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**Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2013**



**Union Public Schools
Independent School District #9
Tulsa, Oklahoma 74133**



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Independent District #9
Tulsa, Oklahoma

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2013

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December 9, 2013

To the Patrons of Union Public Schools:

The Comprehensive Annual Financial Report of Union Public Schools, Independent District #9 (the "District") for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. Union Public Schools Management's Discussion and Analysis can be found immediately after the report of the independent auditor, page 21.

The report includes all current funds of the District. The services provided include education of preschool through adults with primary emphasis on PK-12.



Introduction

Union Public Schools, Independent District #9, Tulsa County, is a premiere Oklahoma school district ahead of the curve on college and career readiness and expanded avenues for individual student success.

Its approximately 15,300 students, PreK through 12th grade, reside within a 28-square-mile boundary encompassing both southeast Tulsa and a portion of Broken Arrow. The school system is the heart of the community and serves as a unifying force. It includes an Early Childhood Education Center for three-year-olds; 13 elementary schools PreK through 5th grade; and five secondary schools – a 6th/7th Grade Center, 8th Grade Center, 9th Grade Center, High School for 10th-12th, and an Alternative School serving grades 9-12.

When Union was founded in 1919, it combined four small, rural communities – Boles, McCollough, Mayo, and Alsuma – and had only four students in its graduating class. Today it is the eighth largest district in Oklahoma. Union's strong sense of tradition and pride as well as its emphasis on partnerships and personalized instruction is underscored in its theme, "Together We Make a Difference."

Parents choose the Union district for its all-around excellence. They take great pride in its wide-ranging, dynamic academic programs; award-winning activities; caring, talented teachers; highly respected elected and administrative leaders; and remarkable facilities.

The Union community provides whatever it takes to ensure all students graduate college/career ready. Successful bond issues have funded state-of-the-art tools to enhance reading, language, math, science, and writing skills at every grade level. Art, music, and physical education enrich the traditional curriculum. Professionals in remedial reading, speech therapy, and special education are assigned to the schools along with library media specialists, nurses, and counselors. Courses for gifted students are offered at all levels, as are programs for English Language Learners.

Union's Community Schools—elementary schools complete with health clinics and services from community agencies—serve as a model to other districts nationwide. They increase academic success by forming community partnerships to provide extra supports such as early care, health and social services, out-of-school activities, family/community engagement, neighborhood development, and lifelong learning.

The district's student-centered initiatives have attracted private grants and services for our middle and high schools as well.

In addition to challenging Pre-Advanced Placement classes, Union offers a variety of AP classes which allow students to earn college credit while learning about a subject in depth. In partnership with Tulsa Community College, Union was one of the first to pilot a unique concurrent enrollment program at the Union Collegiate Academy (UCA) on its High School campus, enabling qualifying students to earn both high school and college credits at the same time – virtually tuition free! It has not been unusual for some to graduate with both a high school diploma and enough credits for an associate's degree.





Student and Employee Statistics

Students

Last year Union grew by 309 students – most at the secondary level. With a 2.1 percent increase over the previous year, Union served 15,299 students – 7,426 at the elementary level and 7,426 in grades 6-12.

In terms of racial origin, 5.6 percent were Native American, 14.7 percent were African-American, 7.5 percent were multi-racial, 0.1 percent were Pacific Islander/Hawaiian, 7.0 percent were Asian, 65.1 percent were Caucasian; and 25.3 percent were of Hispanic ethnicity.

Approximately 3,620 students were bilingual or lived in a home where a language other than English was spoken. Our diverse population speaks over 51 different languages.

More than 44 percent of our students reported that they lived with just one of their biological parents - 6,030 (38.8 percent) lived with their mothers and 764 (4.9 percent) with their fathers.

There were 943 students (grades PreK-7) enrolled in Union's Extended Day Program - 365 attended the morning program, and 872 attended the afternoon program. The EDP Summer Camp was held at Jefferson Elementary offering weekly themes over a nine-week period. Weekly camp attendance averaged 150.

More than 13,000 Union students were involved in some form of the arts, including 6,839 elementary students who took both art and music classes. At the secondary level (grades 6-12), 1,005 were in band; 607 in orchestra; 1,302 in vocal music; 1,222 in drama; 99 in competitive speech/debate; and 1,701 in a wide variety of visual arts disciplines.

More than 2,400 students in grades K-12 participated in Union's 167 non-competitive sports programs. Approximately 1,725 were involved in its 23 competitive sports teams and spirit squads.

Union's athletic program continues to build "Champions of Character." District athletic participation in grades 7-12 totaled 1725, 738 girls and 987 boys.

Employees

Union employed 72 administrators – 57 certified and 15 non-certified – and 933 certified teachers. Support staff members accounted for another 877 positions, 726 full time and 151 part time. The ethnic diversity among the staff was African-American 5.58%; American Indian 6.09%, Asian 1.67%, Hispanic 9.33%, Caucasian and other 77.33%. Four hundred seventeen were male and 1,555 female..

At the end of 2012-2013, Union had 87 National Board Certified teachers, and 33% of district teaching and administrative staff held graduate-level degrees – 338 had master's degrees and 16 had doctorates.

Student and Employee State/National Recognition

Students

Union High School had 8 National Merit winners and 9 Commended Scholars.

Senior Claire Thompson was named one of approximately 550 semifinalists in the 2013 U.S. Presidential Scholars Program.

A Union High School team won the State Championship in the annual Science





Student and Employee State/National Recognition (Cont.)

Students (Continued)

Olympiad, one of the premiere science competitions in the nation, providing rigorous, standards-based challenges to nearly 6,400 teams in 50 states.

Union High School was given a 2013 National Gold Council of Excellence Award by the National Association of Student Councils.

Senior drum major Cecily Yoakam was awarded one of the major Yamaha scholarship awards at Bands of America competition.

Union High School students won honors in the National French Contest/Le Grand Concours, an annual competition sponsored by the American Association of Teachers of French.

The Union High School Air Force Junior Reserve Officer Training Corps (AF-JROTC) was selected to represent Oklahoma in the January 2013 Presidential Inaugural Parade. The Union program also received the 2012-2013 Air Force Junior ROTC Distinguished Unit Award with Merit, given to the top 20 percent of all AFJROTC units in the nation.

Distinguished Academic Achievement Plaques for a team GPA of 3.50 or above and top 5 of Class 6A were earned by boys' cross country, boys' swimming, girls' golf, girls' soccer, and boys' soccer.

Volleyball, girls' cross country, fast-pitch softball, girls' basketball, slow-pitch softball, baseball, boys' golf, girls' tennis, boys' tennis, and girls' track received Academic Achievement Certificates for a team GPA of 3.25 or above & upper 1/3 of Class 6A.

Academic All-Conference Awards were bestowed on 183 district student-athletes, and 91 received Honorable Mention. Athletic Director's Honor Roll Athletes (4.0 semester GPA) totaled 169 for first semester and 165 second semester.

The girls' golf team won a third consecutive 6A State Championship. Lady Redskin Marla Souvannasing earned a five-stroke individual title.

Members of the slow-pitch softball team also celebrated a state championship.

Our varsity pom brought home a state title this year, and the Highsteppers won another state title to add to their historic total of 30.

Senior swimmer Chase Davis won gold in the 100 Butterfly at state and Colton Posey won the 100 Breaststroke.

Senior Luke Wolfenberger earned the wrestling state title in the 126-pound class, and Chance Wenglewski was state runner-up.

Andreas Kutt of Union was named to All-State Boys' Tennis team, and Brady Richardson and Nadia Majidi were named to the All State Boys' and Girls' Golf teams.

Senior Kylie Shentwu was awarded the Oklahoma Athletic Trainers' Association (OATA) All-State Student Athletic Training Aide and was named as the 2013 OATA Scholarship Recipient.

Seventh grader Josephine Uerling was awarded Grand Recognition for exceptional scores in Duke University's Talent Identification Program.





Student and Employee State/National Recognition (Cont.)

Students (Continued)

Peters Elementary was recognized as the first Union school to become an Oklahoma Green School – after students developed plans to grow more trees and cut energy costs.

Senior I'mani Davis (basketball and track) won the United States Marine Corp Distinguished Athlete Award and was a McDonald's All-American nominee.

Employees

Superintendent Dr. Cathy Burden was one of three Tulsa-area educators honored with the prestigious 2013 Oklahoma Foundation for Excellence Medals for Excellence.

Assistant Superintendent Dr. Kathy Dodd was selected as an Oklahoma education leader for the prestigious Partnership for Assessment of Readiness for College and Careers. Dodd joined Oklahoma's educator leader cadre, 24 educators, working with others across the nation as part of a network of K-16 educators that provided leadership on state implementation of the Common Core State Standards and Partnership for Assessment of Readiness for College and Careers.

Clark Principal Theresa Kiger was named 2012-2013 Elementary Principal of the Year by the Oklahoma Association of Elementary School Principals.

Ninth Grade French teacher Charlotte Jabbour-Neller was named Administrator of the Year by the American Association of Teachers of French for her efforts to promote French learning.

The Tulsa Drug Court Transformation Award was presented to JoAnna Jamison, Union's Adult Education Program Director. The prestigious award resulted from a successful partnership between the Tulsa County COURTS Program and the Union Adult Education Program.

Paraprofessional Steven Blades was nominated by the Oklahoma Education Association to receive the Education Support Professional of the Year award for 2012-2013 from the National Education Association.

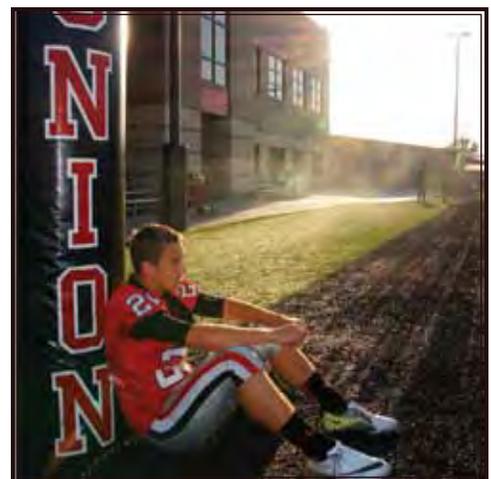
Union transportation employee Ted Rea was recognized as the Best Automotive Tech in Oklahoma by America's Best Technician/Inspector Program.

For the 20th consecutive year, Union earned the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International and the Government Finance Officers Association.

Clark, Jefferson, and Rosa Parks Elementary Schools won the Healthier U.S. School Challenge Gold Award for their healthy food menu options – the only three in the state of Oklahoma to receive Gold Star status.

The Communications Department received four Awards of Excellence and one Award of Merit from the Oklahoma School Public Relations Association.

The National Association of Music Merchants (NAMM) Foundation recognized Union for its outstanding commitment to music education with a Best Communities for Music Education designation. Union joins 307 districts across the country to receive the prestigious distinction.





Student and Employee State/National Recognition (Cont.)

Employees (Continued)

Jana Patterson was named OCA Region 7 Track Coach of the Year, Vicki Brown was OCA Region 7 Golf Coach of the Year, Tyler Ashley was OCA All-State Tennis Coach, and David Lynn was Federation Boys Swim Coach of the Year.

Head Athletic Trainer Dan Newman was named Oklahoma Athletic Trainer of the Year by the Oklahoma Athletic Trainers' Association.

Teaching & Learning - District Focus

In order to fulfill our mission of graduating 100% of our students college and career ready, Union focuses on four main areas: Early Childhood Education, Community Schools, STEM (Science, Technology, Engineering, and Math), and the Union Collegiate Academy Experience. All have served our students well as demonstrated by the achievements during 2012-2013.



Early Childhood

An early learning experience was offered to 90 expectant parents and parents of families with children ages birth to 36 months through CAP Tulsa's Learning @ Home program. Certified parent educators taught participants how to be their child's first teachers and support their child's development.

Union's Rosa Parks Early Childhood Education Center, a unique partnership with CAP Tulsa, provided educational services from certified teachers in a beautiful and exciting learning environment for 240 three-year-olds and their families who met federal poverty guidelines.

Supported by the Hilti Corporation, Tulsa Symphony Orchestra became one of the Early Childhood Center's valued partners. Musicians serenaded the children during naptime, taught them about musical instruments and provided violin lessons.



Ground was broken and Community Development Block Grant funds through CAP Tulsa and the Tulsa Children's Coalition were used to begin construction on an eight-classroom expansion of Union's Rosa Parks Early Childhood Center. The goal was to nearly double the number of students by the next year.

All-day kindergarten was offered at every site, and as space was available, Union also offered a free full-day pre-kindergarten program for four-year-olds.

Community Schools

With the Tulsa Area Community Schools Initiative (TACSI) and its umbrella organizations, the Community Service Council and the Tulsa Metropolitan Human Services Commission, Union expanded its community school numbers and philosophy through partnerships with area businesses, foundations, colleges & universities, churches, and a vast array of community organizations, groups, and agencies.



Teaching & Learning - District Focus (Cont.)

Community Schools (Continued)

The school-based **health clinics** at Clark and Rosa Parks elementaries, provided services for Briarglen, Boevers, Grove, Jefferson, and McAuliffe elementary schools.

The 6th/7th Grade Center's Carrera Program, which began at Union in 2011 with 240 sixth graders, followed those students into seventh grade last year while adding another 240 sixth graders. Parents showed strong support for the pregnancy prevention initiative, which effectively helps adolescents make good choices while providing financial literacy, lifetime sports classes, art and music programs, and a full array of services—from tutors and mental health counselors, to dental and health care. The initiative was funded by a federal grant, the Edna McConnell Clark Foundation, and Tulsa's George Kaiser Family Foundation.

The Lobeck Taylor Family Foundation awarded McAuliffe a grant of \$160,500 a year for five years for enhancing the community schools philosophy. The grant provided students with leadership opportunities, special academic programs, enrichment opportunities, hands-on experiences in the community, mentoring for families, and community events for families to connect with their school and each other.

Hundreds participated in a free community festival at Hicks Park Community Center as part of a partnership with the City of Tulsa to revitalize the community center for east Tulsa. Partnerships included Boy Scouts of America, Southwood Baptist Church, the Community Health Connection, Tulsa City-County Health Department, Clary Sage, the Oklahoma State University Extension Office, Tulsa City-County Library, and Northeastern State University.

Thanks to one of the district's newest school partners, First Baptist Church Tulsa, the former PTA Klothes Kloset operation expanded and was housed in the church's CenterCross location just west of the 6/7th Grade Center.

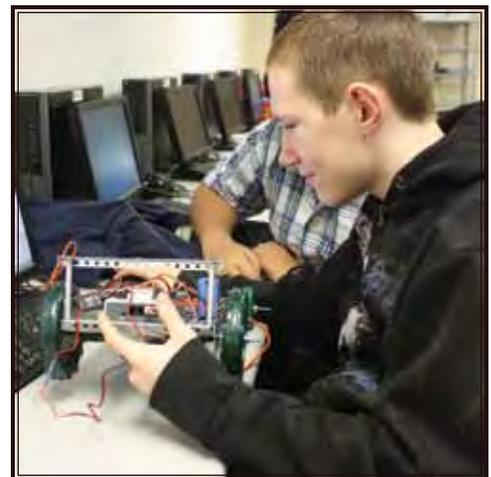
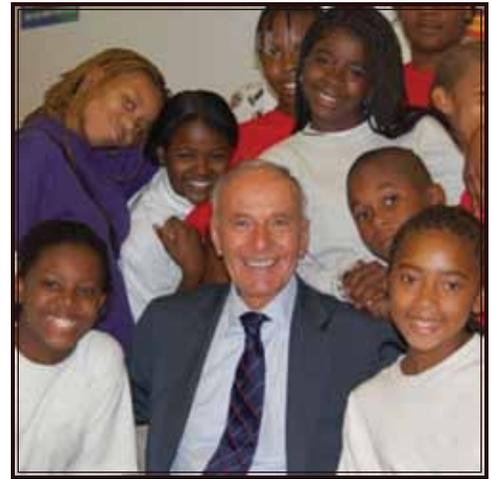
STEM - Science, Technology, Engineering & Math

From science labs at every elementary and middle school, to state-of-the-art Biotech and Alternative Energy labs at the High School's Union Collegiate Academy, the district offered a wide range of STEM opportunities. A feature of the new biotechnology class was to allow students to learn how to manipulate cells to test for DNA.

Engineering was offered for the first time at the 7th grade level, while popularity grew for existing engineering programs in grades 8 through 12.

Union received a \$1,000 grant for its robotics class from the Oklahoma State Board of Education. The 8th grade Pre-Engineering class designed VEX dragsters, while two teams from the 6/7th Grade Center and three from the 9th Grade Center Pre-Engineering class participated in the OSU Tulsa Engineering Design Challenge. One 6/7th grade team placed first and the other earned second place. One of the 9th grade teams placed second.

Darnaby was selected as one of only 44 elementary schools in the country to offer the nationally known Project Lead the Way STEM program. A grant from the Schusterman Family Foundation allowed for its implementation in the 2013-2014 school year.





Teaching & Learning - District Focus (Cont.)

College & Career Readiness

Demonstrating amazing strides toward the district's goal of 100% student graduation college career ready, all but one of the 1,010 seniors in the class of 2013 met the high-stakes testing requirements in order to obtain a high school diploma! Among the graduates were 100 from Union Alternative School, allowing it to continue its record of graduating the most students of any alternative school in Oklahoma.

More than \$17 million dollars in scholarship offers were also awarded to the class of 2013.

Of the district's 2012-13 seniors, 39% planned to further their education at four-year colleges or universities, 41% at two-year schools, 4% planned on attending technical schools, 3% opted for the military, 4% said they would enter the work force, and 9% were undecided.

Opening in 2012, the Union Collegiate Academy (UCA) wing at the High School — the first of its kind in the state — provided a college-like facility, including an expanded College & Career Center, for giving our students a leg up on graduating and succeeding beyond high school.

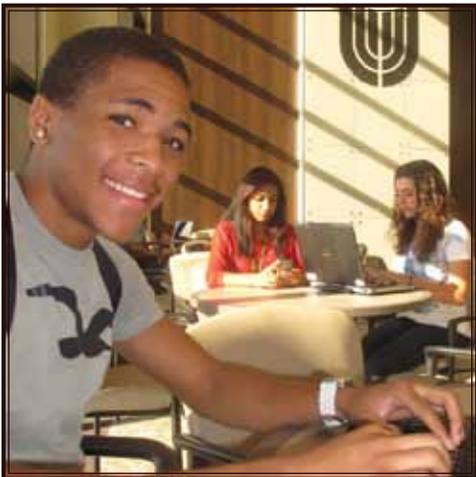
College classes, which also count toward graduation, were offered at the UCA for only \$12.75 through the Tulsa Community College (TCC) EXCElerate program. In the past three years of Union's TCC partnership, high school students have earned a total of 4,857 hours of college credit, with an estimated savings to Union families of \$2,893,558.

Students amassed 1,469 Advanced Placement credits with 63 percent receiving high enough scores to qualify for college credit. The Oklahoma Regents for Higher Education recognized Union as having the most students – 128 – to qualify for the Oklahoma's Promise Scholarship.

Seventy-nine percent of the seniors took the ACT, and their average score was 21.7.

More than 800 online courses were taken through the Union Virtual Learning Academy with a 98 percent successful pass rate.

Credit recovery courses were available for students who had fallen behind or failed a class. Online courses were taken, even during school hours, eliminating barriers such as transportation that kept students from getting tutoring before or after school. As a result, the number of students needing credit recovery or remediation decreased by 25 percent.



Operational Statistics

Transportation

Nearly 10,500 students rode the bus on a regular basis last school year. Union's 95 buses drove more than 889,669 miles which is approximately 5,055 miles – comparable to a round trip to Managua, Nicaragua – each day. Activity buses transported students 84,537 miles during the year. Fuel costs totaled \$599,100.





Operational Statistics (Continued)

Child Nutrition

The Child Nutrition Department served 793,128 breakfasts and 1,533,549 lunches. In addition, more than 50,000 breakfasts and lunches were prepared for early childhood, and 180,000 after-school snacks were provided. Meals were also served during summer school -- about 18,000 breakfasts and 19,000 lunches.

Six Union elementary schools participated in the USDA Fresh Fruit and Vegetable Program, sampling such delicacies as dragon fruit, gold kiwi, pluots, and apriums. With a \$185,000 USDA grant, the program addressed rising obesity rates, an overabundance of processed foods, and the lack of availability/high cost of fresh produce.

Child Nutrition also supported Oklahoma economy and agriculture by purchasing as much local produce as possible from a farm in Stratford, Oklahoma—Peach Crest Farms, and tomatoes from a Broken Arrow company, Eden Veggies. The farm-fresh vegetables and whole-wheat pizza crusts made from Oklahoma wheat were popular with Union students Pre-K through 12.



Maintenance/Facilities Services

Fourteen Grounds Department employees maintained 382.59 acres of green areas on our campuses; cleaned the stadium, assisted with UMAC events, maintained outdoor trash cans and dumpsters, repaired asphalt, removed snow, maintained playgrounds, and served as a moving crew when needed.

The 126 employees in the Custodial Department maintained 20,000 square feet of building spaces. They were also responsible for set-up and clean-up for various meetings and activities around the district.

The Maintenance Department consisted of 15 employees as well as 24 Building Engineers who maintained equipment and ensured the smooth running of all Union facilities. The crew included locksmiths, plumbers, welders, painters, carpenters, electricians, HVAC technicians, and an electronics technician. They also supported construction projects throughout the district.

The Purchasing and Supply Management Department consisted of five employees at the Education Service Center and seven employees at the Distribution Center. They supported the functions of bidding, purchasing, contract review, records management, and daily intra-mail service, as well as supply receiving, warehousing, and distribution.



Union Multipurpose Activity Center

Five employees coordinated 1,162 UMAC events and facility rentals, an average of 22 per week. The UMAC also houses the U-Wear store which marketed Union spirit wear and items; the Fine Arts Department, the Athletics Department, and an in-house video production studio.

Construction/Facilities

The district maintains over 2.8 million square feet of facilities and many construction and improvement projects were ongoing.

Work was completed on the 6th/7th Fine Arts wing to accommodate the large number of students enrolled in band and orchestra classes, and the new Tennis Facility was completed on the 9th Grade Center campus. The district purchased a building on 61st Street from Arvest Bank and converted it into a new Enrollment Center.





Operational Statistics (Continued)

Construction/Facilities (Cont.)

Briarglen and Boevers received new flooring throughout, and the 6th/7th Grade Center received minor kitchen renovations to allow more hot lunches to be served. New offices and two classrooms were created from practice space for expansion of the Carrera Program to the 8th Grade Center.

Solar panels and a wind turbine were installed at the High School demonstration lab, and a new freezer and cooler were installed in the kitchen area. The sound system at Union Tuttle Stadium was updated, and the window upgrade in the High School Fine Arts area was completed.

Roof top units were replaced in several areas at Cedar Ridge, the Alternative School, and the Education Service Center.

Peters received a complete parking lot replacement and partial sidewalk replacement, and parking lots at Andersen, Cedar Ridge, Darnaby, and Moore were resealed and restriped. The transportation department employee area was expanded and remodeled.



Another focal point was the review and revision of the district emergency plan and the Emergency Procedures Guide. A committee of administrators from various departments worked to update and improve the district's expected response to potential emergencies. In addition, the district implemented the SafeSchools online training program for all district employees.

Technology

The Information Technology Department completed 12,281 work orders and many projects funded by the 2012 bond issue. Technology continued to deploy more than 100 additional wireless access points at many of the school sites that will extend not only the coverage of the wireless infrastructure but the capacity as well. The Technology Department completed the VoIP phone solution districtwide. The 2012-13 school year also saw a continuation of a multi-year project to upgrade the district's servers to a virtual farm.

The District completed the first phase of implementing a new financial management system in 2012. Its switch to the Munis Financial Management Software is a multi-year process, with phases two and three scheduled for implementation in the next two fiscal years.



Communications

The Communications Department expanded Union's use of video by adding a video production specialist to its team. The staff created a successful 2013 multi-media bond election information campaign, "Working to Form a More Perfect Union." The \$20.4 million proposition passed February 12 with 78.25% voter approval.

Communications earned four Awards of Excellence and one Award of Merit from the Oklahoma School Public Relations Association for its work. The OK-SPRA awards were for the 2012 bond information campaign, incorporation of social media with the district website, electronic publication of The Communicator OnLine, the dedication of the Union Collegiate Academy, and a one-time program brochure.



Economic Condition and Outlook

Union Public Schools is located within the Tulsa Metropolitan Statistical Area (MSA), a seven county area whose population exceeds 946,962 or 25 percent of the population of the state of Oklahoma. The Tulsa Metropolitan Chamber of Commerce reports Tulsa's major industries as aerospace parts manufacturing and aviation, transportation, distribution and logistics; machinery and electrical equipment manufacturing; health care; and petroleum and natural gas. The Chamber estimates the value of all goods and services produced in the Tulsa MSA as \$42.9 billion, or 30.7 percent of the Oklahoma economy.

In 2012, the Bureau of Labor Statistics ranked Tulsa eighth among the largest U.S. cities for growth in manufacturing jobs. Due to a stronger energy sector, the Tulsa economy grew faster than the U.S. in 2012 in both employment and in the production of goods and services. Tulsa continues to be a prime location for employers looking to relocate or expand due to a low cost of doing business at 15 percent below the U.S. average; a skilled and reliable work force; and a friendly community in which to live and work. According to the Tulsa Metropolitan Chamber of Commerce, employment grew 2.5 percent in 2012 and prospects for 2013 are positive as businesses continue to relocate to Tulsa and existing businesses add additional jobs.

Many publications have praised the Tulsa MSA for strong economic rankings, including:

- #8 – “Ten Best Cities to Find a Job” – *The Fiscal Times*
- #10 - “American Cities of the Future” – *fDi Magazine*, a global investment publication
- Top 10 – “City in Which To Retire” – *AARP*
- Top 10 – “10 Best Cities for Newlyweds to Live and Work In” – *Forbes*
- #47 – “Best Places for Business and Careers” – *Forbes*
- Top 50 - “Best Places to Live” - *Business Week*
- Top 100 “Best Places to Live” - *CNNMoney*
- Top 100 Cities – *Relocate America*

The area's economy has continued to remain strong in the national and international financial markets. The Office of the State Treasurer maintains reports that the state ended fiscal year 2013 with more than 2 percent higher revenues than the prior year. The increase is attributed to various economic indicators such as gross income tax (up 7 percent), motor vehicle tax, gross production tax (up 6.2 percent), and sales tax (up 4.1 percent). The Tulsa housing market has not been as negatively affected by the mortgage/housing crisis compared to the rest of the country. *Trulia.com* reported that the median home sales price increased 11.1 percent compared to the same period one year ago.

The unemployment rate in the Tulsa MSA was 6.7 percent in 2011, and then decreased to a 2012 level of 6.1 percent, with a 2013 rate of 5.9 percent, 1.8 percent below the U.S. average. The Tulsa Chamber projects the unemployment rate will continue to decrease through 2017 as the economy improves in Oklahoma.

Union Public Schools contributes to Tulsa's workplace initiatives by offering community programs for both adults and children such as:

- Adult Basic Education – classes for adults who need basic instruction in reading, writing, math and life skills,
- Workplace Education – links education goals to the employer's desire for high performance work and product quality,
- GED Preparation – instruction to prepare adults to take the Tests of General Educational Development (GED),



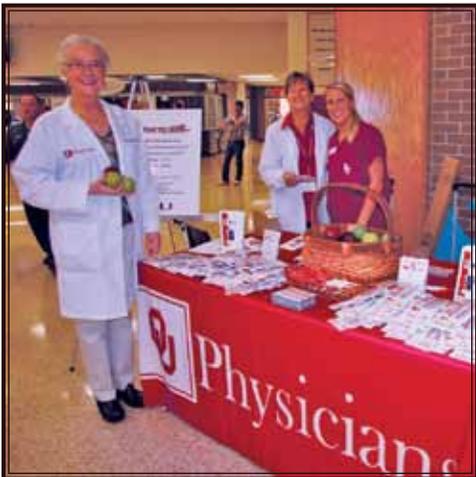


Economic Condition and Outlook (Continued)

- English as a Second Language (ESL) – instruction to non-English-speaking adults to help them be productive citizens of our community.

The Adult Education program exceeded their goal of 3,000 students in 2013 by serving over 3,200 students. Due to program expansion that includes six Northeastern Oklahoma counties and 50 classes, the program predicts continued phenomenal growth in 2014. In addition to helping many adults, the program has formed many relationships with Tulsa area programs including:

- Asbury Learning Center
- The Carrera Program
- Community Action Project (CAP)
- Department of Human Services
- Early Childhood Collaborative of Oklahoma (ECCO)
- GRACE Community Services
- Girl Scouts of Eastern Oklahoma
- Green Country Event Center
- Metropolitan Tulsa Urban League
- Northeastern State University
- South Tulsa Community House
- Tulsa Community College
- Tulsa Technology Center
- Workforce Muskogee and Workforce Tulsa



Union Public Schools continues efforts to provide superior healthcare to the district. A collaborative effort between University of Oklahoma Bedlam Community Health Clinic and Union Public Schools produces cutting-edge services for the Union community. The Union Public Schools Bedlam School-Based Health Clinic operates at both Roy Clark Elementary School, and Rosa Parks Elementary School. These clinics provide a convenient way for students to receive a wide range of health care services, which operate at no cost to the school district. The primary goal of the clinics is to serve families of all children in each of the schools, including those who qualify for Medicaid or have no health insurance. The clinics provide at least one full-time physician's assistant or a resident physician. In addition, a pediatrician visits each clinic as part of a rotating schedule. The physicians work with and assist school nurses.



In addition to student health care, Union partners with the University of Oklahoma Physicians-Tulsa to provide low cost medical services for employees through an employee clinic. This unique partnership provides access to quality health care while controlling escalating health care costs. The clinic is staffed by a fully-licensed OU physician, a physician assistant and a licensed practical nurse. Limited pharmaceutical services are also available at the clinic.

Enrollment

Union has experienced significant growth in the past decade. During the 2003-2004 school year, the district recorded total enrollment of 13,819. In 2012-2013, enrollment reached 15,299. Administration projects enrollment in the 2013-2014 school year to reach approximately 15,526 students with the continuation of the four-year-old program at every elementary site and the three-year-old program together serving approximately 1,303 students. Additional enrollment details may be found in the Statistical Section of this CAFR.



Facilities

To accommodate growth in student population, the district maintains over 2.8 million square feet of facilities, including thirteen elementary schools (grades pre K-5), a Sixth/Seventh Grade Center, an Eighth Grade Center, a Ninth Grade Center, a High School (grades 10-12), an Alternative School serving high school students, a Transportation/Operations/Warehouse Complex, and an Education Service Center. The district's newest construction includes the addition of a new fine arts wing at the 6th/7th Grade Center, and construction of Union Collegiate Academy at the High School, which opened in August 2012. Please refer to the Statistical Section of this CAFR for additional facility details.

Bond Funds

On February 12, 2013, district voters approved a \$20.4-million bond proposal which included funds for the completion of the fine arts wing at the 6/7th Grade Center and competition quality tennis facility; provided funds for basic, but critical capital improvements; acquisition of textbooks, media books and instructional hardware/software; instructional, technology and operations equipment; building repairs and renovations to sites districtwide.

Grants/Federal Programs

During the 2012-2013 school year, Union received more than \$8.09 million in federal grant money. The elimination of Federal ARRA stabilization funding resulted in a loss of \$4.94 million from fiscal year 2011 to fiscal year 2013. ARRA provided funding for various programs designated under the Individuals with Disabilities Education Act (IDEA), Homeless, Title I and Federal Education Jobs Act, which allocated additional funds for educational positions.

Major Initiatives

Major initiatives that were enacted as a result of the 2013 Oklahoma Legislative Session included:

- S.Q. 766: Eliminated tax assessments on all business intangible personal property. Expected to reduce statewide property tax collections by an estimated \$60 million during 2013-2014.
- S.Q. 758: Cap on Ad Valorem – Limited ad valorem property tax increases to 3% annually.
- S.B. 426: Teacher Leader Evaluation – Delayed full implementation of the quantitative component of TLE until the 2015-2016 school year.
- H.B. 1660: National Board Teacher Certification – Modified the State Minimum Teacher Salary Schedule to include National Board Teacher Certification.

Internal Control

Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.





Long-Term Financial Planning

The Board of Education of Union Public Schools, in conjunction with the Superintendent and Chief Financial Officer, establishes a system of sound financial planning and management to assure that the district's objectives are addressed and that funds are expended in accordance with plans expressed through the Board budget. The financial management system components include: 1) a planning process that consists of a review of state statutes, Board policies, concepts, ideas, problems, constraints, approaches and systems before dollar amounts are established in the budget; and 2) a budget that is the expression of the plans of the Board through three main budgets – the General Fund, a Special Revenue Fund and the Child Nutrition Fund.

Budgetary Controls

The district utilizes budgetary controls to ensure compliance with legal appropriation limitations and to provide an operating plan for the district's resources. The annual appropriated budget includes activity of the General, Special Revenue Funds and Child Nutrition Funds. Capital projects activity is controlled with approval of project-length financial plans. Initial budgets are adopted at the beginning of the fiscal year with periodic amendments approved by the Board as necessary.



The level of budgetary control is maintained by fund, project, and function. 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.

Independent Audit

Oklahoma state statutes require an annual audit by independent certified public accountants. The accounting firm of Cole and Reed, LLP, was selected by the Board to conduct the audit. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report.

Closing

Sincerely,

Cathy Burden, Ph.D.
Cathy Burden, Ph.D.
Superintendent (Retired 6/30/13)

Kirt D. Hartzler Ed.D.
Kirt Hartzler, Ed.D.
Deputy Superintendent



Debra J. Jacoby
Debra J. Jacoby, CPA
Chief Financial Officer/Treasurer

Catherine L. Smart
Catherine L. Smart, CPA
Director of Financial Reporting/Treasurer

Gail Easterling
Gail Easterling, CPA
Director of Accounting



Association of School Business Officials International



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

Union Public Schools, Independent District I-009

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

Certificate of
Achievement
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Presented to

**Union Public Schools,
Independent District I-009
Oklahoma**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director/CEO



**Board of Education
2012-13**

<u>Name</u>	<u>Office</u>	<u>Seat</u>	<u>Term of Office</u>
Heather McAdams	President	3	2008-2013
Scott McDaniel	Vice President	4	2009-2014
Jeff Bennett	Clerk	1	2011-2016
Patrick Coyle	Member	2	2012-2017
Ed Payton	Member	5	2010-2015

**Administration
2012-2013**

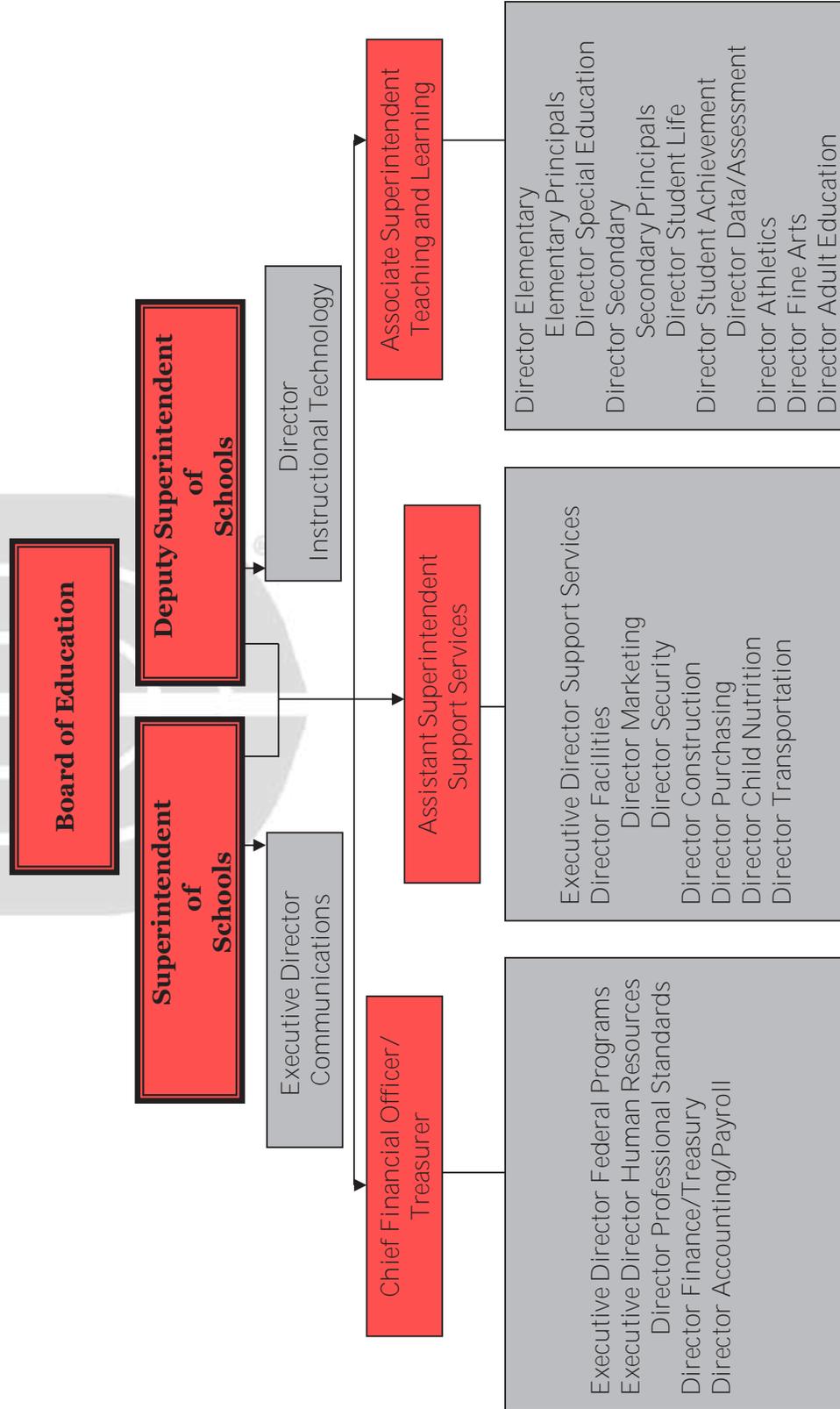
**Cathy Burden, Ph.D. - Superintendent
Debra Jacoby, CPA - Chief Financial Officer/Treasurer
Kirt Hartzler, Ed.D. - Deputy Superintendent
Kathy Dodd, Ph.D. - Assistant Superintendent for Teaching & Learning
Charlie Bushyhead - Assistant Superintendent for Support Services
Gretchen Haas-Bethell - Executive Director of Communications
Lee Snodgrass - Executive Director for Project Management
Cynthia Solomon - Executive Director of Human Resources
Jackie White - Executive Director of Federal Programs**

**Gary Greenhill - Director of Transportation
Sandi Calvin, Director of Elementary Education
Lisa Witcher, Director of Secondary Education
Penny Kay, Ed.D. - Director of Special Education
Emily Warren - Director of Athletics
Cathy Smart, CPA - Director of Financial Reporting/Treasury
Ed Tackett - Director of Fine Arts
Todd Borland - Director of Technology
Gail Easterling, CPA - Director of Accounting
Lisa Griffin - Director of Child Nutrition
David Young - Director of Purchasing & Supply Management**

**Chuck Chapman - Director of Construction Services
Susan Crowder - Director of Professional Standards
Ross Ford - Director of Security
JoAnna Jamison - Director of Adult & Community Education
Sarah McBryde - Director of Marketing
Todd Nelson - Director of Student Achievement**



**Union Public Schools
2012-2013 Administrative Organizational Chart**



Effective September 10, 2012

Independent Auditors' Report

To the Board of Education
Union Public Schools
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Union Public Schools (the "District") as of and for the year ended June 30, 2013, 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.

Auditors' 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for other post employment benefits, and the respective budgetary and actual comparison schedules for the General Fund and Building Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying Introductory and Statistical sections, as listed in the table of contents, have not been subjected to the procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report (under separate cover) dated December 9, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 9, 2013

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Union Public Schools – Management’s Discussion and Analysis

The Management’s Discussion and Analysis of Union Public School District’s financial performance provides a narrative overview of the district’s financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the district’s financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements, and supplementary information to enhance their understanding of the district’s financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- » In total, the district’s net position increased \$6.11 million. The net position of governmental activities increased \$5.41 million which represents a 3.58 percent increase from fiscal year 2012.
- » The net position of business-type activities increased \$699,318 or 13.78 percent from fiscal year 2012.
- » General revenues accounted for \$103.88 million in revenue or 76.80 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$31.37 million or 23.20 percent of total revenues of \$135.26 million.
- » The district had \$122.09 million in expenses related to governmental activities; only \$23.58 million of these expenses were offset by program specific charges for services, grants or contributions. Expenses are shown in programs that are easily identifiable utilizing the current Oklahoma Cost Accounting System (OCAS) coding structure.
- » Among the major funds, the general fund had \$102.30 million in revenues, \$103.74 million in expenditures, and \$92,264 in other uses and transfers into the fund resulting in a fund balance decrease of \$1.35 million. This decrease is primarily a result of an increase in expenditures due to the opening of the Union Collegiate Academy. The building fund had \$3.48 million in revenues, \$2.69 million in expenditures, and \$248,267 in transfers into the fund yielding a fund balance increase of \$1.04 million. Bond fund revenues totaled (\$136,452). This negative revenue was a result of the requirement of GASB Statement 31 to recognize as revenue unrealized gains and losses on certain types of investments with maturity dates of more than one year and the early liquidation of some long-term investments necessary to meet current bond fund obligations. Net bond sale proceeds were \$20.40 million. Expenditures in the bond fund totaled \$20.68 million. The sinking fund had \$21.66 million in revenues and \$22.21 million in expenditures.
- » The net position for the child nutrition enterprise fund increased \$699,318. This increase resulted from operating revenues of \$2.39 million and non-operating revenues of \$5.37 million exceeding operating expenses of \$7.06 million.

Overview of the Financial Statements

This Comprehensive Annual Financial Report (CAFR) consists of a series of basic financial statements: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other supplementary information is included in addition to the basic financial statements. These statements are organized so the reader can understand Union Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Government-wide financial statements. The government-wide financial statements are designed to provide information about the activities of the district as a whole, presenting both an aggregate view of the district’s finances and a longer-term view of those finances.

Union Public Schools – Management’s Discussion and Analysis

The *Statement of Net Position* presents information on all of the district’s assets and liabilities, with the difference between the two reported as net position.

The *Statement of Activities* presents information showing how the district’s net position changed during fiscal year 2013.

While this document contains the large number of funds used by the district to provide programs and activities, the view of the district as a whole looks at all financial transactions and asks the question, “How did we do financially during 2013?” The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenditures regardless of when cash is received or paid.

These two statements report the district’s net position and changes in that position. This change in net position is important because it tells the reader that, for the district as a whole, its financial position has improved or diminished. The causes of this change may be the result of many factors—some financial, some not. Non-financial factors include the district’s property tax base, current property tax laws in Oklahoma restricting revenue growth, facility conditions, mandated educational programs, and other factors.

The *Statement of Net Position* and the *Statement of Activities* are divided into two distinct types of activities:

- » Governmental activities—most of the district’s programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.
- » Business-type activities—these goods or services are provided on a fee basis to recover all of the expenses of the goods or services provided. The district’s child nutrition program is reported as a business-type activity.

The government-wide financial statements can be found beginning on page 35.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Union Public School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the district’s near-term financing requirements.

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 district’s near-term financing decisions. 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.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the building fund, the sinking (debt service) fund and the bond fund, all of which are considered to be major funds. A summary of the

Union Public Schools – Management’s Discussion and Analysis

district’s major funds can be found in Note A of the notes to the financial statements beginning on page 47 of this report.

The basic governmental fund financial statements begin on page 39 of this report.

Proprietary Funds. Proprietary funds use the same basis of accounting as business-type activities. The basic proprietary fund financial statements begin on page 42 of this report.

Fiduciary Funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the district’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements begin on page 45 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the district.

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the district as a whole.

Table 1 provides a summary comparison of the district’s net position for fiscal years 2013 and 2012:

Table 1
Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>						
Current Assets	\$ 89.73	\$ 92.00	\$ 5.86	\$ 5.05	\$ 95.59	\$ 97.05
Capital Assets						
Land & CIP Assets	23.50	40.35	0.00	0.00	23.50	40.35
Capital Assets Being Depreciated, net	137.15	114.93	0.33	0.38	137.48	115.31
Total Assets	250.38	247.28	6.19	5.43	256.57	252.71
<u>Liabilities</u>						
Current Liabilities	34.97	37.28	0.41	0.36	35.38	37.64
Noncurrent Liabilities	58.74	58.75	0.00	0.00	58.74	58.75
Total Liabilities	93.71	96.03	0.41	0.36	94.12	96.39
<u>Net Position</u>						
Invested in Capital Assets, Net of Related Debt	115.57	110.39	0.33	0.38	115.90	110.77
Restricted for Debt Service	11.73	12.11	0.00	0.00	11.73	12.11
Restricted for Capital Projects	1.83	2.51	0.00	0.00	1.83	2.51
Unrestricted	27.54	26.24	5.45	4.69	32.99	30.93
Total Net Position	\$ 156.67	\$ 151.25	\$ 5.78	\$ 5.07	\$ 162.45	\$ 156.32

Union Public Schools – Management’s Discussion and Analysis

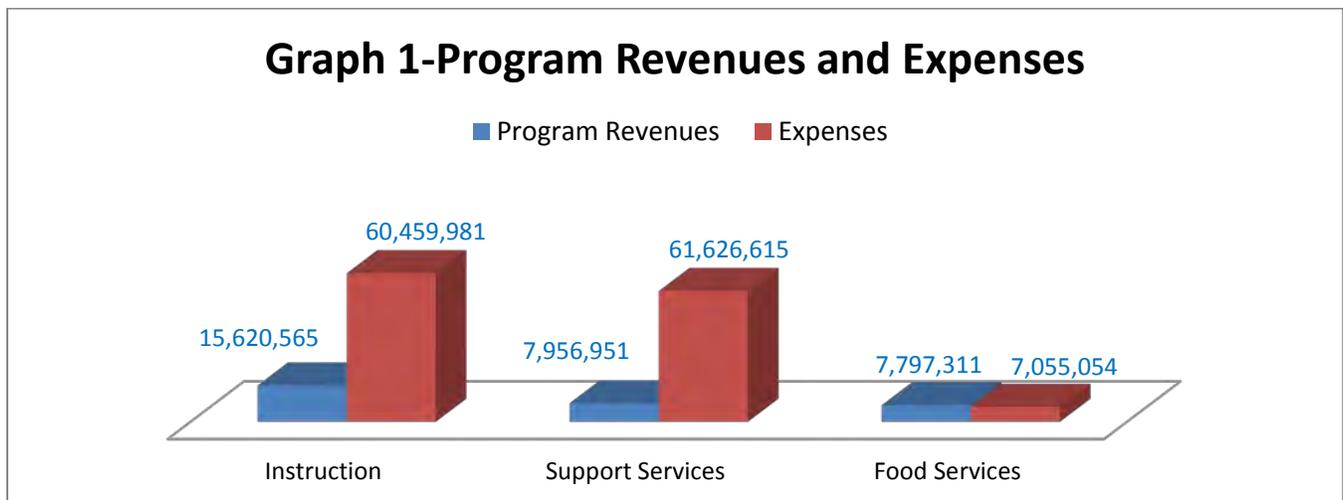
Total assets were \$256.57 million. Cash and cash equivalents were \$43.64 million. Investments totaled \$46.75 million. Capital assets net of depreciation were \$137.48 million. Taxes and other receivables were \$4.13 million.

The net position of the district’s governmental activities increased by \$5.41 million. The majority of this increase was a result of a decrease of expenses in an environment of relatively small revenue increases. The October 2012 student count of 15,190 un-weighted ADM and 23,810 weighted ADM reflected district growth of 354 actual students and 567 weighted students. This growth was responsible for the increase in the mid-term State Aid and Flexible Benefit Allowance allocations. The district was able to maintain its ending fund balance percentage in the general fund at 13.84 percent on a budgetary basis, which placed it in a favorable operating position to weather the slow but steady economic recovery. The district will continue to monitor state revenue projections and market conditions to anticipate circumstances that may warrant changes in spending in the next fiscal year.

The net position of the district’s business-type activities increased by \$699,318, due to an increase in local collections, as well as an increase in federal and state grants. Analysis of the child nutrition activity indicates that it should remain stable and self-supporting.

Governmental Activities. As reported in the Statement of Activities on page 36 the cost of the district’s governmental activities for the year ended June 30, 2013, was \$122.09 million. This represents an increase in the cost of governmental activities of \$3.21 million compared to the prior fiscal year. The reader will note a \$2.78 million decrease in Instructional expenses, and a \$4.51 million increase in Operations & Maintenance Services expenses from the prior fiscal year. The primary reason for the shift in expenses can be attributed to the way in which the district’s new financial software system manages depreciation. The former financial system only allowed building depreciation to be allocated to one activity--Instruction Expense. The district’s new financial system allows more functionality in recording depreciation to multiple activities. Building depreciation is now expensed to the more appropriate Operations/Maintenance expense activity. Not all of the cost of governmental activities was borne by the taxpayers. Of the \$122.09 million cost, \$2.44 million was paid by those who used or benefited from the services rendered (e.g., charges for before and after school care and summer school tuition), and \$21.14 million was paid through various federal and state grants and contributions. Consequently, the net cost of \$98.51 million, after taking into consideration these fees and subsidies, was paid by the taxpayers, unrestricted federal and state aid, and other general revenues.

Graph 1 below illustrates the cost of services in the district’s three largest programs -- instruction, support services, and food services. The graph compares the cost of the services with the revenues generated by the program.



Union Public Schools – Management’s Discussion and Analysis

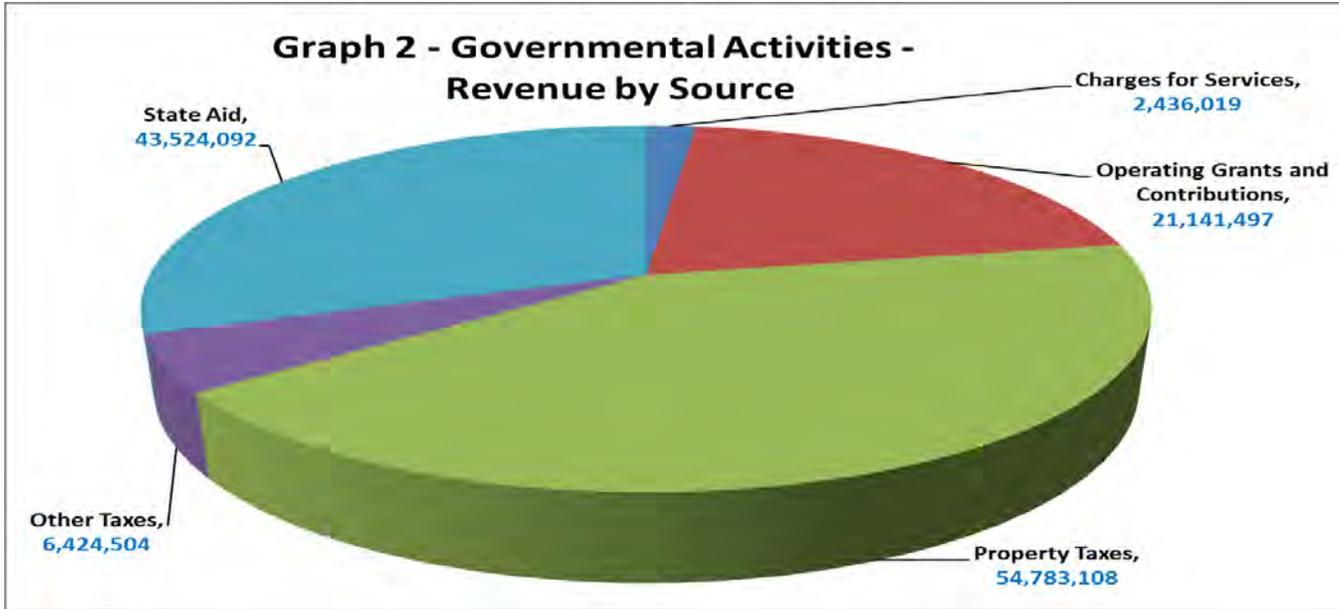
Table 2 provides a summary comparison of the district’s change in net position for the fiscal years 2013 and 2012:

Table 2
Changes in Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 2.44	\$ 2.39	\$ 2.39	\$ 2.12	\$ 4.83	\$ 4.51
Operating Grants and Contributions	21.14	20.98	5.41	4.89	26.55	25.87
Capital Grants and Contributions	0.00	0.00	0.00	0.00	0.00	0.00
General Revenues:						
Property Taxes	54.78	53.87	0.00	0.00	54.78	53.87
Other Taxes	6.42	6.45	0.00	0.00	6.42	6.45
State Aid Not Restricted to Specific Programs	43.52	37.52	0.00	0.00	43.52	37.52
Other	(0.81)	0.86	(0.04)	0.02	(.85)	0.88
Total Revenues	<u>\$ 127.49</u>	<u>\$ 122.07</u>	<u>\$ 7.76</u>	<u>\$ 7.03</u>	<u>\$ 135.25</u>	<u>\$ 129.10</u>
<u>Expenses</u>						
Instruction:						
Regular Instruction	45.06	47.69	0.00	0.00	45.06	47.69
Special Education Instruction	6.61	6.85	0.00	0.00	6.61	6.85
Vocational Education	.95	0.95	0.00	0.00	.95	0.95
Other Instruction	7.84	7.75	0.00	0.00	7.84	7.75
Support Services:						
Pupil Services	6.54	5.94	0.00	0.00	6.54	5.94
Instructional Staff Services	5.05	4.67	0.00	0.00	5.05	4.67
General Administration Services	2.66	2.30	0.00	0.00	2.66	2.30
School Administration Services	8.25	7.97	0.00	0.00	8.25	7.97
Business Services	8.66	7.91	0.00	0.00	8.66	7.91
Operations & Maintenance Services	20.81	16.30	0.00	0.00	20.81	16.30
Pupil Transportation Services	4.17	5.02	0.00	0.00	4.17	5.02
Other Support Services	.54	0.50	0.00	0.00	.54	0.50
Community Services	3.28	3.19	0.00	0.00	3.28	3.19
Interest on Long-Term Debt	1.67	1.84	0.00	0.00	1.67	1.84
Food Services	0.00	0.00	7.06	6.35	7.06	6.35
Total Expenses	<u>\$ 122.09</u>	<u>\$ 118.88</u>	<u>\$ 7.06</u>	<u>\$ 6.35</u>	<u>\$ 129.15</u>	<u>\$ 125.23</u>
Change in Net Position	5.41	3.20	.70	0.68	6.11	3.88
Net Position, Beginning	151.26	148.06	5.08	4.39	156.34	152.45
Net Position, Ending	<u>\$ 156.67</u>	<u>\$ 151.26</u>	<u>\$ 5.78</u>	<u>\$ 5.07</u>	<u>\$ 162.45</u>	<u>\$ 156.33</u>

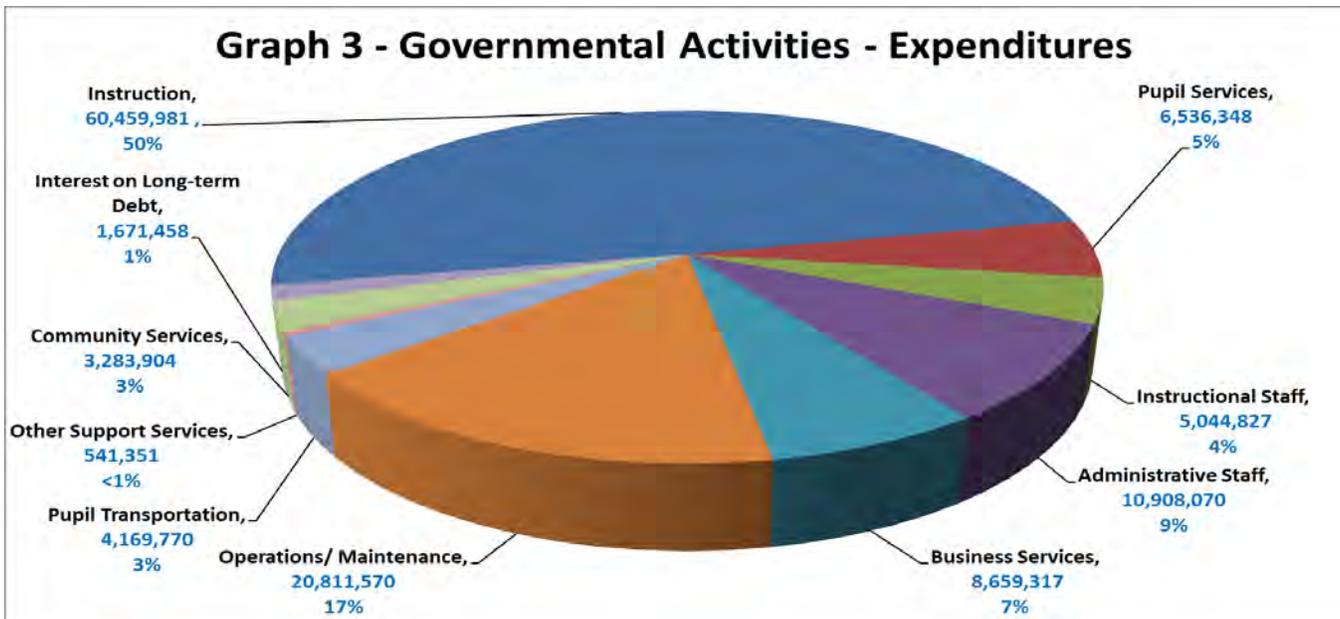
Union Public Schools - Management's Discussion and Analysis

Total governmental revenues increased to \$127.49 million. This represents a relatively flat revenue increase of less than 1.00%. Graph 2 illustrates the components of this revenue. Governmental activities increased the district's net position by \$5.41 million, thereby accounting for a majority of the improvement in the net position of the district.



Instruction comprised 49.2 percent of governmental program expenditures. Support services expenditures made up 50.8 percent of governmental expenditures.

Graph 3 illustrates the components of the expenditures in the governmental activities.



Union Public Schools – Management’s Discussion and Analysis

Business-Type Activities. Business-type activities consist of child nutrition services. This program had operating revenues of \$2.39 million, non-operating revenues of \$5.37 million, and expenses of \$7.06 million for fiscal year 2013.

The increase in Child Nutrition expenditures reflects additional student enrollment, an increase in the cost of food, as well as a concerted effort to provide more healthy food options for students. The Child Nutrition fund ended the year in a positive financial condition. Management has reviewed this program and, barring any unforeseen problems, the child nutrition program should remain stable and require no support from tax revenues.

Financial Analysis of the Government’s Funds

As noted earlier, Union Public School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the district’s governmental funds 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, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the district’s governmental funds reported combined ending fund balances of \$71.03 million, with \$477,267 of this total amount constituting non-spendable fund balance reserved for inventories. In addition, \$51.16 million is restricted for specific purposes: \$12.63 million in the building fund for uses mandated by the Oklahoma Constitution including building erection and maintenance, security, utilities, and fire/casualty premiums; \$11.73 in the sinking fund for debt service, \$26.77 million in the bond fund for capital projects, and \$16,995 in other governmental funds for arbitrage. Assigned fund balance totals \$1.89 million for compensating balances and insurance recovery. Unassigned fund balance totals \$17.51 million and is available for spending at the district’s discretion.

The general fund is the chief operating fund of the district. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17.51 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 total fund expenditures. Unassigned fund balance represents 16.88 percent of total general fund expenditures. The fund balance of the District’s general fund decreased by \$1.35 million from the prior year as a result of an increase in expenditures required to open the Union Collegiate Academy, a 117,000 square foot research-centered, student-focused facility offering college concurrent enrollment classes.

Controlling fiscal year-end expenditures to maintain a continuing level of fund balance is also a contributing factor to the district’s financial stability. The district relies on the ending fund balance to meet cash flow needs during the first six months of the following fiscal year. While a small portion of the revenue is collected during the first six months of the fiscal year, the significant revenue collections occur in late spring. This annual cash flow trend requires the district to increase the ending fund balance each year as the expenditure budget grows in order to meet cash flow requirements of the first six months prior to tax revenues being collected.

Normally the revenue and expenditure budgets are revised during the fiscal year based on the final federal grant award notifications, state aid allocation revisions, actual revenue receipts and other unanticipated increases or decreases in revenue or expenditures. Fiscal year 2013 general fund revenue budgets were revised during the year based on adjustments to revenue collections. The fiscal year saw an increase in mid-term state aid, State Flexible Benefit Allowance, property tax collections, and other local, state, and federal sources.

The variance in the final budget versus the actual revenues and expenditures revealed a variance in revenues of \$215,422 and a variance in expenditures of \$3.61 million. This variance is primarily due to Federal grant collections being lower than anticipated. The approved final expenditure budget was intentionally larger than

Union Public Schools – Management’s Discussion and Analysis

anticipated actual expenditures to provide the flexibility necessary to manage any unanticipated revenue receipts and expenditures incurred in the final days of the fiscal year.

The building fund had a total fund balance of \$12.63 million. The net increase in fund balance during the current year in the building fund was \$1.04 million. This planned increase in fund balance is attributed to the District’s commitment to energy efficiency by initiating measures to help reduce utility costs. The Oklahoma Constitution allows building funds to be used for erecting, remodeling, repairing, or maintaining school buildings; purchasing furniture, equipment, or computer software; paying energy and utility costs; purchasing telecommunications services; paying fire and casualty insurance premiums; purchasing security systems; and paying salaries of security personnel. The ending fund balance will be used for those purposes.

The building fund budget was revised from the original budget approved by the Board on September 2012. The variance in the final building fund revenue budget versus the actual revenue received totaled \$63,972, due mostly to investments yielding interest below initial estimates. The variance in the building fund expenditure budget versus the actual expenditures was \$3.06 million under original estimates partly due to an effort from the District to reduce utility expenditures by implementing programs that help reduce utility costs.

The sinking (debt service) fund had a total fund balance of \$11.73 million, all of which was reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$377,905. 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 bond fund had a total fund balance of \$26.77 million, all of which was reserved for capital projects. The net decrease in fund balance during the current year in the bond fund was \$661,281. This decrease in fund balance is primarily due to the requirement of GASB Statement 31 to recognize as revenue unrealized gains and losses on certain types of investments with maturity dates of more than one year. This process is sometimes referred to as “mark to market.” Prior to GASB Statement 31, investments were recorded at cost. On February 12, 2013, district voters approved a \$20.4 million bond proposal which included funds for: site improvements; acquisition of textbooks, media books and instructional hardware/software. Because of its strong patron support base, the district is prudent to keep bonded capacity at traditional levels while not imposing an undue tax burden on the community. More information regarding bond funds and millage levies may be found in the Statistical Section. Statutory requirements dictate that bond funds be used for the voter-approved purposes of acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

Proprietary Funds. Union Public School District’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary funds have operating revenues of \$12.24 million and non-operating revenues of \$5.28 million. Operating expenses were \$15.46 million.

General Fund Budgetary Highlights

Union Public School District adopts an annual appropriated budget for its general fund. The district’s budget is prepared according to Oklahoma law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, budget basis revenue was \$98.22 million with original budget estimates of \$97.33 million and final budget estimates of \$98.43 million. The majority of the revenue variance came from federal sources.

The final expenditure budget was intentionally approved to be larger than needed in order to provide the necessary spending authority to the district by the Board to meet the State of Oklahoma spending requirements. The district must have sufficient budget spending authority to allow for any unanticipated revenues that might be collected during the last thirty calendar days of the fiscal year. During 2012-13, the majority of the additional spending authority was allocated to the instructional, student support, and instructional staff function areas.

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Although the revenue collections were lower than the final revenue budget, spending was curtailed making it unnecessary to revise the budget in order to stay within the carryover limit required by the Board. Union carried forward a budgetary ending fund balance of 13.84 percent.

Capital Assets and Debt Administration

Capital Assets. At the end of fiscal year 2013, the district had \$160.98 million in property, plant and equipment (net of depreciation), of which \$160.65 million was in governmental activities. Table 3 shows a comparison of fiscal years 2012 and 2013 balances.

Table 3
Capital Assets
(Net of Depreciation, in Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 14.29	\$ 14.29	\$ 0.00	\$ 0.00	\$ 14.29	\$ 14.29
Construction in Progress	9.21	26.06	0.00	0.00	9.21	26.06
Buildings/Improvements	131.43	110.07	0.00	0.00	131.43	110.07
Furniture, Machinery, Equipment and Vehicles	<u>5.72</u>	<u>4.86</u>	<u>0.33</u>	<u>0.38</u>	<u>6.05</u>	<u>5.24</u>
Total	\$ <u>160.65</u>	\$ <u>155.28</u>	\$ <u>0.33</u>	\$ <u>0.38</u>	\$ <u>160.98</u>	\$ <u>155.66</u>

Capital assets of \$308.50 million exceeded depreciation of \$147.52 million. As a growing school district, Union is committed to provide the facilities and tools that enable district staff to produce a quality product. Union’s student population continues to exceed 15,000. Therefore, additional classroom space and equipment are necessary each year to accommodate that growth. The acquisition of capital assets is critical to the Board’s desire to provide lower class sizes district-wide, technology-related instructional opportunities, and neighborhood elementary schools. Bond issue dollars are the only resource available to schools to purchase many of these capital assets since state funding goes almost exclusively to pay teacher and staff salaries. Recent bond issue projects include:

- *6/7th Grade Center fine arts wing
- *6/7th Grade Center pool repairs and equipment
- *Tennis facility upgrades
- *VoIP expansion project
- *Furniture, fixtures and equipment
- *Electronic software/subscriptions/licenses/maintenance
- *Upgrades to computers
- *Copier replacements
- *Land/Building purchase/remodel
- *Acquisition of textbooks and computer hardware/software
- *Acquisition of athletic, spirit and fine arts uniforms and equipment
- *Renovations and repairs to various school sites

In addition to all bond projects listed above, Union Public Schools completed the first year live of a financial system during fiscal year 2013. This financial system brings the District new levels of efficiencies and controls. This multi-phase project will be completed in three phases, with the first phase ending June 30, 2013. The final two phases will be completed over the next two fiscal years.

Union Public Schools – Management’s Discussion and Analysis

Additional information on the district’s capital assets may be found in Note D to the financial statements beginning on page 59.

Long-Term Debt. At June 30, 2013, the school district had \$71.85 million in bonds outstanding, \$20.78 million due within one year. Table 4 summarizes bonds outstanding for fiscal years 2013 and 2012.

Table 4
Outstanding Debt, at Year End
(In Millions)

	<u>2013</u>	<u>2012</u>
General Obligation Bonds Due:		
2012/2013	0.00	20.87
2013/2014	20.78	20.78
2014/2015	20.87	15.78
2015/2016	15.25	10.15
2016/2017	9.85	4.75
2017/2018	5.10	0.00
Total	<u>\$71.85</u>	<u>\$72.33</u>

On April 1, 2013, the district issued \$20.4 million in voted general obligation bonds for the purpose of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment, acquiring and improving school sites, and acquiring transportation equipment. The final payment is due April 1, 2018.

On April 1, 2012, the district issued \$19.0 million in voted general obligation bonds for the purpose of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment, acquiring and improving school sites, and acquiring transportation equipment. The final payment is due April 1, 2017.

On April 1, 2011, the district issued \$21.6 million in voted combined purpose bonds for the purpose of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment, acquiring and improving school sites, and acquiring transportation equipment. The final payment is due April 1, 2016.

On April 1, 2010, the district issued \$22.5 million in voted general obligation bonds for the purpose of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment, acquiring and improving school sites, and acquiring transportation equipment. The final payment is due April 1, 2015.

On April 1, 2009, the district issued \$20.0 million in voted general obligation bonds for the purpose of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment, acquiring and improving school sites, and acquiring transportation equipment. The final payment is due April 1, 2014.

Additional information on the district’s long-term debt can be found in Note E to the financial statements beginning on page 61 of this report.

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Economic Factors

Fiscal year 2012-13 saw a continuation from fiscal year 2011-12 of an upward trend for the Oklahoma economy. According to the Office of the State Treasurer, gross revenue receipts for fiscal year 2012-13 were up \$240.46 million or 2.2 percent above the prior year. Although gross production tax collections on oil and natural gas were down \$181.61 million or 20.3 percent from the previous 12 month period, net income taxes--a combination of corporate and personal income taxes--generated \$4.12 billion, which was \$268.04 million or 6.7 percent higher than the prior year. Motor vehicle tax collections totaled \$676.1 million, and other state revenue sources generated \$1.51 billion, up \$1.95 million from the previous fiscal year. Oklahoma’s fiscal year increases in revenue collections provide results that Oklahoma’s economy is improving, although at a slower pace than the previous fiscal year. Despite continued increases in State revenue collections, the district continues to maintain a conservative budget and the tradition of maintaining a strong year-end fund balance.

The district expects student growth to continue; both at the elementary and secondary level, and anticipates adding teachers and programs over the next few years as state and federal funding sources continue to improve. The county assessor provided Union with projections of minimal growth in the district’s net assessed valuation and actual growth was recorded at less than one percent. However, the expected increase in student enrollment and business and residential growth in the district should provide additional future revenue.

By working to provide mutual benefit to the community and schools, Union continued its history of positive citizen support. The district’s patron base once again passed a bond issue on February 12, 2013, for \$20.4 million. These bond dollars provided the necessary funding for facilities, renovations, technology, textbooks, instructional equipment and uniforms. These annual bond dollars and strong patron support allow Union the opportunity and obligation 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.

Based on these factors, the Board of Education and administration are confident that with ongoing, prudent fiscal management, Union Public Schools can continue to make instruction the top budgetary priority to ensure the district keeps its academic focus and delivers its services more efficiently and effectively. Union continues to attract families who want excellent learning opportunities for their children, and also continue to attract the best in faculty and staff by providing the facilities and tools that enable them to produce a quality product.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizen’s, taxpayers, investors, and creditors with a general overview of the district’s finances to show the district’s accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Debra J. Jacoby, CPA, Chief Financial Officer at Union Public Schools, 8506 East 61st Street, Tulsa, Oklahoma 74133.

Union Public Schools – Management’s Discussion and Analysis

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Union Public Schools
Statement of Net Position
Year Ended June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 40,544,575	\$ 3,098,043	\$ 43,642,618
Investments	44,572,831	2,180,498	46,753,329
Receivables:			
Property taxes-delinquent	835,290	-	835,290
Due from other governments	2,988,739	78,365	3,067,104
Accrued interest	179,937	10,448	190,385
Other	37,133	-	37,133
Internal balance	96,102	(96,102)	-
Inventories	477,267	589,352	1,066,619
TOTAL CURRENT ASSETS	89,731,874	5,860,604	95,592,478
NONCURRENT ASSETS			
Land and construction-in-progress	23,501,811	-	23,501,811
Capital assets being depreciated, net	137,149,258	326,076	137,475,334
TOTAL NON-CURRENT ASSETS	160,651,069	326,076	160,977,145
TOTAL ASSETS	\$ 250,382,943	\$ 6,186,680	\$ 256,569,623
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	1,867,433	122,375	\$ 1,989,808
Liability for incurred claims	587,391	-	587,391
Accrued wages payable	8,192,261	289,512	8,481,773
Accrued interest payable	277,031	-	277,031
Payable to Fiduciary Funds	698,354	-	698,354
Current portion of long-term obligations	23,350,589	-	23,350,589
TOTAL CURRENT LIABILITIES	34,973,059	411,887	35,384,946
NON-CURRENT LIABILITIES			
Non-current portion of long-term obligations	54,448,346	-	54,448,346
Non-current portion of OPEB liability	4,290,013	-	4,290,013
TOTAL NON-CURRENT LIABILITIES	58,738,359	-	58,738,359
TOTAL LIABILITIES	\$ 93,711,418	\$ 411,887	\$ 94,123,305
NET POSITION			
Net investment in capital assets	115,574,019	\$ 326,076	\$ 115,900,095
Restricted for debt service	11,734,785	-	11,734,785
Restricted for capital projects	1,825,152	-	1,825,152
Unrestricted	27,537,569	5,448,717	32,986,286
TOTAL NET POSITION	\$ 156,671,525	\$ 5,774,793	\$ 162,446,318

See notes to financial statements.

**Union Public Schools
Statement of Activities
Year Ended June 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction							
Regular instruction	\$ 45,059,620	\$ 378,408	\$ 6,435,831	\$ -	\$ (38,245,381)	\$ -	\$ (38,245,381)
Special education instruction	6,612,412	-	3,660,014	-	(2,952,398)	-	(2,952,398)
Vocational education	945,278	-	271,487	-	(673,791)	-	(673,791)
Other instruction	7,842,671	-	4,874,825	-	(2,967,846)	-	(2,967,846)
TOTAL INSTRUCTION	60,459,981	378,408	15,242,157	-	(44,839,416)	-	(44,839,416)
SUPPORT SERVICES							
Pupil services	6,536,348	-	625,695	-	(5,910,653)	-	(5,910,653)
Instructional staff services	5,044,827	-	654,002	-	(4,390,825)	-	(4,390,825)
General administration services	2,663,280	-	49,628	-	(2,613,652)	-	(2,613,652)
School administration services	8,244,790	-	509,827	-	(7,734,963)	-	(7,734,963)
Business services	8,659,317	-	428,919	-	(8,230,398)	-	(8,230,398)
Operations and maintenance services	20,811,570	331,071	914,291	-	(19,566,208)	-	(19,566,208)
Pupil transportation services	4,169,770	116,944	193,581	-	(3,859,245)	-	(3,859,245)
Other support services	541,351	-	397,006	-	(144,345)	-	(144,345)
Community services	3,283,904	1,609,596	2,126,391	-	452,083	-	452,083
Interest on long-term debt	1,671,458	-	-	-	(1,671,458)	-	(1,671,458)
TOTAL SUPPORT SERVICES	61,626,615	2,057,611	5,899,340	-	(53,669,664)	-	(53,669,664)
TOTAL GOVERNMENTAL ACTIVITIES	122,086,596	2,436,019	21,141,497	-	(98,509,080)	-	(98,509,080)
BUSINESS-TYPE ACTIVITIES							
Food services	7,055,054	2,387,764	5,409,547	-	-	742,257	742,257
TOTAL SCHOOL DISTRICT	\$ 129,141,650	\$ 4,823,783	\$ 26,551,044	\$ -	\$ (98,509,080)	\$ 742,257	\$ (97,766,823)

Union Public Schools
Statement of Activities - Continued
Year Ended June 30, 2013

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	
			Governmental Activities	Business- Type Activities	Total
GENERAL REVENUES					
Taxes					
Property tax, levied for general purposes			\$ 32,984,258	\$ -	\$ 32,984,258
Property tax, levied for debt services			21,798,850	-	21,798,850
Intermediate County taxes			6,424,504	-	6,424,504
State aid not restricted to specific programs			43,524,092	-	43,524,092
Net loss on investments			(1,036,717)	(42,939)	(1,079,656)
Other			228,512	-	228,512
TOTAL GENERAL REVENUES			103,923,499	(42,939)	103,880,560
CHANGES IN NET POSITION			5,414,419	699,318	6,113,737
NET POSITION AT BEGINNING OF YEAR			151,257,106	5,075,475	156,332,581
NET POSITION AT END OF YEAR			\$156,671,525	\$5,774,793	\$162,446,318

See notes to financial statements.

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Union Public Schools
Balance Sheet - Governmental Funds
Year Ended June 30, 2013

	Major Funds				Non Major Arbitrage Fund	Total Governmental Funds
	General Fund	Building Fund	Sinking Fund	Bond Fund		
ASSETS						
Cash and cash equivalents	\$ 4,551,784	\$ 4,340,949	\$ 4,284,710	\$ 23,635,721	\$ 16,995	\$ 36,830,159
Investments	21,895,525	8,928,300	7,265,577	3,830,460	-	41,919,862
Due from other funds	135,000	-	-	-	-	135,000
Property taxes-delinquent	425,067	60,724	349,499	-	-	835,290
Due from other governments	2,812,515	25,789	150,435	-	-	2,988,739
Other	37,133	-	-	-	-	37,133
Accrued interest	68,572	38,351	34,063	23,961	-	164,947
Inventories	477,267	-	-	-	-	477,267
TOTAL ASSETS	\$ 30,402,863	\$ 13,394,113	\$ 12,084,284	\$ 27,490,142	\$ 16,995	\$ 83,388,397
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,062,753	\$ 87,398	\$ -	\$ 717,153	\$ -	\$ 1,867,304
Accrued wages payable	7,701,379	465,532	-	-	-	8,166,911
Due to other funds	650,000	150,000	-	-	-	800,000
Payable to Fiduciary Funds	687,251	-	-	-	-	687,251
TOTAL LIABILITIES	10,101,383	702,930	-	717,153	-	11,521,466
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - delinquent property taxes	425,067	60,724	349,499	-	-	835,290
FUND BALANCES						
Nonspendable	477,267	-	-	-	-	477,267
Restricted	-	12,630,459	11,734,785	26,772,989	16,995	51,155,228
Assigned	1,891,031	-	-	-	-	1,891,031
Unassigned	17,508,115	-	-	-	-	17,508,115
TOTAL FUND BALANCES	19,876,413	12,630,459	11,734,785	26,772,989	16,995	71,031,641
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 30,402,863	\$ 13,394,113	\$ 12,084,284	\$ 27,490,142	\$ 16,995	
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:						
Capital assets used in government activities are not financial resources and, therefore, are not reported as assets in governmental funds.						
Cost of assets					\$ 306,198,657	
Accumulated depreciation					(145,547,588)	160,651,069
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.						
						835,290
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:						
Bonds payable					(71,850,000)	
Premium on bonds payable					(528,038)	
Accrued interest on the bonds					(277,031)	
Early retirement incentive					(1,392,092)	
Compensated absences					(4,028,805)	
Other Post Employment Benefits					(4,290,013)	(82,365,979)
Internal service funds are used by the District to charge the costs of health insurance benefits and short-term disability benefits for the employees of the District to the individual funds. The assets and liabilities of the internal service funds are included with governmental activities.						
						6,519,504
TOTAL NET POSITION--GOVERNMENTAL ACTIVITIES						\$ 156,671,525

See notes to financial statements.

Union Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2013

	Major Funds				Non Major	Total
	General Fund	Building Fund	Sinking Fund	Bond Fund	Arbitrage Fund	Governmental Funds
REVENUES						
Local sources	\$ 31,563,123	\$ 3,482,831	\$ 21,662,394	\$ (136,452)	\$ 39	\$ 56,571,935
Intermediate sources	3,678,304	-	-	-	-	3,678,304
State sources	59,834,740	-	-	-	-	59,834,740
Federal sources	7,220,193	-	-	-	-	7,220,193
TOTAL REVENUES	<u>102,296,360</u>	<u>3,482,831</u>	<u>21,662,394</u>	<u>(136,452)</u>	<u>39</u>	<u>127,305,172</u>
EXPENDITURES						
Current						
Instruction	55,690,966	-	-	2,740,284	-	58,431,250
Student	6,487,037	-	-	109,040	-	6,596,077
Instructional staff	4,386,258	-	-	911,953	-	5,298,211
General administration	2,575,704	-	-	92,497	-	2,668,201
School administration	8,194,065	-	-	91,278	-	8,285,343
Business	7,078,002	-	-	1,453,460	-	8,531,462
Operations and maintenance	11,321,581	2,689,436	-	969,204	-	14,980,221
Student transportation	3,742,635	-	-	1,552,671	-	5,295,306
Non-instruction expenditures						
Child nutrition operations	449,454	-	-	96,260	-	545,714
Community service operations	3,414,186	-	-	3,557	-	3,417,743
Other	391,396	-	-	-	-	391,396
Capital outlay	9,243	-	-	12,656,358	-	12,665,601
Debt service						
Principal	-	-	20,875,000	-	-	20,875,000
Interest	-	-	1,337,375	-	-	1,337,375
TOTAL EXPENDITURES	<u>103,740,527</u>	<u>2,689,436</u>	<u>22,212,375</u>	<u>20,676,562</u>	<u>-</u>	<u>149,318,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>(1,444,167)</u>	<u>793,395</u>	<u>(549,981)</u>	<u>(20,813,014)</u>	<u>39</u>	<u>(22,013,728)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	20,400,000	-	20,400,000
Premium on issuance of debt	-	-	202,827	-	-	202,827
Insurance recoveries	61,513	-	-	-	-	61,513
Transfers in	30,751	248,267	-	-	-	279,018
Transfers out	-	-	(30,751)	(248,267)	-	(279,018)
TOTAL OTHER FINANCING SOURCES (USES)	<u>92,264</u>	<u>248,267</u>	<u>172,076</u>	<u>20,151,733</u>	<u>-</u>	<u>20,664,340</u>
NET CHANGE IN FUND BALANCE	<u>(1,351,903)</u>	<u>1,041,662</u>	<u>(377,905)</u>	<u>(661,281)</u>	<u>39</u>	<u>(1,349,388)</u>
FUND BALANCE AT BEGINNING OF YEAR						
	<u>21,228,316</u>	<u>11,588,797</u>	<u>12,112,690</u>	<u>27,434,270</u>	<u>16,956</u>	<u>72,381,029</u>
FUND BALANCE AT END OF YEAR	<u>\$ 19,876,413</u>	<u>\$ 12,630,459</u>	<u>\$ 11,734,785</u>	<u>\$ 26,772,989</u>	<u>\$ 16,995</u>	<u>\$ 71,031,641</u>

See notes to financial statements.

Union Public Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2013

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS \$ (1,349,388)

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 depreciation is less than capital outlays in the period.

Depreciation expense	(10,642,615)	
Capital outlays	16,031,561	
Retirements and adjustments	<u>(20,547)</u>	5,368,399

Repayment of bond principal 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. Proceeds from the sale of new bonds is revenue in the governmental funds, but increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Principal payments	20,875,000	
Premium on issuance of bonds	(202,827)	
Amortization of bond premium	148,315	
Bond sale proceeds, net	<u>(20,400,000)</u>	420,488

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, instead, they are counted as deferred inflows of revenue. They are, however, recorded as revenue in the statement of activities.

(13,985)

Internal service funds are used by the District to charge the costs of health insurance benefits and short-term disability benefits for the employees of the District to the individual funds. The changes in net position of the internal service fund are included with governmental activities.

1,363,422

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 funds when it is due, and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

57,313

Some expenses (arbitrage, compensated absences, early retirement incentives, and other post employment benefits) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(431,830)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,414,419

Union Public Schools
Statement of Net Position - Proprietary Funds
Year Ended June 30, 2013

	<u>Business-Type Activities Enterprise Fund: Child Nutrition Fund</u>	<u>Governmental Activities- Internal Service Fund: Employee Insurance Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,098,043	\$ 3,714,415
Investments	2,180,498	2,652,969
Due from other governments	78,365	-
Accrued interest receivable	10,448	14,990
Due from other funds	-	750,000
Inventories	<u>589,352</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>5,956,706</u>	<u>7,132,374</u>
NONCURRENT ASSETS		
Capital assets, net	<u>326,076</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>326,076</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 6,282,782</u>	<u>\$ 7,132,374</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 122,375	\$ 129
Liability for incurred claims	-	587,391
Accrued wages payable	289,512	25,350
Due to other funds	<u>96,102</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>\$ 507,989</u>	<u>\$ 612,870</u>
NET POSITION		
Net invested in capital assets	\$ 326,076	\$ -
Unrestricted	<u>5,448,717</u>	<u>6,519,504</u>
TOTAL NET POSITION	<u>\$ 5,774,793</u>	<u>\$ 6,519,504</u>

See notes to financial statements.

Union Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities- Internal Service Fund: Employee Insurance Fund
OPERATING REVENUES		
Meals	\$ 2,387,764	\$ -
Insurance contributions	<u>-</u>	<u>9,852,014</u>
TOTAL OPERATING REVENUES	<u>2,387,764</u>	<u>9,852,014</u>
OPERATING EXPENSES		
Salaries and wages	3,315,430	129,310
Purchased and contracted services	76,756	-
Food suppliers	2,774,797	-
Commodities	380,446	-
Depreciation	138,287	-
Management fees	-	1,321,502
Medical claims	-	6,942,837
Other operating expenses	<u>369,338</u>	<u>9,250</u>
TOTAL OPERATING EXPENSES	<u>7,055,054</u>	<u>8,402,899</u>
OPERATING INCOME (LOSS)	<u>(4,667,290)</u>	<u>1,449,115</u>
NONOPERATING REVENUES (EXPENSES)		
Net loss on investments	(42,939)	(85,693)
Federal and state grants	5,102,103	-
Donated commodities	<u>307,444</u>	<u>-</u>
TOTAL NET NONOPERATING REVENUES (EXPENSES)	<u>5,366,608</u>	<u>(85,693)</u>
CHANGES IN NET POSITION	699,318	1,363,422
NET POSITION AT BEGINNING OF YEAR	<u>5,075,475</u>	<u>5,156,082</u>
NET POSITION AT END OF YEAR	<u>\$ 5,774,793</u>	<u>\$ 6,519,504</u>

See notes to financial statements.

Union Public Schools
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities- Internal Service Fund: Employee Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from user charges	\$ 2,387,764	\$ 9,852,014
Interfund services provided	-	-
Cash payments for insurance claims	-	(7,056,023)
Cash payments to suppliers for goods and services	(3,196,830)	(1,330,752)
Cash payments to employees for services	(3,260,092)	(205,414)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(4,069,158)</u>	<u>1,259,825</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(82,806)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(82,806)</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating grants received	5,097,552	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>5,097,552</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	2,070,342	2,598,750
Purchases of investments	(2,250,000)	(3,750,000)
Investment Income (loss)	(48,844)	(100,309)
NET CASH USED IN INVESTING ACTIVITIES	<u>(228,502)</u>	<u>(1,251,559)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	717,086	8,266
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,380,957	3,706,149
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,098,043</u>	<u>\$ 3,714,415</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ (4,667,290)	\$ 1,449,115
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	138,287	-
Decrease in inventories	399,775	-
Increase in accounts payable	4,732	-
Increase (decrease) in accrued wages payable	44,236	(76,104)
Increase in due to other funds	11,102	-
Decrease in liability for incurred claims	-	(113,186)
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (4,069,158)</u>	<u>\$ 1,259,825</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Commodities received from Department of Human Services	\$ 307,444	\$ -
Commodities consumed	\$ 380,446	\$ -

See notes to financial statements.

Union Public Schools
Statement of Net Position - Fiduciary Funds
Year Ended June 30, 2013

	Early Retirement Incentive Trust Fund	Private- Purpose Trust Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 476,582	\$ 102,703	\$ 2,543,642
Investments	241,085	-	-
Due from General Fund	687,251	-	-
Due from Child Nutrition Fund	11,103	-	-
Accrued interest	964	-	-
TOTAL ASSETS	\$ 1,416,985	\$ 102,703	\$ 2,543,642
 LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 10,119
Wages payable	46,807	-	18,761
Other liabilities	332,364	-	-
Due to student groups	-	-	2,514,762
TOTAL LIABILITIES	\$ 379,171	\$ -	\$ 2,543,642
 NET POSITION			
Restricted - expendable for early retirement	\$ 1,037,814	\$ -	\$ -
Unrestricted	-	102,703	-
TOTAL NET POSITION	\$ 1,037,814	\$ 102,703	\$ -

See notes to financial statements.

Union Public Schools
Statement of Changes in Net Position - Fiduciary Funds
Year Ended June 30, 2013

	Early Retirement Incentive Trust Fund	Private- Purpose Trust Fund
ADDITIONS		
Contributions	\$ 689,382	\$ 88,555
Interest income	2,623	265
TOTAL ADDITIONS	<u>692,005</u>	<u>88,820</u>
DEDUCTIONS		
Other deductions	895,841	52,386
TOTAL DEDUCTIONS	<u>895,841</u>	<u>52,386</u>
CHANGE IN NET POSITION	(203,836)	36,434
NET POSITION AT BEGINNING OF YEAR	<u>1,241,650</u>	<u>66,269</u>
NET POSITION AT END OF YEAR	<u>\$ 1,037,814</u>	<u>\$ 102,703</u>

See notes to financial statements.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Union Public Schools Independent District No. 9 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units as promulgated by the Governmental Accounting Standards Board ("GASB"), the accepted standard-setting body for governmental accounting and financial reporting principles. 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 Board of Education and is financially dependent on the state of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma statutes. As required by accounting principles generally accepted in the United States of America, the basic financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the District's basic financial statements to be misleading.

The District has presented the entities which comprise the reporting entity in the basic financial statements for 2013. The District has not identified any component units that should be included in the District's reporting entity.

The governing body of the District is its Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District.

Basic Financial Statements: 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 District. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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

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 fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The District reports the following major governmental funds:

General Fund

The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction, and debt service on bonds and other long-term debt. The General Fund also includes expenditures for insurance claims, and compensated absences incurred by the District.

Building Fund

The District's Building Fund is a special revenue fund and consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

Sinking Fund

The District's sinking fund is a debt service fund and is used to account for the accumulation of financial resources for the payment of general long-term 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.

Bond Fund

The District's bond fund is a capital project fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment. This fund is also utilized to acquire books and other non-capitalizable items.

Non-Major Governmental Funds

The District's non major governmental fund is the Arbitrage Fund. The Arbitrage Fund is used to account for any arbitrage tax liability penalties from the Internal Revenue Service on any outstanding bond fund proceeds according to arbitrage calculations performed by an outside consultant.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Proprietary Funds: Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). 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 District's Child Nutrition Fund is used to account for the operations of the child nutrition programs. In addition to meal ticket sales, revenue sources include federal and state grants for free and reduced meals.

Employee Insurance Fund

The Employee Insurance Fund is an internal service fund used to account for the accumulation, recording and disbursing of District and participant contributions to the District's self-insured medical, dental, and short-term disability programs.

Fiduciary Funds: Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of employees or other funds within the District. When these assets are held under the terms of a formal trust agreement, a pension trust fund, an investment trust fund or a private-purpose trust fund is used. Currently, the District utilizes the Early Retirement Incentive Trust Fund, and a private-purpose trust fund to account for activities of the Union School District Public Trust. 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 operations. The District's fiduciary funds have been excluded from the government-wide financial statements. The District reports the following fiduciary funds:

Private-Purpose Trust Fund

The Union School District trust fund is a private-purpose trust fund used to account for donations received for the benefit of specified individuals associated with the District.

Early Retirement Incentive Trust Fund

The Early Retirement Incentive Trust Fund is used to account for payments to individuals participating in the early retirement program. The General Fund makes payments to the Early Retirement Incentive Trust fund for the full amount of expected costs over the life of the program in the year the program is approved.

Agency Fund

The Agency Fund consists of the School Activities fund. The School Activities fund is used to account for monies collected principally through fundraising efforts of the students and District sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Basis of Accounting and Measurement Focus: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. The *economic resources measurement focus* is not applicable to the agency funds and therefore have 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 as revenues 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. Agency funds are reported in fiduciary fund financial statements and apply the accrual basis of accounting but do not have a measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under modified accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the 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.

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

A budget is legally adopted by the Board of Education for the General Fund and Building Fund that includes revenues and expenditures. These budgets are prepared on a cash basis for revenues and principally on the modified accrual basis for expenditures. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriation at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Budgets and Budgetary Accounting--Continued: In addition, encumbrance accounting is employed. Under this system, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. At the end of the year, encumbered appropriations for which goods and/or services have not been received lapse. At the beginning of the next year, prior year encumbrances are reviewed and some are reestablished. There were no material encumbrances which lapsed at June 30, 2013, and were reinstated during fiscal year 2014, for the General Fund and Building Fund.

Assets, Liabilities and Net Position

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Investments: Investments are stated at fair value in the statement of net position. Securities traded on a national or international exchange are valued at the last reported sales price, at current exchange rates. If quoted market prices are not available, fair value is estimated based on the estimated fair values provided by brokerage statements. A net change in fair value of investments is recognized and reported as a change in investment income in the financial statements for the year ended.

Property Tax Revenues and Receivables: 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. The county assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll 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 timely, the entire tax becomes due and payable on January 2. The second half of the taxes becomes 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 purchaser is issued a certificate of ownership; the original owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the original owner has not done so, the purchaser is issued a deed to the property.

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. Uncollectible personal and real property taxes are deemed to be immaterial because the real property can be sold for the amount of taxes due.

Inventories: Inventories in the governmental funds are carried at cost, using the first-in, first-out method, and are recorded as expenditures when consumed on the fund financial statements and as expenses when consumed on the government-wide financial statements. Inventories include fuel, instructional, janitorial, medical, and food service supplies. Cost of donated federal surplus commodities is based on values established by the federal government at the time of donation.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Assets, Liabilities and Net Position-Continued

Inventories-Continued: Inventories for proprietary funds are stated at the lower of cost or market on a first-in, first-out method. Inventories at June 30, 2013 consist of the following:

Governmental activities:		
Instructional	\$	104,881
Janitorial		315,628
Computer accessory		258
Transport		46,347
Medical		<u>10,153</u>
Total governmental activities		<u>477,267</u>
Business-type activities:		
Food service		<u>589,352</u>
	\$	<u>1,066,619</u>

Capital Assets: All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation has been provided using the straight-line method over the following estimated useful lives:

	Useful Life	Capitalization Threshold
Buildings and structures	10-50 years	\$ 2,500
Improvements	10-50 years	\$ 2,500
Equipment	5-40 years	\$ 2,500
Furniture and fixtures	5-10 years	\$ 2,500

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 that vacation is accrued in the current fiscal year to be used in the next fiscal year. If an employee separates employment, the District policy provides payment to the employee. Sick leave may also be accumulated up to 120 days. 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.

Long-Term Debt: Long-term debt is recognized as a liability of the applicable governmental activities, business-type activities or proprietary fund type in the statement of net position.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Assets, Liabilities and Net Position--Continued

Bond Premiums and Discounts: In the governmental funds, bond premiums and discounts are treated as period costs in the year of issuance. In the government-wide financial statements, bond premiums and discounts are capitalized and amortized over the term of the bonds using the straight-line method, with the unamortized portion of the bond premiums and discounts presented as additions and reductions of the face amount of the bonds payable.

Interfund Receivables, Payables and Transfers: Amounts owed between funds which are due within one year are reported as due from/due to other funds. Amounts reported in the fund financial statements as due from/due to other funds are eliminated in the entity-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances, as applicable. Transfers within governmental activities or within business-type activities are eliminated.

Interfund receivables and payables at June 30, 2013 represent amounts necessary to subsidize the Internal Service Fund and Early Retirement Incentive liability. The composition of interfund receivables and payables as of June 30, 2013, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Building	\$ 100,000
General Fund	Child Nutrition	35,000
Internal Service Fund	General	650,000
Internal Service Fund	Building	50,000
Internal Service Fund	Child Nutrition	50,000
	Total	<u>\$ 885,000</u>

Interfund transfers, which represent transfers of interest earnings during the year ended June 30, 2013, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	
	<u>General Fund</u>	<u>Building Fund</u>
Governmental activities:		
Bond Fund	\$ -	\$ 248,267
Sinking Fund	<u>30,751</u>	<u>-</u>
Total	<u>\$ 30,751</u>	<u>\$ 248,267</u>

Deferred Outflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows as of June 30, 2013.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Assets, Liabilities and Net Position-Continued

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

Revenues, Expenses and Expenditures

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 (the "Department") may adjust allocations of money for errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment was made.

The District receives revenue from the state to administer certain categorical educational programs. 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 Department requires that categorical educational program revenues be accounted for in the General Fund.

Equity Classifications

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

- *Net investment in Capital Assets:* This consists of capital assets, net of accumulated depreciation plus deferred inflows/outflows of resources (if applicable) less the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisitions, construction, or improvement of those assets.
- *Restricted Net Position:* Consists of net position that is legally restricted by outside parties or by law through constitutional provisions of enabling legislation. The District would typically use restricted net position first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.
- *Unrestricted Net Position:* This consists of net position that does not meet the definition of restricted net position or net investment in capital assets.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Equity Classifications-Continued

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

- *Nonspendable Fund Balance:* The nonspendable fund balance classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories and prepaid amounts. It may also include the long-term amount of loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.
- *Restricted Fund Balance:* The restricted fund balance classification should be reported when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance:* The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action. For purposes of committed fund balance, the District's Board of Education is considered to be its highest level of decision making. Funds set aside by the Board of Education as committed fund balance requires the approval by a majority vote of the members of the Board of Education. Such approval must take place prior to the District's fiscal year-end in order for it to be applicable to the District's fiscal year-end, although it is permitted for the specific amount of the commitment to be determined after the fiscal year-end if additional information is required in order to determine the exact amount to be committed. The Board of Education has the authority to remove or change the commitment of funds with a majority vote. The District had no committed fund balance at June 30, 2013.
- *Assigned Fund Balance:* The assigned fund balance classification reflects amounts that are constrained by the District's intent to be used for specific purposes, but meet neither the restricted or committed forms of constraint. Assigned funds cannot cause a deficit in unassigned fund balance. For purposes of assigned fund balance, the District has given authority to its Chief Financial Officer to assign funds for specific purposes. Any funds that the Chief Financial Officer assigns for specific purposes must be reported to the Board of Education at its next regular meeting. The assignment of funds shall be recorded in the Board of Education's official meeting minutes.
- *Unassigned Fund Balance:* The unassigned fund balance classification is the residual classification for the General Fund only. It is also where negative residual amounts for all other governmental funds would be reported. Unassigned fund balance essentially consists of excess funds that have not been classified in the other four fund balance categories mentioned above.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Equity Classifications-Continued

It is the District's policy, Board of Education policy 3060 Ending Fund Balance, 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 table shows the fund balance classifications as shown on the governmental funds balance sheet as of June 30, 2013:

	Major Funds				Non Major	Total
	General Fund	Building Fund	Sinking Fund	Bond Fund	Arbitrage Fund	Governmental Funds
Fund Balances:						
Nonspendable - Inventories	\$ 477,267	\$ -	\$ -	\$ -	\$ -	\$ 477,267
Restricted For:						
Capital Projects	-	12,630,459	-	26,772,989	-	39,403,448
Bond Payments	-	-	11,734,785	-	-	11,734,785
Other	-	-	-	-	16,995	16,995
	-	12,630,459	11,734,785	26,772,989	16,995	51,155,228
Assigned For:						
Compensated Absences	1,552,677	-	-	-	-	1,552,677
Insurance Recovery	338,354	-	-	-	-	338,354
	1,891,031	-	-	-	-	1,891,031
Unassigned:	17,508,115	-	-	-	-	17,508,115
Total Fund Balance	<u>\$ 19,876,413</u>	<u>\$ 12,630,459</u>	<u>\$ 11,734,785</u>	<u>\$ 26,772,989</u>	<u>\$ 16,995</u>	<u>\$ 71,031,641</u>

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through December 9, 2013, the date the financial statements were available to be issued.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE B--CASH AND INVESTMENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by a counterparty or the counterparty's trust department but not in the name of the District.

The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2013, all of the District's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits: The District had deposits at financial institutions with a cash basis carrying amount for all funds of approximately \$44,145,000 at June 30, 2013. The bank balance of these deposits at June 30, 2013 was approximately \$51,338,000. The difference in the carrying amount and the bank balance was primarily due to outstanding checks.

Credit Risk: Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The District's investment policy requires that, except for United States Treasury securities, the District's investment portfolio will be diversified to avoid incurring undue concentration in securities of one type. The District's policy also requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. There is no District policy related to limitations on credit rating risk. Due to the unstable economic climate and extremely low available interest rates for investing, investments were purchased to obtain the highest possible interest rate. Therefore, the investment portfolio consisted of holdings totaling approximately \$48,250,000, with current fair value of approximately \$46,700,000 in Federal home loan, Fannie Mae, Sallie Mae, and various bank securities as investments with a variable coupon rate ranging from 0.5-1.50%.

Credit Risk-Continued: Federal home loan investments are considered obligations of the U.S. government and therefore carry the same credit ratings as the government. The credit ratings of the U.S. government are Moodys Aaa, Standard and Poor AA+, and Fitch AAA.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits the duration of fixed-income securities to a maximum maturity from the date of purchase of sixty months, provided that sufficient liquidity is available to meet the District's major cash outlays. The District's investment committee and Board of Education monitor the District's investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2013, all of the District's investments were scheduled to mature within the next 9 years with callable dates within the next 6 months.

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2013

NOTE B--CASH AND INVESTMENTS--Continued

Investment maturities at June 30, 2013, for the District's governmental and proprietary funds in the aggregate, are as follows:

Security	Fair Value	Maturity	
		1-5 years	6-10 years
Bank Securities	\$ 1,764,789	\$ 1,764,789	\$ -
Fannie Mae	14,552,010	1,466,460	13,085,550
Federal Home Loan	30,436,530	4,927,850	25,508,680
	<u>\$ 46,753,329</u>	<u>\$ 8,159,099</u>	<u>\$ 38,594,230</u>

Investment maturities at June 30, 2013, for the District's fiduciary funds with total fair value of \$241,085 mature in 6-10 years.

NOTE C--RECEIVABLES

Receivables at June 30, 2013, all due within one year, for the District's governmental and proprietary funds in the aggregate, are as follows:

	Governmental Funds				Proprietary Funds		Total
	General	Building	Sinking	Bond	Child	Internal	
		Fund	Fund	Fund	Nutrition	Service	
Receivables							
Accrued interest	\$ 68,572	\$ 38,351	\$ 34,063	\$ 23,961	\$ 10,448	\$ 14,990	\$ 190,385
Due from other governments	2,812,515	25,789	150,435	-	78,365	-	3,067,104
Other	37,133	-	-	-	-	-	37,133
Property taxes--delinquent	425,067	60,724	349,499	-	-	-	835,290
Total	<u>\$3,343,287</u>	<u>\$124,864</u>	<u>\$533,997</u>	<u>\$ 23,961</u>	<u>\$ 88,813</u>	<u>\$ 14,990</u>	<u>\$4,129,912</u>

These receivables are expected to be collected within the next fiscal year.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE D--CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013, follows:

	Balance June 30, 2012	Additions	Deductions	Reclassifications and Adjustments	Balance June 30, 2013
Governmental activities					
Capital assets not being depreciated					
Land	\$ 14,293,205	\$ -	\$ -	\$ -	\$ 14,293,205
Construction in-progress					
General government	<u>26,057,113</u>	<u>11,550,039</u>	<u>-</u>	<u>(28,398,546)</u>	<u>9,208,606</u>
Total capital assets not being depreciated	<u>40,350,318</u>	<u>11,550,039</u>	<u>-</u>	<u>(28,398,546)</u>	<u>23,501,811</u>
Capital assets being depreciated					
Land improvements	7,522,234	-	-	242,453	7,764,687
Building and Building Improvements	203,365,474	460,346	-	28,156,093	231,981,913
Machinery, equipment and vehicles	<u>39,552,698</u>	<u>4,021,176</u>	<u>(623,628)</u>	<u>-</u>	<u>42,950,246</u>
Total capital assets being depreciated	250,440,406	4,481,522	(623,628)	28,398,546	282,696,846
Less accumulated depreciation for:					
Land improvements	(2,195,343)	(357,607)	-	-	(2,552,950)
Building and Building Improvements	(98,620,765)	(7,141,432)	-	-	(105,762,197)
Machinery, equipment and vehicles	<u>(34,691,946)</u>	<u>(3,143,576)</u>	<u>603,081</u>	<u>-</u>	<u>(37,232,441)</u>
Total accumulated depreciation	<u>(135,508,054)</u>	<u>(10,642,615)</u>	<u>603,081</u>	<u>-</u>	<u>(145,547,588)</u>
Total capital assets being depreciated, net	<u>114,932,352</u>	<u>(6,161,093)</u>	<u>(20,547)</u>	<u>28,398,546</u>	<u>137,149,258</u>
Governmental activities					
Capital assets, net	<u>\$ 155,282,670</u>	<u>\$ 5,388,946</u>	<u>\$ (20,547)</u>	<u>\$ -</u>	<u>\$ 160,651,069</u>
Summary of Governmental Activities					
Capital Assets					
Total capital assets	\$ 290,790,724	\$ 16,031,561	\$ (623,628)	\$ -	\$ 306,198,657
Less accumulated depreciation	<u>(135,508,054)</u>	<u>(10,642,615)</u>	<u>603,081</u>	<u>-</u>	<u>(145,547,588)</u>
Capital assets, net	<u>\$ 155,282,670</u>	<u>\$ 5,388,946</u>	<u>\$ (20,547)</u>	<u>\$ -</u>	<u>\$ 160,651,069</u>
Business type activities					
Capital assets being depreciated					
Furniture, equipment and vehicles	\$ 2,244,273	\$ 82,806	\$ (25,427)	\$ -	\$ 2,301,652
Less accumulated depreciation for:					
Furniture, equipment and vehicles	<u>(1,862,498)</u>	<u>(138,287)</u>	<u>25,209</u>	<u>-</u>	<u>(1,975,576)</u>
Total capital assets being depreciated, net	<u>\$ 381,775</u>	<u>\$ (55,481)</u>	<u>\$ (218)</u>	<u>\$ -</u>	<u>\$ 326,076</u>

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2013

NOTE D--CAPITAL ASSETS--Continued

Depreciation expense was charged to functions of the District as follows:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
Instruction	\$ 3,181,976	Child nutrition fund	<u>\$ 138,287</u>
Pupil services	72,109		
Instructional services	165,164		
General administration	19,585		
School administration	93,157		
Business services	940,520		
Operations and maintenance services	834,769		
Transportation services	439,203		
Community services	5,222		
Capital Outlay	<u>4,890,910</u>		
	<u>\$ 10,642,615</u>		

NOTE E--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. State law requires these bonds be fully paid serially within 25 years from the date of issue.

Long-term debt of the District consists of bonds payable, obligations for compensated absences, a liability for the early retirement incentive plan, and a liability for other post employment benefits. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the sinking fund. In prior years, the liability for compensated absences has been primarily liquidated from the fund balance of the General Fund. The OPEB liability would be primarily liquidated from the fund balance of the General Fund.

The following is a summary of long-term debt activity of the District for the year ended June 30, 2013:

	Balance			Balance	Due in
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>	<u>One Year</u>
Governmental activities					
Bonds payable	\$ 72,325,000	\$ 20,400,000	\$ (20,875,000)	\$ 71,850,000	\$ 20,775,000
Premium on debt issuance	473,526	202,827	(148,315)	528,038	179,957
Compensated absences	3,925,390	604,558	(501,143)	4,028,805	1,650,802
Early retirement incentive	1,403,318	698,354	(709,580)	1,392,092	744,830
OPEB	<u>3,950,372</u>	<u>872,243</u>	<u>(532,602)</u>	<u>4,290,013</u>	<u>-</u>
	<u>\$ 82,077,606</u>	<u>\$ 22,777,982</u>	<u>\$ (22,766,640)</u>	<u>\$ 82,088,948</u>	<u>\$ 23,350,589</u>

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2013

NOTE E--LONG-TERM DEBT--Continued

A brief description of the outstanding general obligation bond issues at June 30, 2013, is set forth below:

	<u>Amount Outstanding</u>
Independent School District No. 9 Building Bonds Series 2009, original issue \$20,000,000, interest rate of 2.5% to 3.0% due in installments of \$5,000,000 annually, final payment of \$5,000,000 due April 1, 2014.	\$ 5,000,000
Independent School District No. 9 Building Bonds Series 2010, original issue \$22,500,000, interest rate of .25% to 2.0% due in installments of \$5,625,000 annually, final payment of \$5,625,000 due April 1, 2015.	11,250,000
Independent School District No. 9 Building Bonds Series 2011, original issue \$21,600,000, interest rate of 1.0% to 2.0% due in installments of \$5,400,000 annually, final payment of \$5,400,000 due April 1, 2016.	16,200,000
Independent School District No. 9 Building Bonds Series 2012, original issue \$19,000,000, interest rate of .05% to 2.0% due in installments of \$4,750,000 annually, final payment of \$4,750,000 due April 1, 2017.	19,000,000
Independent School District No. 9 Building Bonds Series 2013, original issue \$20,400,000, interest rate of 1.0% to 1.25% due in installments of \$5,100,000 annually, final payment of \$5,100,000 due April 1, 2018.	<u>20,400,000</u>
	<u>\$ 71,850,000</u>

Maturities of long-term debt are as follows:

	Principal	Interest	Total
Year ending June 30,			
2014	\$ 20,775,000	\$ 1,108,125	\$ 21,883,125
2015	20,875,000	735,250	21,610,250
2016	15,250,000	416,250	15,666,250
2017	9,850,000	209,750	10,059,750
2018	5,100,000	63,750	5,163,750
	<u>\$ 71,850,000</u>	<u>\$ 2,533,125</u>	<u>\$ 74,383,125</u>

Interest on general long-term debt incurred during the year ending June 30, 2013 was approximately \$1,300,000.

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2013

NOTE F--EARLY RETIREMENT INCENTIVES

In 1994, the District revised its early retirement incentive plan whereby new or additional participants are paid stipends ranging from \$400 to \$1,800 per month plus health and life insurance coverage. An eligible participant is one who qualifies for service retirement benefits through the Teachers' Retirement System of Oklahoma, has completed one (1) full year at the top step of the previous year's salary schedule, has ten years experience as an employee of the District, and has received Board approval for participation in the plan. All benefits terminate in the event of death, after two or five years of receiving benefits from the plan or, if the retiree accepts employment as a certified employee with any other school district in the state of Oklahoma. As of June 30, 2013, there are 92 participants in the plan.

The District has funded this liability with available General Fund assets and has recorded the liability in the statement of net position. Amounts accrued with respect to employees electing to retire under this plan as of June 30, 2013, was approximately \$1,392,000.

NOTE G--RISK MANAGEMENT

Effective December 1, 1988, the District began a self-insured medical program for District employees and their eligible dependents. This program is administered by an independent third party and covers medical and dental expenses for employees with dependent coverage available at additional charges. In order to mitigate the risk associated with this program, the District has purchased individual "stop loss" insurance of \$150,000 and aggregate "stop loss" insurance of approximately \$10,605,000 plus 100% of employee and District premium contributions. Monthly, the District contributes \$36 per employee for the program, which covers expected claims, stop loss coverage, cost containment provisions and administrative costs. A summary of premiums collected from the District and employees and claims paid from July 1, 2012 through June 30, 2013 is set forth below:

District and employee premiums	<u>\$ 9,587,261</u>
Claims and changes in estimates	\$ 6,720,406
Insurance and administrative costs	<u>1,373,343</u>
Total claims incurred and other costs	<u>\$ 8,093,749</u>

A summary of changes in the aggregate liability for claims in the current and the three prior fiscal years are set forth below:

	Liability at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability at End of Fiscal Year
2010	\$ 533,094	\$ 7,018,408	\$ (6,953,404)	\$ 598,098
2011	598,098	7,218,762	(7,209,596)	607,264
2012	607,264	8,406,334	(8,313,021)	700,577
2013	700,577	6,720,406	(6,833,592)	587,391

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE G--RISK MANAGEMENT--Continued

The claims liability shown above includes the District's estimated liability for medical and dental claims incurred but not reported to the District (or the administrator) as of June 30, 2013. The activity for this program is reflected in the accompanying fund financial statements in the internal service fund. There were no significant reductions in coverage from that in prior years and settlements have not exceeded insurance coverage for each of the past three fiscal years.

The District purchases commercial insurance for all other types of risk including, but not limited to, property, casualty, workers' compensation, vehicle, and employee life. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

The full amount of the claims liability at June 30, 2013 is expected to be paid during fiscal year 2014. As such, the full liability of \$587,391 has been classified as a current liability in the accompanying June 30, 2013 financial statements.

NOTE H--EMPLOYEE RETIREMENT SYSTEM

The District participates in the state-administered Teachers' Retirement System of Oklahoma (the "System"), which is a cost-sharing, multiple-employer public employee retirement system ("PERS"). Under the System, contributions are made by the District, the state of Oklahoma, and the participating employees. Participation is required for all teachers, and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date of the first contribution made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the legislature of the state of Oklahoma.

The contribution rates for the District, which are not actuarially determined, and its employees are established by state statute and applied to the employee's earnings plus employer-paid fringe benefits. The District was required to contribute 9.5% for the period July 2012 through June 2013 of applicable compensation for the year ended June 30, 2013. Participating members are required to contribute 7.0% of regular annual compensation not to exceed members' maximum contribution.

The compensation for employees covered by the System for the year ended June 30, 2013 was approximately \$56,965,000; the District's total compensation was approximately \$89,980,000. Total contributions by the District made during the year ended June 30, 2013 amounted to approximately \$5,437,000. These contributions represented approximately 10% of covered compensation and represent approximately 7% of total contributions to the System. The District has contributed its required contribution to the System.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE H--EMPLOYEE RETIREMENT SYSTEM--Continued

Trend information for the District's annual required contributions is as follows:

Fiscal year	Teachers' Retirement System of Oklahoma	
	Required Contribution	Percentage Contributed
	2011	\$ 5,625,273
2012	\$ 5,965,111	100%
2013	\$ 5,436,725	100%

For the fiscal year ended June 30, 2013, the State paid approximately \$4,200,000 on behalf of teachers employed at the District. In accordance with guidance on, *Accounting and Financial reporting for Certain Grants and Other Financial Assistance*, the District recognized the on-behalf-of payments as revenue and expenditure/expense in the government-wide and fund financial statements. These payments do not represent a direct or indirect payment of the District.

Separately issued financial statements of the System can be obtained by contacting the Teachers' Retirement System of Oklahoma at P.O. Box 53524, Oklahoma City, Oklahoma 73152, by calling (405) 521-2387, or at the TRS website at www.trs.state.ok.us. These stand-alone financial statements can be useful in assessing the System's accumulation of sufficient assets to pay pension benefits as they become due and in reviewing historical trend information.

NOTE I--OTHER POST-EMPLOYMENT INSURANCE BENEFITS-HEALTH AND DENTAL INSURANCE PROGRAM

District employees have the option under a single-employer plan of continuing health, vision and dental coverage at their own expense upon retirement under the Oklahoma Teachers Retirement System if they are covered by an employment contract that provides for post-retirement benefits and who meet one of the following requirements:

- Age 55 or older with 5 years of service
- Rule of 80 if hired before July 1, 1992 (combined age and service years)
- Rule of 90 if hired after July 1, 1992 (combined age and service years)
- 10 years of service and terminating employment

Retired employees may pay the same premium as the District pays for current employees.

Funding Policy - Contribution requirements of the District are established and may be amended by the Board of Education. All contributions are made by the retirees. Benefits are funded under a "pay as you go" funding method; however expenses are recorded as benefits accumulate.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE I--OTHER POST-EMPLOYMENT INSURANCE BENEFITS-HEALTH AND DENTAL INSURANCE PROGRAM--Continued

Annual OPEB cost and net OPEB obligation - The District's annual OPEB cost is calculated based on the annual required contribution of the District ("ARC"), an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

The following table shows the components of the District's net OPEB obligation for the year, the amount actually contributed, and changes in the District's net OPEB obligation:

	Year Ended <u>June 30, 2013</u>
Annual required contribution	\$ 942,679
Interest on net OPEB obligation	158,015
Adjustment to annual required contribution	<u>(228,451)</u>
Annual OPEB cost (expense)	872,243
Contributions made	<u>(532,602)</u>
Increase in net OPEB obligation	339,641
Net OPEB obligation at beginning of year	<u>3,950,372</u>
Net OPEB obligation at end of year	<u>\$ 4,290,013</u>

The net OPEB obligation at June 30, 2013 is included in the government-wide statement of net position as a non-current obligation.

This obligation is currently unfunded. The annual required contribution for 2013 was determined as part of an actuarial valuation on July 1, 2011, using the projected unit credit actuarial cost method with 30 year amortization of the unfunded liability. The liability is amortized as a level dollar amount over 30 years on an open basis.

The actuarial assumptions included:

- (a) discount rate of 4% per year compounded annually,
- (b) inflation rate of 3%
- (c) salary increases of 4% per year
- (d) age-based monthly retiree medical costs
- (e) varying participation rates for active and inactive employees, with adjustments made for persons who terminate prior to retirement.
- (f) health trend rates increasing 5%-10% annually

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2013

NOTE I--OTHER POST-EMPLOYMENT INSURANCE BENEFITS-HEALTH AND DENTAL INSURANCE PROGRAM--Continued

Trend Information

Annual OPEB Costs are summarized as follows:

Year Ended June 30	Net OPEB Cost	% of APC Contributed	Net OPEB Obligation
2011	\$ 1,461,288	40.26%	\$ 3,666,449
2012	\$ 865,843	67.21%	\$ 3,950,372
2013	\$ 872,243	61.06%	\$ 4,290,013

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial report dated July 1, 2011 is as follows:

Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 7,821,245
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 57,124,004
UAAL as a percentage of covered payroll	13.70%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will over time provide multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE J--COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute 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, would be immaterial.

As of June 30, 2013, the District had outstanding commitments (contracts and purchase orders) of approximately \$10,018,000, primarily for construction projects and equipment.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2013

NOTE J--COMMITMENTS AND CONTINGENCIES

On occasion, the District is party to legal proceedings which arise in the normal course of operations. Any liability resulting from these proceedings is not believed, by management, to have a material effect on the financial statements.

NOTE K--NEW PRONOUNCEMENTS

New Accounting Pronouncements Adopted in Fiscal Year 2013: During the year ended June 30, 2013, the District adopted the requirements of the following GASB pronouncements:

- *Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements.*
GASB No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The District will only be required to adopt the provisions of GASB No. 60 if it enters into an SCA, and it currently has not entered into any such arrangements.
- *Statement No. 61, The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34.*
GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The adoption of GASB No. 61 did not have an impact on the District's financial statement presentation.
- *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*
GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The adoption of GASB No. 62 did not have an impact on the District's financial position, or changes in financial position or cash flows, or its financial statement presentation.
- *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*
GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Adoption of this statement has not required the District to make significant changes in its financial statement presentation.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2013

NOTE K--NEW PRONOUNCEMENTS—Continued

New Accounting Pronouncements Adopted in Fiscal Year 2013-Continued:

- *Statement No. 65, Items Previously Reported as Assets and Liabilities*

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. The District has chosen to early adopt GASB Statement No. 65 in 2013. The result of the adoption of GASB Statement No. 65, has not had a significant impact on the District's financial statement presentation.

New Accounting Pronouncements Issued Not Yet Adopted: The GASB has also issued several new accounting pronouncements which will be effective to the District in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the District's consideration of the impact of these pronouncements are described below:

Fiscal Year Ended June 30, 2014

- *Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees*

GASB No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The District has not yet evaluated the effects that GASB No. 70 will have on its financial statements.

Fiscal Year Ended June 30, 2015

- *Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*

GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and implementation guidance is expected to be issued in November 2013. Although the District has not yet quantified the impact that GASB No. 68 will have on its financial statements, it believes that adoption will result in a significant decrease in its Net Position.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2013

NOTE K--NEW PRONOUNCEMENTS--Continued

New Accounting Pronouncements Issued Not Yet Adopted--Continued:

Fiscal Year Ended June 30, 2015-Continued

- Statement No. 69, Government Combinations and Disposals of Government Operations

GASB No. 69 was issued in January 2013 and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisitions and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

Union Public Schools - Notes to Financial Statements
Year Ended June 30, 2013

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Union Public Schools
Required Supplementary Information - Unaudited
Schedule of Funding Progress for Other Post Employment Benefits
Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Employer Contributions	UAAL as a percentage of Covered Payroll (b-a)/(c)
July 1, 2012	\$ -	\$ 7,821,245	\$ 7,821,245	0.0%	\$ 57,124,004	\$ 532,602	13.70%
July 1, 2011	\$ -	\$ 7,821,245	\$ 7,821,245	0.0%	\$ 57,124,004	\$ 581,920	13.70%
July 1, 2010	\$ -	\$ 12,203,144	\$ 12,203,144	0.0%	\$ 54,455,315	\$ 588,384	22.41%
July 1, 2009	\$ -	\$ 12,203,144	\$ 12,203,144	0.0%	\$ 54,455,315	\$ 1,461,288	22.41%
July 1, 2007	\$ -	\$ 13,072,990	\$ 13,072,990	0.0%	\$ 42,509,871	\$ 421,569	35.75%

The actuarial liability is based on the projected unit credit method.

Union Public Schools
Required Supplementary Information - Unaudited
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
Budgeted Governmental Fund Types - General Fund
Year Ended June 30, 2013

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
REVENUES				
Local sources	\$ 31,494,953	\$ 31,894,757	\$ 31,563,683	\$ (331,074)
Intermediate sources	3,500,000	3,654,372	3,665,733	11,361
State sources	52,575,248	54,568,412	54,889,293	320,881
Federal sources	9,761,726	8,315,114	8,098,524	(216,590)
TOTAL REVENUES	<u>97,331,927</u>	<u>98,432,655</u>	<u>98,217,233</u>	<u>(215,422)</u>
EXPENDITURES				
Instruction	56,272,934	56,272,934	52,522,814	(3,750,120)
Support services				
Student	6,416,911	6,416,911	6,118,004	(298,907)
Instructional staff	4,859,574	4,859,574	4,134,381	(725,193)
General administration	2,109,535	2,109,535	2,467,939	358,404
School administration	7,523,125	7,523,125	7,709,996	186,871
Business	7,346,708	7,346,708	6,742,433	(604,275)
Operation and maintenance	8,878,326	8,878,326	10,983,935	2,105,609
Student transportation	3,964,375	3,964,375	3,577,345	(387,030)
Non-instructional services				
Child Nutrition Operations	365,677	392,075	404,915	12,840
Community services operations	3,722,855	3,696,457	3,227,751	(468,706)
Other	429,120	429,120	393,296	(35,824)
TOTAL EXPENDITURES	<u>101,889,141</u>	<u>101,889,141</u>	<u>98,282,809</u>	<u>(3,606,332)</u>
EXCESS REVENUES (EXPENDITURES)	<u>(4,557,214)</u>	<u>(3,456,486)</u>	<u>(65,576)</u>	<u>3,390,910</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>13,697,758</u>	<u>13,697,758</u>	<u>13,697,758</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,140,544</u>	<u>\$ 10,241,272</u>	<u>\$ 13,632,182</u>	<u>\$ 3,390,910</u>
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at end of year			\$ 2,918,221	
Inventory at end of year			477,266	
Worker's compensation			1,580,791	
Assigned Fund Balances			1,891,031	
Investments, change in market value			(584,220)	
Other			<u>(38,858)</u>	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			<u>\$ 19,876,413</u>	

Union Public Schools
Required Supplementary Information - Unaudited
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
Budgeted Governmental Fund Types - Building Fund
Year Ended June 30, 2013

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
REVENUES				
Local sources	\$ 3,688,409	\$ 3,790,300	\$ 3,778,061	\$ (12,239)
Interest and other	606,694	300,000	248,267	(51,733)
TOTAL REVENUES	4,295,103	4,090,300	4,026,328	(63,972)
EXPENDITURES				
Support services				
Operation and maintenance	5,753,270	5,753,270	2,689,436	(3,063,834)
TOTAL EXPENDITURES	5,753,270	5,753,270	2,689,436	(3,063,834)
EXCESS REVENUES (EXPENDITURES)	(1,458,167)	(1,662,970)	1,336,892	2,999,862
FUND BALANCE AT BEGINNING OF YEAR	11,551,127	11,551,127	11,551,127	-
FUND BALANCE AT END OF YEAR	\$ 10,092,960	\$ 9,888,157	\$ 12,888,019	\$ 2,999,862
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables, end of year			\$ 64,140	
Investments, change in market value			(321,700)	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			\$ 12,630,459	

Union Public Schools
Other Supplementary Information
Combining Statement of Changes in Assets & Liabilities - Agency Fund
Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Adjustments	Balance June 30, 2013
HIGH SCHOOL TOTAL	\$ 387,955	\$ 473,172	\$ (467,582)	\$ 15,947	\$ 409,492
INTERMEDIATE HIGH TOTAL	105,678	52,239	(54,569)	(15,353)	87,996
ALTERNATIVE TOTAL	3,178	5,084	(5,932)	(45)	2,285
EIGHTH GRADE CENTER TOTAL	105,858	36,205	(50,699)	4	91,367
SIXTH/SEVENTH GRADE CENTER TOTAL	129,287	115,982	(111,054)	(449)	133,766
ELEMENTARY ACTIVITY FUNDS TOTAL	289,980	352,512	(396,584)	(1,530)	244,378
STUDENT CLUBS TOTAL	259,919	531,623	(537,677)	8,413	262,278
ADMINISTRATIVE TOTAL	<u>1,161,265</u>	<u>282,810</u>	<u>(153,889)</u>	<u>(6,986)</u>	<u>1,283,201</u>
TOTAL FUNDS HELD FOR STUDENT ACTIVITIES	<u>\$ 2,443,120</u>	<u>\$ 1,849,627</u>	<u>\$ (1,777,985)</u>	<u>\$ -</u>	<u>\$ 2,514,762</u>
 SUMMARY-ACTIVITY FUNDS					
ASSETS					
Cash	<u>\$ 2,484,087</u>	<u>\$ 1,837,540</u>	<u>\$ (1,777,985)</u>	<u>\$ -</u>	<u>\$ 2,543,642</u>
LIABILITIES					
Accounts payable and accrued liabilities	40,967	28,880	(40,967)		28,880
Funds held for student activities	<u>2,443,120</u>	<u>1,849,627</u>	<u>(1,777,985)</u>	<u>-</u>	<u>2,514,762</u>
TOTAL LIABILITIES	<u>\$ 2,484,087</u>	<u>\$ 1,878,507</u>	<u>\$ (1,818,952)</u>	<u>\$ -</u>	<u>\$ 2,543,642</u>

Union Public Schools - Statistical Section Year Ended June 30, 2013

Table of Contents

<u>Contents</u>	<u>Page</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	<p>77-81</p>
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	<p>83-86</p>
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional the District's ability to issue additional debt in the future.</p>	<p>87-90</p>
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	<p>91-93</p>
<p>Operating Information</p> <p>These schedules contain service and other 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.</p>	<p>95-102</p>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ended June 30, 2001. Schedules presenting districtwide information include information beginning in that year.

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Union Public Schools - Statistical Section
Year Ended June 30, 2013

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010 ^a	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	71,024,348	97,454,343	103,285,413	106,278,216	118,532,935	121,638,825	103,038,748	108,559,632	110,391,940	115,574,019
Restricted for debt service	10,422,859	10,892,944	9,832,578	8,962,506	8,730,473	9,796,665	10,727,559	11,862,533	12,112,690	11,734,785
Restricted for capital projects	1,845,081	1,827,460	1,947,000	2,669,637	2,590,181	2,184,657	1,968,124	2,093,717	2,509,620	1,825,152
Unrestricted	21,233,659	5,076,513	8,271,458	12,659,259	2,671,407	3,439,002	22,959,925	25,544,295	26,242,856	27,537,569
Total governmental activities net position	104,525,947	115,251,260	123,336,449	130,569,618	132,524,996	137,059,149	138,694,356	148,060,177	151,257,106	156,671,525
Business-type activities										
Invested in capital assets, net of related debt	136,747	165,884	248,538	517,708	501,205	466,530	487,377	485,629	381,775	326,076
Restricted for debt service	-	-	-	-	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,564,776	1,816,424	1,782,505	1,991,887	1,983,593	2,516,712	3,564,542	3,906,467	4,693,700	5,448,717
Total business-type activities net position	1,701,523	1,982,309	2,031,043	2,509,595	2,484,798	2,983,242	4,051,919	4,392,096	5,075,475	5,774,793
District-wide										
Invested in capital assets, net of related debt	71,161,095	97,620,227	103,533,951	106,795,924	119,034,140	122,105,355	103,526,125	109,045,261	110,773,715	115,900,095
Restricted for debt service	10,422,859	10,892,944	9,832,578	8,962,506	8,730,473	9,796,665	10,727,559	11,862,533	12,112,690	11,734,785
Restricted for capital projects	1,845,081	1,827,460	1,947,000	2,669,637	2,590,181	2,184,657	1,968,124	2,093,717	2,509,620	1,825,152
Unrestricted	22,798,435	6,892,937	10,053,963	14,651,146	4,655,000	5,955,714	26,524,467	29,450,762	30,936,556	32,986,286
Total district net position	106,227,470	117,233,569	125,367,492	133,079,213	135,009,794	140,042,391	142,746,275	152,452,273	156,332,581	162,446,318

^aThe District restated 2009-10 to show elimination of early retirement incentive fund as a governmental fund

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007 ^a	2008 ^b	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular instruction	30,298,793	37,806,776	38,283,502	42,667,523	45,516,291	49,629,935	50,200,357	47,158,054	47,696,999	45,059,620
Special education instruction	4,688,315	4,665,926	5,593,513	6,178,927	6,793,935	7,275,708	7,842,242	8,031,835	6,849,212	6,612,412
Vocational education	500,456	461,209	615,074	633,877	703,858	793,237	870,154	791,340	950,125	945,278
Other instruction	4,076,391	3,683,358	4,642,999	5,168,656	6,134,777	6,152,120	7,668,736	8,722,066	7,747,720	7,842,671
Support Services										
Pupil services	4,508,084	4,185,963	4,440,099	5,290,042	6,518,814	6,345,355	6,613,037	6,578,671	5,936,528	6,536,348
Instructional staff services	2,696,354	2,915,880	3,541,667	3,776,075	4,165,969	4,408,668	4,658,150	4,097,654	4,669,725	5,044,827
General administration services	697,079	1,095,275	1,002,064	1,248,323	1,578,563	1,802,455	1,702,208	2,053,274	2,304,212	2,663,280
School administration services	4,896,862	5,139,160	6,023,236	6,869,205	7,440,213	7,688,170	7,582,320	7,603,111	7,966,078	8,244,790
Business services	4,268,201	4,225,520	5,121,989	5,970,849	6,333,400	6,937,956	6,633,048	6,699,718	7,905,967	8,659,317
Operations and maintenance services	9,269,540	10,975,680	12,288,840	13,011,254	13,113,272	13,334,079	13,497,499	14,318,058	16,300,790	20,811,570
Pupil transportation services	2,570,888	2,584,087	2,374,353	2,876,195	3,649,174	3,771,826	4,040,919	4,250,109	5,016,047	4,169,770
Central services	-	-	-	-	-	-	-	-	-	-
Other support services	31,801	7,410	582,250	297,187	252,566	367,950	390,931	421,073	502,395	541,351
Community services	877,860	803,775	646,307	789,528	974,305	2,801,866	3,116,828	3,326,706	3,190,721	3,283,904
Capital Outlay	-	-	-	-	2,085,460	513,383	-	-	-	-
Interest on long-term debt	1,898,043	1,848,492	1,882,922	2,319,704	1,970,686	1,608,283	3,028,438	1,731,793	1,843,255	1,671,458
Loss on disposal of capital assets	29,319	85,140	-	15,477	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	71,307,986	80,483,651	87,038,815	97,112,822	107,231,283	113,430,991	117,844,866	115,783,462	118,879,774	122,086,596
Business-type activities										
Food service	2,720,792	3,030,259	3,697,466	3,845,046	4,504,683	4,634,620	4,933,359	5,941,196	6,350,713	7,055,054
Total business-type activities expense	2,720,792	3,030,259	3,697,466	3,845,046	4,504,683	4,634,620	4,933,359	5,941,196	6,350,713	7,055,054
Total district expenses	74,028,778	83,513,910	90,736,281	100,957,868	111,735,966	118,065,611	122,778,225	121,724,658	125,230,487	129,141,650
Program Revenues										
Governmental activities										
Charges for services										
Regular instruction	502,743	375,770	447,137	427,645	370,303	366,907	295,758	293,449	337,573	378,408
Operations and maintenance services	272,044	486,644	420,672	391,535	494,775	546,323	413,423	350,262	343,209	331,071
Pupil transportation services	49,941	46,846	50,030	49,699	49,829	60,810	86,613	96,232	109,087	116,944
Community services	699,611	625,746	699,034	890,915	995,745	1,131,972	1,272,571	1,237,404	1,606,114	1,609,596
Other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	10,365,374	12,961,205	11,081,996	14,595,393	14,603,862	20,344,841	25,206,184	27,773,833	20,983,362	21,141,497
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	11,889,713	14,496,211	12,698,869	16,355,187	16,514,514	22,450,853	27,274,549	29,751,180	23,379,345	23,577,516
Business-type activities										
Charges for services										
Food service	1,627,587	1,633,670	1,670,481	1,824,667	1,846,537	2,100,244	2,245,971	2,044,359	2,124,783	2,387,764
Operating grants and contributions	1,265,653	1,590,718	1,856,414	2,423,226	2,577,540	3,019,310	3,751,621	4,214,614	4,891,927	5,409,547
Capital grants and contributions	111,519	45,600	114,762	-	-	-	-	-	-	-
Total business-type activities program revenues	3,004,759	3,269,988	3,641,657	4,247,893	4,424,077	5,119,554	5,997,592	6,258,973	7,016,710	7,797,311
Total district program revenues	14,894,472	17,766,199	16,340,526	20,603,080	20,938,591	27,570,407	33,272,141	36,010,153	30,396,055	31,374,827

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007 ^a	2008 ^b	2009	2010	2011	2012	2013
Net (Expense) Revenue										
Governmental activities	(59,418,273)	(65,987,440)	(74,339,946)	(80,757,635)	(90,716,769)	(90,980,138)	(90,097,141)	(86,032,282)	(95,500,429)	(98,509,080)
Business-type activities	283,967	239,729	(55,809)	402,847	(80,606)	484,934	1,064,233	317,777	665,997	742,257
Total district-wide net expense	<u>(59,134,306)</u>	<u>(65,747,711)</u>	<u>(74,395,755)</u>	<u>(80,354,788)</u>	<u>(90,797,375)</u>	<u>(90,495,204)</u>	<u>(89,506,084)</u>	<u>(85,714,505)</u>	<u>(94,834,432)</u>	<u>(97,766,823)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property tax, levied for general purposes	25,744,557	26,954,190	27,502,714	28,953,433	30,235,766	31,052,460	32,255,504	32,677,915	32,556,899	32,984,258
Property tax, levied for debt services	18,094,314	18,530,671	15,845,469	17,152,566	17,211,390	18,553,902	19,114,516	20,625,938	21,313,339	21,798,850
Other taxes	3,789,472	4,647,151	4,681,575	5,515,782	5,017,881	5,196,047	5,720,719	5,984,255	6,448,555	6,424,504
State aid not restricted to specific programs	23,539,518	24,193,082	28,956,973	31,331,687	37,301,704	39,992,313	35,329,507	35,292,922	37,521,745	43,524,092
Interest and investment earnings	1,169,353	1,735,761	2,997,624	3,203,223	2,020,465	518,461	409,487	492,089	425,529	(1,036,717)
Gain on disposal of capital assets	-	-	974,222	-	-	-	-	-	-	-
Other	266,510	651,898	1,466,558	1,834,113	884,941	201,108	297,535	324,984	431,291	228,512
Total governmental activities	<u>72,603,724</u>	<u>76,712,753</u>	<u>82,425,135</u>	<u>87,990,804</u>	<u>92,672,147</u>	<u>95,514,291</u>	<u>93,127,268</u>	<u>95,398,103</u>	<u>98,697,358</u>	<u>103,923,499</u>
Business-type activities										
Interest and investment earnings	14,217	27,233	85,715	75,705	55,809	13,510	15,721	22,400	17,382	(42,939)
Loss on disposal of capital assets	-	-	-	-	-	-	(11,277)	-	-	-
Other	28,137	13,823	18,828	-	-	-	-	-	-	-
Total business-type activities	<u>42,354</u>	<u>41,056</u>	<u>104,543</u>	<u>75,705</u>	<u>55,809</u>	<u>13,510</u>	<u>4,444</u>	<u>22,400</u>	<u>17,382</u>	<u>(42,939)</u>
Total district-wide	<u>72,646,078</u>	<u>76,753,809</u>	<u>82,529,678</u>	<u>88,066,509</u>	<u>92,727,956</u>	<u>95,527,801</u>	<u>93,131,712</u>	<u>95,420,503</u>	<u>98,714,740</u>	<u>103,880,560</u>
Change in Net Assets										
Governmental activities	13,185,451	10,725,313	8,085,189	7,233,169	1,955,378	4,534,153	3,030,127	9,365,821	3,196,929	5,414,419
Business-type activities	326,321	280,785	48,734	478,552	(24,797)	498,444	1,068,677	340,177	683,379	699,318
Total district	<u>13,511,772</u>	<u>11,006,098</u>	<u>8,133,923</u>	<u>7,711,721</u>	<u>1,930,581</u>	<u>5,032,597</u>	<u>3,625,628</u>	<u>9,705,998</u>	<u>3,880,308</u>	<u>6,113,737</u>

^aIn FY08, the District recorded a prior period adjustment to correct the FY07 beginning net assets.

^bThe 2005 GAAFR requires that losses on the sale of capital assets of governmental activities be reported as an expense of the general government function.

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007 ^a	2008 ^b	2009	2010 ^c	2011 ^d	2012	2013
General Fund										
Reserved	170,777	193,805	335,756	246,549	350,087	217,198	243,068			
Nonspendable								290,497	432,760	477,267
Assigned								1,612,460	1,704,276	1,891,031
Restricted								-	-	-
Unreserved	9,426,794	9,628,949	12,841,083	12,163,313	13,344,295	17,079,491	21,596,804	-	-	-
Unassigned								20,521,394	19,091,280	17,508,115
Total general fund	<u>9,597,571</u>	<u>9,822,754</u>	<u>13,176,839</u>	<u>12,409,862</u>	<u>13,694,382</u>	<u>17,296,689</u>	<u>21,839,872</u>	<u>22,424,351</u>	<u>21,228,316</u>	<u>19,876,413</u>
All Other Governmental Funds										
Reserved, reported in:										
Sinking fund - Reserved for debt service	9,960,387	10,331,474	9,055,835	8,962,506	8,730,473	10,553,135	10,727,559	-	-	-
Building fund - Reserved for capital projects	31,537,675	27,767,164	24,617,343	25,851,432	26,416,877	25,262,515	30,004,115	-	-	-
Other governmental funds - Reserved for Arbitrage	-	-	65	-	627,323	-	550,203	-	-	-
Restricted, reported in:										
Building fund - Restricted for capital projects								7,877,860	11,588,797	12,630,459
Sinking fund - Restricted for bond payments								11,862,533	12,112,690	11,734,785
Bond fund - Restricted for capital projects								34,426,709	27,434,270	26,772,989
Non-major governmental funds - Restricted for Arbitrage								287,986	16,956	16,995
Unreserved, reported in:										
Building fund	7,129,302	6,644,461	7,643,708	5,982,523	4,874,512	4,588,372	4,466,525	-	-	-
Other governmental funds										
Designated for compensated balances	-	-	-	1,031,837	1,182,901	1,305,934	-	-	-	-
Designated for incurred claims	-	-	-	102,154	110,349	118,494	-	-	-	-
Designated for early retirement incentives	-	-	-	818,344	969,504	769,561	-	-	-	-
Undesignated	-	-	-	9,181	-	-	-	-	-	-
Total all other governmental funds	<u>48,627,364</u>	<u>44,743,099</u>	<u>41,316,951</u>	<u>42,757,977</u>	<u>42,911,939</u>	<u>42,598,011</u>	<u>45,748,402</u>	<u>54,455,088</u>	<u>51,152,713</u>	<u>51,155,228</u>

^aBeginning in 2006-07, the District changed the presentation of unreserved fund balances to reflect its limitations on the use of available current financial resources. Prior to 2006-07, fund balances designated for compensated balances, incurred claims and early retirement incentives were presented as unreserved in the general fund

^bBeginning in 2007-08, the District changed the presentation of reserved fund balances. There are no unreserved fund balances in the sinking fund or building fund.

^cThe District restated 2009-10 to show elimination of early retirement incentive fund as a governmental fund and redistribution of insurance recovery and compensating balance funds to combine with assigned general fund.

^dBeginning in 2010-11, the District changed the presentation of fund balances per GASB 54, *Fund Balance Reporting and Governmental Fund Type*, which is to enhance the usefulness of fund balance information by providing clearer fund balances classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Local sources	44,547,574	46,984,892	48,356,237	49,279,313	49,545,643	52,657,909	53,565,231	55,819,462	57,486,888	56,571,935
Intermediate sources	2,587,262	2,977,543	3,349,338	3,673,503	3,163,313	3,220,869	3,412,476	3,490,550	3,577,493	3,678,304
State sources	32,396,897	37,575,503	39,848,938	45,955,606	50,825,886	54,220,098	49,991,955	50,418,937	53,507,688	59,834,740
Federal sources	3,550,246	4,364,670	5,255,543	5,539,771	5,776,059	8,321,948	12,622,460	15,002,604	7,592,989	7,220,193
Total revenue	83,081,979	91,902,608	96,810,056	104,448,193	109,310,901	118,420,824	119,592,122	124,731,553	122,165,058	127,305,172
Expenditures										
Current										
Instruction	36,122,022	41,859,274	43,605,503	51,985,668	53,392,683	57,705,606	56,667,802	56,686,825	53,750,567	58,431,250
Student	4,547,220	4,356,364	4,433,401	5,363,085	6,357,726	6,286,437	6,165,276	6,531,988	5,847,859	6,596,077
Instructional staff	2,709,605	3,066,857	3,476,405	3,826,101	4,059,052	4,606,186	4,356,125	3,881,562	4,547,847	5,298,211
General administration	695,250	1,103,302	996,004	1,255,414	1,683,588	1,761,637	1,663,542	2,002,920	2,244,938	2,668,201
School administration	5,033,251	5,365,227	6,066,017	7,206,173	7,168,559	7,508,683	7,016,599	7,496,930	7,757,815	8,285,343
Business	3,891,683	4,495,703	4,957,327	5,792,730	5,863,816	6,775,282	6,532,857	6,842,732	7,236,709	8,531,462
Operations and maintenance	10,007,104	12,006,385	12,073,913	13,188,041	13,050,900	13,714,350	13,291,631	14,026,969	14,389,090	14,980,221
Student transportation	2,276,095	2,487,555	2,385,547	4,193,488	3,169,865	4,485,709	3,260,021	4,270,365	3,694,829	5,295,306
Central	-	-	-	-	-	-	-	-	-	-
Other	19,249	4,236	27,038	158,889	247,679	-	-	-	-	-
Non-instruction expenses										
Child nutrition operations	-	-	-	-	-	364,204	385,941	415,189	435,766	545,714
Community service operations	908,868	770,730	655,580	808,090	1,025,158	2,769,678	2,964,471	3,042,496	3,221,283	3,417,743
Other	-	-	-	-	-	84,175	1,230,120	33,146	309,240	391,396
Capital outlay	12,107,888	15,060,578	15,722,696	9,885,716	14,090,638	11,651,223	12,060,833	12,279,452	21,118,826	12,665,601
Debt service										
Principal	15,100,000	16,350,000	16,100,000	15,600,000	15,300,000	15,550,000	16,150,000	17,900,000	19,725,000	20,875,000
Interest	2,104,594	1,760,594	1,582,688	1,690,750	1,907,375	2,058,875	2,088,125	1,814,062	1,599,562	1,337,375
Other	-	-	-	-	-	-	-	-	-	-
Total expenditures	95,522,829	108,686,805	112,082,119	120,954,145	127,317,039	135,322,045	133,833,343	137,224,636	145,879,331	149,318,900
Excess (deficiency) of revenues over (under) expenditures	(12,440,850)	(16,784,197)	(15,272,063)	(16,505,952)	(18,006,138)	(16,901,221)	(14,241,221)	(12,493,083)	(23,714,273)	(22,013,728)
Other financing sources (uses)										
Issuance of debt	17,000,000	13,125,115	15,200,000	17,170,000	19,444,620	20,000,000	22,500,000	21,600,000	19,000,000	20,400,000
Premiums on new issuance of debt	-	-	-	-	-	189,600	204,356	326,976	118,750	202,827
Other uses	-	-	-	-	-	-	-	(142,728)	97,113	61,513
Transfers in	1,164,149	733,503	1,335,826	2,055,151	1,782,913	1,016,305	656,196	689,122	585,217	279,018
Transfers out	(1,164,149)	(733,503)	(1,335,826)	(2,045,150)	(1,782,913)	(1,016,305)	(656,196)	(689,122)	(585,217)	(279,018)
Total other financing sources (uses)	17,000,000	13,125,115	15,200,000	17,180,001	19,444,620	20,189,600	22,704,356	21,784,248	19,215,863	20,664,340
Net changes in fund balances	4,559,150	(3,659,082)	(72,063)	674,049	1,438,482	3,288,379	8,463,135	9,291,165	(4,498,410)	(1,349,388)
Debt service as a percentage of noncapital expenditures ^a	21.60%	19.34%	17.89%	16.54%	15.14%	14.82%	15.30%	16.19%	17.32%	16.67%

^aNoncapital expenditures are total expenditures less capital outlay reported on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.

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Union Public Schools - Statistical Section
Year Ended June 30, 2013

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property Assessed Value ^a	Personal Property Net Assessed Value ^a	Public Service Property Assessed Value ^b	Total Net Assessed Value	Total Estimated Actual Value ^c	Ratio of Gross Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate ^d
2004	453,625,924	89,567,334	27,685,707	570,878,965	5,274,344,635	10.82%	73.30
2005	474,661,676	86,929,063	24,321,011	585,911,750	5,424,552,706	10.80%	72.59
2006	498,893,897	88,567,122	23,263,576	610,724,595	5,656,237,944	10.80%	67.65
2007	522,082,141	93,106,851	22,826,022	638,015,014	5,907,277,101	10.80%	68.36
2008	545,541,198	95,693,541	24,184,955	665,419,694	6,149,826,618	10.82%	67.36
2009	565,264,788	99,307,726	23,041,264	687,613,778	6,358,338,256	10.81%	68.66
2010	580,475,613	99,397,179	24,269,812	704,142,604	6,501,691,046	10.83%	68.66
2011	590,418,541	95,351,396	25,262,226	711,032,163	6,555,557,566	10.85%	70.28
2012	594,315,814	90,932,503	20,465,196	705,713,513	6,525,004,824	10.82%	71.65
2013	601,412,818	88,022,848	21,252,456	710,688,122	6,562,775,286	10.83%	71.90

^aAssessed value is defined as the taxable value of real or personal property and is subject to an assessment rate set by the County Assessor to calculate the amount of tax liability. The current assessment rate is 11% for real property and 10% for personal property.

^bPublic service property is centrally assessed by the Oklahoma State Board of Equalization. The assessment rates on public service property, and on airlines and railroads included in the public service category, are set at 22.85% and 11.84% respectively.

^cEstimated 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.

^dComponents of total direct tax rate are found on the Direct and Overlapping Property Tax Rate table.

Source: Tulsa County Assessor

**Union Public Schools - Statistical Section
Year Ended June 30, 2013**

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Rates for Taxpayers in the City of Tulsa^a

Fiscal Year	Direct Rates			Total Direct Rates	Overlapping Rates				Total Overlapping Rates	Total Direct & Overlapping Rates
	General	Union School District Building	Sinking		Tulsa County	Tulsa Comm College	Tulsa VoTech	Tulsa City		
2004	36.05	5.15	32.10	73.30	22.89	8.28	13.33	11.16	55.66	128.96
2005	36.05	5.15	31.39	72.59	22.61	7.21	13.33	10.11	53.26	125.85
2006	36.05	5.15	26.45	67.65	22.59	7.21	13.33	9.97	53.10	120.75
2007	36.05	5.15	27.16	68.36	22.21	7.21	13.33	12.67	55.42	123.78
2008	36.05	5.15	26.16	67.36	22.21	7.21	13.33	13.48	56.23	123.59
2009	36.05	5.15	27.46	68.66	22.21	7.21	13.33	14.08	56.83	125.49
2010	36.05	5.15	27.46	68.66	22.21	7.21	13.33	14.15	56.90	125.56
2011	36.05	5.15	29.08	70.28	22.21	7.21	13.33	16.98	59.73	130.01
2012	36.05	5.15	30.45	71.65	22.24	7.21	13.33	20.01	62.79	134.44
2013	36.05	5.15	30.70	71.90	22.24	7.21	13.33	20.16	62.94	134.84
Ten-Year Average										127.33

Rates for Taxpayers in the City of Broken Arrow^b

Fiscal Year	Direct Rates			Total Direct Rates	Overlapping Rates				Total Overlapping Rates	Total Direct & Overlapping Rates
	General	Union School District Building	Sinking		Tulsa County	Tulsa Comm College	Tulsa VoTech	Broken Arrow City		
2004	36.05	5.15	32.10	73.30	22.89	8.28	13.33	12.89	57.39	130.69
2005	36.05	5.15	31.39	72.59	22.61	7.21	13.33	15.08	58.23	130.82
2006	36.05	5.15	26.45	67.65	22.59	7.21	13.33	15.06	58.19	125.84
2007	36.05	5.15	27.16	68.36	22.21	7.21	13.33	15.74	58.49	126.85
2008	36.05	5.15	26.16	67.36	22.21	7.21	13.33	15.30	58.05	125.41
2009	36.05	5.15	27.46	68.66	22.21	7.21	13.33	15.72	58.47	127.13
2010	36.05	5.15	27.32	68.52	22.21	7.21	13.33	15.98	58.73	127.25
2011	36.05	5.15	29.08	70.28	22.21	7.21	13.33	16.44	59.19	129.47
2012	36.05	5.15	30.45	71.65	22.24	7.21	13.33	17.13	59.91	131.56
2013	36.05	5.15	30.70	71.90	22.24	7.21	13.33	16.50	59.28	131.18
Ten-Year Average										128.62

^aApproximately 86% of the District lies within the City of Tulsa. The ten-year tax levy average for property owners in the City of Tulsa is 127.33 mills.

^bApproximately 14% of the District lies within the City of Broken Arrow. The ten-year tax levy average for property owners in the City of Broken Arrow is 128.62 mills.

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. Once the levy is certified by the Excise Board, the county assessor extends said levies upon the tax rolls. Pursuant to a recent amendment to the Oklahoma Constitution enabling local school districts to seek permanent voter approval of a 5-mill emergency levy, a 5.15-mill building levy, and a 10-mill local support levy, the District submitted such permanent levies to the voters at an election held on February 13, 2001. The permanent levies were approved, and the District no longer has to submit approval of these funding sources to voters on an annual basis.

Source: Tulsa County Clerk

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value ^a	Taxable Assessed Value	Rank	% of Total District Net Assessed Value ^b
Woodland Hills Mall	15,381,033	1	2.16%	12,339,914	1	2.16%
Public Service Company of Oklahoma	7,601,501	2	1.07%	10,240,684	3	1.79%
AHS Hillcrest Hospital (formerly SouthCrest Hospital)	7,209,675	3	1.01%	6,958,510	4	1.22%
QuikTrip	5,463,347	4	0.77%	3,832,574	9	0.67%
Expedition Properties, LLC	5,130,413	5	0.72%			
Wal-Mart	4,961,851	6	0.70%	3,725,450	10	0.65%
Sir Estancia\Sonoma Grande LLC	4,957,623	7	0.70%			0.00%
Oklahoma Natural Gas	3,528,560	8	0.50%			
Tech Ridge Properties, LLC	3,379,285	9	0.48%			
AT&T Companies/Services	3,295,809	10	0.46%			
Zeledyne, LLC (formerly Visteon Corp. and Ford Motor Company) ^c				11,616,070	2	2.03%
Valor Communications of Oklahoma				6,192,111	5	1.08%
Amerisource Bergen Drug				4,269,039	6	0.75%
Hilti Corporation				4,185,057	7	0.73%
Merit OCC-19				3,864,659	8	0.68%
Total	60,909,097		8.57%	67,224,068		11.78%

^aBased on FY 12-13 Net Assessed Valuation of 710,688,122

^bBased on FY 03-04 Net Assessed Valuation of 570,878,965

^cCeased operations in 2011

Source: Tulsa County Assessor

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collected in Subsequent Years ^b		Ratio of Total Tax Collection to Levy ^c	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Levy ^c
		Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections	Total Tax Collection			
2004	41,845,428	40,611,805	97.05%	706,084	41,317,889	98.74%	1,536,139	3.67%
2005	42,531,334	41,626,700	97.87%	993,048	42,619,748	100.21%	1,453,586	3.42%
2006	41,313,014	40,155,225	97.20%	687,930	40,843,155	98.86%	1,593,293	3.86%
2007	43,614,225	41,923,508	96.12%	909,225	42,832,733	98.21%	1,429,130	3.28%
2008	44,822,671	43,123,100	96.21%	893,785	44,016,884	98.20%	1,152,965	2.57%
2009	47,211,562	45,842,202	97.10%	1,032,762	46,874,964	99.29%	1,401,874	2.97%
2010	48,247,851	47,128,165	97.68%	679,476	47,807,641	99.09%	1,668,851	3.46%
2011	49,971,340	48,687,849	97.43%	858,349	49,546,198	99.15%	1,981,345	3.96%
2012	50,564,373	49,356,793	97.61%	1,128,030	50,484,822	99.84%	1,825,174	3.61%
2013	51,098,476	50,136,476	98.12%	985,461	51,121,936	100.05%	1,903,829	3.73%

^aThe 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 is 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.

^bAd 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 for the amount of taxes due.

^cIn accordance with Oklahoma State Law 68 O.S. 2001 Section 3009 and Sections 26 and 28 of Article 10 of the Oklahoma Constitution, the County Excise Board assumes a delinquency rate of 10% when the Board approves the total tax levy. However, the District has a history of only 2% - 4% delinquency rate. Therefore, the "Ratio of Delinquent Taxes to Total Levy" may exceed 100%.

Source: Tulsa County Treasurer

**Union Public Schools - Statistical Section
Year Ended June 30, 2013**

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Total District	Total Estimated Actual Value ^a	Ratio of Outstanding Debt to Estimated Actual Valuation ^a	Total Personal Income (in thousands) ^c	Ratio of Outstanding Debt Per Personal Income	Average Daily Membership (ADM) ^b	Ratio of Outstanding Debt Per Student ^b
2004	57,300,000	-	57,300,000	5,274,344,635	1.09%	28,762,800	0.20%	13,719	4,177
2005	53,950,000	-	53,950,000	5,424,552,706	0.99%	30,723,200	0.18%	13,836	3,899
2006	53,050,000	-	53,050,000	5,656,237,944	0.94%	33,722,800	0.16%	13,993	3,791
2007	54,450,000	-	54,450,000	5,907,277,101	0.92%	36,303,800	0.15%	14,253	3,820
2008	58,550,000	-	58,550,000	6,149,826,618	0.95%	38,585,000	0.15%	14,360	4,077
2009	63,000,000	-	63,000,000	6,358,338,256	0.99%	37,534,000	0.17%	14,566	4,325
2010	69,350,000	-	69,350,000	6,501,691,046	1.07%	36,564,996	0.19%	14,949	4,639
2011	73,050,000	-	73,050,000	6,555,557,566	1.11%	37,705,751	0.19%	14,830	4,926
2012	72,325,000	-	72,325,000	6,525,004,824	1.11%	40,293,868	0.18%	14,836	4,875
2013	71,850,000	-	71,850,000	6,562,775,286	1.09%	44,795,664	0.16%	15,190	4,730

^aEstimated actual valuation is taken from the table, *Assessed and Estimated Actual Value of Taxable Property*, which the District considers a more appropriate economic base than personal income on which to calculate the debt ratio. However, personal income ratios are included.

^bSince the District lies within the boundaries of two Oklahoma cities, per capita calculations are based on the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education as a more relevant indicator of the debt ratio.
See *Demographic and Economic Statistics*.

^cCalculation based on the Tulsa Chamber of Commerce Economic Profile MSA population projection multiplied by projected per capita income by 2013 projected per capita income

Note: The District issues only general obligation bonds.

Sources: District records
Tulsa County Assessor
Oklahoma State Department of Education

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Obligation Bonds	Less Sinking Fund Balance	Net General Bonded Debt Outstanding	Total Estimated Actual Value ^a	Ratio of Net Debt to Estimated Actual Valuation ^a	Average Daily Membership (ADM) ^b	Ratio of Net Debt Per Student ^b
2004	57,300,000	9,960,387	47,339,613	5,274,344,635	0.90%	13,719	3,451
2005	53,950,000	10,331,474	43,618,526	5,424,552,706	0.80%	13,836	3,152
2006	53,050,000	9,055,835	43,994,165	5,656,237,944	0.78%	13,993	3,144
2007	54,450,000	8,962,506	45,487,494	5,907,277,101	0.77%	14,253	3,192
2008	58,550,000	8,730,473	49,819,527	6,149,826,618	0.81%	14,360	3,469
2009	63,000,000	9,796,665	53,203,335	6,358,338,256	0.84%	14,566	3,653
2010	69,350,000	10,727,559	58,622,441	6,501,691,046	0.90%	14,949	3,922
2011	73,050,000	11,862,533	61,187,467	6,555,557,566	0.93%	14,830	4,126
2012	72,325,000	12,112,690	60,212,310	6,525,004,824	0.92%	14,836	4,058
2013	71,850,000	11,734,785	60,115,215	6,562,775,286	0.92%	15,190	3,958

^aEstimated actual valuation is taken from the table, *Assessed and Estimated Actual Value of Taxable Property*, which the District considers a more appropriate economic base than personal income on which to calculate the debt ratio.

^bSince the District lies within the boundaries of two Oklahoma cities, per capita calculations are based on the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education as a more relevant indicator of the debt ratio.
 See *Demographic and Economic Statistics*.

Note: The District issues only general obligation bonds.

Sources: District records
 Tulsa County Assessor
 Oklahoma State Department of Education

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

<u>Jurisdiction</u>	<u>Net Assessed Valuation^a</u>	<u>Amount Subject to Taxation in District^a</u>	<u>Estimated Percent Applicable to the District^b</u>	<u>General Obligation Bonded Debt Outstanding^c</u>	<u>Amount Applicable to the District</u>
As it applies to a resident of the city of Tulsa:					
Direct:					
Union Public Schools	710,688,122	710,688,122	100.00%	71,850,000	71,850,000
Overlapping:					
Tulsa County (unincorporated)	11,898,679	1,536,695	12.91%	-	-
Tulsa Technology Center #18	4,994,332,402	710,688,122	14.23%	-	-
Tulsa Community College	4,994,332,402	710,688,122	14.23%	-	-
City of Tulsa	3,129,812,673	540,982,118	17.28%	428,595,000	74,081,824
Total Overlapping	<u>13,130,376,156</u>	<u>1,963,895,057</u>		<u>428,595,000</u>	<u>74,081,824</u>
Total Direct and Overlapping				<u><u>500,445,000</u></u>	<u><u>145,931,824</u></u>
As it applies to a resident of the city of Broken Arrow:					
Direct:					
Union Public Schools	710,688,122	710,688,122	100.00%	71,850,000	71,850,000
Overlapping:					
Tulsa County (unincorporated)	11,898,679	1,536,695	12.91%	-	-
Tulsa Technology Center #18	4,994,332,402	710,688,122	14.23%	-	-
Tulsa Community College	4,994,332,402	710,688,122	14.23%	-	-
City of Broken Arrow ^d	606,154,641	167,891,504	27.70%	91,960,000	25,470,897
Total Overlapping	<u>10,606,718,124</u>	<u>1,590,804,443</u>		<u>91,960,000</u>	<u>25,470,897</u>
Total Direct and Overlapping				<u><u>163,810,000</u></u>	<u><u>97,320,897</u></u>

^a2012-13 net assessed valuations as certified by the Tulsa County Assessor.

^bEstimated percent was determined by the ratio of net assessed value of property subject to taxation in the District to the net assessed value of property in the overlapping unit.

^cGeneral obligation bonded debt outstanding reflects the full amount of the liability for "bonds payable" for the governmental activities

^dThe City of Broken Arrow had judgments totaling \$2,130,358 as of 6/30/2013 that are reported on the tax rolls but not included as a component of net general obligation bonded debt outstanding.

Union Public Schools - Statistical Section Year Ended June 30, 2013

Legal Debt Margin Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2011:

10% of FY 2010-11 Net Assessed Valuation		71,068,812
Debt Applicable to Limitation	71,850,000	
Current Sinking Fund Balance	(11,734,785)	60,115,215
Legal Debt Margin		10,953,597

Fiscal Year Ended June 30,	Net Assessed Valuation ^a	Legal Debt Limit 10% of Net Assessed Valuation ^b	Outstanding GO Bonded Indebtedness	Less Sinking Fund Balance	Total Net Debt Subject to Legal Limit	Legal Debt Margin ^c	Percent of Net Debt to Debt Limit
2004	570,878,965	57,087,897	57,300,000	8,755,925	48,544,075	8,543,822	85.03%
2005	585,911,750	58,591,175	53,950,000	9,960,387	43,989,613	14,601,562	75.08%
2006	610,724,595	61,072,460	53,050,000	10,331,474	42,718,526	18,353,934	69.95%
2007	638,015,014	63,801,501	54,450,000	9,055,835	45,394,165	18,407,336	71.15%
2008	665,419,694	66,541,969	58,550,000	8,962,506	49,587,494	16,954,475	74.52%
2009	687,613,778	68,761,378	63,000,000	8,730,473	54,269,527	14,491,851	78.92%
2010	704,142,604	70,414,260	69,350,000	10,727,559	58,622,441	11,791,819	83.25%
2011	711,032,163	71,103,216	73,050,000	11,862,533	61,187,467	9,915,749	86.05%
2012	705,713,513	70,571,351	72,325,000	12,112,690	60,212,310	10,359,041	85.32%
2013	710,688,122	71,068,812	71,850,000	11,734,785	60,115,215	10,953,597	84.59%

^aNet assessed valuation is taken from the table, *Assessed and Estimated Actual Value of Taxable Property*.

^bThe 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.

^cThe legal debt margin is the additional debt incurring capacity of the District as allowed by Oklahoma law.

Note: The District has no default of record on principal and interest payments of its general obligation bonded indebtedness.

Sources: District records
Tulsa County Assessor

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Demographic and Economic Statistics^a
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Official State October 1 Enrollment ^b	Average Membership Year End ^b	% Change in Average Daily Membership	Net Assessed Valuation (NAV) ^c	Per Student NAV ^d	Average Attendance Year End ^b	Student Attendance Percentage	Expenditure Appropriation Approved by County Excise Board ^e
2004	13,819	13,719	-9.68%	570,878,965	41,613	13,041	95.06%	66,316,809
2005	13,969	13,836	0.86%	585,911,750	42,346	13,143	94.99%	72,702,329
2006	14,101	13,993	1.13%	610,724,595	43,645	13,251	94.69%	77,620,261
2007	14,345	14,253	1.86%	638,015,014	44,765	13,450	94.37%	86,045,683
2008	14,519	15,360	7.77%	665,419,694	43,323	13,662	88.95%	93,006,429
2009	14,658	14,566	-5.17%	687,613,778	47,207	13,974	95.93%	101,447,717
2010	14,949	14,862	2.03%	704,142,604	47,378	14,136	95.11%	110,793,135
2011	14,888	14,830	-0.21%	711,032,163	47,945	14,067	94.85%	108,378,416
2012	14,990	14,836	0.04%	705,713,513	47,567	14,083	94.92%	107,941,925
2013	15,299	15,190	2.38%	710,688,122	46,787	14,405	94.83%	110,993,896

^aUnion Public Schools district specific demographic data

^bObtained from the Oklahoma State Department of Education

^cObtained from the Tulsa County Assessor

^dSince the District lies within the boundaries of two Oklahoma cities, per capita calculations are based on the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education as a more relevant indicator of the debt ratio.

^eObtained from Estimate of Needs - General Fund

Union Public Schools - Statistical Section Year Ended June 30, 2013

Demographic and Economic Statistics^{ab} Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Total Personal Income (in thousands)	Real Per Capita Personal Income	Labor Force	Unemployment Rate
2004	878,004	28,762,800	32,590	438,048	4.9%
2005	882,861	30,723,200	34,812	443,341	4.2%
2006	894,011	33,722,800	38,470	444,647	3.9%
2007	906,441	36,303,800	39,466	440,824	3.9%
2008	916,525	38,585,000	43,859	440,152	3.6%
2009	929,824	37,534,000	38,054	441,068	6.8%
2010	940,123	36,564,996	39,537	441,727	7.5%
2011	946,962	37,705,751	42,251	437,227	6.7%
2012 ^c	954,998	40,293,868	44,755	444,219	6.1%
2013 ^d	966,361	44,795,664	46,355	450,366	5.9%

^aTulsa MSA specific demographic data

^bData obtained from the Tulsa Metro Chamber 2013 Economic Profile

^cEstimate based on data obtained from the Tulsa Metro Chamber

^dProjection based on data obtained from the Tulsa Metro Chamber

Note: Tulsa MSA comprises seven counties: Creek, Okmulgee, Osage, Pawnee, Rogers, Tulsa and Wagoner

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Tulsa Area Principal Employers^a
Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Tulsa County Employment ^b	Employees	Rank	Percentage of Tulsa County Employment ^c
Wal-Mart/Sam's Club	7,500	1	1.67%			
Tulsa Public Schools	7,000	2	1.55%	6,063	3	1.38%
American Airlines Maintenance Base	6,500	3	1.44%	9,200	1	2.10%
Saint Francis Healthcare System	6,500	4	1.44%	6,956	2	1.59%
St. John Medical Center	6,500	5	1.44%	4,900	5	1.12%
Hillcrest Healthcare System	4,500	6	1.00%	6,000	4	1.37%
City of Tulsa	4,000	7	0.89%	4,008	6	0.91%
Spirit AeroSystems	3,000	8	0.67%			
Tulsa Community College	3,000	9	0.67%			
Cherokee Hard Rock Hotel and Casino	3,000	10	0.67%			
Williams Companies				3,119	7	0.71%
WorldCom Network Solutions				2,700	8	0.62%
Williams Communications				2,300	9	0.53%
U.S. Postal Service				2,200	10	0.50%
	51,500		11.44%	47,446		10.83%

^aTulsa MSA specific demographic data

^bBased on the projected total labor force from the Tulsa Metro Chamber 2013 Economic Profile of 450,366

^cBased on the total labor force count from the Tulsa Metro Chamber 2013 Economic Profile of 438,048

Sources: Tulsa Metro Chamber

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Union Public Schools - Statistical Section
Year Ended June 30, 2013

Capital Assets by Function and Activity
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Instruction	164,886,634	176,667,150	184,824,453	196,571,020	208,486,847	221,380,013	234,964,269	245,381,216	262,949,666	275,203,336
Student	123,660	126,055	212,980	144,811	138,246	182,267	358,280	446,547	515,152	576,445
Instructional support	919,716	491,940	536,641	533,624	586,827	970,757	1,327,070	1,307,124	1,332,661	1,680,268
General administration	220,655	58,407	64,032	71,288	185,210	196,372	336,722	339,917	335,573	278,228
School administration	456,290	464,879	499,951	1,300,504	1,440,721	1,576,109	1,396,754	1,500,033	1,543,836	1,576,082
Business	678,973	794,291	1,606,011	3,144,740	3,357,220	3,787,551	3,782,928	4,432,703	5,014,475	5,741,975
Operations and maintenance	2,416,201	2,563,062	2,862,196	3,171,697	3,436,217	4,115,494	4,215,686	4,881,904	5,374,484	5,843,985
Transportation	6,893,177	7,022,334	6,941,245	8,082,169	8,071,361	9,390,560	6,582,237	7,080,336	7,003,299	8,470,900
Support services	3,649,529	3,049,948	2,809,449	2,809,449	2,809,449	2,719,248	3,272,656	5,093,473	4,856,513	4,856,513
Non-instructional	489,760	227,078	307,358	304,228	383,766	450,251	-	5,156	2,119	107,979
Other-unclassified	3,000,837	3,000,837	1,317,695	1,317,695	1,317,695	1,317,695	1,874,878	1,862,946	1,862,946	1,862,946
Total Governmental Activities	183,735,432	194,465,981	201,982,011	217,451,225	230,213,559	246,086,317	258,111,480	272,331,355	290,790,724	306,198,657
Business-Type Activities										
Child nutrition services	1,537,471	1,573,069	1,683,143	2,001,269	2,068,246	2,123,088	2,172,502	2,254,484	2,244,273	2,301,652
Total Capital Assets	185,272,903	196,039,050	203,665,154	219,452,494	232,281,805	248,209,405	260,283,982	274,585,839	293,034,997	308,500,309

Source: District records

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Employee Information
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Certified Personnel										
Bachelor's										
Minimum Salary	26,041	26,041	28,425	31,100	31,600	31,600	31,600	31,600	31,600	31,600
Maximum Salary	40,080	41,282	44,033	47,133	48,799	48,799	49,287	49,287	49,829	50,576
Average Salary	31,156	32,675	33,608	35,941	36,514	36,301	36,186	35,980	36,106	35,812
Number of Teachers	474	512	544	579	593	635	663	629	622	617
Master's										
Minimum Salary	29,286	29,286	30,486	32,300	32,800	32,800	32,800	32,800	32,800	32,800
Maximum Salary	44,042	45,363	48,263	51,363	52,913	53,479	54,014	54,014	54,608	55,427
Average Salary	37,920	39,689	40,240	42,318	43,048	42,604	42,409	41,865	42,287	40,961
Number of Teachers	271	289	289	299	308	309	320	310	303	322
Doctor's										
Minimum Salary	32,033	32,033	32,233	33,500	34,000	34,000	34,000	34,000	34,000	34,000
Maximum Salary	45,416	46,778	49,729	52,829	55,279	55,870	56,429	56,429	57,049	57,905
Average Salary	39,712	42,596	43,183	45,986	46,640	43,612	43,871	43,681	46,822	45,857
Number of Teachers	14	12	12	13	15	16	15	14	12	10
Total Certified Personnel	759	813	845	891	916	960	998	953	936	949
Support Personnel										
Number of Support	591	602	617	660	712	769	785	753	784	866
Administrative Personnel										
Number of Administrators	49	64	64	72	72	71	72	71	72	72

Note: In 2009, average salary of current and prior years was re-calculated from a pay table average to a true average salary to reflect a more accurate average salary

Note: Salary ranges are per the Union Classroom Teacher's Association (UCTA) Master Contract which is negotiated annually. Employee counts are taken from the census information that is obtained each Spring for ne

Source: District records

Union Public Schools - Statistical Section Year Ended June 30, 2013

Operating Statistics Last Ten Fiscal Years

Fiscal Year Ended June 30,	Average Daily Membership (ADM) ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Pupil/ Teacher Ratio	Number of Graduates ^e
2004	13,719	74,028,778	5,396	N/A	759	18:1	870
2005	13,836	83,513,910	6,036	11.86%	813	17:1	809
2006	13,993	90,736,281	6,484	7.43%	845	17:1	807
2007	14,253	101,794,702	7,142	10.14%	891	16:1	899
2008	14,360	111,735,966	7,781	8.95%	916	16:1	841
2009	14,566	118,065,611	8,106	4.17%	960	15:1	965
2010	14,949	122,778,225	8,213	1.33%	998	15:1	941
2011	14,830	121,724,658	8,208	-0.06%	953	16:1	962
2012	14,836	125,230,487	8,441	2.84%	936	16:1	929
2013	15,190	129,141,650	8,502	0.72%	949	16:1	967

^aFinal audited average daily membership (ADM) obtained from the Oklahoma State Department of Education.

^bOperating expenditures are the total expenses of the school district as reported in the Government-Wide Statement of Activities. The District implemented GASB 34 on June 30, 2001; therefore, only eight fiscal years of financial data are presented.

^cCost per pupil is calculated by dividing operating expenditures by the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education.

^dTeaching staff includes all certified personnel whose pay is based on the Union Classroom Teacher's Association (UCTA) Master Contract.

^eNumber of graduates obtained from District records maintained by the Union High School Registrar.

Union Public Schools - Statistical Section
Year Ended June 30, 2013

Support Services Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Average Daily Membership (ADM) ^a	Child Nutrition				Transportation		
		Free and Reduced Count ^b	Free and Reduced Percentage	Number of Breakfasts Served ^b	Number of Lunches Served ^b	Number of Buses Operated ^b	Estimated Number of Miles Driven ^b	Average Daily Haul (ADH) ^{ac}
2004	13,719	3,528	25.72%	185,204	1,333,299	92	826,113	8,283
2005	13,836	4,101	29.64%	263,750	1,294,764	92	831,682	7,891
2006	13,993	4,586	32.77%	335,983	1,148,763	92	820,532	7,810
2007	14,253	5,320	37.33%	413,191	2,076,210	106	830,680	8,253
2008	14,360	5,728	39.89%	475,846	1,445,585	106	864,343	10,334
2009	14,566	6,015	41.29%	497,407	1,277,953	116	852,377	8,895
2010	14,949	7,048	47.15%	589,604	1,365,467	96	840,055	10,281
2011	14,830	7,565	51.01%	637,214	1,399,876	94	875,315	10,457
2012	14,836	8,029	54.12%	679,169	1,467,554	94	919,585	10,384
2013	15,190	8,692	57.22%	793,184	1,533,596	96	974,206	9,562

^aFinal audited average daily membership (ADM) and average daily haul (ADH) obtained from the Oklahoma State Department of Education

^bObtained from District records

Union Public Schools - Statistical Section
Year Ended June 30, 2013

School Building Information
Last Ten Fiscal Years

District Building	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Elementary:										
Andersen Elementary (1984)										
Square Feet	67,709	67,709	67,709	67,709	67,709	67,709	67,709	67,709	67,709	67,709
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	531	530	567	549	505	475	477	458	469	463
Percentage of Capacity Used	88.50%	88.33%	94.50%	91.50%	84.17%	79.17%	79.50%	76.33%	78.17%	77.17%
Boevers Elementary (1975)										
Square Feet	59,773	59,773	59,773	59,773	59,773	59,773	59,773	59,773	59,773	59,773
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	659	682	656	426	442	481	552	562	539	555
Percentage of Capacity Used	109.83%	113.67%	109.33%	71.00%	73.67%	80.17%	92.00%	93.67%	89.83%	92.50%
Briarglen Elementary (1971)										
Square Feet	61,349	61,349	61,349	61,349	61,349	61,349	61,349	61,349	61,349	61,349
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	625	615	576	576	589	538	542	541	517	525
Percentage of Capacity Used	104.17%	102.50%	96.00%	96.00%	98.17%	89.67%	90.33%	90.17%	86.17%	87.50%
Cedar Ridge Elementary (1994)										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	580	554	529	545	566	591	564	551	575	548
Percentage of Capacity Used	96.67%	92.33%	88.17%	90.83%	94.33%	98.50%	94.00%	91.83%	95.83%	91.33%
Clark Elementary (1977)										
Square Feet	71,480	71,480	71,480	71,480	71,480	71,480	71,480	71,480	71,480	71,480
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	557	615	659	702	776	556	604	603	564	623
Percentage of Capacity Used	92.83%	102.50%	109.83%	117.00%	129.33%	92.67%	100.67%	100.50%	94.00%	103.83%
Darnaby Elementary (1979)										
Square Feet	73,458	73,458	73,458	73,458	73,458	73,458	73,458	73,458	73,458	73,458
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	490	538	488	564	538	571	572	533	638	667
Percentage of Capacity Used	81.67%	89.67%	81.33%	94.00%	89.67%	95.17%	95.33%	88.83%	106.33%	111.17%
Grove Elementary (1974) ^a										
Square Feet	60,777	60,777	60,777	60,777	60,777	60,777	60,777	60,777	77,028	77,028
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	612	615	600	590	621	575	628	606	582	602
Percentage of Capacity Used	102.00%	102.50%	100.00%	98.33%	103.50%	95.83%	104.67%	101.00%	97.00%	100.33%

Union Public Schools - Statistical Section
Year Ended June 30, 2013

School Building Information
Last Ten Fiscal Years

District Building	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Jarman Elementary (1991)										
Square Feet	68,592	68,592	68,592	68,592	68,592	68,592	68,592	68,592	68,592	68,592
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	608	639	607	603	606	559	520	556	584	582
Percentage of Capacity Used	101.33%	106.50%	101.17%	100.50%	101.00%	93.17%	86.67%	92.67%	97.33%	97.00%
McAuliffe Elementary (1987)										
Square Feet	70,316	70,316	70,316	70,316	70,316	70,316	70,316	70,316	70,316	70,316
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	754	634	710	607	630	518	557	630	648	666
Percentage of Capacity Used	125.67%	105.67%	118.33%	101.17%	105.00%	86.33%	92.83%	105.00%	108.00%	111.00%
Moore Elementary (2000)										
Square Feet	74,632	74,632	74,632	74,632	74,632	74,632	74,632	74,632	74,632	74,632
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	649	652	654	578	596	470	488	506	538	488
Percentage of Capacity Used	108.17%	108.67%	109.00%	96.33%	99.33%	78.33%	81.33%	84.33%	89.67%	81.33%
Peters Elementary (1978)										
Square Feet	70,893	70,893	70,893	70,893	70,893	70,893	70,893	70,893	70,893	70,893
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	577	602	615	584	587	574	567	543	526	512
Percentage of Capacity Used	96.17%	100.33%	102.50%	97.33%	97.83%	95.67%	94.50%	90.50%	87.67%	85.33%
Rosa Parks (2006)										
Square Feet	-	-	-	-	71,300	71,300	71,300	71,300	71,300	71,300
Capacity (students)	-	-	-	-	600	600	600	600	600	600
Enrollment	-	-	-	-	479	612	621	607	631	669
Percentage of Capacity Used	-	-	-	-	79.83%	102.00%	103.50%	101.17%	105.17%	111.50%
Thomas Jefferson (2008)										
Square Feet	-	-	-	-	-	69,356	69,356	69,356	69,356	69,356
Capacity (students)	-	-	-	-	-	600	600	600	600	600
Enrollment	-	-	-	-	-	473	515	535	547	526
Percentage of Capacity Used	-	-	-	-	-	78.83%	85.83%	89.17%	91.17%	87.67%
Secondary:										
6th/7th Grade Center (1993) ^a										
Square Feet	276,126	276,126	276,126	276,126	276,126	276,126	276,126	276,126	276,126	292,416
Capacity (students)	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,440
Enrollment	2,152	2,194	2,156	2,210	2,137	2,121	2,248	2,240	2,197	2,266
Percentage of Capacity Used	97.82%	99.73%	98.00%	100.45%	97.14%	96.41%	102.18%	101.82%	99.86%	92.87%

Union Public Schools - Statistical Section
Year Ended June 30, 2013

School Building Information
Last Ten Fiscal Years

District Building	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
8th Grade Center (1982)										
Square Feet	139,845	139,845	165,620	165,620	165,620	165,620	165,620	165,620	165,620	165,620
Capacity (students)	1,100	1,100	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,059	1,091	1,132	1,109	1,139	1,137	1,054	1,101	1,092	1,168
Percentage of Capacity Used	96.27%	99.18%	87.08%	85.31%	87.62%	87.46%	81.08%	84.69%	84.00%	89.85%
9th Grade Center (1987)^b										
Square Feet	432,564	432,564	432,564	432,564	432,564	432,564	458,590	458,590	458,590	458,590
Capacity (students)	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Enrollment	2,108	2,156	2,220	2,308	2,264	2,325	2,343	2,213	2,178	1,201
Percentage of Capacity Used	95.82%	98.00%	100.91%	104.91%	102.91%	105.68%	106.50%	100.59%	99.00%	54.59%
Senior High School (1972)^b										
Square Feet	473,149	473,149	611,119	611,119	611,119	611,119	611,119	611,119	611,119	728,119
Capacity (students)	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	3,490
Enrollment	1,858	1,852	1,932	1,937	2,044	2,082	2,163	2,146	2,165	3,238
Percentage of Capacity Used	84.45%	84.18%	87.82%	88.05%	92.91%	94.64%	98.32%	97.55%	98.41%	92.78%
Other:										
Education Service Center (1979)										
Square Feet	104,915	104,915	104,915	104,915	104,915	104,915	104,915	104,915	104,915	104,915
Extended Education Building (1996)										
Square Feet	12,948	12,948	12,948	12,948	12,948	12,948	12,948	12,948	12,948	12,948
Linde Building/New Education Service Center (2005)										
Square Feet			63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Union Multipurpose Activity Center (2003)										
Square Feet	150,400	150,400	150,400	150,400	150,400	150,400	150,400	150,400	150,400	150,400
Rosa Parks Early Childhood Center (2008)^c										
Square Feet						32,000	32,000	32,000	32,000	32,000
Union Welcome and Enrollment Center (2013)^d										
Square Feet										2,783

Note: Enrollment is based on the annual October 1 district child count required by the Oklahoma State Department of Education. All building information was obtained from District records. Increase in capacity is only shown when the square footage added was for regular instructional classroom space. Capacity is based on an average of 30 students per classroom.

^aFine Arts wing opened in FY 2013.

^bIn FY 2013, the 10th grade moved to the High School

^cBuilding owned by Tulsa Community Action Project; operated by Union Public Schools. The facility currently houses a 3-year old program.

**Union Public Schools - Statistical Section
Year Ended June 30, 2013**

**Insurance Schedule
June 30, 2013**

Effective 7/1/2012 - 6/30/2013	Coverage	Deductible
School Package Policy (1)		
Building and Contents (All Locations, Electronic Data Processing)	400,000,000	300,500
Equipment Breakdown (Boiler & Machinery)	100,000,000	Property Damage/Lightning
Wind & Hail Buy Down	75,000	25,000
All Other Perils		25,000
Flood/Earthquake	25,000,000	100,000
General Liability	1,000,000	-
Employee Benefits Liability	1,000,000	1,000
Automobile Liability	1,000,000	1,000
Umbrella	5,000,000	-
School Leaders Professional Liability Includes Employment Practices Liability (2)	1,000,000	50,000
Storage Tank Pollution Liability (3)	1,000,000	5,000
Fiduciary Liability Includes \$50,000 for fines in connection with HIPAA law violations (4)	2,000,000	2,500
Workers' Compensation (5)	1,000,000 Each Accident 1,000,000 Policy Limit 1,000,000 Each Employee	
Effective 8/16/2007 - 6/30/2013		
Medical Professional Liability (6)	1,000,000 single occurrence 2,000,000 aggregate	10,000
Effective 7/1/2004 - 6/30/2013		
Crime (7)	5,000,000	15,000
<p>(1) Continental Casualty (Lloyds of London, Buy Down and American Safety Insurance Company)</p> <p>(2) Westchester Insurance Co. (ACE)</p> <p>(3) Zurich North America</p> <p>(4) Chubb Insurance</p> <p>(5) CompSource Oklahoma (OSAG)</p> <p>(6) Admiral Insurance Co.</p> <p>(7) Chubb Insurance</p>		

Note: The District is currently self-insured for health insurance coverage. Employees were offered the choice of a PPO through Mutual Assurance Administrators (MAA) or an HMO through Community Care through June 30, 2013.

Source: International Insurance Brokers

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Single Audit Reports

UNION PUBLIC SCHOOLS

June 30, 2013

UNION PUBLIC SCHOOLS

June 30, 2013

SINGLE AUDIT REPORTS

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*..... 1

Independent Auditors’ Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and the Schedule of Expenditures of Federal Awards 3

Schedule of Expenditures of Federal Awards..... 6

Notes to Schedule of Expenditures of Federal Awards..... 8

Schedule of Findings and Questioned Costs..... 9

Summary Schedule of Prior Audit Findings 11

Independent Auditors' 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

To the Board of Education
Union Public Schools
Tulsa, Oklahoma

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 Union Public Schools (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2013.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 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 from 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.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 9, 2013

Independent Auditors' Report
On Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Board of Education
Union Public Schools
Tulsa, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the compliance of Union Public Schools (the "District") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' 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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, the District 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, 2013.

Report on Internal Control Over Compliance

Management of the District 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 of compliance, 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 the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 a 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 9, 2013, which contained unmodified opinions on those statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 17, 2013

UNION PUBLIC SCHOOLS - INDEPENDENT SCHOOL DISTRICT NO. 9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>		
<u>Passed through State Department of Education</u>		
Child Nutrition Cluster		
National School Lunch program	10.555	\$3,452,130
National School breakfast program	10.553	1,272,057
Fresh Fruit/Vegetable Program	10.582	181,842
Summer Food Service Program	10.559	78,365
Sub Total		<u>4,984,394</u>
 <u>U.S. Department of Interior:</u>		
<u>Passed Through State Department of Education:</u>		
Indian Education Assistance to Schools - Johnson O'Malley Educational Agencies - Title VII	15.130	53,167
 <u>U.S. Department of Defense:</u>		
<u>Passed Through State Department of Education:</u>		
JROTC	12.n/a	2,934
 <u>U.S. Department of Education:</u>		
<u>Passed Through State Department of Education:</u>		
Special Education Cluster		
Project ECCO	84.027	5,370
IDEA Flow Thru	84.027	2,777,427
Early Intervening - Private School	84.027A	3,368
IDEA - Preschool	84.173	39,004
IDEA - Preschool - Private School	84.173 A	1,929
Grants to Local Educational Agencies - Title I	84.010	2,037,491
Title I - School Improvement	84.010	82,894
Improving Teacher Quality State Grants - Title II, Part A	84.367	287,263
Title III Immigrant	84.365	227,967
Indian Education Grants to Local Educational Agencies - Title VII	84.060	270,647
Adult Education State Grant Program - Corrections	84.002	35,908
Adult Education State Grant Program - English Literature/Civics	84.002	99,951
Adult Education State Grant Program	84.002	706,300

UNION PUBLIC SCHOOLS - INDEPENDENT SCHOOL DISTRICT NO. 9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
Vocational Education Basic Grants to States - Carl		
Perkins - Title I	84.048	114,230
Sub Total		<u>6,689,749</u>
 <u>U.S. Department of Health and Human Services:</u>		
<u>Passed Through State Department of Education:</u>		
Temporary Assistance for Needy Families (TANF)	93.558	352,634
Medicaid Resources	93.778	34,142
Sub Total		<u>386,776</u>
 TOTAL FEDERAL ASSISTANCE		 <u>\$ 12,117,020</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

UNION PUBLIC SCHOOLS

Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards presents the activity of all Federal programs of Union Public Schools Independent District No. 9 (the "District"). The District's reporting entity is defined in the Comprehensive Annual Financial Report ("CAFR") in Note 1 to the financial statements. Federal awards received directly from respective agencies and federal awards passed through other government agencies are included in the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented on the same basis of accounting as the related fund which reports the grant activity in the financial statements. This includes modified accrual for governmental funds and accrual for proprietary funds; these basis are more fully described in the CAFR in Note 1 to the financial statements.

3. AWARDS PROVIDED TO SUBRECIPIENTS

During the year ended June 30, 2013, the District did not provide any Federal awards to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

UNION PUBLIC SCHOOLS

Year Ended June 30, 2013

Section I--Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified? yes no
 - Significant deficiency identified that are not considered to be material weakness? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes no
- Significant deficiency identified that are not considered to be material weakness? yes none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes no

Identification of major programs:

Child Nutrition Cluster	10.553, 10.555, 10.559
Fresh Fruit and Vegetables	10.582
Johnson O'Malley	15.130
Temporary Assistance for Needy Families	93.558

Dollar threshold used to distinguish between type A and type B programs: \$363,516

Auditee qualified as low-risk auditee? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

UNION PUBLIC SCHOOLS

Year Ended June 30, 2013

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

None to report for the period ended June 30, 2013.

Section III--Finding Required to be Reported in Accordance with OMB Circular A-133:

None to report for the period ended June 30, 2013.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

UNION PUBLIC SCHOOLS

Year Ended June 30, 2013

None to report.

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*Report to Management
and Other Information*

UNION PUBLIC SCHOOLS

June 30, 2013

UNION PUBLIC SCHOOLS

June 30, 2013

REPORT TO MANAGEMENT AND OTHER INFORMATION

Report to Management.....	1
Statement of Statutory, Fidelity, and Honest Bonds	4
Schedule of Accountants' Professional Liability Insurance Affidavit	5

Ms. Debra Jacoby
Chief Financial Officer
Union Public Schools
Tulsa, Oklahoma

In connection with our audit of the financial statements of Union Public Schools (the “District”) as of and for the year ended June 30, 2013, performed in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States, we issued our report (under separate cover) on the District’s compliance and other matters and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.

We identified an immaterial instance of non-compliance, which is described as follows:

Activity Fund Deposits

Criteria: A sample of 23 receipts from Activity Funds was tested to ensure deposits exceeding \$100 were deposited within 24 hours, as required by state law.

Condition: During our testing we noted two instances of deposits exceeding \$100 which were not deposited within the required timeframe.

Cause: There does not appear to be a procedure which operates without exception that requires sites to confirm whether or not they received funds during the day. As such, sites are able to accumulate, and hold onto funds for more than 24 hours prior to submitting them for deposit.

Effect or Potential Effect: The District does not appear to be consistently in compliance with State Law in regard to the deposit of all activity funds received at sites within the District.

Recommendation: The District may consider using additional oversight of employees responsible for depositing cash received daily. The District may also consider additional training for employees responsible for the collection and submission of funds received for deposit.

Response: The District agrees that some deposits from the sites are not received on a timely basis. In accordance with state law, deposits over \$100 must be deposited by the next business day. Any deposit totaling less than \$100 must be deposited at the end of each business week. Union Public Schools administration had previously developed a system generated e-mail to remind potential cash collectors (teachers, cafeteria managers, coaches, site secretaries and principals/directors) of this law and they must confirm if they have a deposit for the day. Using this system, the Treasury Department is able to track each site’s daily activity deposits and should



have more accurate records. Unfortunately, the District does not know if someone has a deposit that is not on the list or if they choose to not respond. To try to mitigate this, the District will add review with the sites all activity fund sponsors in addition to the secretaries and principals. The Treasury Department will confirm individuals on the email list and will also be training site personnel on the law and the usage of the night depository and giving out security codes for them to begin using.

We also identified a deficiency in internal control that we believe did not constitute material weaknesses or significant deficiency, which is described below:

Manual Preparation of Financial Statements

Criteria: Financial Statements were reviewed in detail to determine that balances recorded agreed to supporting schedules. This includes the classification of revenue, expense, and net assets by appropriate classification.

Condition: During our review of the financial statements we noted several instances of incorrect classification relating to net assets, and misstatements of recorded revenues and expenses.

Cause: The use of spreadsheet based calculations and software requires significant manual reconciliation and preparation, and increases the risk that errors will go undetected. The secondary review prior to completion of the financial statements, which is designed to detect material misclassifications or misstatements due to human error by someone other than the preparer, should be enhanced, or include re-calculation of the figured used in calculating balances presented.

Effect or Potential Effect: The District could report material misclassifications or errors in the financial statements due to human error in the calculation or grouping of certain balances.

Recommendation: Union Public Schools may consider an additional review of all formulas and calculations for significant balances to ensure accurate calculation of balances. We believe the current levels of review continue to assign an inappropriate amount of reliance on one person. Based on the volume of information to be compiled, and the manual nature of much of the compilation, it is possible that errors will occur and not be detected by Union Public Schools. Additional layers of review which include re-calculation may mitigate the risk of misclassifications that result from such errors.

Response: The District agrees that the process for compiling the financial statements is manual and requires the bulk of that work be assigned to one individual. During the manual preparation of the financial statements, the District will ensure all formulas and placement of categories are reviewed further. The Director of Financial Reporting and Treasury has reorganized the department to add an additional layer of internal review by giving audit preparation duties to additional accountants in the department. Due to staff turnover, the accountants in this department have reduced years of experience. In addition to newer staff, the first year of go live on a new financial system is heavily impacting the workload of the

accountants. If further review is necessary, the District might need to hire additional staff. Union Public Schools had previously added an additional secondary level of review by an external auditor and will continue that process. That auditor will be required in the future to allot additional time for a more in-depth review. The District's new financial system also includes a CAFR module, which is scheduled for implementation in 2014, should reduce the manual processes which will then allow for more review of the financial statements.

This letter is intended solely for the information and use of the District's Board of Education, Business Sub-Committee, management, and the Oklahoma State Department of Education, and is not intended to be, and should not be used by anyone other than these specified parties. We appreciate the opportunity to serve the District and would be happy to assist you in addressing and implementing any of the suggestions outlined in this letter.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 17, 2013

Union Public Schools, Independent School District No. 9
Tulsa County, Oklahoma

Statement of Statutory, fidelity, and Honesty Bonds
For the Year Ending June 30, 2013

<u>Bond Type</u>	<u>Bonding Company</u>	<u>Position</u>	<u>Bond Number</u>	<u>Bond Amount</u>	<u>Effective Dates</u>
Education Legal Liability	ACE Westchester Fire Insurance Co	All Employees	G23613803 006	1,000,000.00	07/01/12 - 07/01/13
Employment Practices	ACE Westchester Fire Insurance Co	All Employees	G23613803 006	1,000,000.00	07/01/12 - 07/01/13
Umbrella	Starr Indemnity & Liability Insurance Company	All Employees	SISCEPEL 00004211	5,000,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Superintendent	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Chief Financial Officer/Treasurer*/ Activity Fund Custodian	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Director of Financial Reporting & Treasury/Treasurer/ Activity Fund Custodian	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Financial Analyst/ Assistant Treasurer	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Director of Accounting/ Encumbrance Clerk*/ Activity Fund Custodian	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Associate Director of Payroll	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Executive Director of Human Resources	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	I-5 Specialist	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	I-5 Specialist	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	I-5 Specialist	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Associate Director of HR	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Executive Director of Federal Projects	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Financial Reporting Manager/ Activity Fund Custodian*	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Accounts Payable Manager*/ Encumbrance Clerk/ Activity Fund	105375575	100,000.00	07/01/12 - 07/01/13
Surety	Travelers Casualty & Surety Co of America	Minutes Clerk/ Board Clerk*	105375575	100,000.00	05/01/13 - 6/30/13

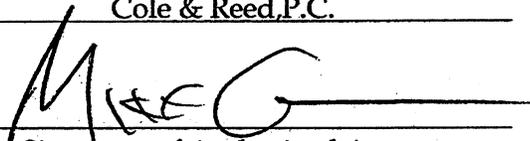
*Specific designation of Treasurer, Encumbrance Clerk, and Activity Fund Custodian (and associated responsibilities) are affiliated with these bonded positions, and these positions are also covered by the \$1,000,000 Education Liability Policy. Minutes Clerk/ Board Clerk covered under \$1,000,000 Education Liability Policy.

UNION PUBLIC SCHOOLS INDEPENDENT SCHOOL DISTRICT NO. I-9
TULSA COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
Year Ended June 30, 2013

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that that said firm did have, in full force and effect, Accountant's Professional Liability Insurance, in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with Union Public Schools Independent School District No. I-9 for the audit year ended June 30, 2013.

Cole & Reed, P.C.


Signature of Authorized Agent

Michael J. Gibson

Printed Name of Authorized Agent

Subscribed and sworn to before me on this

2nd Day of December, 2013

Whitney Webb
NOTARY PUBLIC



My commission expires on:

4th Day of April, 2016

Commission No. 12003296