to apply to one of Tulsa Tech's manufacturing-related programs during grades 11 and 12. These programs include applied engineering technology, drafting, machining, mechatronics and welding.

"This partnership is ideal because Tulsa Tech delivers the programming, materials and expertise, while the district provides the student population," said Janet Dunlop, associate superintendent for instructional services. "Filling high-skill and high-salary careers with Broken Arrow graduates is key to the economic development of our community."



### Becky King: District Teacher of the Year

Amidst applause and gratitude, Highland Park Elementary teacher Becky King approached the podium at the third annual Star Awards Gala to accept the role as Broken Arrow's 2016 District Teacher of the Year. She was selected from a pool of 27 Site Teacher of the Year candidates.

"As a teacher, it is my responsibility to open doors of possibility for my students in the way others did for me," said King. "I once read that no one cares what you know, but instead, they care about what you do with what you know."

For King, her path to becoming a teacher was a lifelong journey.

"My mom tells stories of a little girl with her chalkboard propped up on a toy box teaching a class of well-behaved stuffed toys; a little girl who believed the school supply aisle was her candy store," she said. "Looking back, it is evident that teachers have always greatly influenced my life."

King received her bachelor's degree in deaf education and elementary education from the University of Tulsa in 1994 and began her teaching career shortly thereafter, first at Tulsa Public Schools and later at her alma mater, Broken Arrow Public Schools.

"I believe teaching is a calling and not an occupation," she said. "I believe that highly effective teaching is an art. Loving children is simply not enough; you must love humanity as a whole, including its bumps and bruises, because each child that walks through your door represents so much more than just him or herself."

King 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, King 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 represented BAPS in the State Teacher of the Year competition in the summer of 2016.

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### Doug Klenz: Support Employee of the Year

Known as the Beyond and Above Award, Broken Arrow's 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 2015-16 school year, Liberty Elementary custodian Doug Klenz was named Support Employee of the Year.

## Superintendent Dr. Jarod Mendenhall honored among 2015 Men of Distinction

Dr. Jarod Mendenhall was honored by Tulsa Business and Legal News as one of the 2015 Men of Distinction. Honorees are nominated by members of the community, and selected based on professional, civic and personal efforts as well as the way in which they have significantly impacted the community.

Upon learning of the Men of Distinction Award, Dr. Mendenhall says he was extremely humbled.

“There are many individuals — teachers, custodians, bus drivers, administrators, child nutrition workers — making a difference every day, and I just happen to be in the position where I receive a lot of the credit for our success as a school district,” he said. “So any awards or accolades that I receive are a direct reflection of BAPS employees’ incredible work with kids.”

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## Janet Dunlop Named Oklahoma Assistant Superintendent of the Year

The Cooperative Council for Oklahoma School Administrators (CCOSA) and the Oklahoma Association of School Administrators (OASA) named Dr. Janet Dunlop, associate superintendent for Broken Arrow Public Schools, as the Oklahoma Assistant Superintendent of the Year. Dunlop was selected by school administrators from across the state.

Dunlop has more than 25 years of experience in the field of education as a teacher, academic principal, college professor and central office administrator. Since joining BAPS in 2010, she has facilitated the district’s literacy initiative resulting in a significant increase in literacy scores. She was recently recognized by the National Reading Recovery Council for her work in elementary literacy. Under her leadership, the BAPS instructional team successfully aligned curriculum from Pre-K through 12th grade, restructured the special education program to be more inclusive of special needs, and developed district Open Education Resource (OER) textbooks resulting in significant cost savings for the district.

Dunlop serves as the legislative advisory committee chair for CCOSA, as well as the district representative for both the P20 Council of Tulsa and the Tulsa Chamber of Commerce Education Advisory Committee. She also serves on the Oklahoma State Department of Education Teaching and Learning Advisory Committee and was instrumental in crafting the new Oklahoma state standards that were approved earlier this year.

Upon learning of this award, Dr. Dunlop stated, “I could not be more honored or humbled to be



selected. My fellow Oklahoma administrators are honestly some of the most selfless people I’ve had the honor to know. When students need, they give. When parents and the community have needs, they give. When other districts and our state needs, they give. We all rise by lifting others. It’s just what we do as Oklahoma educators.”

## 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.

In 1924, Broken Arrow's first school building was damaged by a fire, and because of the damage, the structure was razed. The facility was later rebuilt on the same site and utilized for decades to educate children living in the community.

In the early 2000s, the building was repurposed and called Central on Main. 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.

## Net Assessed Value

The district's net assessed valuation (NAV) refers to the local property wealth. For 2015-16 school year, the NAV was \$799,994,008. 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 Phase One Projects

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 to meet 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. Phase one of the four-part project has begun and includes a new elementary school, Sequoyah Middle School expansions and renovations, Broken Arrow High School additions and Kirkland Field Activity Complex construction.



## 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 the fall of 2015, the district began implementation of a one-to-one computer initiative by providing personal computing devices to each student at the Freshman Academy.

By providing students with increased access to technology, the classroom becomes more interactive, assignments are more collaborative and students are more engaged in school. Parents also benefit by having online access to the same information as their children, enabling them to better track student progress. Additionally, students will be better prepared for post-secondary education and the workforce because they are learning to use the same cloud-based technologies utilized by colleges and employers.

At the beginning of the 2016-17 school year, the one-to-one computer initiative expanded to include students in grades 9-12 totaling more than 5,000 students.

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## Transportation, Maintenance and Custodial Services

The transportation department services 115 square miles twice daily. During the 2015-16 school year, there were 172 buses in the fleet, which included 123 regular buses, 41 special needs buses and eight activity buses. The BAPS transportation department runs 203 regular education bus routes (118 secondary, 80 elementary and five Tulsa Technology routes), as well as 61 special education bus routes (29 secondary, 28 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 1,773,861 route miles driven,

320,792 gallons of diesel fuel used for buses and approximately 12,000 students transported daily on buses.

The maintenance and custodial services 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 3.3 million square feet and 619 acres were maintained daily by the custodial services staff during the 2015-16 school year.

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## Child Nutrition

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 2,621,835 meals served during the 2015-16 school year.

In addition, the child nutrition department introduced a food truck—dubbed BA's Curbside Café – to more than 3,500 Broken Arrow High School

students in an effort to provide healthy and eclectic meal options in an innovative way. It also provides Broken Arrow Public Schools with another avenue for its Summer Feeding Program, serving children ages 1-18 and also providing parents and caregivers with low cost meals. The Curbside Cafe menu changes daily and features street tacos, chicken and waffles, salads and more. All meals meet U.S. Department of Agriculture guidelines and are prepared with a number of locally-sourced ingredients.



## 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.



## 2015-16 Fine Arts Accomplishments

- The Pride of Broken Arrow won its 10th title at the Bands of America Super Regional held in St. Louis and its third title as Grand National Champions. They also received a superior rating at the OSSAA marching competition and won their 14th consecutive state championship at the Oklahoma Bandmasters Association Marching Championship. In addition, the BAHS Wind Ensemble performed in Chicago at the 69th annual Midwest Band Orchestra Clinic.

- The Broken Arrow High School choir program continued their tradition of success with the Tiger Rhythm Show Choir becoming grand champions at the Lone Star, Webb City and Nevada competitions. Tiger Mystique Show Choir also won the women's division at these competitions. Tiger Rhythm Show Choir finished ninth in their first trip to the national competition in Nashville. In addition, the Jazz Choir performed a Veteran's Day concert at the National World War II Memorial in New Orleans and also performed with famed Broadway star Patti LuPone at the Broken Arrow Performing Arts Center.

- The theater department performed a high-flying musical production of "Peter Pan." The musical showcased the talents of 45 high school actors and crew as well as 22 high school orchestra students. Additionally, 13 middle school and elementary school students were included in the show, which offered



a tremendous mentorship opportunity for the high school actors, who worked closely with the district's younger theatre artists.

- The BAHS art department hosted the fourth annual Empty Bowls event, which raised more than \$5,000 for Broken Arrow Neighbors and BA Food for Kids.

- The annual BAPS District Art Show featured art from all grade levels.

- The 2016 fine arts seniors earned \$1.1 million in scholarship monies.

## 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.

### 2015-16 Athletics Accomplishments

- **Special Olympics** – Thousands of athletes, coaches and volunteers traveled to Stillwater, Okla., for the 47th annual Special Olympics Summer Games. After three days of exciting Olympic-style competitions and ceremonies, 80 Broken Arrow Special Olympians in grades 3-12 took the games by storm and brought home 21 gold medals, 25 silver and 16 bronze.

- **Varsity Cheer** – Broken Arrow's varsity cheer squad won their fourth consecutive Large Coed Division Oklahoma Secondary School Activities Association State Championship by a margin of eight points. Off the mat, the squad earned the Academic Achievement Award by recording a cumulative 3.55 GPA.

- **Swimming** – Freshman swimmer Annie Kramer broke a 22-year-old school record in the 100-yard backstroke with a time of 1:01.74.

- **Region 7 Coaches of the Year** – Cheer coach Amy Howe, girls golf coach Charlie Brown and swimming coach Samantha Evans were all named Region 7 Coaches of the Year.

- **Baseball** – Tiger baseball coach Shannon Dobson was inducted into the Oklahoma Baseball Coaches Association (OBCA) Hall of Fame, and assistant coach Andy Summers was named the OBCA Assistant Coach of the Year.

- **National Signing Day** – More than 40 Broken Arrow High School students signed national letters of intent, officially announcing where they will continue to showcase their athletic talents beyond high school.

- **State qualifiers** – A number of fall and spring sports qualified for State tournaments and represented Broken Arrow well.



## Academics

- **National Merit Finalists** – Four Broken Arrow High School students were honored as the 2015-16 National Merit Finalists for their prestigious academic accomplishments. Rebecca Atherton, Kyle Barker, Christopher Oven and Michaela Stabler were among approximately 15,000 students from across the nation who qualified and were some of the highest scoring students in the state of Oklahoma.

- **Record-Setting Scholarship Amount** – Together the Class of 2016 accepted more than \$8.7 million in reported college scholarships, surpassing the 2014-15 record-setting amount.

- **Academic All-State Scholars** – Based on their academic achievements, extracurricular activities and community involvement, Broken Arrow High School seniors Rebecca Atherton and Simona Yaneva

were the recipients of the Oklahoma Foundation for Excellence Academic All-State Award. This prestigious honor is given to the top 100 public high school seniors from 75 schools in 68 Oklahoma school districts. These seniors were selected from 661 nominations statewide.

- **JROTC Program** – For the first time, BAPS offered students in grades 10-12 the opportunity to participate in the Air Force National Defense Cadet Corps program, an elective course promoting leadership, personal responsibility, and service to the community and nation, as well as instruction in air and space. Ninety-four students enrolled and participated in a number of events, districtwide activities and competitions throughout the year. Enrollment is expected to increase in the coming school year.

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## Teacher Grants

BAPS was honored as a top-funded district through Cox Communications' employee funded foundation, Cox Charities, and three grants totaling \$20,000 were awarded during the 2015-16 school year. Before spring break, the BAPS Foundation provided funds to teachers for incentive grants, supporting innovative projects that increase interest and achievement

among students, graciously hand delivering 63 grants totaling \$37,369 to teachers across the district. In addition, more than \$68,000 was reported from teachers who applied for local, state and national grants. Together, Broken Arrow teachers earned more than \$125,000 for the 2015-16 school year.

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## ArrowVision Launch

As audio-visual communications continually evolve, Broken Arrow Public Schools keeps patrons informed through the ArrowVision network. Comprised of ArrowVision.tv, Broken Arrow High School's "The Pulse," the district's YouTube and Vimeo channels, and Cox Channel 20, ArrowVision provides quality programming covering academics, athletics, arts and activities. BAPS first began producing video programming 20 years ago under the name BATV. For the 2015-16 school year, BATV underwent a significant transformation to ArrowVision, which included the addition of a new video production studio, changes to student curriculum and upgrades to Cox Channel 20.





### United Way District Campaign

As a longtime supporter of the Tulsa Area United Way, the employees of Broken Arrow Public Schools raised more than \$125,000 this past year, surpassing their goal of \$120,000. In addition to monetary donations, district employees participated in various community service projects benefiting local organizations, such as Broken Arrow Neighbors, the Margaret Hudson Program and A New Leaf.



### 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, 2015. This marks the third 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, 2012, 2013 and 2014. The District believes the CAFR continues to conform to the standards for which this award was granted.



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





## Communications Services Division receives honors for districtwide projects

The Communications Services Division is focused on building relationships with Broken Arrow students, parents, staff and the community through effective communication.

With a focus on sharing important information and district news with patrons, the Communications Services Division manages all district print publications, the district website, social media channels, video production and district events. The team also oversees requests for information from the media and the public.

Communicating effectively with patrons is critical for the success of the district and its students.

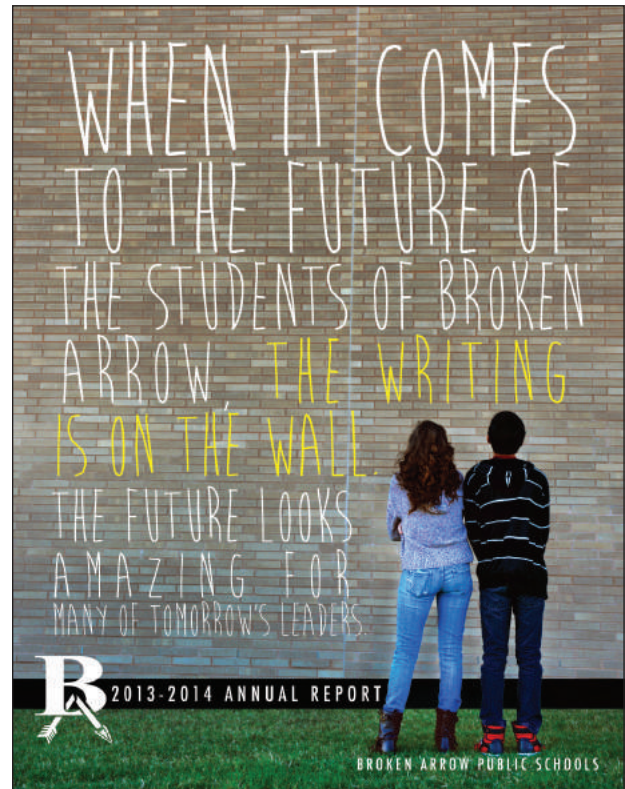
For the 2015-16 school year, the Communications Services Division earned several honors for districtwide projects.

### Public Relations Society of America – Tulsa Chapter

- Silver Link – “Here We Grow” 2015 Bond Campaign
- Silver Link – “The Writing is on the Wall” 2013-14 Annual Report

### National School Public Relations Association:

- Award of Excellence – “Here We Grow” 2015 Bond Campaign Video
- Award of Merit – Arrowpoint Magazine
- Honorable Mention – Tiger Threads Spirit Store Image and Branding Package



2013-2014 ANNUAL REPORT



BOND CAMPAIGN BROCHURE



SPIRIT STORE IMAGE AND BRANDING PACKAGE



### 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



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, 2015**

Executive Director/CEO



## **Broken Arrow Public Schools**

### **School Officials**

#### **Board of Education**

**2015-2016**

<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**

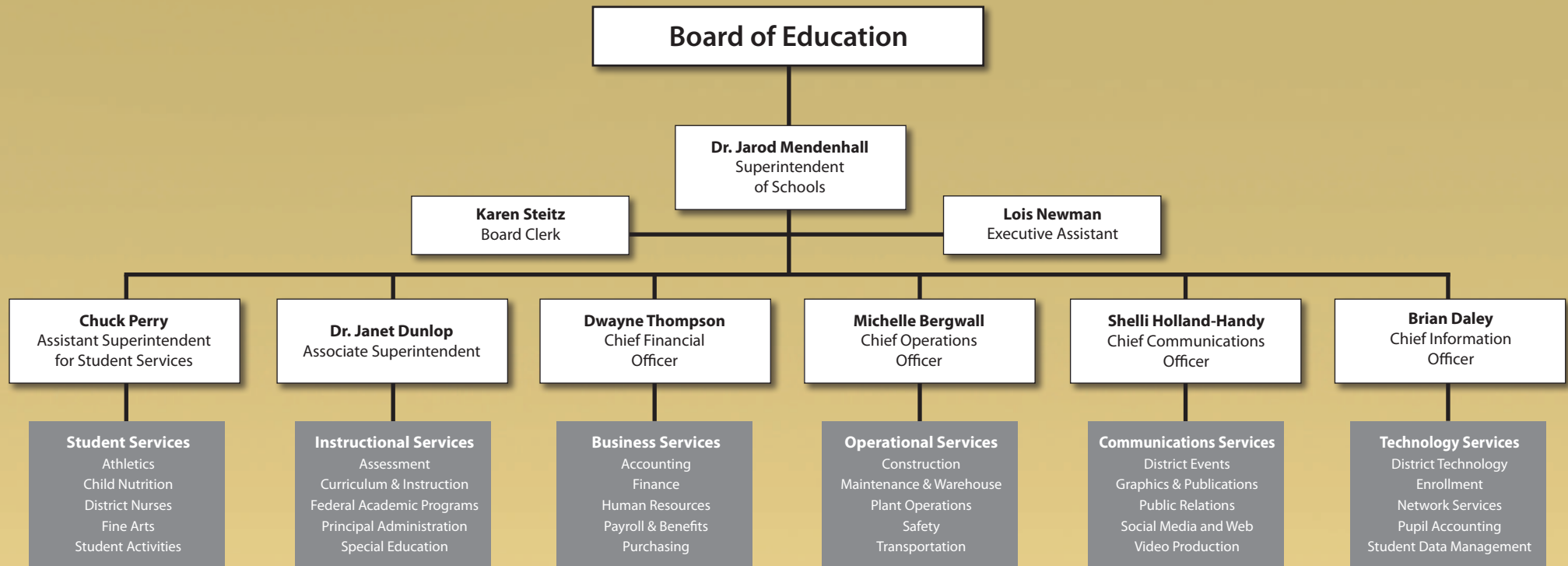
**2015-2016**

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
Brian Daley	Chief Information Officer



## BROKEN ARROW PUBLIC SCHOOLS

### 2015-2016 Organizational Chart





# FINANCIAL SECTION





**JENKINS & KEMPER**  
**CERTIFIED PUBLIC ACCOUNTANTS, P.C.**

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Broken Arrow School District No. I-003  
Broken Arrow, Oklahoma 74012

**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 Broken Arrow School District No. I-003, Broken Arrow, Oklahoma (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

**Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Broken Arrow School District No. I-003, Tulsa County, Oklahoma as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows thereof and the respective budgetary comparisons for the General Fund and the Building Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 26-40, the Schedule of Proportionate Share of the Net Pension Liability on page 96 and the Schedule of Contributions on page 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report (under a separate cover) dated November 11, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Jenkins & Kemper  
Certified Public Accountants, P.C.

November 11, 2016





## 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, 2016. 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 2016 include:

- The District ended the year with a General Fund total fund balance of \$13.2 million which is \$1.4 million less than the previous year-end. The General Fund's unassigned portion of the fund balance intentionally decreased, primarily due to a 3.0% one-time stipend for all returning employees, which totaled \$1.9 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 \$7.1 million, deferred inflows of resources of \$19.6 million, resulting in a total net position of \$69.0 million. Government-wide net position totaled \$73.6 million as of June 30, 2016, representing a \$4.0 million increase from restated 2015 government-wide net position of \$69.6 million.
- The net position of business-type activities, food services, increased by 6.7% to \$4.6 million from the previous year. This growth was due to the increase in the net investment of capital assets, a decrease in worker's compensation claims, and conservative spending of goods and services. In addition, higher operating revenues and additional modernized equipment and furniture were added to the District which led to this increase.
- The governmental activities net investment in capital assets increased by \$13.0 million as the District continues to renovate and construct new buildings as part of its capital projects program. During fiscal year 2016, the District completed the renovation and construction of nine projects.



- At the close of the 2016 fiscal year, the District's governmental funds reported combined ending fund balance of \$51.2 million, a decrease of \$9.5 million from June 30, 2015. A decrease in capital projects fund for construction projects, the elimination of the arbitrage fund, less investments for the period, and the completion of the cooperative fund were the majority of this decrease.

### 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as the net position. Over time, changes in the statement of net position will give an overall indication of growth (increases) or decline (decreases). Of course, other factors beyond the District's control should also be considered in assessing growth or decline over time.

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

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



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

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

**Fund Financial Statements.** Fund financial statements provide detailed information about the various funds, or grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

- **Governmental Funds.** These funds include most of the District's activities, which provide a short-term analysis of the District operations and services. Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Governmental Funds include the General Fund, the Special Revenue Funds, the Debt Service (Sinking) Fund, and the Capital Projects (Bond) Funds, all of which are considered to be major funds. Data from other government funds, or non-major funds are combined in a single, aggregated presentation column. The District's non-major fund is the Permanent Fund (Endowment). The basic Governmental Fund financial statements can be found on pages 45, 47, and 48 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 46 and 49 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 50 and a budget-to-actual comparison for the Building Fund has been provided on page 51.

- **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 52, 53, and 54.
- **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 55 and 56.

**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 57 through 94 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 96 and 97.

**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



## MANAGEMENT'S DISCUSSION & ANALYSIS

liabilities) and do not involve measurement of results of operations. The combining statements can be found on page 99.

### 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 following table presents a summary of the change in net position for the fiscal years ended June 30, 2016, and 2015:

<p style="text-align: center;"><b>Net Position</b>  <b>As of June 30, 2016</b>  <b>(Dollars in Millions)</b>  <b>Table 1</b></p>								
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Government-Wide Totals</b>		<b>Increase/ Decrease</b>	<b>Total Percentage Change</b>
	<u>Restated :</u>				<u>Restated :</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>		
<b><u>Assets</u></b>								
Current and Other Assets	\$ 52.6	\$ 61.8	\$ 2.2	\$ 2.0	\$ 54.8	63.8	\$ (9.0)	-14%
Capital Assets	222.2	200.4	2.6	2.5	224.8	202.9	21.9	11%
Total Assets	274.8	262.2	4.8	4.5	279.6	266.7	12.9	5%
Deferred Outflows of Resources	7.1	6.9	-	-	7.1	6.8	0.3	100%
<b><u>Liabilities</u></b>								
Other Liabilities	26.3	20.3	0.1	0.1	26.4	21.0	5.4	26%
Long Term Liabilities	167.1	160.5	-	-	167.1	160.0	7.1	4%
Total Liabilities	193.4	180.8	0.1	0.1	193.5	181.0	12.5	7%
Deferred Inflows of Resources	19.6	22.8	-	0.10	19.6	23.0	(3.4)	100%
<b><u>Net Position</u></b>								
Net Investment in								
Capital Assets	150.6	137.6	2.6	2.5	153.2	140.1	13.1	9%
Restricted	18.2	16.7	-	-	18.2	16.7	1.5	9%
Unrestricted	(99.9)	(89.0)	2.0	1.8	(97.9)	(87.2)	(10.7)	-12%
Total Net Position	\$ 69.0	\$ 65.3	\$ 4.6	\$ 4.3	\$ 73.6	\$ 69.6	\$ 4.0	6%

(figures may be different due to rounding)

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.





## MANAGEMENT'S DISCUSSION & ANALYSIS

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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:

The District's business-type activities net position increased \$.3 million to \$4.6 million; while this dollar growth is smaller, it nonetheless represented an increase of more than 6.7%. 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 non-current liabilities in the fiscal year 2016 over fiscal year 2015 by \$6.6 million or 4.1% primarily due to an increase in the reporting of the net pension liability with implementation of GASB, Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net pension liability increased from 88.2 million in 2015 to 100.5 million in 2016. 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 \$13.1 million or 9.0% over the prior fiscal year, representing significant progress in the completion of major projects, which include; school building renovations, transportation and maintenance facility upgrades, JROTC program facility renovations, the new community facility, and the onset of the new elementary school. The District uses these capital assets to provide services to its students and programs for the 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, \$15.4 million, which consists of 2.1 million unrestricted Business-Type Activities and 13.0 million unrestricted governmental activities excluding net pension liability, 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.** The District's government-wide total revenues were \$150.1 million, a decrease of \$2.4 million from the prior fiscal year total of \$152.5 million primarily due to the State Aid not restricted to specific programs budget cuts from the State Department of



## MANAGEMENT'S DISCUSSION & ANALYSIS

Education. The implementation of GASB 68 and 71 during the fiscal year 2015 negatively impacted the ending net position for the fiscal year ended June 30, 2016 and 2015.

Governmental activities increased in District net position by \$3.7 million. The total cost of all governmental activities programs and services was \$137.3 million. The amount our taxpayers paid for these activities through property taxes was \$56.1 million or 39.8%. Government-wide, our taxpayers paid for the total programs and services of \$146.2 million through property taxes of \$56.1 million or 37.4%.

Changes in governmental activities net position are presented in the following Table 2:

Changes in Net Position  
As of June 30, 2016  
(Dollars in Millions)  
Table 2

	Governmental Activities		Business-Type Activities		Total		Change	Total Percentage Change
	2016	2015	2016	2015	2016	2015		
<b>Revenues</b>								
Program Revenues:								
Charges for Services	\$ 0.4	\$ 0.3	\$ 4.0	\$ 3.7	\$ 4.4	\$ 4.1	\$ 0.3	7.12%
Operating Grants and Contributions	6.2	6.4	4.4	3.9	10.6	10.3	0.3	2.95%
Property Taxes	56.1	54.6	-	-	56.1	54.6	1.5	2.67%
Other Taxes	11.5	11.0	-	-	11.5	11.0	0.5	4.13%
State Aid Not Restricted to Specific	63.0	66.2	0.7	0.7	63.7	66.9	(3.2)	-4.83%
Other	3.8	3.9	0.0	1.6	3.9	5.6	(1.7)	-30.64%
Total Revenues	\$ 140.9	\$ 142.6	\$ 9.2	\$ 10.0	\$ 150.1	\$ 152.5	\$ (2.4)	-1.59%
<b>Expenses</b>								
Instruction	78.9	67.9	-	-	78.9	67.9	11.0	16.23%
Student Support Services	10.1	8.9	-	-	10.1	8.9	1.2	13.08%
Administrative Support & Other	25.2	26.3	-	-	25.2	26.3	(1.1)	-4.19%
Operation & Maintenance	12.3	14.8	-	-	12.3	14.8	(2.5)	-16.76%
Pupil Transportation Services	7.1	6.3	-	-	7.1	6.3	0.8	11.94%
Other Support Services	1.0	1.0	-	-	1.0	1.0	0.0	2.94%
Community Services	1.6	1.5	-	-	1.6	1.5	0.1	6.08%
Interest on Long-Term Debt	1.2	1.3	-	-	1.2	1.3	(0.1)	-7.54%
Food Services	-	-	8.9	9.9	8.9	9.9	(1.0)	-10.33%
Total Expenses	\$ 137.3	\$ 128.0	\$ 8.9	\$ 9.9	\$ 146.2	\$ 137.9	\$ 8.3	6.05%
Change in Net Position	3.6	14.6	0.3	0.1	3.9	14.7	18.6	126.54%
Net Position, Beginning	88.2	161.4	4.3	4.2	92.5	165.6		
Restatement - Prior period adjustment -Note 1	(22.9)	(110.7)	-	-	(22.9)	(110.7)		
Net Position, Beginning as restated	65.3	50.7	4.3	4.2	69.6	54.9	14.7	26.82%
Net Position, Ending	\$ 69.0	\$ 65.3	\$ 4.6	\$ 4.3	\$ 73.6	\$ 69.6	\$ 3.9	5.67%

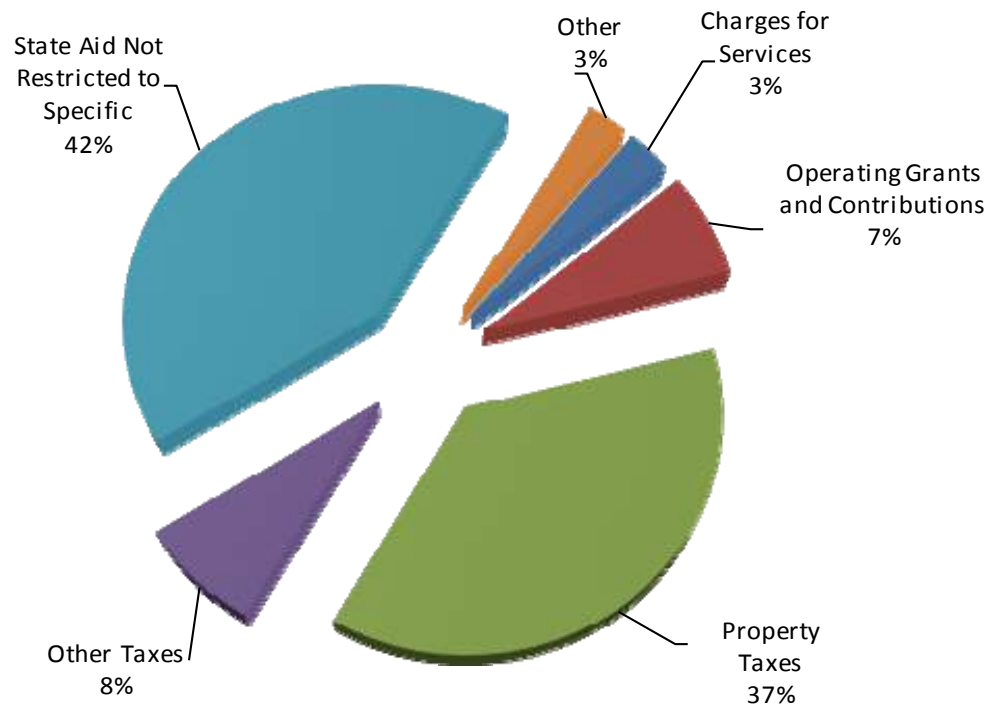
The Statement of Activities presents a district-wide summary of revenues and expenditures for the fiscal year. The format of the presentation identifies expenditures by program areas (functions), and identifies to what extent those expenditures are offset by charges for services, operating grants, and contributions. The District reports its activities in the following functional categories: instruction and instruction-related services, support services, operation and



## MANAGEMENT'S DISCUSSION & ANALYSIS

maintenance, pupil transportation services, other support services, community services, interest on long-term debt and food services.

### District Government- Wide Revenues for Year Ended June 30, 2016



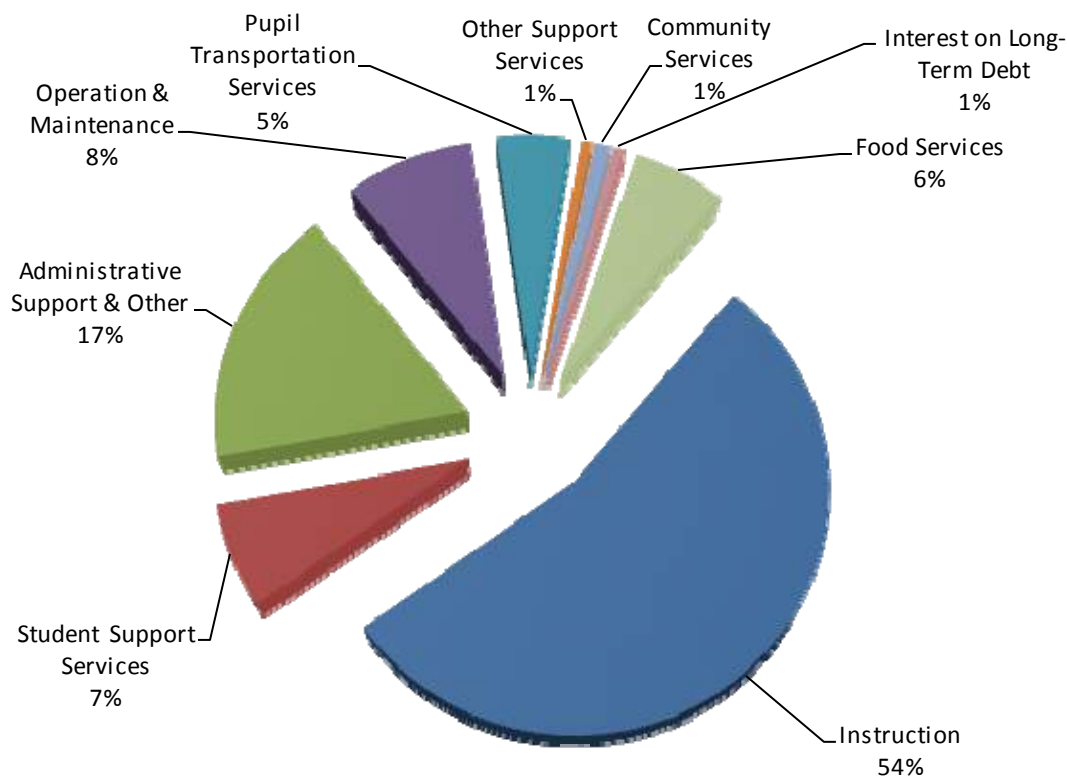
Over the two year period, a number of shifts can be observed, such as an increase in property taxes, an increase in charges for services, and an increase in other taxes that reflects continuing growth in areas where the District pioneers new revenue streams while surviving the shortages in the revenue categories which normally produce stable proceeds.

Business-type activities, consisting of child nutrition services, had total revenues of \$9.2 million, a decrease of 8.0%. Expenses for Business-type activities were \$8.9 million for fiscal year 2016, a decrease of 1.0 million from fiscal year 2015. The final result is an increase in government-wide activities net position of 6.0%.



## MANAGEMENT'S DISCUSSION & ANALYSIS

### District Government - Wide Expenses for Year Ended June 30, 2016



The expenses of all government-wide programs and services increased slightly, except for Business-type activities, which decreased 10.3%. The District's expenses are predominantly related to instruction of students (54.0%).

Another contributor to the higher costs and/or expenses involved student support services and pupil transportation services, which increased a combined total of \$2.0 million or 12.6% due primarily to professional development, new student programs, and expenses related to the new transportation facility.

The District contributed \$7.1 million in deferred outflows (contributions) to the reduction of the net pension obligation in fiscal year ending June 30, 2016. The District hopes to see a decrease in the unfunded liability while 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.



## 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 \$51.2 million, a decrease of \$9.5 million over last year. This decrease was primarily due to a decrease in capital projects fund balance. Funding provided by the new bond sale from fiscal year 2015 provided the means to increase capital assets and finish more than nine projects. A one-time stipend led to the decrease in unassigned fund balance for 2016.

Below is a summary of the Governmental Funds total fund balance comparison:

GOVERNMENTAL FUNDS						
FUND BALANCES						
	2016			2015		
Nonspendable:						
Inventory	\$	306,257	0.6%	\$	312,927	0.5%
Permanent fund principal **		40,000	0.1%		40,000	0.1%
Restricted for:						
Capital projects		19,903,804	38.8%		29,285,077	48.2%
Building		1,866,206	3.6%		1,016,052	1.7%
Debt service		16,234,350	31.7%		15,657,564	25.8%
Committed to:						
Other Committed Fund Balance		-	0.0%		5,881	0.0%
Assigned to:						
Arbitrage		-	0.0%		143,945	0.2%
Endowment - Scholarships **		3,316	0.0%		3,237	0.0%
Unassigned		12,886,722	25.1%		14,294,922	23.5%
	\$	51,240,656	100.0%	\$	60,759,604	100.0%

The Building Fund balance had an increase of \$0.9 million mainly due to an increase in rental of facilities and higher State sources as well as conservative spending in the fund. This increased





## MANAGEMENT'S DISCUSSION & ANALYSIS

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the Building Fund balance to 1.9 million in 2016 from 1.0 million in 2015. The District continues to address higher utility costs in the Building Fund with analysis and rebate programs.

Fund balance classification definitions as shown in the governmental funds Balance Sheet can be found on page 66 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 \$12.9 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 11.3% of the total General Fund actual expenditures, which total \$114.4 million while the General Fund total fund balance of \$13.2 million represents 11.5% of that same amount. The General Fund's total fund balance decreased \$1.4 million during the current fiscal year. This is the result of capital project expenditures for the fiscal year and a one-time stipend to all returning employees.

The Debt Service Fund (Sinking Fund) had a total fund balance of \$16.2 million, all of which is restricted for the payment of debt service requirements. Millage rates for Sinking Fund levies are not controlled by the District but are set annually by the Tulsa County Excise Board after a thorough review of property valuations and the District's debt service needs. The Capital Projects Fund balance decreased by 32.0% to \$19.9 million, primarily due to the expenditures related to new projects, project renovations, and other capital spending from the general obligation bonds passed in the 2015 fiscal year.

**Proprietary Funds.** The District's proprietary's funds consist of the Enterprise Fund (Child Nutrition Fund) and the Internal Service Fund (Workers' Compensation Fund) and provide the same type of information found in the government-wide financial statements but in more detail. The Proprietary Funds have operating revenues of \$4.7 million and non-operating revenues of \$5.1 million. This represents a decrease in total proprietary fund revenue of \$1.2 million primarily due to decreases in workers' compensation claims, which reduced the reimbursements to the fund, and the completion of a one-time contribution of capital assets in fiscal year 2015 to the Child Nutrition Fund from other funds. Operating expenses were \$8.9 million, which decreased \$1.0 million largely due to the completion of construction projects approved through the State Department of Education. A one-time depreciation expense in fiscal year 2015 for the capital contribution also contributed to the decrease in expenses for fiscal year 2016, with depreciation expense decreasing \$1.2 million. The District experienced lower worker's compensation claims for the fiscal year as well.

The Statement of Revenues, Expenditures, and Changes in Fund Net Position for Proprietary Funds can be found on page 53.



***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 55 and 56.

### **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 2015-16, the District budgeted original General Fund revenues of \$112.5 million and budgeted original expenditures of \$115.0 million. The Board of Education approved a final revenue General Fund budget of \$112.2 million and an amended final expenditure budget of \$116.4. The General Fund final expenditure budget approved by the Board of Education represents an increase of 0.9%, or \$1.1 million from the previous year.

Actual revenue collected, at \$112.0 million, for the General Fund, experienced a slight decrease from the final budget projection due to 1.0 million in federal funding sources being cut mid-year.

Actual expenditures for the General Fund were \$2.2 million below the final budget of \$116.4 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:



## MANAGEMENT'S DISCUSSION & ANALYSIS

### General Fund Expenditures

- \$1.4 million 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.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2016, the District had \$224.8 million in government-wide capital assets (net of depreciation), of which \$222.2 million was in governmental activities. Table 3, below, displays a comparison of fiscal years 2015 and 2016 balances.

Broken Arrow Public School's Capital Assets

(Net of depreciation, in Millions)

Table 3

	Governmental		Business - Type		Total		Total
	Activities		Activities				Percentage
	2016	2015	2016	2015	2016	2015	Change
Land	\$ 15.2	\$ 15.1	\$ 0.0	\$ -	\$ 15.2	\$ 15.1	0.5%
Construction in progress	0.6	4.3	-	-	0.6	4.3	-86.3%
Land Improvements, net	8.2	4.8	0.0	0.0	8.2	4.8	70.5%
Buildings/Improvements, net	181.8	158.8	1.1	0.4	182.9	159.2	14.9%
Equipment, net	16.5	17.4	1.4	2.1	17.9	19.5	-8.4%
<b>Total:</b>	<b>\$ 222.2</b>	<b>\$ 200.4</b>	<b>\$ 2.6</b>	<b>\$ 2.5</b>	<b>\$ 224.8</b>	<b>\$ 202.9</b>	<b>10.8%</b>

(figures may be different due to rounding)

Government-wide capital assets represent a capitalization level of \$5,000, consistent with State accounting regulations. The majority of the Construction in Progress consists of the construction of the start of a new elementary school, special education room additions, elementary school remodeling projects, additions and remodeling to middle schools, High School classroom additions, 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 19,000 students, therefore, equipment purchases, classroom space, and improvements on land and/or buildings are necessary to provide that growth.



## MANAGEMENT'S DISCUSSION & ANALYSIS

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, 2016 was \$88.8 million, an increase of \$2.2 million from the prior fiscal year, and \$23.7 million due with one year. Table 4, below, summarizes bonds outstanding for fiscal years 2015 and 2016. Detailed information on the long-term debt activity can be found in Note 5, pages 77 – 81, of the Notes to the Financial Statements.

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

**Table 4**

	2016	2015
General Obligation Bonds:		
Series 2005B	0.0	0.8
Series 2010B	0.0	2.5
Series 2011D	0.0	3.4
Series 2012E	5.1	10.3
Series 2013F	9.0	13.5
Series 2014G	16.1	21.5
Series 2014B	5.7	5.7
Series 2015A	29.0	29.0
Series 2015B	3.0	0.0
Series 2016	20.9	0.0
Total	\$88.8	\$86.6

**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, 2016, show enrollment numbers to increase slightly due to the growing population of the District.



## MANAGEMENT'S DISCUSSION & ANALYSIS

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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 2015-16, 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, donations, and interest earnings.

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**  
**June 30, 2016**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 7,843,757	\$ 1,273,878	\$ 9,117,635
Investments	40,740,000	700,000	41,440,000
Receivables net of allowance for uncollectibles	3,734,692	796	3,735,488
Inventories	306,257	192,446	498,704
TOTAL CURRENT ASSETS	52,624,707	2,167,121	54,791,827
<b>NON-CURRENT ASSETS</b>			
Land and construction-in-progress	15,751,441	-	15,751,441
Capital assets being depreciated, net	206,449,560	2,589,356	209,038,916
TOTAL NON-CURRENT ASSETS	222,201,001	2,589,356	224,790,357
TOTAL ASSETS	274,825,707	4,756,477	279,582,184
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	7,062,531	-	7,062,531
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current	724,193	9,132	733,325
Accrued wages and benefits payable	394,137	19,130	413,267
Accrued interest payable	301,899	-	301,899
Unearned Revenues	-	105,681	105,681
Special termination benefits and compensated absences	37,551	-	37,551
Current portion of long-term obligations	24,843,224	-	24,843,224
TOTAL CURRENT LIABILITIES	26,301,003	133,943	26,434,946
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of long-term obligations	66,651,825	-	66,651,825
Net pension liability	100,474,905	-	100,474,905
TOTAL NON-CURRENT LIABILITIES	167,126,731	-	167,126,731
TOTAL LIABILITIES	193,427,734	133,943	193,561,677
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	19,569,352	-	19,569,352
<b>NET POSITION</b>			
Net Investment in Capital Assets	150,609,755	2,589,356	153,199,111
Restricted for:			
Debt Service	16,318,127	-	16,318,127
Building	1,881,808	-	1,881,808
Endowment	43,316	-	43,316
Unrestricted	(99,961,854)	2,033,177	(97,928,677)
TOTAL NET POSITION	\$ 68,891,152	\$ 4,622,533	\$ 73,513,686

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



**Broken Arrow Public Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
				Primary Government		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES	Expenses					
Instruction	\$ 78,874,684	\$ 320,928	\$ 4,767,795	\$ (73,785,961)	\$ -	\$ (73,785,961)
Support services - Students and staff	10,064,724	35,530	507,355	(9,521,839)	-	(9,521,839)
Instructional and school leadership	7,275,844	-	391,778	(6,884,065)	-	(6,884,065)
Administrative support services	17,945,868	-	213,675	(17,732,193)	-	(17,732,193)
Operation and maintenance of plant services	12,319,583	-	(9,397)	(12,328,980)	-	(12,328,980)
Student transportation services	7,051,610	-	1,521	(7,050,089)	-	(7,050,089)
Operation of non-instructional services	1,002,869	-	-	(1,002,869)	-	(1,002,869)
Other outlays and uses	1,604,731	-	321,635	(1,283,096)	-	(1,283,096)
Interest on long-term debt	1,189,964	-	-	(1,189,964)	-	(1,189,964)
TOTAL GOVERNMENTAL ACTIVITIES	137,329,878	356,458	6,194,363	(130,779,056)	-	(130,779,056)
BUSINESS-TYPE ACTIVITIES						
Food services	8,892,758	4,024,001	4,390,841	-	(477,916)	(477,916)
TOTAL BUSINESS-TYPE ACTIVITIES	8,892,758	4,024,001	4,390,841	-	(477,916)	(477,916)
TOTAL SCHOOL DISTRICT	\$ 146,222,636	\$ 4,380,459	\$ 10,585,204	\$ (130,779,056)	\$ (477,916)	\$ (131,256,973)



**Broken Arrow Public Schools  
Statement of Activities  
For the Year Ended June 30, 2016**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Primary Government		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
GENERAL REVENUES	Expenses				
Taxes					
Property tax, levied for general purposes			\$ 33,431,998	\$ -	\$ 33,431,998
Property tax, levied for debt services			22,676,491	-	22,676,491
County taxes			4,573,947	-	4,573,947
State taxes			6,925,497	-	6,925,497
State aid not restricted to specific programs			62,958,660	722,887	63,681,547
Interest and investment earnings			149,464	2,819	152,283
Gain on sale of capital assets			32,222	-	32,222
Other sources			3,645,992	45,071	3,691,063
<b>TOTAL GENERAL REVENUES</b>			<b>134,394,271</b>	<b>770,776</b>	<b>135,165,047</b>
 CHANGES IN NET POSITION			 3,615,214	 292,860	 3,908,074
 NET POSITION - BEGINNING			 88,245,022	 4,329,673	 92,574,695
RESTATEMENT - PRIOR PERIOD ADJUSTMENT (NOTE 1)			(22,969,084)	-	(22,969,084)
NET POSITION - BEGINNING AS RESTATED			65,275,938	4,329,673	69,605,611
 NET POSITION AT END OF YEAR			 \$ 68,891,152	 \$ 4,622,533	 \$ 73,513,686

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



**Broken Arrow Public Schools**  
**Balance Sheet - Governmental Funds**  
**June 30, 2016**

	Major Funds					Non Major	Total
	General	Cooperative	Building	Debt Service	Capital Projects	Other	Governmental
	Fund	Fund	Fund	Fund	Fund	Governmental	Funds
	Fund	Fund	Fund	Fund	Fund	Fund	Funds
<b>ASSET</b>							
Cash and cash equivalents	\$ 5,326,041	\$ -	\$ 496,383	\$ 1,234,350	\$ 703,804	\$ 3,316	\$ 7,763,895
Investments	5,000,000	-	1,500,000	15,000,000	19,200,000	40,000	40,740,000
Receivables net of allowance for uncollectibles	3,633,662	-	15,662	85,369	-	-	3,734,692
Inventories	306,257	-	-	-	-	-	306,257
<b>TOTAL ASSETS</b>	<b>14,265,960</b>	<b>-</b>	<b>2,012,045</b>	<b>16,319,719</b>	<b>19,903,804</b>	<b>43,316</b>	<b>52,544,844</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	546,467	-	113,651	-	-	-	660,118
Accrued wages payable	377,550	-	16,587	-	-	-	394,137
Due to other funds	-	-	-	-	-	-	-
Other liabilities	39,699	-	-	-	-	-	39,699
<b>TOTAL LIABILITIES</b>	<b>963,717</b>	<b>-</b>	<b>130,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,093,954</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - delinquent property taxes	109,264	-	15,603	85,369	-	-	210,235
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory	306,257	-	-	-	-	-	306,257
Permanent fund principal	-	-	-	-	-	40,000	40,000
Restricted for:							
Capital projects	-	-	-	-	19,903,804	-	19,903,804
Debt service	-	-	-	16,234,350	-	-	16,234,350
Building	-	-	1,866,206	-	-	-	1,866,206
Committed to:							
Other Committed Fund Balance	-	-	-	-	-	-	-
Assigned to:							
Arbitrage	-	-	-	-	-	-	-
Endowment	-	-	-	-	-	3,316	3,316
Unassigned	12,886,722	-	-	-	-	-	12,886,722
<b>TOTAL FUND BALANCES</b>	<b>13,192,980</b>	<b>-</b>	<b>1,866,206</b>	<b>16,234,350</b>	<b>19,903,804</b>	<b>43,316</b>	<b>51,240,656</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 14,265,960</b>	<b>\$ -</b>	<b>\$ 2,012,045</b>	<b>\$ 16,319,719</b>	<b>\$ 19,903,804</b>	<b>\$ 43,316</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**  
**June 30, 2016**

Total fund balances - Governmental Funds \$ 51,240,656

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	\$ 290,747,435	
Accumulated depreciation	<u>(68,546,434)</u>	
		222,201,001

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

17,936

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	(91,495,050)	
Interest payable	<u>(301,899)</u>	
		<u>(91,796,949)</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.

210,235

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		(100,474,905)
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Pension related deferred outflows and inflows are not due and payable in the current period, therefore, they are not reported in governmental funds.

Deferred pension plan outflows	7,062,531	
Deferred pension plan inflows	<u>(19,569,352)</u>	

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u>68,891,152</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**  
**For the Year Ended June 30, 2016**

	Major Funds					Non Major	Total Governmental Funds
	General Fund	Cooperative Fund	Building Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	
<b>REVENUES</b>							
Local sources	\$ 30,597,607	\$ -	\$ 4,338,609	\$ 22,709,955	\$ -	\$ -	\$ 57,646,172
Intermediate sources	4,573,947	-	-	-	-	-	4,573,947
State sources	69,803,819	-	80,338	-	-	-	69,884,157
Federal sources	5,926,438	-	-	-	-	-	5,926,438
Other sources	2,004,248	50	280,132	-	2,661	79	2,287,169
<b>TOTAL REVENUES</b>	<b>112,906,058</b>	<b>50</b>	<b>4,699,079</b>	<b>22,709,955</b>	<b>2,661</b>	<b>79</b>	<b>140,317,882</b>
<b>EXPENDITURES</b>							
Current							
Instruction	67,076,184	-	-	-	2,184,002	-	69,260,186
Student	9,096,022	-	-	-	64,723	-	9,160,746
Instructional staff	5,475,331	-	-	-	1,579,453	-	7,054,784
Administration	15,629,675	-	28,879	-	426,752	-	16,085,306
Operations and maintenance	9,650,282	-	3,727,120	-	4,920,835	-	18,298,238
Student transportation	5,953,845	-	-	-	1,180,678	-	7,134,523
Child nutrition operations	-	-	-	-	-	-	-
Community service operations	985,006	-	-	-	-	-	985,006
Other	484,304	5,931	1,773	5,914	2,303	143,945	644,169
Capital outlay	-	-	93,654	-	22,950,187	-	23,043,842
Debt service							-
Principal	-	-	-	21,675,000	-	-	21,675,000
Interest	-	-	-	1,842,961	-	-	1,842,961
<b>TOTAL EXPENDITURES</b>	<b>114,350,650</b>	<b>5,931</b>	<b>3,851,426</b>	<b>23,523,876</b>	<b>33,308,933</b>	<b>143,945</b>	<b>175,184,760</b>



**Broken Arrow Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	Major Funds					Non Major	Total
	General Fund	Cooperative Fund	Building Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,444,592)	(5,881)	847,653	(813,920)	(33,306,272)	(143,866)	(34,866,878)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	-	23,925,000	-	23,925,000
Capital Leases	-	-	-	-	-	-	-
Premium on new issuance of debt	-	-	-	1,390,707	-	-	1,390,707
Sales of capital assets	29,722	-	2,500	-	-	-	32,222
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	29,722	-	2,500	1,390,707	23,925,000	-	25,347,929
NET CHANGE IN FUND BALANCE	(1,414,869)	(5,881)	850,153	576,786	(9,381,272)	(143,866)	(9,518,949)
FUND BALANCE AT BEGINNING OF YEAR	14,607,849	5,881	1,016,052	15,657,564	29,285,077	187,182	60,759,604
FUND BALANCE AT END OF YEAR	<u>\$ 13,192,980</u>	<u>\$ -</u>	<u>\$ 1,866,206</u>	<u>\$ 16,234,350</u>	<u>\$ 19,903,804</u>	<u>\$ 43,316</u>	<u>\$ 51,240,656</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**  
**For the Year Ended June 30, 2016**

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS \$ (9,518,949)

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	\$ 29,797,499	
Depreciation expense	(7,605,398)	
Retirements and adjustments	<u>(387,273)</u>	21,804,828

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. 210,235

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. 3,124,376

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. (25,315,707)

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	21,675,000	
Amortization of Premium	<u>962,834</u>	22,637,834

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. (309,837)

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. (153,074)

Net pension expense does not require current financial resources, therefore, is not reported as expenditures in governmental funds (8,864,492)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,615,214</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**  
**For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 29,695,715	\$ 29,965,715	\$ 30,627,330	\$ 661,615
Intermediate sources	4,434,031	4,434,031	4,573,947	139,916
State sources	69,657,584	69,083,410	69,126,172	42,761
Federal sources	6,636,145	6,636,145	5,601,241	(1,034,904)
Other sources	2,047,264	2,047,264	2,080,417	33,153
<b>TOTAL REVENUES</b>	<b>112,470,739</b>	<b>112,166,565</b>	<b>112,009,106</b>	<b>(157,459)</b>
<b>EXPENDITURES</b>				
Instruction	68,191,173	67,884,160	67,078,425	805,735
Support services				
Student	8,339,388	9,333,135	9,078,337	254,799
Instructional staff	5,345,120	5,674,311	5,473,745	200,566
Administration	15,412,493	15,981,470	15,578,817	402,654
Operation and maintenance	9,738,364	9,764,734	9,582,293	182,441
Student transportation	5,930,128	6,178,924	5,962,408	216,517
Non-instructional services				
Child nutrition operations	-	7,541	-	7,541
Community services operations	1,088,993	1,038,457	977,382	61,075
Other	954,341	506,011	484,304	21,707
<b>TOTAL EXPENDITURES</b>	<b>115,000,000</b>	<b>116,368,743</b>	<b>114,215,710</b>	<b>2,153,033</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(2,529,261)</b>	<b>(4,202,178)</b>	<b>(2,206,604)</b>	<b>(1,995,574)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>14,607,849</b>	<b>14,607,849</b>	<b>14,607,849</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 12,078,588</b>	<b>\$ 10,405,671</b>	<b>\$ 12,401,245</b>	<b>\$ 1,995,574</b>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year			933,344	
Wages Payable			(95,240)	
Inventory			(6,669)	
Investments, change in market value, adjustments			(39,699)	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<b>\$ 13,192,980</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**  
**For the Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 4,276,789	\$ 4,276,789	\$ 4,341,109	\$ 64,320
Intermediate sources	-	-	-	-
State sources	52,517	52,517	80,338	27,821
Federal sources	-	-	-	-
Other sources	704	704	280,270	279,566
<b>TOTAL REVENUES</b>	<b>4,330,010</b>	<b>4,330,010</b>	<b>4,701,717</b>	<b>371,707</b>
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
Support services				
Student	-	-	-	-
Instructional staff	-	-	-	-
Administration	2,450	29,509	28,879	630
Operation and maintenance	5,123,982	5,132,996	3,719,953	1,413,043
Student transportation	-	-	-	-
Non-instructional services				
Child nutrition operations	-	-	-	-
Community services operations	-	-	-	-
Other	144,046	107,973	95,427	12,546
<b>TOTAL EXPENDITURES</b>	<b>5,270,478</b>	<b>5,270,478</b>	<b>3,844,259</b>	<b>1,426,219</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(940,468)</b>	<b>(940,468)</b>	<b>857,458</b>	<b>1,797,926</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>1,016,052</b>	<b>1,016,052</b>	<b>1,016,052</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 75,584</b>	<b>\$ 75,584</b>	<b>\$ 1,873,511</b>	<b>\$ 1,797,926</b>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year			(138)	
Wages Payable			(7,167)	
Inventories			-	
Investments, change in market value			-	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<b>\$ 1,866,206</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**  
**June 30, 2016**

	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	\$ 1,273,878	\$ 79,862
Investments	700,000	-
Receivables net of allowance for uncollectibles	511	-
Accrued interest receivable	285	-
Inventories	192,446	-
TOTAL CURRENT ASSETS	<u>2,167,121</u>	<u>79,862</u>
<b>NON-CURRENT ASSETS</b>		
Capital assets being depreciated, net	2,589,356	-
TOTAL NON-CURRENT ASSETS	<u>2,589,356</u>	<u>-</u>
TOTAL ASSETS	<u><u>4,756,477</u></u>	<u><u>79,862</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	9,132	46,536
Liability for incurred claims	-	15,391
Unearned Revenue	105,681	-
Accrued wages payable	19,130	-
TOTAL CURRENT LIABILITIES	<u>133,943</u>	<u>61,926</u>
<b>NET POSITION</b>		
Investment in capital assets	2,589,356	-
Restricted for Capital Projects	-	-
Unrestricted	2,033,177	17,936
TOTAL NET POSITION	<u>4,622,533</u>	<u>17,936</u>
TOTAL LIABILITIES AND NET POSTION	<u><u>\$ 4,756,477</u></u>	<u><u>\$ 79,862</u></u>

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



**Broken Arrow Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities - Internal Service Fund: Workers' Compensation Fund
OPERATING REVENUES		
Meals	\$ 4,072,968	\$ -
Insurance Contributions	-	29,103
Reimbursements	5,236	549,214
TOTAL OPERATING REVENUES	<u>4,078,203</u>	<u>578,317</u>
OPERATING EXPENSES		
Salaries and wages	3,849,285	-
Purchase and contracted services	113,871	26,171
Supplies and materials	4,544,134	-
Depreciation	160,475	-
Management Fees	29,015	1,000
Medical claims	201,165	704,220
Other operating expenses	3,945	-
TOTAL OPERATING EXPENSES	<u>8,901,890</u>	<u>731,391</u>
OPERATING INCOME (LOSS)	<u>(4,823,687)</u>	<u>(153,074)</u>
NON-OPERATING REVENUES		
Interest income	2,819	-
Federal and state grants	5,113,728	-
Capital contribution	-	-
TOTAL NON-OPERATING REVENUES	<u>5,116,546</u>	<u>-</u>
CHANGES IN NET POSITION	<u>292,859</u>	<u>(153,074)</u>
NET POSITION AT BEGINNING OF YEAR	<u>4,329,674</u>	<u>171,010</u>
NET POSITION AT END OF YEAR	<u><u>\$ 4,622,533</u></u>	<u><u>\$ 17,936</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**  
**For the Year Ended June 30, 2016**

	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	\$ 3,951,625	\$ 79,853
Interfund services provided	-	545,000
Cash payment for insurance claims	(201,165)	(681,000)
Cash payments to suppliers for goods and services	(4,681,350)	(35,000)
Cash payments to employees for services	(3,837,241)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(4,768,132)</u>	<u>(91,147)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contribution	-	-
Capital assets purchased	(238,489)	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(238,489)</u>	<u>-</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Non-operating grants received	5,113,728	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>5,113,728</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	-	-
Purchases of investments	(700,000)	-
Investment Income	2,534	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(697,466)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(590,360)	(91,147)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,864,239	171,010
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,273,878</u>	<u>79,862</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating Income (loss)	(4,823,687)	(153,074)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	160,475	-
Change in assets, deferred outflows, liabilities, and deferred inflows:		
Decrease (Increase) in Receivables	(467)	-
Decrease (Increase) in Inventories	(29,815)	-
Decrease (Increase) in Due from other governments	-	-
Decrease (Increase) in Due from other funds	-	-
Increase (decrease) in Accounts payable	(39,818)	46,536
Increase (decrease) in Unearned revenue	(46,864)	-
Increase (decrease) in Accrued wages payable	12,043	-
Increase (decrease) in Accrued expenses	-	15,391
Increase (decrease) in Workers' comp payable	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (4,768,132)</u>	<u>\$ (91,147)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>		
Commodities received from Department of Human Services	657,794	
Commodities consumed	570,037	

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



**Broken Arrow Public Schools**  
**Statement of Net Position - Fiduciary Funds**  
**June 30, 2016**

	Private- Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 38,088	\$ 2,329,702
Investments	50,000	-
TOTAL ASSETS	<u>88,088</u>	<u>2,329,702</u>
<b>LIABILITIES</b>		
Accounts Payable	-	61,612
Other Liabilities	-	-
Due to student groups	-	2,268,090
Due to other funds	-	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 2,329,702</u>
<b>NET POSITION</b>		
Held for scholarships	<u>88,088</u>	
TOTAL NET POSITION	<u>\$ 88,088</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**  
**June 30, 2016**

	Private-Purpose Trust Fund - Gift Fund
<hr/>	
ADDITIONS	
Contributions	\$ 16,625
Interest income	108
TOTAL ADDITIONS	<hr/> 16,733 <hr/>
DEDUCTIONS	
Scholarships awarded	19,226
Other deductions	-
TOTAL DEDUCTIONS	<hr/> 19,226 <hr/>
 CHANGE IN NET POSITION	 (2,493)
 NET POSITION AT BEGINNING OF YEAR	 <hr/> 90,581 <hr/>
 NET POSITION AT END OF YEAR	 \$ 88,088 <hr/> <hr/>

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





**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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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") have 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 JUNE 30, 2016

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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 JUNE 30, 2016

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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 the servicing of



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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. Federal and State restricted monies that must be expended for specific programs and compensated absences incurred by the District are also included in the General Fund.

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.

Debt Service Fund - The District's Debt Service Fund 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 fund:



## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

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

*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 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.



## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

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

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 60 days after the Estimate of Needs is approved by the County Excise Board, for the fiscal year beginning the following July 1. The Estimate of Needs serves as the legal operating budget to set maximum appropriations for the District. The Board of Education will approve the operating budget based on the Estimate of Needs.

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

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

### **Other Accounting Policies**

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





**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

*Investments* – Investments consist of United States Treasury securities and agencies and certificates of deposit. All investments are recorded at fair value generally based on quoted market prices or estimated fair values provided by brokerage statements. The net change in fair value of investments is recognized and reported as earnings (loss) on investments.

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

*Capital Assets* - Capital assets, which include land, land improvements, building, building improvements, furniture and equipment, are reported in the government-wide financial statements. Land, land improvements, 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 \$5,000, respectively. Donated capital assets, as well as, capital assets received in a service concession arrangement, are recorded at acquisition value (an entry price) as implemented in GASB Statement No. 72, *Fair Value Measurement and Application*. 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.

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



NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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

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	10-50
Improvements other than buildings	10-50
Equipment, vehicles & fixtures	5-15

Compensated Absences – A liability for compensated absences attributable to the District's governmental funds is recorded in the government-wide financial statements. It is the District's policy to provide payment to the employee for sick leave, upon retirement or severance of employment. The District policy provides payment to eligible employees for accumulated sick days. This liability is intended to accommodate these payments.

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, 2016, 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



## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

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

resources and recognized as revenue of the period to which they apply. At June 30, 2016, the government-wide financial statements reflect deferred inflows of resources related to pensions.

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. The District defers and amortizes 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  
JUNE 30, 2016

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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**  
**JUNE 30, 2016**

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

Net position on the Statement of Net Position include the following:

*Net Investment in Capital Assets* – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

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, 2016:

	Major Funds					Non Major	Total
	General Fund	Cooperative Fund	Building Fund	Debt Service Fund	Capital Project Fund	Other Governmental Fund	Governmental Funds
FUND BALANCES							
Nonspendable:							
Inventory	306,257	-	-	-	-	-	306,257
Permanent fund principal	-	-	-	-	-	40,000	40,000
Restricted for:							
Capital projects	-	-	-	-	19,903,804	-	19,903,804
Debt service	-	-	-	16,234,350	-	-	16,234,350
Building	-	-	1,866,206	-	-	-	1,866,206
Assigned to:							
Arbitrage	-	-	-	-	-	-	-
Endowment	-	-	-	-	-	3,316	3,316
Unassigned	12,886,722	-	-	-	-	-	12,886,722
TOTAL FUND BALANCES	<u>\$ 13,192,980</u>	<u>\$ -</u>	<u>\$ 1,866,206</u>	<u>\$ 16,234,350</u>	<u>\$ 19,903,804</u>	<u>\$ 43,316</u>	<u>\$ 51,240,656</u>

*Prior Period Adjustments* – The Total Net Position reported in the governmental activities Statement of Net Position has been restated by correcting the reporting of \$22,799,693 in deferred inflows of resources and correcting the reporting of a negative restriction of nonexpendable pension net position. The Net Investment in Capital Assets has also been restated to remove the unexpended bond proceeds from the calculation in the amount of \$29,285,077. A prior period net internal balance adjustment for warrants mathematical



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

miscalculation in the amount of \$160,792.27 within the Capital Projects Fund. An internal error in the amount of \$8,598.73 in the unrestricted General Fund was also corrected in restating the prior year Net Position. The beginning net position must be corrected to incorporate the effect of the prior year adjustment. The following table explains the change:

Year Ended June 30, 2015 - Governmental Activities

	Reported:	Restated:	Difference:
Net Investment in Capital Assets	\$ 108,454,620	\$ 137,578,904.24	29,124,284
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	(89,016,583)	(104,125,833)
Total Net Position - as restated	<u>\$ 88,245,022</u>	<u>\$ 65,275,938</u>	<u>\$ (22,969,084)</u>
<b>Net Position - as restated Change:</b>			
Deferred Inflows of Resources			22,799,693
Crossover adjustment of Prior Year Internal Expenditure			<u>169,391</u>
			22,969,084

**Revenues**

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 Debt Service 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





## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

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

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

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

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

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

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

The District receives revenue from the State to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs.

The State Department of Education requires that categorical educational program revenues be accounted for in the General Fund. The aforementioned state revenues are apportioned to the District's General Fund.

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



## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

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

formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the General Fund. The District maintains a separate Child Nutrition Fund and the federal revenues received for the child nutrition programs are apportioned there.

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

*Other Sources and Non-Revenue Receipts* – Other sources represent primarily prior year lapsed encumbrances from 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 JUNE 30, 2016

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### **Note 1. - 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. Investments are measured at fair value as defined in GASB Statement No. 72, *Fair Value Measurement and Application*.

*Credit risk* - Credit risk refers to the risk that a borrower will default on any type of debt by



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

The District's policy 6130 requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name. As of June 30, 2016 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, 2016, 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



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

increasing interest rates but monitors investment performance on an ongoing basis to limit the District's interest rate risk. Maturities of investments as of June 30, 2016 are as follows (000's):

Investment Type	Investment Maturities (in Years)		
	Fair Value	Less Than 1	1-3
Certificates of deposit	\$ 41,490	\$ 41,490	\$ -
Total	<u>\$ 41,490</u>	<u>\$ 41,490</u>	<u>\$ -</u>

Foreign Currency Risk – As of June 30, 2016, 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, 2016, was \$17,846,386, of which \$6,360,960 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;



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

- 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;
- 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, 2016, the District's investments consisted of certificates of deposits with an approximate fair market value of \$41.5 million.





**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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.

Receivables at June 30, 2016, 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	\$ 3,217	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ 285	\$ 3,561
Property taxes-delinquent	109,264	-	15,603	85,369	-	-	-	210,235
Due from other governments								
Local	-	-	-	-	-	-	-	-
County	-	-	-	-	-	-	-	-
State	677,647	-	-	-	-	-	-	677,647
Federal	2,811,433	-	-	-	-	-	-	2,811,433
Due from Fiduciary Funds	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Other receivables	32,101	-	-	-	-	-	511	32,612
Total	<u>\$ 3,633,662</u>	<u>\$ -</u>	<u>\$ 15,662</u>	<u>\$ 85,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796</u>	<u>\$ 3,735,488</u>

At June 30, 2016, \$210,235 of receivables were considered to be unavailable and were recorded as deferred inflows of resources in governmental funds.

Amounts due from Federal and State governments as of June 30, 2016 are presented in the table above. Other receivables were the result of transportation and building rental amounts not received as of June 30, 2016. 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**Note 3. – RECEIVABLES – cont’d**

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.

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. Any outstanding balances between funds results 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. There were no outstanding interfund receivables or payables as of June 30, 2016. The District transfers remaining Capital Project Funds to the debt service fund after all projects related to a bond issue have been completed.

**Note 4. - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance				Ending Balance
	June 30, 2015	Increases	Transfers	Adjustments **	June 30, 2016
<b><u>Governmental Activities:</u></b>					
Capital assets, not being depreciated:					
Land	\$ 15,105,897	\$ 57,940	\$ -	\$ -	\$ 15,163,837
Construction in progress	4,300,978	22,985,902	(26,699,276)	-	587,604
Total capital assets not being depreciated:	19,406,875	23,043,842	(26,699,276)	-	15,751,441
Capital assets being depreciated:					
Land Improvements	5,189,974	3,443,660	-	-	8,633,634
Buildings and Building Improvements	204,020,980	645,635	26,699,276	-	231,365,890
Furniture and Equipment	32,719,380	2,664,362	-	(387,273)	34,996,470
Total capital assets being depreciated:	241,930,334	6,753,657	26,699,276	(387,273)	274,995,994
Total assets	261,337,209	29,797,499	-	(387,273)	290,747,435
Less: Accumulated depreciation for:					
Land Improvements	(359,729)	(98,201)	-	-	(457,930)
Buildings and Building Improvements	(45,218,493)	(4,358,524)	-	-	(49,577,018)
Furniture and Equipment	(15,362,814)	(3,535,946)	-	387,273	(18,511,486)
Total accumulated depreciation :	(60,941,036)	(7,992,671)	-	387,273	(68,546,434)
	\$ 200,396,173	\$ 21,804,828	\$ -	\$ -	\$ 222,201,001



## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

### **Note 4. - CAPITAL ASSETS – cont'd**

	Beginning Balance June 30, 2015	Increases	Transfers	Adjustments **	Ending Balance June 30, 2016
<b><u>Business-Type Activities</u></b>					
Capital assets, not being depreciated:					
Land	-	-	-	-	-
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated:	-	-	-	-	-
Capital assets being depreciated:					
Land Improvements	23,837	-	-	-	23,837
Buildings and improvements	1,153,610	-	-	-	1,153,610
Furniture and equipment	2,824,651	254,196	-	(15,707)	3,063,140
Total capital assets being depreciated	4,002,097	254,196	-	(15,707)	4,240,587
Total assets	4,002,097	254,196	-	(15,707)	4,240,587
Less: Accumulated depreciation for:					
Land Improvements	-	(354)	-	-	(354)
Buildings and improvements	(1,923)	(23,072)	-	-	(24,995)
Furniture and equipment	(1,488,833)	(152,755)	-	15,707	(1,625,882)
Total accumulated depreciation :	(1,490,756)	(176,182)	-	15,707	(1,651,231)
Business-Type activities capital assets, net	2,511,342	78,014	-	-	2,589,356
Net Assets All Funds:	\$ 202,907,515	\$ 21,882,842	\$ -	\$ -	\$ 224,790,357

Depreciation expense was charged to governmental functions as follows:

	Expense:	Depreciation Adjustments:	Balance:		Depreciation
<b><u>Governmental Activities:</u></b>				<b><u>Business-Type Activities:</u></b>	
Instruction	\$ 3,792,822	(5,806)	\$ 3,787,016	Child Nutrition Fund	\$ 160,475
Support services - Students and staff	208,884	-	208,884		
Instructional support services	681,113	-	681,113		
Administrative support services	876,690	-	876,690		
Operations and maintenance of plant services	1,515,343	(51,065)	1,464,278		
Transportation	917,819	(330,402)	587,417		
Non-instructional	-	-	-		
Other-unclassified	-	-	-		
Total Depreciation:	\$ 7,992,671	\$ (387,273)	\$ 7,605,398	Total Depreciation:	\$ 160,475

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

(figures may be different due to rounding)

### **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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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 2015-16 fiscal period, the District retired an agreement between AVB Bank, with final payments of principal in the amount of \$3.1 million, 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.

The following is a summary of changes in the leases and capitalized lease obligations outstanding:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Artificial Turf, Land Improvements	\$ 3,124,376	\$ -	\$ (3,124,376)	\$ -
	-	-	-	-
Total	<u>3,124,376</u>	<u>-</u>	<u>(3,124,376)</u>	
Total long-term capitalized lease obligations outstanding			\$	<u>-</u>

*(figures are for principal amounts and may be different due to rounding)*

**The gross amount of assets acquired under capital leases by major asset class:**

Buildings and improvements total	\$ 1,500,000
Land improvements total	3,407,790
Total	<u>\$ 4,907,790</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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 \$1.4 million for the District for the year ended June 30, 2016:

	<u>2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>2016</u>	<u>Due in One Year</u>
Governmental activities					
Bonds payable	\$ 86,590,000	\$ 23,925,000	\$ (21,675,000)	\$ 88,840,000	\$ 23,665,000
Premium on debt issuance	2,227,178	1,390,707	(962,834)	2,655,050	1,178,224
Capital lease	3,124,376	-	(3,124,376)	-	-
Total	<u>\$ 79,656,117</u>	<u>\$ 25,315,707</u>	<u>\$ (25,762,210)</u>	<u>\$ 91,495,050</u>	<u>\$ 24,843,224</u>

In compliance with GASB Statement No.62–187, the District amortizes all premiums on bonds sold. The amortization for the 2015-16 fiscal year was \$962,834, which reduces long-term interest expense.

In December 2015, the District issued \$3.0 million in Building Bonds Series 2015B. The proceeds from the 2015B bonds will be used to acquire and install equipment to upgrade and further enhance our technology.

In April 2016, the District issued \$20.9 million in Combined Purpose Bonds Series 2016. The proceeds from the 2016 bonds will be used to construct and renovate school facilities and to acquire and install equipment to upgrade and enhance technology.

Bonds sold at discounts decrease the carrying value of the bond, and bonds sold at a premium increase the carrying value. The discount or premium is then amortized as an increase or decrease, respectively, to the coupon interest payment in reporting interest expense.

Interest expense on general long-term debt during the 2015-16 fiscal year totaled \$1.9 million. Amortization on bond premiums for the year ended June 30, 2016 decreased long-term interest expense per GASB, Statement No. 23.



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

A brief description of the outstanding long-term debt at June 30, 2016, is set forth below:

	Amount <u>Outstanding</u>
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	\$ -
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	\$ -
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	\$ -
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	\$ 5,125,000
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	\$ 9,000,000
General Obligation Bonds, Series 2014G, original issue \$21,500,000 Dated 4-01-2014, interest rate of 2.00%, due in annual Installments of \$5,375,000, final payment of \$5,375,000, due 4-01-2019	\$ 16,125,000
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 5-01-2020	\$ 29,000,000
Building Bonds, Series 2015B, original issue \$3,000,000 Dated 12-01-2015, interest rate of 2.00%, due in annual Installments of \$600,000, final payment of \$600,000, due 12-01-2021	\$ 3,000,000
General Obligation Bonds, Series 2016, original issue \$20,925,000 Dated 4-01-2016, interest rate of 3.00%, due in annual Installments of \$5,230,000, final payment of \$5,235,000, due 4-01-2021	\$ 20,925,000
<b>TOTAL</b>	<u><u>\$ 88,840,000</u></u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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>
2016-2017	23,665,000	347,484	\$ 24,012,484
2017-2018	24,370,000	571,775	\$ 24,941,775
2018-2019	19,870,000	495,925	\$ 20,365,925
2019-2020	14,500,000	533,525	\$ 15,033,525
2020-2021	5,835,000	215,313	\$ 6,050,313
2021-2022	600,000	19,000	\$ 619,000
Total	<u>\$ 88,840,000</u>	<u>\$ 2,183,021</u>	<u>\$ 91,023,021</u>

**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), a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), 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 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





**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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, 2016, the following employees were covered by the benefit terms for each Plan:

	Governmental Funds
Inactive employees or beneficiaries currently receiving benefits	52
Active employees participating in the plan	1763
Total	1815

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, 2016, 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, which includes federal matching were \$7.1 million in 2016, 6.9 million in 2015, and 6.7 million in 2014.

The State makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS year of service credit). The State is also required to contribute to the System on behalf of the participating employers. For 2016, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2016, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$5.3 million. In accordance with generally accepted accounting practices, District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements. These on-behalf payments do not meet the definition of a special funding situation.



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

At June 30, 2016, the District reported a net pension liability of \$100.5 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2015. Based upon this information, the District's proportion was 1.65451843 percent.

For the period ended June 30, 2016, the District recognized pension expense of \$5.9 million. At June 30, 2016, 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	\$ -	\$ 3,412,739
Net difference between projected and actual investment earnings on pension plan investments	-	16,156,613
Changes in Assumptions	-	-
Totals	-	19,569,352
District contributions subsequent to the measurement date	7,062,531	-
Totals	\$ 7,062,531	\$ 19,569,352

Deferred pension outflows totaling approximately \$7.1 million resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The deferred inflows totaling \$16.2 million resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling approximately \$3.4 million resulting from differences between expected and actual experience will be recognized in pension expense using the average expected remaining life of the Plan. The average expected remaining life of the Plan is determined by taking the calculated total future



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the Plan are estimated at 6.22 years at June 30, 2015 and are determined using the mortality, termination, retirement, and disability assumptions associated with the Plan. 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:		
2016	\$	(6,086,868)
2017	\$	(6,086,868)
2018	\$	(6,086,868)
2019	\$	(701,330)
2020	\$	(513,798)
Thereafter	\$	(93,620)
Total	\$	<u>(19,569,352)</u>

Actuarial Assumptions - The total pension liability in the June 30, 2015 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	-	Composed of 3.75 percent wage inflation, including 3.00 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of service
Investment rate of return	8.00%	- net of expenses and compounded annually
Retirement Age	-	Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014
Payroll Growth Rate	3.25%	- per year. This increase rate has no allowance for future membership growth

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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.0%
Domestic Large Cap Equity	10.0%	5.3%
Domestic Mid Cap Equity	13.0%	6.1%
Domestic Small Cap Equity	10.0%	6.6%
International Large Cap Equity	11.5%	5.8%
International Small Cap Equity	6.0%	5.8%
Core Plus Fixed Income	17.5%	1.8%
High-yield Fixed Income	6.0%	4.1%
Private Equity	5.0%	7.6%
Real Estate**	7.0%	5.5%
Master Limited Partnerships	7.0%	7.6%
Total	100.0%	

\* 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)



NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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

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 the June 30, 2015 actuarial report. 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:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	\$ 139,556,363	\$ 100,474,905	\$ 68,504,251

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.

**Other Post-Employment Benefits (OPEB)**

The Oklahoma Teachers Retirement System pays between \$100 and \$105 per month, depending on the members' years of service, to the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB), for each retiree who elects to obtain health insurance coverage through OSEEGIB. The District retains no obligation for this benefit and performs no administrative functions related to the health insurance coverage provided through OSEEGIB.

**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



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

self-insured for its workers' compensation coverage.

The District utilizes Consolidated Benefits Resources, LLC (CBR), to provide services for workers' compensation claims and administration. CBR will operate a claims management program for the prevention, investigation, processing, accounting and payment of workers' compensation claims. The District's General Fund pays for claims as they are incurred. As of June 30, 2016, CBR has reported an outstanding reserve for the District to be \$1.8 million. In order to mitigate the risk associated with this program, the District reserves and restricts a percentage of the fund balance. For 2015-16, this amount was \$79,862 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 Debt Service Fund over a three year period pursuant to state law.



## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016

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

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

As of June 30, 2016, the District had outstanding commitments (contracts and purchase orders), of approximately \$733,324 primarily for supplies and equipment. Construction in progress had \$587,604 in outstanding projects not completed. These projects consist of renovations to nine school buildings, a new Special Education room, new athletic renovations, 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**

Lease Revenue Bonds (lease purchase financing) is an important and popular method for the District to address immediate needs for capital acquisitions while improving the management of cash flow. Ownership of any property constructed with these Lease Revenue Bonds does not occur until the agreed lease payments have been made. The requirement for annual appropriations of Lease Revenue Bonds payments allows these bonds not to be treated as debt.

On May 1, 2011, the Tulsa County Industrial Authority issued \$72.8 million 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.





**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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 \$285.0 million, on December 8, 2009. In June 2012, the Tulsa County Industrial Authority issued \$67.3 million of additional Educational Facilities Lease Revenue Bonds, Series 2012, to provide for additional construction, equipment, repairs and remodeling projects for the District.

On March 1, 2016, the Tulsa County Industrial Authority issued \$65.3 million of additional Educational Facilities Lease Revenue Bonds (Broken Arrow Public School Project) Series 2016, to provide additional funds required for constructing, equipping, repairing and remodeling school buildings. 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		2016 Series	
Fiscal Year	Payment	Fiscal Year	Payment	Fiscal Year	Payment
2016-17	11,259,881	2016-17	3,456,725	2016-17	\$ 3,069,161
2017-18	2,800,681	2017-18	11,205,263	2017-18	3,211,913
2018-19	9,751,516	2018-19	2,276,700	2018-19	3,211,913
2019-20	27,600,250	2019-20	2,276,700	2019-20	5,113,163
		2020-21	5,174,988	2020-21	3,114,413
		2021-22	21,883,888	2021-22	3,114,413
		2022-23	31,817,250	2022-23	9,383,663
				2023-24	16,852,413
				2024-25	3,935,706
				2025-26	19,857,375
				2026-27	22,862,625
Total Obligation:	51,412,328	Total Obligation:	78,091,513	Total Obligation:	93,726,755
Less amounts representing interest:	(5,482,328)	Less amounts representing interest:	(14,096,513)	Less amounts representing interest:	(28,451,755)
Lease Revenue Bonds Payable:	\$ 45,930,000	Lease Revenue Bonds Payable:	\$ 63,995,000	Lease Revenue Bonds Payable:	\$ 65,275,000



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**Note 10. - TAX ABATEMENTS**

Tax abatements are reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. The District is subject to tax abatements granted by other governments only.

For the fiscal year ended June 30, 2016, the District is subject to tax abatements granted by the State of Oklahoma - Oklahoma Tax Commission (Tulsa County). Ad valorem exemptions are available for capital investments made by certain types of companies provided that qualified investment exceeds \$250,000 within the calendar year, and the company complies with certain payroll thresholds; qualifications are sometimes industry specific. County property taxes were reduced under the agreements entered into by the State of Oklahoma – Oklahoma Tax Commission.

All information within the records of the State of Oklahoma Tax Commission is considered confidential unless public disclosure is provided for by law. The Tax Commission provides only those data sources which they deemed were authorized for release under state law. The Tax Commission declines to provide any information about the breakdown of the exemption by value or type of investment made.

Information relevant to disclosure of these programs includes the following:

<b>Fiscal Year Ended June 30, 2016</b>	<b>Number of Abatements during the Fiscal Year</b>	<b>Amount of Abatements during the Fiscal Year</b>
<b><u>Tax Abatement Program</u></b>		
<b>State of Oklahoma Tax Commission:</b>		
Tax Exemptions and Credits for Ad Valorem Exemptions	37	\$ 1,960,042

The District also is subject to tax abatements granted by the City of Broken Arrow through its Retail Incentive Policy with the stated purpose of stabilizing and enhancing the City's sales tax base and to incentivize the eligible retail businesses that are included in a mixed use development. The forms of incentive are to provide infrastructure improvements, assistance with public processes, site acquisition of property for public infrastructure, sales tax rebates on a limited basis, and participation in the State of Oklahoma's Quality Jobs Program. Incentives are based on the estimated amount of new City sales taxes generated that can be reasonably defined and determined to result from new development.



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**Note 10. - TAX ABATEMENTS – cont'd**

The following table relevant to disclosure of these programs includes the following:

<b>Fiscal Year Ended June 30, 2016</b>	<b>Base Value during the Fiscal Year</b>	<b>Amount of Abatements during the Fiscal Year</b>
<b><u>Tax Abatement Program</u></b>		
<b>City of Broken Arrow:</b>		
Retail Incentive Policy - Flightsafety	\$ 4,857,612	\$ 10,117,645
Established Year=2010, Last Year for TIF=2035		

**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 fifth 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, nine 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:



NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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

**Adopted: Fiscal Year Ended June 30, 2016**

- ✓ GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District measures and discloses donated capital assets and capital assets received in a service concession arrangement, at acquisition value (entry price). The District also discloses the level of fair value hierarchy, and valuation techniques for fair value measurements in regards to investments and capital assets in the Notes to the Financial Statements organized by type of asset or liability reported at fair value and/or investments in certain entities that calculate net asset value per share (or its equivalent). This Statement will enhance comparability of financial statements of the District as well as improving fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on the District's financial position.
- ✓ GASB, Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* was issued June 2015 to be effective for the District beginning with its fiscal year ending June 30, 2016 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the District beginning with its fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68, which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The District's pension plan is administered through a trust, all assets are held in this trust, and is within the scope of Statement No. 68.
- ✓ GASB, Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified with a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods after June 15, 2015, and are applied retroactively. The District is familiarizing with the new GASB implementation guidance and will continue to provide correct authoritative source as described in the Statement. This will improve the usefulness and financial reporting for the District by requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in other or nonauthoritative sources.

- ✓ 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 discloses agreements of others that reduce the government’s revenue but does not have agreements of the government itself. The agreements of others are organized by government and specific tax abated. The requirements of this Statement improves the District’s reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public in prior years. As a result, users will be better equipped to understand tax abatements and the impact on the District’s financial position and economic condition.

**New Accounting Pronouncements Issued Not Yet Adopted**

- ✓ GASB, Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans was issued in June 2015 and will be effective for the District beginning with its fiscal year ending June 30, 2017. The Statement replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position but requires more extensive



NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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

note disclosures and Required Supplementary Information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. The Statement also sets forth note disclosure requirement of defined contribution OPEB plans. The District does not currently participate or sponsor postemployment benefits plans other than pensions held in trusts.

- ✓ GASB, Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions was issued in June 2015 and will be effective for the District beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability. The District does not currently participate or sponsor postemployment benefits plans other than pensions held in trusts.



# REQUIRED SUPPLEMENTARY INFORMATION







**Broken Arrow Public Schools**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Year Ended June 30, 2016**  
**Last 10 Years\***

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	1.65%	1.64%
Proportionate share of the net pension liability	\$ 100,474,905	\$ 88,199,969
Covered - employee payroll	\$ 68,820,306	\$ 67,558,937
Proportionate share of the net pension liability as percentage of covered-employee payroll	146.00%	130.55%
Plan's fiduciary net position	\$ (112,981,726)	\$ (81,317,541)
Plan fiduciary net position as a percentage of the total pension liability	112.45%	92.20%

Notes to schedule:

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



**Broken Arrow Public Schools  
Required Supplementary Information  
Schedule of Contributions  
Year Ended June 30, 2016  
Last 10 Years\***

	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 6,902,353	\$ 6,656,684
Contributions in relation to the actuarially determined contributions	6,902,353	6,656,684
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 70,593,606	\$ 68,820,306
Contributions as a percentage of covered - employee payroll	9.78%	9.67%

Notes to schedule:

Valuation date:	6/30/2015
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 two years 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, 2016**

	Balance June 30, 2015	Additions	Deductions	Adjustments	Balance June 30, 2016
HIGH SCHOOL TOTAL	\$ 642,115	\$ 2,442,108	\$ (2,265,139)	\$ 14,898	\$ 833,982
INTERMEDIATE HIGH SCHOOLS TOTAL	-	-	-	-	-
FRESHMAN ACADEMY TOTAL	36,077	119,857	(99,479)	2,563	59,019
ALTERNATIVE SCHOOL TOTAL	23,524	11,926	(8,780)	-	26,670
MIDDLE SCHOOLS TOTAL	226,976	578,680	(543,311)	6,592	268,937
ELEMENTARY SCHOOLS TOTAL	210,333	400,320	(361,941)	166	248,878
EARLY CHILDHOOD CENTERS TOTAL	24,547	103,155	(92,507)	-	35,195
STUDENT CLUBS TOTAL	564,969	3,367,635	(3,235,574)	620	697,651
ADMINISTRATIVE TOTAL	<u>119,037</u>	<u>227,877</u>	<u>(187,545)</u>	<u>-</u>	<u>159,370</u>
TOTAL FUNDS HELD FOR STUDENT ACTIVITIES	<u><u>1,847,579</u></u>	<u><u>7,251,558</u></u>	<u><u>(6,794,276)</u></u>	<u><u>24,839</u></u>	<u><u>2,329,702</u></u>
SUMMARY - ACTIVITY FUNDS					
ASSETS					
Cash	<u><u>1,847,579</u></u>	<u><u>7,251,558</u></u>	<u><u>(6,794,276)</u></u>	<u><u>24,839</u></u>	<u><u>2,329,702</u></u>
LIABILITIES					
Funds held for student activities	<u><u>1,847,579</u></u>	<u><u>7,251,558</u></u>	<u><u>(6,794,276)</u></u>	<u><u>24,839</u></u>	<u><u>2,329,702</u></u>
TOTAL LIABILITIES	<u><u>\$ 1,847,579</u></u>	<u><u>\$ 7,251,558</u></u>	<u><u>\$ (6,794,276)</u></u>	<u><u>\$ 24,839</u></u>	<u><u>\$ 2,329,702</u></u>

See independent auditors' report

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# STATISTICAL INFORMATION





**Statistical Section**  
**For the Year Ended June 30, 2016**

**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>	103
These schedules compile trend information and report how the District's financial position has changed over time.	
<u>Revenue Capacity</u>	111
These schedules provide information regarding the District's major revenue sources; property taxes, and the stability/growth of revenue.	
<u>Debt Capacity</u>	117
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>	123
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>	127
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 fifth 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 nine 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 Nine Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>									
Net investment in capital assets	\$ 70,323,775	\$ 77,183,478	\$ 82,438,023	\$ 91,011,359	\$ 105,661,860	\$ 115,812,420	\$ 125,810,009	\$ 137,739,696	\$ 150,609,755
Restricted for:									
Restricted for:									
Debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820	15,515,172	15,657,564	\$ 16,318,127
Building	-	-	-	-	3,144,045	2,762,215	2,333,899	1,016,052	\$ 1,881,808
Endowment	-	-	-	-	-	-	-	40,000	\$ 43,316
Unrestricted	7,402,375	11,352,959	12,127,691	21,412,088	21,980,866	20,080,655	17,648,608	(89,007,984)	\$ (99,961,854)
<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>65,445,328</b>	<b>\$ 68,891,152</b>
<b>Business-type activities</b>									
Net investment in capital assets	68,007	-	259,130	25,966	352,642	719,273	1,370,958	2,511,342	\$ 2,589,356
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	\$ 2,033,177
<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>\$ 4,622,533</b>
<b>District-wide</b>									
Net investment in capital assets	70,391,782	77,183,478	82,697,153	91,037,325	106,014,502	116,531,693	127,180,967	140,251,037	\$ 153,199,111
Restricted for:	-								
Debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820	15,515,172	15,657,564	\$ 16,318,127
Building	-	-	-	-	3,144,045	2,762,215	2,333,899	1,016,052	\$ 1,881,808
Endowment	-	-	-	-	-	-	-	40,000	\$ 43,316
Unrestricted	8,710,729	13,029,692	14,455,337	23,692,500	25,236,025	23,229,716	20,494,188	(87,189,652)	\$ (97,928,677)
<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>\$ 69,775,002</b>	<b>\$ 73,513,686</b>

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

Only 9 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

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 Nine Fiscal Years**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>									
<b>Governmental activities</b>									
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	\$ 75,087,668
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	9,855,840
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	6,594,731
Support services - Administration	17,321,656	15,594,220	13,503,518	12,890,477	11,749,833	12,608,451	12,040,169	19,254,851	17,069,178
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	14,381,484	10,855,305
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	6,464,193
Other support services	1,264,295	249,408	792,110	487,251	659,417	656,673	631,639	1,512,250	1,604,731
Child Nutrition	-	-	-	-	80,352	-	1,952,800	-	-
Community services	315,802	471,260	398,450	580,860	603,868	688,638	1,827,511	973,423	1,002,869
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	7,605,398
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	1,286,326	1,189,964
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>127,955,768</u>	<u>137,329,878</u>
<b>Business-type activities</b>									
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	8,892,758
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>	<u>8,892,758</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>137,872,690</u>	<u>146,222,636</u>
<b>Program Revenues</b>									
<b>Governmental activities</b>									
<b>Charges for services</b>									
Regular instruction	504,386	479,780	466,790	418,886	340,885	333,432	321,387	316,066	320,928
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	35,530
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	6,194,363
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>	<u>6,550,821</u>
<b>Business-type activities</b>									
<b>Charges for services</b>									
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	4,024,001
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	4,390,841
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>	<u>8,414,842</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>	<u>\$ 14,965,663</u>



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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)	\$ (121,227,556)	\$ (130,779,056)
Business-type activities	(143,699)	472,354	(452,076)	37,183	212,132	(299,967)	(95,846)	(2,253,220)	(477,916)
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>(123,480,776)</u>	<u>(131,256,972)</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	33,431,998
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	22,676,491
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	11,499,443
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	66,211,831	62,958,660
Interest and investment earnings	2,219,124	757,577	247,515	367,898	907,841	90,436	60,895	114,489	149,464
Gain on sale of capital assets	-	-	-	-	9,834	16,050	114,259	139,493	32,222
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	3,645,992
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>135,837,236</u>	<u>134,394,271</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	722,887
Interest and investment earnings	4,705	15,827	20,884	8,344	4,753	3,331	2,654	921	2,819
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	45,071
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>	<u>770,776</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>138,203,591</u>	<u>135,165,047</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	14,609,680	3,615,214
Business-type activities	238,228	526,185	(116,072)	447,829	794,108	260,533	348,206	113,135	292,860
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>\$ 14,722,816</u>	<u>\$ 3,908,074</u>

**Note:** Only 9 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 Nine Fiscal Years**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	\$ 306,257
Restricted					-	-	-	-	-
Committed					-	-	-	-	-
Assigned					291,828	117,317	-	-	-
Unassigned					21,383,129	19,534,415	17,113,895	14,294,922	12,886,722
<b>Total general fund</b>	<b>\$ 5,925,936</b>	<b>\$ 9,410,693</b>	<b>\$ 10,878,215</b>	<b>\$ 18,541,950</b>	<b>\$ 21,836,922</b>	<b>\$ 19,936,710</b>	<b>\$ 17,386,308</b>	<b>\$ 14,607,849</b>	<b>\$ 13,192,980</b>
<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	\$ 40,000
Restricted					52,202,982	50,911,640	43,937,170	45,964,574	38,004,360
Committed					-	-	-	-	-
Assigned					-	-	143,945	147,182	3,316
<b>Total all other governmental funds</b>	<b>\$ 24,464,548</b>	<b>\$ 30,422,292</b>	<b>\$ 37,092,454</b>	<b>\$ 48,162,129</b>	<b>\$ 52,202,982</b>	<b>\$ 50,911,640</b>	<b>\$ 44,081,115</b>	<b>\$ 46,151,756</b>	<b>\$ 38,047,676</b>

**Note:** The District implemented GASB Statement No. 54 in 2012, resulting in the change in fund balance categories.  
Only 9 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 Nine Fiscal Years**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	\$ 57,646,172
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	4,573,947
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	69,884,157
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	5,926,438
Other sources	-	-	-	-	238,255	485,031	2,116,807	219,210	2,287,169
<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>140,317,882</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	69,260,186
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	9,160,746
Instructional staff	-	-	-	-	5,051,994	6,000,678	6,060,517	7,149,975	7,054,784
Administration	-	-	-	-	13,926,174	13,371,104	15,053,772	15,959,607	16,085,306
Operations and maintenance	3,717	2,098	657,891	1,956,323	13,374,600	14,848,672	21,025,001	15,513,467	18,298,238
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	7,134,523
<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	985,006
Other	-	-	-	3,510	623,777	49,881	562,330	835,544	644,169
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	23,043,842
<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	21,675,000
Interest	1,911,725	2,542,069	2,174,625	2,550,031	35,641	1,700,488	1,827,511	1,732,960	1,842,961
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>\$ 175,184,760</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>	<b>(34,866,878)</b>



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	\$ 23,925,000
Capital Leases	-	-	-	-	-	(486,652)	3,500,000	-	-
Premium on new issuance of debt	-	-	-	-	790,019	727,155	752,823	1,307,103	1,390,707
Proceeds on disposal of capital assets	-	-	-	-	-	-	114,259	139,493	32,222
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	25,347,929
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)	\$ (9,518,949)
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%	15.35%

<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 9 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 Nine 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	752,147,392	6,891,879,682	10.91%	70.51
2015	7,571,784	107,639,361	543,304,579	77,554,379	32,953,314	769,023,417	7,069,347,080	10.88%	71.10
2016	7,582,194	107,617,112	575,970,648	82,030,524	26,793,531	799,994,008	7,383,360,050	10.84%	69.73

<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 9 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 Nine Fiscal Years**

Fiscal Year	Direct Rates				Rates for Taxpayers in the City of Broken Arrow					
	Broken Arrow School District				Overlapping Rates					Total Direct & Overlapping Rates
	General	Building	Sinking	Total Direct Rates	Tulsa County	Tulsa Community College	Tulsa Vo-Tech	City of Broken Arrow		
2008	\$ 36.40	\$ 5.20	\$ 26.40	\$ 68.00	\$ 22.21	\$ 7.21	\$ 13.33	\$ 15.30	\$ 194.05	
2009	36.40	5.20	29.56	71.16	22.21	7.21	13.33	15.72	200.79	
2010	36.40	5.20	28.12	69.72	22.21	7.21	13.33	15.98	198.17	
2011	36.40	5.20	27.65	69.25	22.21	7.21	13.33	16.44	197.69	
2012	36.40	5.20	29.00	70.60	22.24	7.21	13.33	17.13	206.11	
2013	36.40	5.20	28.62	70.22	22.24	7.21	13.33	16.50	199.72	
2014	36.40	5.20	28.91	70.51	22.23	7.21	13.33	17.32	201.11	
2015	36.40	5.20	29.50	71.10	22.23	7.21	13.33	17.14	202.11	
2016	36.40	5.20	28.13	69.73	22.79	7.21	13.33	17.10	199.89	
Nine-Year Average									\$ 199.96	

**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 9 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 Eight Years Ago**

Taxpayer	2016			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	\$ 8,273,024	1.08%	1	\$ 7,741,886	1.35%	1
Greens at Broken Arrow	5,652,176	0.73%	2	2,327,835	0.41%	5
Wal-Mart Stores	5,348,805	0.70%	3	4,999,454	0.87%	3
Valor Communications of Oklahoma	3,969,047	0.52%	4	5,869,392	1.02%	2
Park at Misson Hills	3,925,876	0.51%	5			
Flight Safety International	3,638,746	0.47%	6			
Auburndale Halifax Broken Arrow LLC	3,470,924	0.45%	7			
Oklahoma Natural Gas	2,839,375	0.37%	8	3,317,887	0.58%	4
LSREF2 Oreo (Heights) LLC	2,102,895	0.27%	9			
Cox Communications	1,941,126	0.25%	10	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>\$ 41,161,994</u>	<u>5.35%</u>		<u>\$ 33,323,197</u>	<u>5.81%</u>	

<sup>a</sup> Based on FY15-16 District Net Assessed Valuation of \$799,994,008

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

**Note:** Only 9 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 Nine Fiscal Years**

Fiscal Year Ended June 30th	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collected in Subsequent Years <sup>b</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 38,922,705	\$ 37,776,917	97.06%	\$ 835,853	\$ 38,612,770	99.20%
2009	43,699,361	42,415,079	97.06%	897,075	43,312,154	99.11%
2010	45,448,521	44,180,722	97.21%	951,925	45,132,647	99.30%
2011	47,093,194	45,916,477	97.50%	1,087,587	47,004,064	99.81%
2012	49,406,126	48,237,658	97.63%	1,096,157	49,333,815	99.85%
2013	50,582,304	49,326,775	97.52%	998,599	50,325,374	99.49%
2014	52,957,704	51,631,605	97.50%	1,050,963	52,682,567	99.48%
2015	54,599,566	53,295,303	97.61%	971,679	54,266,983	99.39%
2016	55,704,874	54,964,159	98.67%	996,621	55,960,780	100.46%

<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 9 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 Nine 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
2016	91,495,050	-	-	91,495,050	7,383,360,050	1.24%	173,186,712	52.83%	18,796	4,868

<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 9 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 Nine 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	16,216,368	59,533,632	6,403,085,486	0.93%	16,836	3,536
2013	73,602,155	15,080,820	58,521,335	6,602,257,029	0.89%	17,145	3,413
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
2016	91,495,050	16,234,350	75,260,700	7,383,360,050	1.02%	18,796	4,004

<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 9 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, 2016**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Direct and Overlapping Debt <sup>b</sup>
Tulsa County	\$ 90,105	9.76%	\$ 8,794
Wagoner County	-	N/A	-
Tulsa Community College	-	N/A	-
Tulsa Vo-Tech #18	-	N/A	-
City of Broken Arrow	94,568,547	100.00%	94,568,547
City of Tulsa	436,879,961	0.68%	2,970,784
City of Coweta	-	N/A	-
Subtotal, overlapping debt			97,548,125
<b>District direct debt<sup>c</sup></b>			91,495,050
<b>Total direct and overlapping debt</b>			<b>\$ 189,043,175</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 Nine Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2016:**

Secondary assessed valuation		\$	799,994,008
Debt Limit (10% of assessed value)			79,999,401
Debt applicable to limit	91,495,050		
Current sinking fund balance	(16,234,350)		75,260,700
Legal debt margin		\$	<u><u>4,738,701</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	74,615,503	15,080,820	59,534,683	12,596,207	82.54%
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%
2016	799,994,008	79,999,401	91,495,050	16,234,350	75,260,700	4,738,701	94.08%

<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 9 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 Nine 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
2016	106,563	173,186,712	29,802	4.20%	18,796

<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 9 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 Eight Years Ago**

Employer	2016		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	2.08%	2,034	2.07%
Walmart	900	0.84%	1,323	1.35%
Northeastern State University	800	0.75%	-	-
Flight Safety International	715	0.67%	650	0.66%
City of Broken Arrow	675	0.63%	746	0.76%
Zeeco	487	0.46%	-	-
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>8.15%</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 106,563

<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 Nine Fiscal Years**

	Full-Time Equivalent Employees by Type									Percentage Change
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2008-2016
Supervisory										
Principals	26	27	27	27	25	25	28	28	29	7.69%
Assistant Principals	23	23	20	22	26	26	25	29	28	26.09%
Total supervisory	49	50	47	49	51	51	53	57	57	16.33%
Instruction										
Teachers	837	806	785	858	875	873	946	1,068	1,090	27.60%
Other professionals	200	198	193	149	146	150	149	122	113	-39.00%
Aides	94	110	102	102	98	95	135	239	435	154.26%
Total instruction	1,131	1,114	1,080	1,109	1,119	1,118	1,230	1,429	1,638	26.35%
Student Services										
Librarians	23	24	24	24	24	24	23	21	18	-8.70%
Technicians	36	44	41	35	34	44	67	54	23	50.00%
Social Workers/ Counselors	40	56	54	70	73	76	75	39	42	-2.50%
Total student services	99	124	119	129	131	144	165	114	83	15.15%
Support and Administration <sup>a</sup>										
Office	259	281	276	281	277	246	250	184	209	-28.96%
Maintenance	165	146	134	153	150	146	172	195	231	18.18%
Food Service	111	121	114	113	114	141	153	83	238	-25.23%
Transportation	136	147	143	171	170	175	170	159	237	16.91%
Total support and administration	671	695	667	718	711	708	745	621	915	-7.45%
Total	1,950	1,983	1,913	2,005	2,012	2,021	2,193	2,221	2,693	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 9 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 Nine Fiscal Years**

	Fiscal Year Ending June 30th,								
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities									
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	\$ 249,359,547
Student	872,796	898,219	908,414	941,142	957,892	2,457,892	6,200,306	6,258,506	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	4,880,445
General administration	121,053	121,053	121,053	121,053	163,032	163,032	163,032	176,427	176,427
School administration	726,320	726,320	747,575	747,575	747,575	747,575	747,575	812,784	975,507
Business	800,627	1,117,041	6,821,682	6,919,619	8,284,960	8,891,941	9,866,374	10,649,898	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	10,978,022
Transportation	906,167	1,207,067	3,173,817	3,173,817	3,264,782	4,121,614	4,333,934	5,416,963	6,280,370
Non-instructional	731,607	731,607	1,071,120	1,097,086	1,097,086	1,102,205	1,102,204	1,102,204	1,102,204
Other-unclassified	47,811	47,810	47,810	86,508	86,508	86,508	86,509	86,509	86,509
Total Governmental Activities	159,057,474	164,424,443	173,417,118	183,921,273	196,655,762	208,641,127	235,370,939	261,337,209	290,747,435
Business-Type Activities <sup>a</sup>									
Child nutrition services	-	-	-	-	354,727	725,774	1,526,603	4,002,097	4,240,587
Total Capital Assets	<u>\$ 159,057,474</u>	<u>\$ 164,424,443</u>	<u>\$ 173,417,118</u>	<u>\$ 183,921,273</u>	<u>\$ 197,010,489</u>	<u>\$ 209,366,901</u>	<u>\$ 236,897,542</u>	<u>\$ 265,339,307</u>	<u>\$ 294,988,021</u>

<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 9 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 Nine Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Certified Personnel</b>									
<b>Bachelor's</b>									
Minimum Salary \$	30,686	\$ 30,686	\$ 30,686	\$ 29,525	\$ 29,525	\$ 29,525	\$ 29,525	\$ 29,525	\$ 29,525
Maximum Salary \$	42,122	\$ 41,272	\$ 41,460	\$ 41,460	\$ 41,560	\$ 41,560	\$ 42,123	\$ 44,222	\$ 44,822
Average Salary \$	36,404	\$ 35,979	\$ 36,073	\$ 35,492	\$ 35,542	\$ 35,543	\$ 35,824	\$ 35,272	\$ 35,253
Number of Teachers	778	704	777	745	792	824	845	856	730
<b>Master's</b>									
Minimum Salary \$	31,967	\$ 31,967	\$ 31,967	\$ 31,967	\$ 30,806	\$ 30,806	\$ 30,806	\$ 30,806	\$ 30,806
Maximum Salary \$	45,703	\$ 44,428	\$ 44,653	\$ 44,653	\$ 44,753	\$ 44,753	\$ 45,428	\$ 48,053	\$ 48,728
Average Salary \$	38,835	\$ 38,197	\$ 38,310	\$ 38,310	\$ 37,779	\$ 37,780	\$ 38,117	\$ 38,830	\$ 38,687
Number of Teachers	361	304	331	322	328	323	342	317	292
<b>Doctor's</b>									
Minimum Salary \$	33,298	\$ 33,298	\$ 33,298	\$ 33,298	\$ 32,137	\$ 32,137	\$ 32,137	\$ 32,137	\$ 35,909
Maximum Salary \$	46,959	\$ 46,959	\$ 47,184	\$ 47,184	\$ 47,284	\$ 47,284	\$ 47,959	\$ 42,559	\$ 42,559
Average Salary \$	40,128	\$ 40,129	\$ 40,241	\$ 40,241	\$ 39,711	\$ 39,711	\$ 40,048	\$ 36,844	\$ 38,500
Number of Teachers	4	5	7	7	9	5	6	5	6
<b>Total Certified Personnel<sup>a</sup></b>	<b>1,143</b>	<b>1,013</b>	<b>1,115</b>	<b>1,074</b>	<b>1,129</b>	<b>1,152</b>	<b>1,193</b>	<b>1,178</b>	<b>1,028</b>
<b>Support Personnel</b>									
Number of Support	717	885	710	847	797	781	912	942	1,582
<b>Administrative Personnel</b>									
Number of Administrators	90	85	88	84	86	88	88	101	83

<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 9 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 Nine 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%
2016	18,796	145,922,328	7,764	-1.07%	1,090	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 9 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 Nine Fiscal Years**

Fiscal Year Ending June 30th									
School	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Early Childhood Center</b>									
Arrow Springs (2014) <sup>a</sup>									
Square Feet	-	-	-	-	-	-	-	28,479	28,479
Capacity	-	-	-	-	-	-	-	260	260
Enrollment	-	-	-	-	-	-	-	239	225
Aspen Creek (2013)									
Square Feet	-	-	-	-	-	-	28,712	28,712	28,712
Capacity	-	-	-	-	-	-	320	320	320
Enrollment	-	-	-	-	-	-	310	299	294
Creekwood (2013)									
Square Feet	-	-	-	-	-	-	28,400	28,400	28,400
Capacity	-	-	-	-	-	-	320	320	320
Enrollment	-	-	-	-	-	-	326	339	314
Park Lane (2013) <sup>b</sup>									
Square Feet	-	-	-	-	-	-	33,280	33,280	33,280
Capacity	-	-	-	-	-	-	360	360	360
Enrollment	-	-	-	-	-	-	300	299	251
<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	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	68,960
Capacity	696	696	696	696	696	696	696	696	696
Enrollment	487	460	442	432	437	485	480	466	436
Aspen Creek (2013) <sup>c</sup>									
Square feet	-	-	-	-	-	-	92,539	92,539	92,539
Capacity	-	-	-	-	-	-	792	792	792
Enrollment	-	-	-	-	-	-	627	633	673
Country Lane (1993)									
Square feet	75,148	90,226	90,226	90,226	90,226	90,226	90,226	90,266	90,266
Capacity	984	984	984	984	984	984	984	984	984
Enrollment	984	984	817	940	845	924	818	834	828
Country Lane Int. (2007)									
Square feet	97,330	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	1,224
Enrollment	600	610	672	811	697	708	750	769	845
Creekwood (2013)									
Square feet	-	-	-	-	-	-	92,539	92,539	92,539
Capacity	-	-	-	-	-	-	792	792	792
Enrollment	-	-	-	-	-	-	631	672	677
Indian Springs (1974) <sup>c</sup>									
Square feet	42,066	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	-	-	-



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

Fiscal Year Ending June 30th									
School	2008	2009	2010	2011	2012	2013	2014	2015	2016
Highland Park (2012)									
Square feet	-	-	-	-	-	92,000	92,000	92,000	92,000
Capacity	-	-	-	-	-	864	864	864	864
Enrollment	-	-	-	-	-	784	788	846	853
Leisure Park (1983)									
Square feet	70,364	70,364	70,364	70,364	72,530	72,530	72,530	72,530	72,530
Capacity	768	768	768	768	768	768	816	816	816
Enrollment	603	545	543	539	566	578	545	661	669
Liberty (2004)									
Square feet	70,561	70,561	70,561	70,561	81,446	81,446	81,446	81,466	81,466
Capacity	768	768	768	768	984	984	1,032	1,032	1,032
Enrollment	744	855	677	672	775	829	739	732	749
Lynn Wood (1980)									
Square feet	46,328	46,328	46,328	46,328	65,395	65,395	65,395	65,395	65,395
Capacity	744	744	744	744	744	744	744	744	744
Enrollment	522	515	506	516	518	533	507	512	504
Oak Crest (1964) <sup>d</sup>									
Square feet	66,462	66,462	66,462	66,462	66,462	66,462	54,020	54,020	54,020
Capacity	816	816	816	816	816	816	-	816	816
Enrollment	497	550	531	540	522	514	-	405	405
Park Lane (1978) <sup>b</sup>									
Square feet	46,752	46,752	46,752	46,752	46,752	46,752	33,280	33,280	33,280
Capacity	768	768	768	768	768	-	-	-	-
Enrollment	686	674	694	696	717	-	-	-	-
Rhoades (1958)									
Square feet	54,365	54,365	54,365	54,365	68,461	68,461	68,461	68,461	68,461
Capacity	720	720	720	720	720	720	720	720	720
Enrollment	531	533	547	532	523	508	439	445	481
Spring Creek (1987)									
Square feet	66,178	66,178	66,178	66,178	68,314	68,314	68,314	68,314	68,314
Capacity	672	672	672	672	672	672	744	744	744
Enrollment		455	425	409	405	589	509	513	536
Vandever (1974)									
Square feet	44,144	44,144	44,144	44,144	64,180	64,180	64,180	64,180	64,180
Capacity	720	720	720	720	720	720	768	768	768
Enrollment	443	448	488	461	450	483	417	445	478
Westwood (1986) <sup>e</sup>									
Square feet	39,448	39,448	39,448	39,448	39,448	39,448	-	-	-
Capacity	720	720	720	720	720	720	-	-	-
Enrollment	498	484	494	495	508	487	-	-	-
Wolf Creek (1991)									
Square feet	62,984	62,984	62,984	62,984	87,584	87,584	87,584	87,584	87,584
Capacity	864	864	864	864	864	864	864	864	864
Enrollment	597	592	572	569	596	414	542	540	570



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

Fiscal Year Ending June 30th									
School	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Middle</b>									
Centennial (2003)									
Square feet	142,200	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	1,400
Enrollment	876	898	916	938	1,014	1,085	981	1,024	1,043
Childers (1986)									
Square feet	120,395	120,395	120,395	120,395	120,395	120,395	123,464	123,464	123,464
Capacity	1,050	1,050	1,050	1,050	1,050	1,050	1,110	1,110	1,110
Enrollment	608	578	562	567	564	549	729	692	770
Haskell (1958) <sup>d</sup>									
Square feet	120,092	120,092	120,092	120,092	120,092	120,092	120,092	-	-
Capacity	1,224	1,224	1,224	1,224	1,224	1,224	1,224	-	-
Enrollment	865	860	870	868	889	857	642	-	-
Oliver (1992)									
Square feet	141,305	141,305	141,305	141,305	141,305	141,305	141,305	141,305	141,305
Capacity	1,150	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	812
Oneta Ridge (2013) <sup>d</sup>									
Square feet	-	-	-	-	-	-	132,688	132,688	132,688
Capacity	-	-	-	-	-	-	1,250	1,250	1,250
Enrollment	-	-	-	-	-	-	744	795	815
Sequoyah (1967)									
Square feet	106,336	106,336	106,336	106,336	106,336	106,336	99,696	99,696	99,696
Capacity	1,025	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	544
<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	506,417
Capacity	4,050	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	3,403
North Intermediate (1952)									
Square feet	185,347	185,347	185,347	185,347	183,715	183,715	175,150	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	186,636
Capacity	2,130	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	1,249
Alternative Academy (1954) <sup>d</sup>									
Square feet	18,180	18,180	18,180	18,180	16,548	16,548	16,548	120,092	120,092
Capacity	300	300	300	300	300	300	300	1,224	1,224
Enrollment	114	116	118	104	111	105	102	120	127



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

Fiscal Year Ending June 30th									
School	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	60,807
Southside (1955)									
Square feet	47,252	47,252	-	-	-	-	-	-	-
Education Service Center (1973) <sup>a</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	86,230
Warehouse (1974)									
Square feet	59,217	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	22,380
Maintenance (1974)									
Square feet	7,488	7,488	7,488	7,488	7,488	7,488	7,488	42,380	42,380
Special Services (1974)									
Square feet	6,900	6,900	6,900	-	-	-	-	-	-
Indoor Practice Facility (2014)									
Square feet	-	-	-	-	-	-	-	71,624	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 9 years of data is presented in the Statistical Section. See Note 11 in the Financial Section for full disclosure.

**Source:** District records



## Notice of Non-Discrimination

There will be no discrimination in the District because of race, color, sex, pregnancy, gender, gender expression or identity, national origin, religion, disability, veteran status, sexual orientation, age, or genetic information in its programs, services, activities and employment. The district also provides equal access to the Boy Scouts of America and other designated youth groups.

Broken Arrow Public Schools will take all necessary steps to ensure that each school and work place in the District is free from unlawful discrimination or harassment.

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

- For all student issues related to Title VI of the Civil Rights Act of 1964, as amended (questions or complaints based on race, color, and national origin), the Associate Superintendent, Student Services, Chuck Perry, should be contacted at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012
- 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) (for questions or complaints based on disability), The Director of Special Education, Debbie Renz, should be contacted at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012
- For all student issues related to Title IX, of the Education Amendments of 1972 (for questions or complaints based on sex, pregnancy, gender, gender expression or identity), the Assistant Athletic Director, Melenda Knight, should be contacted at 918-259-4310 or at 1901 E. Albany, Broken Arrow, OK 74012
- For issues related to accessibility to facilities, services and activities pursuant to the Americans with Disabilities Act, The Chief Operating Officer, Michelle Bergwall, should be contacted at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012
- For all non-student and/or employment related issues (including questions or complaints based on age), or for any individual who has experienced some other form of discrimination, including discrimination not listed above, the Executive Director of Human Resources, Ed Fager, should be contacted 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)

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**SINGLE AUDIT COMPLIANCE REPORTS**  
**BROKEN ARROW SCHOOL DISTRICT NO. 1-3,**  
**TULSA COUNTY, OKLAHOMA**  
**JUNE 30, 2016**



**BROKEN ARROW SCHOOL DISTRICT NO. I-3  
TULSA COUNTY, OKLAHOMA  
JUNE 30, 2016**

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**INDEPENDENT SCHOOL DISTRICT NO. I-3, TULSA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/01/2015	Revenue Collected	Total Expenditures	Ending Balance 6/30/2016
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII-Part A, Indian Education	84.060	561	\$ 444,922		345,334	444,922	(99,588)
Title VII-Part A, Indian Education 2014-15 - Note 1	84.060	799		(159,204)	159,204		
<b>Subtotal - Direct Programs</b>			<u>444,922</u>	<u>(159,204)</u>	<u>504,538</u>	<u>444,922</u>	<u>(99,588)</u>
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010	511	1,661,498		704,214	1,545,428	(841,214)
Title I-Part A, Improving Basic Programs 2014-15 - Note 1	84.010	799		(601,047)	601,047		
Title II-Part A, Teacher & Principal Training	84.367	541	441,772		177,151	323,641	(146,490)
Title II-Part A 2014-15 - Note 1	84.367	799		(124,204)	124,204		
Title II-MSP 2014-15 - Note 1	84.366	799		(7,142)	7,142		
Title III-English Lang Acq.	84.365	572	71,379		41,916	68,238	(26,322)
Title III-English Lang Acq. 2014-15 - Note 1	84.365	799		(27,884)	27,884		
Title III-Immigrant Education	84.365	571	19,589		4,342	14,230	(9,888)
* Special Education, Flowthrough, P.L. 105-17	84.027	621	3,572,163		1,397,566	2,981,000	(1,583,434)
Special Education, Flowthrough 2014-15 - Note 1	84.027	799		(1,475,715)	1,475,715		
* Special Education, Private Schools	84.027	625	15,070		3,445	7,386	(3,941)
* Special Education, High Cost Fund	84.027	626	250,000		214,394	250,000	(35,606)
Special Education, High Cost Fund 2014-15 - Note 1	84.027	799		(30,916)	30,916		
* Special Education, Preschool, Ages 3-5, P.L. 105-17	84.173	641	67,987		21,503	67,987	(46,484)
Special Education, Preschool 2014-15 - Note 1	84.173	799		(14,039)	14,039		
<b>Subtotal - Passed Through State Dept. of Education</b>			<u>6,099,458</u>	<u>(2,280,947)</u>	<u>4,845,478</u>	<u>5,257,910</u>	<u>(2,693,379)</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048	421	92,907		91,867	92,907	(1,040)
Carl Perkins Grant 2014-15 - Note 1	84.048	799		(29,755)	29,755		
<b>Subtotal - Passed Through State Dept. of Career Tech</b>			<u>\$ 92,907</u>	<u>(29,755)</u>	<u>121,622</u>	<u>92,907</u>	<u>(1,040)</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555	N/A			570,037	570,037	
<i>Non-Cash Assistance Subtotal</i>					<u>570,037</u>	<u>570,037</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 1-3, TULSA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/01/2015	Revenue Collected	Total Expenditures	Ending Balance 6/30/2016
Cash Assistance:							
National School Lunch Program	10.555	763			3,438,474	3,438,474	
School Breakfast Program	10.553	764			874,998	874,998	
Summer Food Program	10.559	766			77,369	77,369	
<i>Cash Assistance Subtotal</i>				<u>-</u>	<u>4,390,841</u>	<u>4,390,841</u>	<u>-</u>
<b>Subtotal - Child Nutrition Program (Cluster)</b>				<u>-</u>	<u>4,960,878</u>	<u>4,960,878</u>	<u>-</u>
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130	563	\$ 115,860		33,301	50,727	(17,426)
Johnson O'Malley 2014-15 - Note 1	15.130	799		(25,854)	25,854		
Johnson O'Malley 3 month	15.130	564	67,563		67,563	67,563	
Flood Control	12.112	770	82		82		82
Medicaid	93.778	698	9,946		9,946	9,946	
<b>Subtotal - Other Federal Assistance</b>			<u>193,451</u>	<u>(25,854)</u>	<u>136,746</u>	<u>128,236</u>	<u>(17,344)</u>
<b>Total Federal Assistance</b>			<u>\$ 6,830,738</u>	<u>(2,495,760)</u>	<u>10,569,262</u>	<u>10,884,853</u>	<u>(2,811,351)</u>

\* Major federal programs

Note 1 - Project number 799 refers to revenues received from prior-year programs.

Note 2 - Commodities received by the District in the amount of \$570,037 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule was prepared on a regulatory basis of accounting.

**BROKEN ARROW SCHOOL DISTRICT NO. I-3, TULSA COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**1. General**

The schedule of expenditures of federal awards presents the activity of all federal award programs of Broken Arrow School District (the District). The District reporting entity is defined in the notes to the District's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the schedule.

**2. Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented using the regulatory basis of accounting, as prescribed by the Oklahoma State Department of Education, which is considered an other comprehensive basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB's *Uniform Guidance (2 CFR part 200, subpart E) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some material presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**3. Non-cash Federal Awards**

The District receives food commodities from the U.S. Department of Agriculture for use in its foodservice program. The commodities, in the amount of \$570,037, are recognized as revenue when received.

**4. Prior Year Reimbursements**

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



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education  
Broken Arrow School District No. I-003  
Broken Arrow, Oklahoma 74012

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information, of Broken Arrow School District No. I-003, Broken Arrow, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Jenkins & Kemper  
Certified Public Accountants, P.C.

November 11, 2016



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

The Honorable Board of Education  
Broken Arrow School District No. I-003  
Broken Arrow, Oklahoma 74012

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Broken Arrow School District No. I-003, Broken Arrow, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, Broken Arrow School District No. I-003, Broken Arrow, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

The management of Broken Arrow School District No. I-003, Broken Arrow, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

November 11, 2016



**BROKEN ARROW SCHOOL DISTRICT NO. I-3, TULSA COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JULY 1, 2015 TO JUNE 30, 2016**

**Summary of Auditor's Results**

- 1.8 The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
- 2.8 No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
- 3.8 No instances of noncompliance material to the financial statements of the District were reported during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance"
5. An unqualified opinion report was issued on the compliance of major federal award programs.
6. The audit disclosed no audit findings and questioned costs, which are required to be reported under the Uniform Guidance.
- 7.8 The programs tested as major federal programs were: Special Education programs, which were clustered in the determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The District did qualify to be a low-risk auditee.

**Findings – Financial Statement Audit**

None

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None

**BROKEN ARROW SCHOOL DISTRICT NO. I-3, TULSA COUNTY  
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS  
JULY 1, 2015 TO JUNE 30, 2016**

There were no material prior year audit findings.

**BROKEN ARROW SCHOOL DISTRICT NO. 1-3, TULSA COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2015 TO JUNE 30, 2016**

State of Oklahoma    )  
County of Tulsa        )

The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Broken Arrow School District for the audit year 2015-16.

Jenkins & Kemper, CPAs, P.C.  
AUDITING FIRM

BY *Julie Jenkins*  
AUTHORIZED AGENT

Subscribed and sworn to before me on this  
14<sup>th</sup> day of November, 2016

*Andrea Fugate*  
NOTARY PUBLIC

