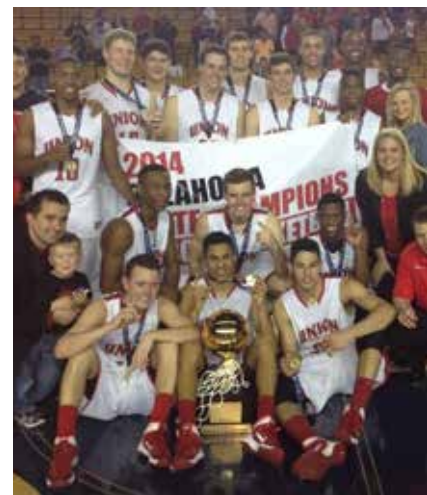




Union Public Schools
Independent School District #9
Tulsa, Oklahoma 74133



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Comprehensive Annual Financial Report
For the fiscal year ending June 30, 2014



Union Public Schools
Independent District #9
Tulsa, Oklahoma

Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2014

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For the Fiscal Year Ending June 30, 2014

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Union Public Schools
Independent District #9

December 8, 2014

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 ending June 30, 2014, 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 operation 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.

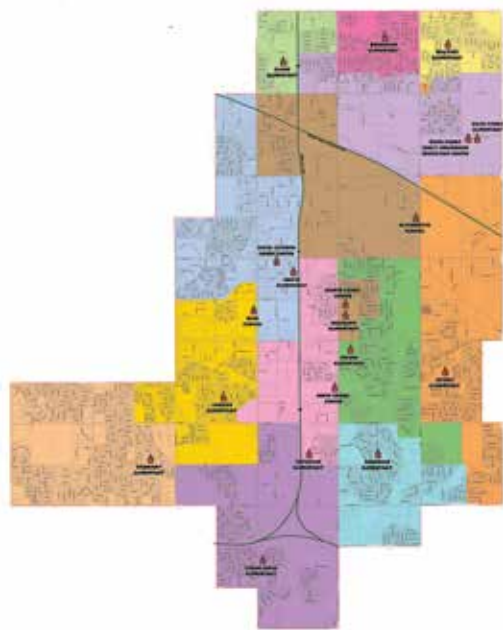
The letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. Union Public Schools Management's Discussion and Analysis can be found immediately after the report of the independent auditor, on page 25.

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 15,500 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. Union is one of the leading districts in Oklahoma in the number of teachers earning National Board Certification and in number of Presidential Math and Science Award recipients.

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.

In addition to challenging Pre-Advanced Placement (AP) 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 (TCC), 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 degree.

UCA provides students a challenging college-like experience with TCC instructors, tiered lecture halls, advanced science labs, student lounges, and specialty food shops, along with a safety net of high school staff members there to ensure their success. Counselors in the UCA’s College and Career Center help students and their parents complete college entrance, financial aid, and scholarship applications or bank college credit through Tulsa Technology Center. Students love the UCA’s online courses – Union Virtual Learning Academy – because of the flexibility they provide and because teachers are always there to assist.



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.

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 offers a wide range of STEM (Science, Technology, Engineering, & Math) opportunities. STEM is an approach to learning that encourages students studying any subject to inquire, explore, and problem solve.

STEM aids in curriculum and professional development and drives our district’s goal of 100 percent college and career ready.



Student Statistics

In 2013-2014, Union grew by 227 students. With a 1.5 percent increase over the previous year, Union served 15,526 students – 7,575 at the elementary level and 7,951 in grades 6-12.



In terms of racial origin, 5.5 percent were Native American, 14.8 percent were African-American, 7.7 percent were multi-racial, 0.1 percent were Pacific Islander/Hawaiian, 7.0 percent were Asian, 64.9 percent were Caucasian; and 27.8 percent were of Hispanic ethnicity.

There were 300 three-year-olds at the Rosa Parks Early Childhood Education Center, and 763 four-year-olds enrolled in

Pre-K classes districtwide.

During summer school, 1,649 elementary students received remediation or enrichment.

There were 3,204 identified gifted students first through twelfth grade served by a variety of courses and programs.

Ten percent, or 1,599 of our students, were enrolled in special education.

More than 3,200 were served through Adult Basic Education.

English Language Learner (ELL) services were provided to 2,112 elementary and 671 secondary students; 496 became English-proficient and exited out of the program. Our diverse population speaks more than 50 different languages.

There were more than 1,000 students (grades PreK-7) enrolled in Union's Extended Day Program. The EDP Summer Camp was held at Grove Elementary offering weekly themes over a nine-week period.

More than 13,880 Union students were involved in some form of the arts, including 7,575 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 non-competitive sports and spirit programs. Approximately 1,600 were involved in its 23 competitive sports teams and spirit squads grades 7-12. District athletic participation in grades 7-12 totaled 1,638; 667 girls and 971 boys.

Of the district's 2013-14 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.



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 four years of Union's TCC partnership, high school students have earned a total of 6,624 hours of college credit, with an estimated savings to Union families of more than \$3,000,000.

The district offered 22 Advanced Placement (AP) courses, and 573 students took 1,090 AP exams, with 55% passing.

More than 400 seniors qualified to receive the Tulsa Achieves scholarship through Tulsa Community College, and more than 190 were eligible to receive Oklahoma's Promise scholarships. Seventy-nine percent of the seniors took the ACT, and their average score was 21.7%.

Andersen Elementary received a "Green Flag" from Oklahoma Green Schools. Throughout the year, students used hands-on



inquiry-based investigations to learn how to take care of the environment and save energy.

Darnaby was selected as one of 44 schools nationwide to pilot the newest science, technology, engineering, and mathematics (STEM) program for fifth grades. The 44 schools participating



Student Statistics (Cont.)

in the pilot program tested 12 STEM modules and played an integral role in the development of the final version of the curriculum by providing feedback on their experiences to Project Lead The Way (PLTW).

Jefferson was selected as a Certified Healthy School by the Oklahoma State Department of Health. Certified Healthy Schools, a program of the Shape Your Future campaign, recognizes schools that make a positive impact on the health of their students.



Jefferson received the top honor out of 52 schools in the Schools for Healthy Lifestyles grant

program – the Beth Ramos Award – after completing the second year of the program. Jefferson has implemented many lessons on fitness and nutrition into the curriculum, and hosted many guest speakers from the Tulsa Health Department and the Union Child Nutrition Department.

Moore launched a new program, WATCH D.O.G.S. (Dads of Great Students), promoting the involvement of fathers and father-figures in the lives of children.

Peters, the first Union school to become an official Oklahoma Green School in 2013, was featured in the July edition of *The OKRA News* thanks to its recycling efforts. Peters became a Green School after students developed plans to grow more trees and cut energy costs. Thanks to students, Peters' electric bill in March dropped \$1,400 compared to the same time last year.



Student Achievements

Six seniors were named National Merit Finalists – Matthew Blanchard, Jordan Burdick, Steven Dahnke, Farhan Javed, Samuel Pangestu, and Hardik Sheth. Stefan Varickappallil was a Semifinalist, and Commended Students included Stephanie Call, Sarah Chase, William Emge, Larry Li, Brian Merritt, Lauren Pixley, and Jordan Romesburg.

Senior Farhan Javed was named an Academic All-State student by the Oklahoma Foundation for Excellence. Academic All-Staters are nominated by their principals or superintendents and are selected by an independent committee of business, education and civic leaders, and past honorees on the basis of academic achievement, extracurricular activities and community involvement, as well as personal essays.

The State Board of Education designated 75 graduating seniors from the Class of 2014 as Oklahoma Academic Scholars.

2014 Valedictorians were Shahzaib Ali, Stephanie Call, Kyle Crutchfield, John Hull, Farhan Javed, Stephen Klaassen, Larry Li, Shirley Lin, Brian Merritt, Jibran Sharieff, and Hardik Sheth. Salutatorians were Ian Bellovich, Kavya Boyina, Abdul Fejleh, Jennifer Haley, Mackenzie Ibison, Brett Lowe, Megan McTigue, Kelsey Owens, Samuel Pangestu, Nehal Patel, and Lauren Pixley.

Two Union students qualified for the National Forensic League tournament. Senior Luiyi "Yiyi" Chen qualified in International Extemporaneous Speaking and placed in the top 3 out of 39 competitors to qualify for nationals. Sophomore Maureen Haynes qualified in Lincoln Douglas Debate. Making her way through 41 competitors for 8 rounds, Maureen placed in the top 3 to qualify for nationals.



Seniors Jeffery Mead and Hope Atyia were named Mr. and Miss Union – the highest honor a student may receive at Union High School. Ben Kramer and Kristina Ray were named Seniors of the Year.

Senior Andrea Polakow was one of 16 students honored at the 4th Annual Outstanding Economics Student Awards by the Oklahoma City Branch of the Federal Reserve Bank of Kansas City and the Oklahoma Council on Economic Education, recognizing exemplary students and highlighting



Student Achievements (Cont.)

the importance of economics in Oklahoma curriculum.

Senior Breana Hill was named Junior Miss Muscogee (Creek) Nation.



Seniors Matt Blanchard (French Horn) and Ethan Mueller (Euphonium), and sophomore Marie Gordon (Oboe) were selected to All-State Band. Named to All-State Jazz Band were junior Megan Harju (Alto Sax) and sophomore Drew Thomas (Tenor Sax).

Seniors Kyle Kim and Nick Shirley's Tulsa Technology pre-engineering team was selected as the winner of the first annual Oklahoma High School Engineering Design

and Development Senior Showcase. Each won a \$1,000 scholarship for their innovative solution to an open-ended engineering problem.

The Graduates/Los Graduados, a two-part documentary on the Latino dropout crisis as seen through the eyes of six students – including Alternative School student Darlene Bustos – premiered on the PBS network. Just before her sophomore year of high school, Bustos became pregnant and began to miss classes and fall behind.

The documentary showed how she wanted to not only provide a good example for her son, but to catch up academically and graduate. Bustos enrolled in the Alternative program and enrolled her son in a Head Start program, and both were working towards graduation day and beyond.

The Union Repertory Theater class was named State One-Act Champions for their production of *The Illusion*. Union Repertory also won Fan Favorite and Best Tech.

Junior Ruby Shadley, along with 2010 graduate and reigning Miss Oklahoma Kelsey Griswold, shared the stage with stage and screen star Kristin Chenoweth at a performance at the Broken Arrow Performing Arts Center.



Junior Andrew Sparkman was presented an Outstanding

Citizenship Award by the Sons of the American Revolution based on his good citizenship and contributions to the community.

Junior Jeremy Roberts scored a perfect 36 on his ACT, a standardized test for high school achievement and college admissions in the United States.

High school Business Professionals of America students attended State Competition and Spring Conference, and three placed in the top 10 at competition - senior Kale Thomas placed in Accounting, senior Manuel Lopez in Graphic Design Promotion, and junior Michael Hill in Prepared Speech.



Union was the Class 6A champion for the second year in a row for graduating the most Oklahoma's Promise participants.

Junior drum major Megan Harju was named the winner of the Bob Hope Essay Contest associated with the Macy's Thanksgiving Day Parade. Each participating band was allowed to submit one essay to the Bob Hope Scholarship Essay Contest. Harju received a \$5,000 scholarship and Union Bands received \$5,000 as well.

Junior Juan Rodriguez was recognized by the Broken Arrow City Council for his efforts to save the life of a woman during a fire.

The High School Robotics team took second at the TSA (Technology Student Association) state competition. Team members included sophomores Alyssa Curry, Samantha Hall, Faris Khaleeli, Ashley Leffler, Robert Metler, Jeremy Robinson, Alex Shadley, Ashley Titsworth, and Wyatt Waterman. Freshmen Luke Taylor and Palmer Tetley took 1st place in Technology Problem Solving, and freshman Peter Wetherbee was 2nd in CAD-3D Engineering with Animation.



The High School orchestra received a rating of superior as well as the best overall award for the highest score of the contest against 31 other bands and orchestras in a regional level Music in the Parks contest in St. Louis.

The Renegade Regiment marching band took some 249 students to march in the 2013 Macy's Thanksgiving Day Parade in New York City.



Student Achievements (Cont.)

Sophomore and freshmen pre-engineering students competed in the TSA (Technology Student Association) VEX robotics tournament, and the sophomore teams took 1st and 3rd place.

The High School Science Olympiad team won a State Championship. The team formed only last year and won the state championship both last year and this year. The team, coached by chemistry teachers Mike Carpenter and Jenny Jackson, placed either first or second in 19 of the state competition's 20 events.

Freshman Jacob Kirwin was honored by Mayor Dewey Bartlett for his efforts to feed the hungry. Jacob and his parents are the organizers of Scareaway Hunger, formed after the family found themselves without power during the ice storm in 2007.

Ninth grader Kelsey Hausam received attention for her singing and more than 36,000 views for her video of "I Can't Wait," a cover of the 1980's classic by Nu Shooz. The video shows her and other youth in familiar Tulsa surroundings.

Eighth graders Josh Anderson, Drew Hoke, Madyson Holland, Sam Williams, and Jillian Newfield had two out of 100 experiments selected to be launched into space by NASA. One experiment focused on establishing a stable ecosystem in space, and the other tested the potency of ibuprofen and acetaminophen used in over-the-counter medicines in space.



They also had the opportunity to SKYPE with NASA scientists to discuss their projects prior to the launch. The five came together to attempt the Rubik

Learning Initiative (RLI) Cubes In Space Challenge on their own as part of the 40th anniversary of the invention of the Rubik's Cube, and teacher Bill Murphy advised them on the projects. Cubes in Space is a STEM-based education program for students ages 11-14, which provides an opportunity to design and launch experiments into space.

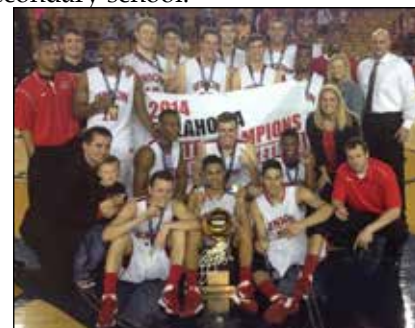
Twenty 7th graders in the Gifted/Talented program participated in the OSU Design Challenge. Students worked in teams, problem solved, and competed against other schools in the region. One team of four students won 2nd place in their division and another finished in 5th place.

Four seventh graders - Boston Briggs, Shwetanshu Das, Annabelle Harney, and Chloe Waddington - won Duke TIP Grand Recognition for exceptional scores in Duke University's Talent Identification Program - the largest program of its kind in the nation.

Athletic Achievements

Union High School's first-team designation by the National Athletic Trainers Association as a 2014 Safe Sports School was the first for an Oklahoma secondary school.

The boys' basketball team won their second Class 6A state championship in three seasons and were ranked #15 nationally by MaxPreps.com. Only 10 teams nationwide were selected for this honor.



The girls' golf team won their fourth straight state championship. Seniors Marla Souvannasing, Anna Kim, and Emma Allen were part of all four title runs, and were joined in this win by sophomore teammates Trudy Allen and Grace Johnson.

Union won its first girls' tennis state championship as 8th graders Regan Hayworth, Nicole Merrill, Emily Nelson, Juliet Roy and 9th graders Olivia Liedel and Faith Nichols won the Jr. High State Elite Tennis Championships. Nelson took 3rd place at #2 Singles; Merrill and Roy placed 2nd in Doubles; Hayworth and Liedel won the State Title in Doubles; and Nichols placed 15th at the toughest position to play - #1 Singles, sealing the win for the team.



Union Varsity Cheer won the OSSAA Class 6A State Championship for the second time in three years. Varsity Cheer, coached by Cat Weeden and Stacey Beams, was crowned National Champions (Advanced Large High School Division) and Grand National Champions at NCA National High School Cheer Championships in Dallas,

TX. Union Varsity Cheer completed their sweep of being named OSSAA Class 6A Regional Champions, OSSAA Class 6A State Champions, NCA National Champions, and NCA Grand National Champions.

Junior Highsteppers were State Kick Dance Champions, and Varsity Pom placed second in State, while 6th/7th Pom, 8th grade Pom, and JV Pom placed 2nd, 4th, and 2nd, respectively.



Athletic Achievements (Cont.)



Senior Chase Davis, who won a state title in the 100-yard butterfly and placed second in the 200 Individual Medley, completed his high school career with a record-breaking 100m breaststroke

time of 58.70 in the Jim Thorpe All-State swimming meet. Davis also finished second in the 200 Individual Medley with a time that was under the previous All-State record for that event.

Senior tight end Carson Meier was selected to play in the 2014 Semper Fidelis All-American Game. He was ranked No. 5 nationally among Y (traditional)-tight ends in the 2014 recruiting class.

Senior swimmer Colton Posey broke the school record in the 100m breaststroke with a time of 1:08:21.

Senior Anna Beffer was selected as the Gatorade Oklahoma Girl Soccer Player of the Year, a Girls' High School All-American selection for Oklahoma, and the 2014 Jim Thorpe Girl's Soccer Athlete of the Year.

Senior golfer Marla Souvannasing was named All-Metro Girls Golfer of the Year and was also recognized as Jim Thorpe Award Player of the Year.

Eighth grader Jermain Haring wrestled unattached in the Jr. High All-state wrestling tournament and became the 2014 JH state champion at 142 lbs.

Student Community Service

Redskin Aid continued with student-athletes and coaches completing over 4,100 hours of community service during the year with activities including Salvation Army bell ringing, Make-A-Wish sponsorship, and Read Across America.

Members of the Renegade Regiment Drum Line organized & helped by pulling weeds on the volleyball court at Andersen Elementary.

JV Pom, tennis, football, cross country, and wrestling athletes volunteered to help get the Union 8th Grade Center ready in time for school following a fire.

Members of Business Professionals of America (BPA) club participated in the annual Food for Kids Backpack Program at the Tulsa Food Bank, filling 2,688 bags with nutritional snacks for children.

Business Professionals of America members volunteered at the Williams Route 66 Marathon, taking charge of the "water stop" halfway through the 5K race.

Members of the football team volunteered at the annual Oklahoma Parkinson's Disease Association "Pennies for Pearls" fundraiser.

Ten 8th graders built an overlook deck at the Tulsa Zoo as part of a week-long engineering camp.

Students districtwide participated in canned food drives, coat drives, and hat/mitten drives for several different charities throughout the city.



Employee Statistics

Union employed 81 administrators – 57 certified and 14 non-certified – and 975 certified teachers. Support staff members accounted for another 855 positions, both full time and part time. The ethnic diversity among the staff was African-American 5.24%; American Indian 6.40%, Asian 1.9%, Hispanic 9.84%, Caucasian and other 77.62%; 399 were male and 1,491 female.

At the end of 2013-2014, Union had 83 National Board Certified teachers, and 37.4% of district teaching and administrative staff held graduate-level degrees – 318 had master's degrees and 15 had doctorates.





Teaching & Learning

Union sent a contingent of educators to the 2014 Community Schools National Forum, "Community Schools: The Engine of Opportunity" in Cincinnati, Ohio, where Clark Principal Theresa Kiger and 6th Grade



Principal Tamra Bird were presenters. "Scaling Up: A Community School District's Example," addressed the district's success in establishing Community

Schools, growing the program across the district, and becoming a national model in the process.

The district established a relationship with T.I.E.S. (Teaching Institute for Excellence in STEM) and facilitated focus groups with T.I.E.S. representatives and parents, students, industry leaders, teachers and administrators. Union was the first district in Oklahoma to implement a K-12 "pathway" or articulated sequence of engineering curricula; the district increased STEM (Science, Technology, Engineering, and Math) after-school programs via partnerships with the Tulsa Engineering Alliance; and the first-ever Family STEM Night Roller Coaster Activity was held at the 6th/7th Grade Center.

The Alternative School established the ASPIRE Program for "over-aged, under-credit" students, and the district planned to expand this program to serve as a recovery program for any student who did not meet graduation qualifications.

The Community Schools program in the district was expanded with Clark, Rosa Parks, McAuliffe, Briarglen, and 6th/7th Grade Center designated as community schools with a community school coordinator. Grove, Boevers, and Jefferson were emerging community schools. Through collaboration with the Communications Department, a multi-media campaign "Community Schools for All: Partnerships for Success" was initiated.

A new student management system (SMS), Infinite Campus, was selected, and intensive training began to facilitate the migration of student data before the start of school in 2014.

During new teacher induction, 175 teachers were welcomed to the district, and Leadership Union served 26 aspiring leaders in a semester-long program.

Contributions from the Community

Union patrons approved a \$21-million bond proposal with 80.5 percent of the vote. The funds will be used to build a new gym and a fine arts wing at the Eighth Grade Center, buy new textbooks districtwide and make upgrades for the district's Science, Technology, Engineering and Math, or STEM, program. Within that total, \$2.17 million will be used to buy eight regular school buses, four special education buses and two activity buses.

The Assistance League of Tulsa funded five grants, helping purchase musical instruments and books for Briarglen, Rosa Parks, and the 6th/7th Grade Center.

Representatives from the T.D. Williamson company handed out book bags to all Rosa Parks second graders. Every night, children take home books from school to read on their own or with their parents through the Book Bag program. TDW came through with reusable canvas bags sturdy enough to last the entire year and perfect for the program.

The Union Schools Education Foundation hosted Grillin' n Chillin' complete with a BBQ Throwdown between Chef Michael Fusco and Union



Theatre Director Troy Powell. The event was in addition to the annual dinner and auction in November.

The Union Schools Education Foundation presented checks to its 2013-2014 grant recipients during Teacher Appreciation Week in May. Thirty grants totaling \$34,787.34 were given to 33 teachers at 12 of the district's 19 sites. The classroom projects funded ranged from \$244.40 to \$5,000.00.

Employee Achievements

Peters fifth grade teacher Emmet Bowen was named the 2013-2014 District Teacher of the Year. Site winners included Tina Ahlfield, Andersen; Karen Mahoney, Boevers; Danielle Tolomeo, Briarglen; Rachael Grigg, Cedar Ridge; Shelly Eulenfeld, Clark; Suzanne Martin, Darnaby; Melissa Jarrett, Grove; Vickie Winden, Jarman; Kerri Gunter, Jefferson; Ashley Kirby Thomas, McAuliffe; Lori Randall, Moore; Ranae Halderman, Rosa Parks; Camryn Winters, Rosa Parks Early Childhood Education Center; Doug Smith, 6th Grade;



Employee Achievements (Cont.)

Sue Haralson, 7th Grade; Luke Weinbrecht, 8th Grade; Heather Berg, Alternative School; Lauren Stauffer, 9th Grade Center; Jenny Jackson, High School.



Chris Sharpe, an Information Technology analyst, was named the 2014 Support Employee of the Year. He oversaw the district's Mobile Device Management (MDM) for the iPads and daily operations of outbound traveling techs. He also handled teacher concerns and worked with techs on issues that required additional assistance and some issues involving servers.

Briarglen teacher Carrie Reese was named one of five Rising Star Teachers from across the state. Rising Stars were selected from among 2012-2013 district Teachers of the Year based on portfolios reviewed by the Oklahoma Teacher of the Year regional selection committees.

Oklahoma Elementary Principal of the Year Theresa Kiger was honored in Washington, D.C., as one of 61 outstanding elementary and middle school principals from across the nation and abroad. As such, she had the honor of being a national distinguished principal named by the National Association of Elementary School Principals.

Grove administrative intern Traci Gardner and High School math teacher Rebecka Peterson were featured in the online October issue of ASCD (formerly the Association for Supervision and Curriculum Development). ASCD is a global community dedicated to excellence in learning, teaching, and leading.

Talk show host and comedian Ellen DeGeneres surprised McAuliffe media specialist Kirby Thomas with a visit from her Skype Van, giving the school \$25,000 for the media center and a brand new bookmobile. The school also received six iPad minis, and a \$25 gift certificate to Target for each of McAuliffe's 771 students, a total of \$20,000, and Ellen invited Thomas to appear on her show.



Charlotte Neller, 9th grade French teacher and adjunct professor of Arabic at Tulsa Community College, attended the American Association of Teachers of French 86th annual convention in Providence, Rhode Island, where she received the AATF National Contest Administrator of the Year.

Ninth grade and High School vocal music teacher Debbie Baker was selected as the winner of the 2013 National Association for Music Educators/Sweet Adelines International Award for making significant contributions and service in music education.

Boys' basketball coach Rudy Garcia was named Coach of the Year by the Oklahoma Basketball Coaches Association and was also selected as a 2014 National Coach of the Year Finalist by the National High School Athletic Coaches Association (NHSACA).

Head athletic trainer Dan Newman was selected as a 2014 Athletic Training Service Award recipient by the National Athletic Trainers Association.

Girls' soccer coach Brian Elliott was selected as the Oklahoma High School National Soccer Coaches Association of America Coach of the Year.



Child Nutrition financial clerk Bernice Tharps competed in the National Soul Food Cook-off winning 1st place in Breads, 2nd in Desserts and Miscellaneous, and 3rd in Meats.

High School teacher Tiffany American Horse wrote an article for the Business, Marketing and Information Technology Education publication about using Learning Management System in her classes at the UCA. She was also one of 12 teachers nominated for the Oklahoma Association for Career and Technical Education "Business Information Technology Education" Division Teacher of the Year award.

Former Superintendent Dr. Cathy Burden was named a 2013 Paragon Award winner by Leadership Tulsa. She was nominated by the Community Action Project of Tulsa County. Dr. Burden partnered with the Community Action Project in a program to assist at-risk families in providing age-appropriate learning opportunities for their infants and toddlers and opened the Rosa Parks Early Childhood Education Center for three-year-olds. She also spearheaded bond issues that resulted in completion of four new elementary schools to provide universal, all-day pre-kindergarten and kindergarten at all Union elementary schools.

The district received the 2013 Distinguished PSO Peak Performer award for the school district with the largest



percentage saving over the previous year.

Orchestra instructor Pete Peterson, who has led the district strings program for 33 years, was awarded the Bart Betow Memorial Music Education

Award, and the orchestra program received a \$5,000 gift in his honor.

The Certificate of Achievement for Excellence in Financial Reporting was awarded to the Finance Department by the Government Finance Officers Association (GFOA) of the United States and Canada for its comprehensive annual financial report. The GFOA certificate of achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

For the 21st consecutive year, the district earned the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International (ASBO), the highest recognition for a school district offered by ASBO, recognizing significant achievement in school system financial reporting.

Union employees surpassed the district's \$190,000 United Way goal by raising \$195,046.67. The total made Union

#1 among area public schools, even topping many area businesses.

Communications

The Communications Department received eight Awards of Excellence and one Award of Merit from the Oklahoma School Public Relations Association (OKSPRA) for work created in 2013. Awards of Excellence were earned for the

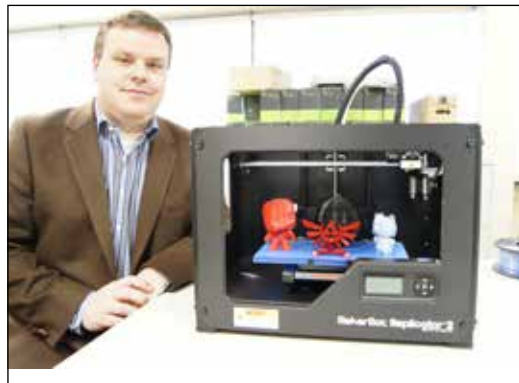
2013 bond campaign; the district website, Intranet site, and social media presence; the electronic newsletter, *The Communicator OnLine*; for the Dr. Cathy Burden Legacy Endowment Fund and retirement celebration; for the district video, "Together We Make a Difference;" for CommUnications online videos; for the *Communicator* special edition "A+ Achievement"; and for the 2012-2013

Annual Report. A video created by Alternative staff highlighting students won an Award of Merit in the "Shoestring Budget" category.

Communications spearheaded the research, chaired the committee, and wrote Board Policy #1610 - Social Media Guidelines and Requirements which was adopted by the Board of Education.

Technology

The Information Technology Department (IT) purchased and deployed pod printers at all elementary schools and completed the districtwide migration from traditional PBX phones to the VoIP (Voice over Internet Protocol) system.



More than 2,000 laptop computers were purchased and configured to fully support the End of Instruction (EOI) and online testing. An additional 100 wireless access points were installed districtwide as well. Network bandwidth was upgraded at all locations.

IT hosted the second annual Technology Symposium with 49 school districts, 130 school employees, and over 30 different vendors attending.

Transportation

More than 10,000 students rode the bus on a regular basis during 2013-2014. The district maintains a fleet of 95 school buses and 86 support vehicles. There are 48 shuttle routes and 24 after-school routes. Seventy buses run daily routes traveling approximately 2,200 miles per day on average. Activity buses made 1,342 trips during the school year.

Child Nutrition

The Child Nutrition Department served an average of 9,200 lunches, 4,900 breakfasts, and 1,800 snacks each day. District participation increased by 4.5% for lunches and 10% for breakfast. The district spends approximately \$4 million for food each year including Farm-to-School produce. Of the 183 child nutrition employees, 42 are Serve-Safe certified and Culinary Arts trained.





Maintenance/Facilities Services

The Maintenance Department is comprised of 15 specialists and 24 building engineers. They completed 10,128 work orders during the fiscal year. Their job is to maintain equipment and ensure that all district facilities are running smoothly. The specialists include a licensed locksmith, two licensed plumbers, two licensed electricians, four licensed HVAC technicians, two licensed electronics technicians, two carpenters, a painter, and a child nutrition equipment technician, and each school site has at least one licensed building engineer.

The Custodial Department has 118 full- and part-time employees including 20 lead custodian supervisors and one window specialist. Custodial staff members, collectively,



clean and maintain 2,928,677 sq. ft. of building space. Project work includes hard surface floor care burnishing; stripping

and refinishing of vinyl tile and wood flooring, soft surface floor care of carpet including interim spot cleaning and deep extraction. Deep cleaning of shower rooms and restrooms with state-of-the-art touchless high-pressure equipment is done to minimize any bacterial issues. The elementary schools' building engineers are in charge of custodial duties during the school day. One refuse truck operator empties 116 dumpsters on a daily basis.

The Grounds Department's 14 employees maintain more than 425 acres of district property at 23 different sites. The grounds staff do a very diverse number of jobs for the district including mowing, edging, landscape and playground maintenance, small asphalt and concrete repairs, snow removal, assisting with UMAC events, and serving as the district moving crew.

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

- 978 orders delivered
- 295 moves
- 53,461 items/cases/boxes delivered
- 264 contracts reviewed
- 2,680 pallets of food delivered
- 527 surplus auctions

- 2,606 cases of copy paper
- 417 Dell quotes
- 53 new copiers purchased
- more than 5,000 mail deliveries made

Safety and Security

More than 7,360 safety training videos covering 36 separate training topics were completed with a 90.2% successful completion rate, and 24 site safety walks were completed. Raptorware, the visitor check-in system, was updated, and the SafeSchools Alert program was implemented.

The district employed 11 full time Security Officers plus three School Resource Officers and 40 provisional officers. Security handle an average of 70 incident reports annually and provided security for all athletic, Union Performing Arts Center, and UMAC events. Each officer has 20 hours of training per year.

Union Multipurpose Activity Center (UMAC)

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 markets Union spirit wear and items; the Fine Arts Department, the Athletics Department, and an in-house video production studio.

Facility scheduling not only encompasses the actual event but all the communications, operations, and maintenance to prepare, set up, run, and clean up every

event. This makes accurate scheduling very important. An estimated 35,437 activities occurred during the year, and there were 2,295 facility rentals to outside groups which involved scheduling, contracts, scheduling conflict resolution, staffing, and set up and tear down.



Construction/Facilities

In partnership with the Community Action Project (CAP), the district expanded its three- and four-year-old programs at Rosa Parks Early Childhood Education Center to 300 students. Built by CAP and the Tulsa Children's Coalition, the 10,900-square-foot, \$3.6-million expansion features eight new classrooms, four for 3-year-old students and four for pre-kindergarten or 4-year-old students.

Constructed with bond funds approved by voters in 2012, the new two-story, 5,102 square-foot tennis center provides



Construction/Facilities (Cont.)



eight new courts, a spectator viewing area, lockers, dressing rooms and concessions. The downstairs has offices and training rooms that rival some colleges or universities'. The district also resurfaced six

previous tennis courts behind the 9th Grade Center.

Lightning sparked a fire on the roof of the 8th Grade Center in late July as severe storms left damage strewn across the Tulsa area. The blaze caused damage to the west side of the building, and crews scrambled to have the damage repaired by the first day of school.

The Union Enrollment Center moved to new offices in the former Arvest Bank Building at 6011 S. 89 E. Ave (61st and 89th E. Avenue).

The Union Collegiate Academy was cited by *The Architectural Portfolio* on SchoolDesigns.com for its outstanding design and was featured in the November edition.

Economic Condition

Union Public Schools is located within the Tulsa Metropolitan Statistical Area (MSA), a seven-county area whose population exceeds 961,561 or 25 percent of the population of the state of Oklahoma. The Tulsa Regional 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 for 2013 at \$42.6 billion, or 30.4 percent of the Oklahoma economy.



Forbes recently named Tulsa the 68th best city to do business and have a career. Tulsa's economy grew faster than the U.S. average in 2013 in both employment

and in the production of goods and services and is expected to continue that growth in 2014. 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 desirable central location; and a cost of living that is 12 percent below the U.S. average. According to the Tulsa Regional Chamber, employment should continue to increase by 2.2 percent in 2014, up from 1.7 percent in 2013, as construction, energy, and manufacturing continue to be strong.

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

- #3 - "National Home Value Growth" - *Zillow.com*, 2012
- #4 - "Ten Best Cities to Find a Job" - *The Fiscal Times*, 2011
- #8 - "U.S. Cities for Manufacturing" - *BLS*, 2012
- #15 - "Most Affordable City" - *Forbes*, 2011
- Top 25 - "Best Cities to Retire" - *Forbes*, 2012
- Top 100 "Metros Among the Leading World Economies" - Brookings Inst., 2012

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 2014 with more than four percent higher revenues than the prior year. The increase is attributed to various economic indicators such as gross income tax (up 0.2 percent), motor vehicle tax (up 16 percent), gross production tax (up more than 20 percent), and sales tax (up 3.4 percent). The Tulsa housing market has not been as negatively affected by the mortgage/housing crisis compared to the rest of the country. The Tulsa Chamber of Commerce reported that the permit value per home increased 11.3 percent compared to the same period one year ago.



The unemployment rate in the Tulsa MSA was 5.6 percent in 2012, and then decreased to a 2013 level of 5.4 percent, with a 2014 projected rate of 5.2 percent, 1.7 percent below the U.S. average. The Tulsa Chamber projects the unemployment rate will continue to decrease through 2018 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:



Economic Condition (Cont.)

- 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),
- 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 3,223 students in school year 2013-2014 by serving over 3,248 students. Due to program expansion that includes six Northeastern Oklahoma counties and 50 classes, the program predicts continued phenomenal growth in school year 2014-2015. In addition to helping many adults, the program has formed many relationships with Tulsa area programs including:



The Children's Aid Society



- Asbury Learning Center
- The Carrera Program
- Community Action Project (CAP)
- Department of Human Services
- Metropolitan Tulsa Urban League
- South Tulsa Community House
- Northeastern State University
- 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 the 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 Clinics operate 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's 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 2004-2005 school year, the district recorded total enrollment of 13,969. In 2013-2014, enrollment reached 15,526. Administration projects enrollment in the 2014-2015 school year to reach approximately 15,826 students with the continuation of the four-year old program at every elementary site and the three-year-old program together serving approximately 1,057 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 2.9 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 a new fine arts wing at the Sixth/Seventh Grade Center. Please refer to the Statistical Section of this CAFR for additional facility details.



Bond Funds



On February 11, 2014, district voters approved a \$21-million bond proposal for the first phase of the Eighth Grade Center expansion, which includes a fine arts wing, gym, athletic area, parking lot and bus loop; transportation buses; 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 2013-2014 school year, Union received more than \$6.64 million in federal grant money, down \$1.45 million from the previous year. The largest contributors to the reduction in federal money included Title II, Individuals with Disability Education Act (IDEA), Adult Education, and Carl Perkins all having reductions.

Major Initiatives

Major initiatives that were enacted as a result of the 2014 Oklahoma Legislative Session included:

- H.B. 2643: Equal Opportunity Scholarship Tax Credit – Amends OK Equal Opportunity Education Scholarship Act and expands previous tax credits to include subchapter corporations for contributing to a qualified scholarship-granting organization.
- H.B. 2682: Certificate of Indebtedness – Amends statutes to provide more flexibility for banks collaborating with school districts to invest in and purchase certain certificates of indebtedness.
- S.B. 1246: Income Tax Reduction – Lowers Oklahoma's income tax rate from 5.25% to 4.85% due to growth in general fund revenue.
- S.B. 1719: Competitive Bids – Modifies current competitive bidding language related to sole-source purchase contracts.

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, the Building 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, Building (Special Revenue Fund), 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,

Kirt Hartzler *Debra J. Jacoby*

Kirt Hartzler, Ed.D.
Superintendent

Debra J. Jacoby, CPA
Chief Financial Officer/
Treasurer

Catherine L. Smart *Gail Easterling*

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

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 1-009

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

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



Terrie S. Simmons, RSBA, CSBO
President

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Ennis".

Executive Director/CEO



2013-2014 BOARD OF EDUCATION



**Jeff
Bennett**
District #1
2011-2016



**Patrick
Coyle**
District #2
2012-2017



**Heather
McAdams**
District #3
2013-2018



**Stacey
Roerman**
District #4
2014-2019



**Ed
Payton**
District #5
2010-2015

2013-2014 Administrators

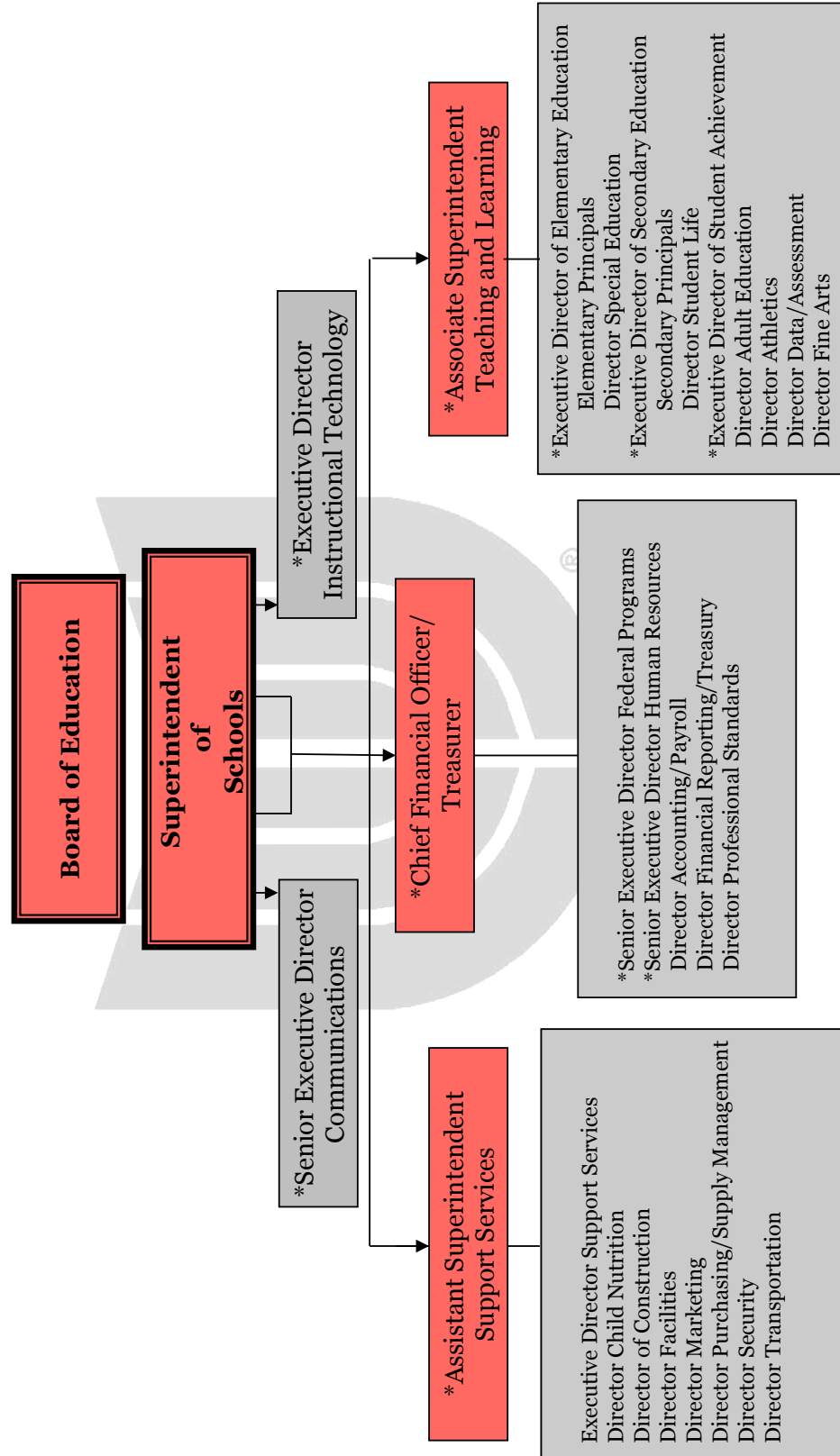
Dr. Kirt Hartzler, Ed.D.	Superintendent
Debra Jacoby, CPA	Chief Financial Officer/Treasurer
Dr. Kathy Dodd	Associate Superintendent
Charlie Bushyhead	Asst. Superintendent for Support Services
Gretchen Haas-Bethell	Sr. Executive Director of Communications
Cynthia Solomon	Sr. Executive Director of Human Resources
Jackie White	Sr. Executive Director of Federal Programs
Todd Borland	Executive Director of Technology
Lee Snodgrass	Executive Director of Support Services
Todd Nelson	Executive Director of Student Achievement
Sandi Calvin	Executive Director of Elementary Education
Lisa Witcher	Executive Director of Secondary Education
Chuck Chapman	Director of Construction Services
Gail Easterling, CPA	Director of Accounting
Gary Greenhill	Director of Transportation
Lisa Griffin	Director of Child Nutrition
Penny Kay	Director of Special Services
Cathy Smart, CPA	Director of Financial Reporting/Treasury
Dave Stauffer	Director of Facilities
Ed Tackett	Director of Fine Arts
Ty Wardlow	Director of Security
Emily Warren	Director of Athletics
David Young	Director of Purchasing/Supply Management
Kelly Brassfield	IT Program Director
Susan Crowder	Director of Professional Standards
Sherri Fair	Director of Student Data & Assessment
Joanna Jamison	Director of Adult & Community Education
Sarah McBryde	Director of Marketing
Denise Vaniadis	Director of Student Life
Christine Bunyard	Associate Director of Payroll
Becky Byers, CPA	Associate Director of Budget
Steven Dunlap	Associate Athletic Director
Kirk Fridrich	Associate Athletic Director
Jay Loegering	Associate Director of Human Resources
Matthew McCready	Associate Director of Fine Arts
Mike Rose	Associate Athletic Director

2013-2014 Principals

John Chargois, Gart Morris, Tony Tempest	High School
John Federline	Ninth Grade Center
Richard Storm	Alternative School
Marla Robinson	Eighth Grade Center
Steve Pittman, Tamra Bird	Sixth/Seventh Grade Center
Bethany Harper	Andersen Elementary
Alycia Pennington	Boevers Elementary
Tracy Weese	Briarglen Elementary
Ellen Crager	Cedar Ridge Elementary
Theresa Kiger	Clark Elementary
Chris Reynolds	Darnaby Elementary
Kim Berns	Grove Elementary
Shawna Thompson	Jarman Elementary
Kim Rampey	Jefferson Elementary
Rita Long	McAuliffe Elementary
Lindsay Smith	Moore Elementary
Chasity Gray	Peters Elementary
Karen Vance	Rosa Parks Elementary
Lynn McClure	Rosa Parks Early Childhood Education Center



Union Public Schools 2013-2014 Administrative Organizational Chart



* Denotes Cabinet position

8/1/13

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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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2014, 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 Supplementary 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.

Other Information

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 2, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 2, 2014

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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, 2014. 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 2014 are as follows:

- » In total, the district’s net position increased \$7.97 million. The net position of governmental activities increased \$7.22 million which represents a 4.61 percent increase from fiscal year 2013.
- » The net position of business-type activities increased \$743,403 or 12.87 percent from fiscal year 2013.
- » General revenues accounted for \$108.36 million in revenue or 76.89 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$32.57 million or 23.11 percent of total revenues of \$140.93 million.
- » The district had \$125.44 million in expenses related to governmental activities; only \$24.38 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 \$106.35 million in revenues, \$105.19, million in expenditures, and \$209,867 in other uses and transfers into the fund resulting in a fund balance increase of \$1.38 million. This increase is primarily a result of an increase in state and local revenue collections. The building fund had \$4.52 million in revenues, \$5.69 million in expenditures, and \$67,537 in transfers into the fund yielding a fund balance decrease of \$1.11 million. This decrease is primarily attributed to one-time land, building, and equipment needs; as well as an expansion of the district’s security resources. Bond fund revenues totaled \$139,535. Net bond sale proceeds were \$21 million. Expenditures in the bond fund totaled \$17.34 million. The sinking fund had \$21.63 million in revenues and \$21.88 million in expenditures.
- » The net position for the child nutrition enterprise fund increased \$743,403. This increase resulted from operating revenues of \$2.40 million and non-operating revenues of \$5.83 million exceeding operating expenses of \$7.49 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.

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.

Union Public Schools – Management’s Discussion and Analysis

The *Statement of Activities* presents information showing how the district’s net position changed during fiscal year 2014.

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 2014?” 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 37.

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 district’s major funds can be found in Note A of the notes to the financial statements beginning on page 49 of this report.

Union Public Schools – Management’s Discussion and Analysis

The basic governmental fund financial statements begin on page 41 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 44 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 47 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 49 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 2014 and 2013:

Table 1
Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>						
Current Assets	\$ 95.43	\$ 89.73	\$ 6.43	\$ 5.86	\$ 101.86	\$ 95.59
Capital Assets						
Land & CIP Assets	16.29	23.50	0.00	0.00	16.29	23.50
Capital Assets Being Depreciated, net	147.22	137.15	.64	.33	147.86	137.48
Total Assets	<u>258.94</u>	<u>250.38</u>	<u>7.07</u>	<u>6.19</u>	<u>266.01</u>	<u>256.57</u>
<u>Liabilities</u>						
Current Liabilities	35.36	34.97	0.55	0.41	35.91	35.38
Noncurrent Liabilities	59.69	58.74	0.00	0.00	59.69	58.74
Total Liabilities	\$ <u>95.05</u>	<u>93.71</u>	\$ <u>.55</u>	<u>0.41</u>	\$ <u>95.60</u>	<u>94.12</u>
<u>Net Position</u>						
Investment in Capital Assets, net	137.35	115.57	0.64	0.33	137.99	115.90
Restricted for Debt Service	11.77	11.73	0.00	0.00	11.77	11.73
Restricted for Capital Projects	1.72	1.83	0.00	0.00	1.72	1.83
Unrestricted	13.05	27.54	5.88	5.45	18.93	32.99
Total Net Position	\$ <u>163.89</u>	<u>\$ 156.67</u>	\$ <u>6.52</u>	<u>\$ 5.78</u>	\$ <u>170.41</u>	<u>\$ 162.45</u>

Union Public Schools – Management’s Discussion and Analysis

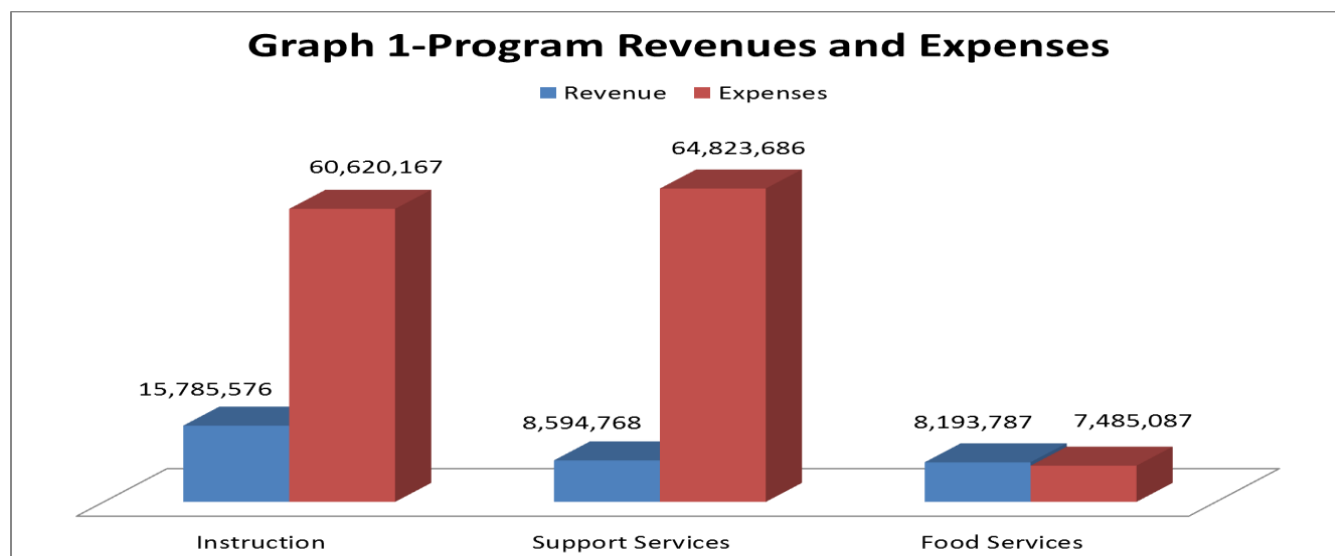
Total assets were \$266.01 million. Cash and cash equivalents were \$68.54 million. Investments totaled \$27.82 million. Capital assets, net of depreciation, were \$164.15 million. Taxes and other receivables were \$4.21 million.

The net position of the district’s governmental activities increased by \$7.22 million. The majority of this increase was a result of an increase in state aid, an increase in Flexible Benefit Allowance, an increase in property tax revenue, and various changes to state, local, and federal sources. The October 2013 student count of 15,452 unweighted ADM and 24,562 weighted ADM reflected district growth of 263 actual students and 758 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 13.92 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 \$743,403, 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 38 the cost of the district’s governmental activities for the year ended June 30, 2014, was \$125.44 million. This represents an increase in the cost of governmental activities of \$3.37 million compared to the prior fiscal year. The reader will note a \$1.18 million increase in School Administration and Business Services expenses, and a \$2.14 million increase in Operations & Maintenance Services expenses from the prior fiscal year. The primary reason for the increase in expenses can be attributed to the addition of new positions, the increased cost of software/hardware maintenance services, as well as the expansion of the district’s security services. Not all of the cost of governmental activities was borne by the taxpayers. Of the \$125.48 million cost, \$2.48 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 \$21.90 million was paid through various federal and state grants and contributions. Consequently, the net cost of \$101.06 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.



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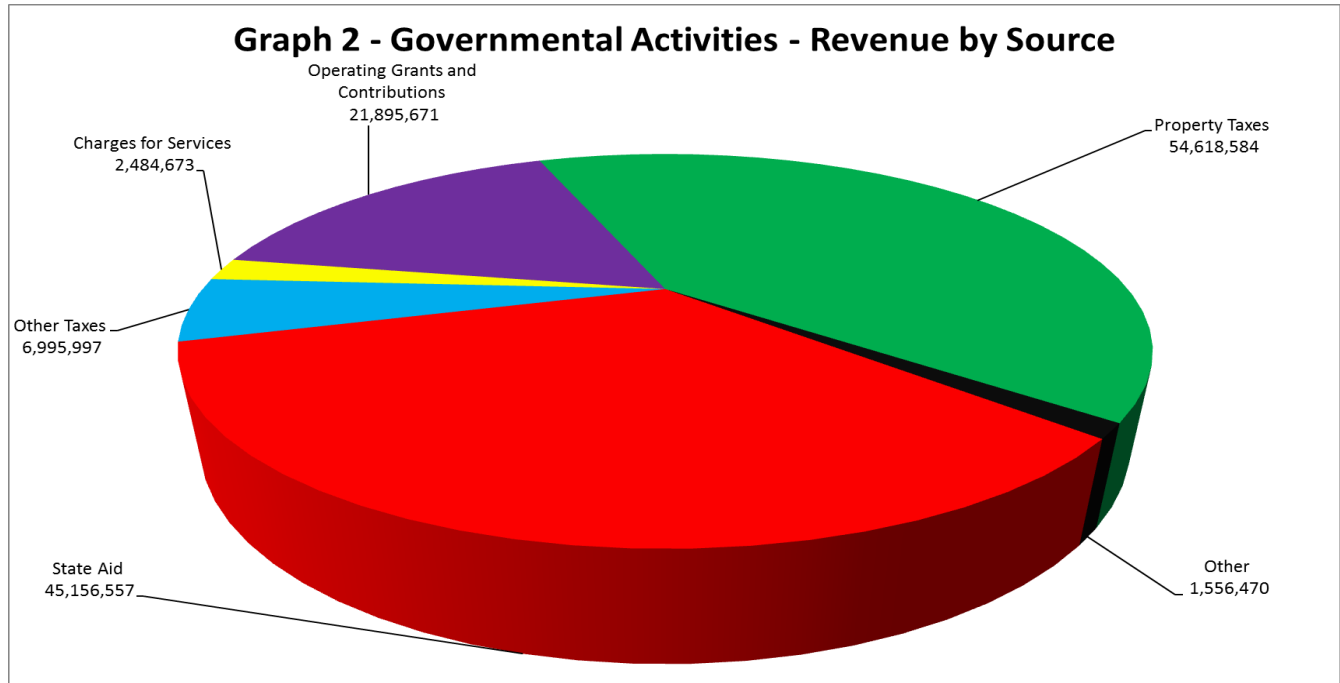
Table 2 provides a summary comparison of the district’s change in net position for the fiscal years 2014 and 2013:

Table 2
Changes in Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 2.48	\$ 2.44	\$ 2.40	\$ 2.39	\$ 4.88	\$ 4.83
Operating Grants and Contributions	21.90	21.14	5.80	5.41	27.70	26.55
Capital Grants and Contributions	0.00	0.00	0.00	0.00	0.00	0.00
General Revenues:						
Property Taxes	54.62	54.78	0.00	0.00	54.62	54.78
Other Taxes	7.00	6.42	0.00	0.00	7.00	6.42
State Aid Not Restricted to Specific Programs	45.15	43.52	0.00	0.00	45.15	43.52
Other	1.52	(0.81)	0.35	(0.04)	1.87	(0.85)
Total Revenues	\$ <u>132.67</u>	\$ <u>127.49</u>	\$ <u>8.55</u>	\$ <u>7.76</u>	\$ <u>141.22</u>	\$ <u>135.25</u>
<u>Expenses</u>						
Instruction:						
Regular Instruction	46.34	45.06	0.00	0.00	46.34	45.06
Special Education Instruction	6.23	6.61	0.00	0.00	6.23	6.61
Vocational Education	0.67	0.95	0.00	0.00	0.67	0.95
Other Instruction	7.38	7.84	0.00	0.00	7.38	7.84
Support Services:						
Pupil Services	6.14	6.54	0.00	0.00	6.14	6.54
Instructional Staff Services	5.31	5.05	0.00	0.00	5.31	5.05
General Administration Services	2.10	2.66	0.00	0.00	2.10	2.66
School Administration Services	8.74	8.25	0.00	0.00	8.74	8.25
Business Services	9.33	8.66	0.00	0.00	9.33	8.66
Operations & Maintenance Services	22.95	20.81	0.00	0.00	22.95	20.81
Pupil Transportation Services	4.44	4.17	0.00	0.00	4.44	4.17
Other Support Services	0.52	0.54	0.00	0.00	0.52	0.54
Community Services	3.76	3.28	0.00	0.00	3.76	3.28
Interest on Long-Term Debt	1.53	1.67	0.00	0.00	1.53	1.67
Food Services	0.00	0.00	7.49	7.06	7.49	7.06
Total Expenses	\$ <u>125.44</u>	\$ <u>122.09</u>	\$ <u>7.49</u>	\$ <u>7.06</u>	\$ <u>132.93</u>	\$ <u>129.15</u>
Change in Net Position	7.22	5.41	0.74	0.70	7.96	6.11
Net Position, Beginning	<u>156.67</u>	<u>151.26</u>	<u>5.78</u>	<u>5.08</u>	<u>162.45</u>	<u>156.34</u>
Net Position, Ending	\$ <u><u>163.89</u></u>	\$ <u><u>156.67</u></u>	\$ <u><u>6.52</u></u>	\$ <u><u>5.78</u></u>	\$ <u><u>170.41</u></u>	\$ <u><u>162.45</u></u>

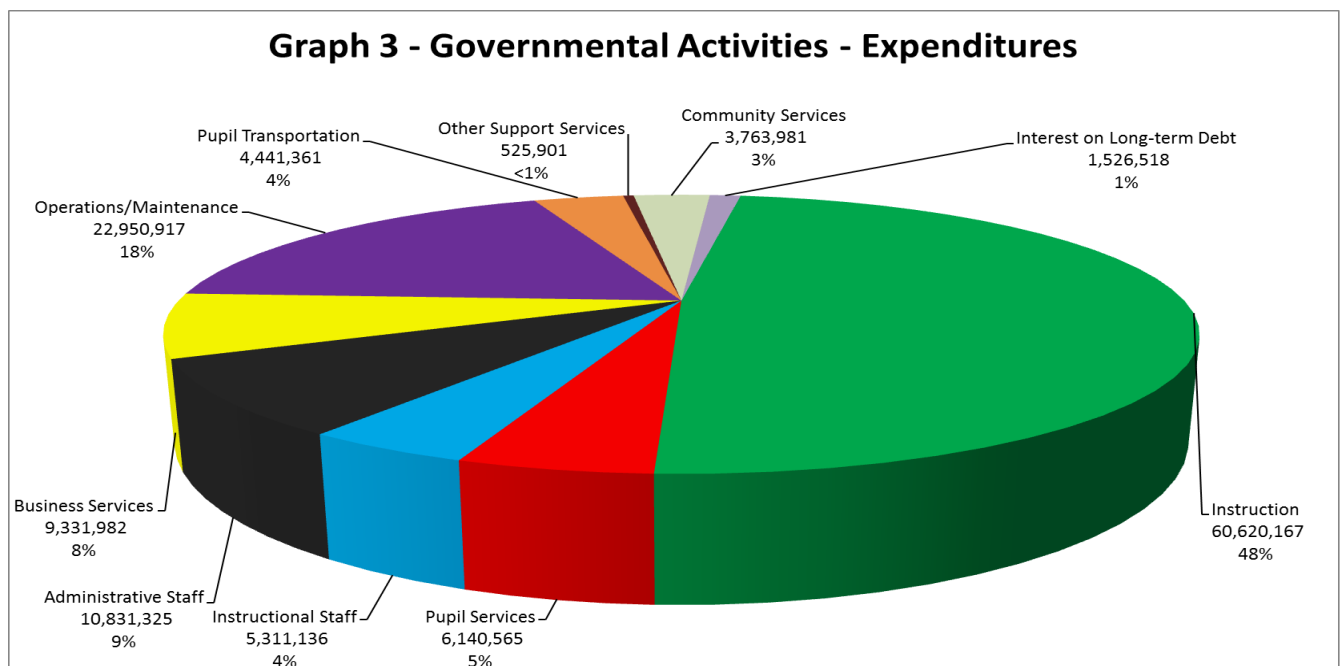
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Total governmental revenues increased in fiscal year 2014 to \$132.71 million. This represents a 4.10 percent revenue increase over the previous year. Graph 2 illustrates the components of this revenue. Governmental activities increased the district’s net position by \$7.22 million, thereby accounting for a majority of the improvement in the net position of the district.



Instruction comprised 48.32 percent of governmental program expenditures. Support services expenditures made up 51.68 percent of governmental expenditures.

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



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Business-Type Activities. Business-type activities consist of child nutrition services. This program had operating revenues of \$2.40 million, non-operating revenues of \$5.83 million, and expenses of \$7.49 million for fiscal year 2014.

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, fund balances 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 \$75.08 million, with \$463,139 of this total amount constituting non-spendable fund balance reserved for inventories. In addition, \$53.83 million is restricted for specific purposes: \$11.52 million in the building fund for uses mandated by the Oklahoma Constitution including building erection and maintenance, security, utilities, and fire/casualty premiums; \$11.77 million in the sinking fund for debt service, and \$30.54 million in the bond fund for capital projects. Assigned fund balance totals \$2.26 million for compensating balances and insurance recovery. Unassigned fund balance totals \$18.53 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 \$18.53 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 17.62 percent of total general fund expenditures. The fund balance of the District’s general fund increased by \$1.38 million from the prior year as a result of an increase in local revenue, primarily ad valorem tax collections, as well as state revenue sources in the form of state aid and flexible benefit allowances.

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.

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 2014 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 \$316,679 and a variance in expenditures of \$1.54 million. This revenue variance is primarily due to higher than anticipated collections of local and state sources of revenue. The approved final expenditure budget was

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intentionally larger than 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 \$11.52 million. The net decrease in fund balance during the current year in the building fund was \$1.11 million. This decrease in fund balance is attributed to the District’s need to keep sites operational by maintaining and repairing buildings. 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 2013. The variance in the final building fund revenue budget versus the actual revenue received totaled \$54,546, due mostly to investments yielding interest below initial estimates. The variance in the building fund expenditure budget versus the actual expenditures was \$5.02 million under original estimates partly due to an effort from the District to reduce utility expenditures by implementing programs that help reduce utility costs and a lower than expected facility acquisition cost.

The sinking (debt service) fund had a total fund balance of \$11.77 million, all of which was restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$34,600. 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 \$30.54 million, all of which was committed for capital projects. The net increase in fund balance during the current year in the bond fund was \$3.76 million. This increase in fund balance is primarily due to the passage of a larger bond issue than the prior year, and reduced capital outlay expenditures. On February 11, 2014, district voters approved a \$21 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 \$12.81 million and non-operating revenues of \$5.88 million. Operating expenses were \$16.37 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 \$100.93 million with original budget estimates of \$98.02 million and final budget estimates of \$100.61 million. The majority of the revenue variance came from lower than anticipated federal collections offset by higher than anticipated local (ad valorem collections) and state revenue sources (state aid, flexible benefit allowance, and property tax collections).

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 2013-14, the majority of the additional

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spending authority was allocated to the instructional, student support, and instructional staff function areas. Although the revenue collections were higher 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 13.92 percent.

Capital Assets and Debt Administration

Capital Assets. At the end of fiscal year 2014, the district had \$164.15 million in property, plant and equipment (net of depreciation), of which \$163.51 million was in governmental activities. Table 3 shows a comparison of fiscal years 2013 and 2014 balances.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 14.29	\$ 14.29	\$ 0.00	\$ 0.00	\$ 14.29	\$ 14.29
Construction in Progress	2.00	9.21	0.00	0.00	2.00	9.21
Buildings/Improvements	141.55	131.43	0.00	0.00	141.55	131.43
Furniture, Machinery, Equipment and Vehicles	5.67	5.72	0.64	0.33	6.31	6.05
Total	\$ <u>163.51</u>	\$ <u>160.65</u>	\$ <u>0.64</u>	\$ <u>0.33</u>	\$ <u>164.15</u>	\$ <u>160.98</u>

Capital assets of \$322.62 million exceeded depreciation of \$158.47 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 15,500. 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:

- *8th Grade Center fine arts wing
- *8th Grade Center additional gymnasium; soccer facility
- *8th Grade Center additional parking lot
- *Furniture, fixtures and equipment
- *Electronic software/subscriptions/licenses/maintenance
- *Upgrades to computers
- *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 second year of a financial system implementation during fiscal year 2014. This financial system brings the District new levels of efficiencies and controls. This multi-phase project will be completed in three phases, with the second phase ending June 30, 2014. The final phase will be completed over the next fiscal year.

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 61.

Long-Term Debt. At June 30, 2014, the school district had \$72.08 million in bonds outstanding, \$20.88 million due within one year. Table 4 summarizes bonds outstanding for fiscal years 2014 and 2013.

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

	<u>2014</u>	<u>2013</u>
General Obligation Bonds Due:		
2013/2014	0.00	20.78
2014/2015	20.88	20.87
2015/2016	20.50	15.25
2016/2017	15.10	9.85
2017/2018	10.35	5.10
2018/2019	5.25	0.00
Total	<u>\$72.08</u>	<u>\$71.85</u>

On April 1, 2014, the district issued \$21.0 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, 2019.

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.

Additional information on the district’s long-term debt can be found in Note E to the financial statements beginning on page 62 of this report.

Union Public Schools – Management’s Discussion and Analysis

Economic Factors

Fiscal year 2013-14 saw a continuation from fiscal year 2012-13 of an upward trend for the Oklahoma economy. According to the Office of the State Treasurer, gross revenue receipts for fiscal year 2013-14 were up to \$11.7 billion, a \$469 or more than 4 percent above the prior year. Gross production tax collections on oil and natural gas were up \$145.04 million or 20.3 percent from the previous 12 month period. Net income taxes--a combination of corporate and personal income taxes--generated \$4.13 billion, which was \$10.09 million or less than one percent higher than the prior year. Motor vehicle tax collections totaled \$786.45 million, and other state revenue sources generated \$1.57 billion, up \$60.38 million or 4 percent from the previous fiscal year. Oklahoma’s economy continues to show improvements from the recession of the late 2000’s, and fiscal year 2013-14 provides evidence that the economy continues to expand. 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 and purchased additional land and facilities to accommodate that growth. This new elementary site will precipitate 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 growth in the district’s net assessed valuation. Actual growth was recorded at 1.5 percent in 2013-2014. The actual increase in the district’s net assessed valuation for 2014-2015 is 3.28 percent. 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 11, 2014, for \$21 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.

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Union Public Schools
Statement of Net Position
Year Ended June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 64,829,493	\$ 3,714,407	\$ 68,543,900
Investments	25,871,135	1,952,040	27,823,175
Receivables:			
Property taxes-delinquent	656,607	-	656,607
Due from other governments	3,375,149	26,779	3,401,928
Accrued interest	96,406	417	96,823
Other	53,421	553	53,974
Internal balance	90,000	(90,000)	-
Inventories	463,139	822,810	1,285,949
TOTAL CURRENT ASSETS	<u>95,435,350</u>	<u>6,427,006</u>	<u>101,862,356</u>
NONCURRENT ASSETS			
Land and construction-in-progress	16,290,019	-	16,290,019
Capital assets being depreciated, net	147,218,714	639,676	147,858,390
TOTAL NON-CURRENT ASSETS	<u>163,508,733</u>	<u>639,676</u>	<u>164,148,409</u>
TOTAL ASSETS	<u>\$ 258,944,083</u>	<u>\$ 7,066,682</u>	<u>\$ 266,010,765</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 1,798,617	\$ 181,072	\$ 1,979,689
Liability for incurred claims	560,935	-	560,935
Accrued wages payable	8,464,383	367,414	8,831,797
Accrued interest payable	256,000	-	256,000
Payable to Fiduciary Funds	776,418	-	776,418
Current portion of long-term obligations	23,502,381	-	23,502,381
TOTAL CURRENT LIABILITIES	<u>35,358,734</u>	<u>548,486</u>	<u>35,907,220</u>
NON-CURRENT LIABILITIES			
Non-current portion of long-term obligations	54,908,649	-	54,908,649
Non-current portion of OPEB liability	4,780,485	-	4,780,485
TOTAL NON-CURRENT LIABILITIES	<u>59,689,134</u>	<u>-</u>	<u>59,689,134</u>
TOTAL LIABILITIES	<u>\$ 95,047,868</u>	<u>\$ 548,486</u>	<u>\$ 95,596,354</u>
NET POSITION			
Net investment in capital assets	\$ 137,345,418	\$ 639,676	\$ 137,985,094
Restricted for debt service	11,769,385	-	11,769,385
Restricted for capital projects	1,724,544	-	1,724,544
Unrestricted	13,056,868	5,878,520	18,935,388
TOTAL NET POSITION	<u>\$ 163,896,215</u>	<u>\$ 6,518,196</u>	<u>\$ 170,414,411</u>

See notes to financial statements.

Union Public Schools
Statement of Activities
Year Ended June 30, 2014

				Net (Expense) Revenue and Changes in Net Position		
				Primary Government		
				Business-		
				Governmental	Type	Total
				Activities	Activities	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
GOVERNMENTAL ACTIVITIES						
Instruction						
Regular instruction	\$ 46,341,689	\$ 367,535	\$ 6,608,968	\$ -	\$ (39,365,186)	\$ -
Special education instruction	6,233,739	-	3,100,819	-	(3,132,920)	-
Vocational education	670,070	-	258,064	-	(412,006)	-
Other instruction	7,374,669	-	5,450,190	-	(1,924,479)	-
TOTAL INSTRUCTION	60,620,167	367,535	15,418,041	-	(44,834,591)	-
SUPPORT SERVICES						
Pupil services	6,140,565	-	610,005	-	(5,530,560)	-
Instructional staff services	5,311,136	-	611,151	-	(4,699,985)	-
General administration services	2,095,278	-	48,064	-	(2,047,214)	-
School administration services	8,736,047	-	567,343	-	(8,168,704)	-
Business services	9,331,982	-	474,992	-	(8,856,990)	-
Operations and maintenance services	22,950,917	295,785	1,005,045	-	(21,650,087)	-
Pupil transportation services	4,441,361	165,334	219,721	-	(4,056,306)	-
Other support services	525,901	-	506,392	-	(19,509)	-
Community services	3,763,981	1,656,019	2,434,917	-	326,955	-
Interest on long-term debt	1,526,518	-	-	-	(1,526,518)	-
TOTAL SUPPORT SERVICES	64,823,686	2,117,138	6,477,630	-	(56,228,918)	-
TOTAL GOVERNMENTAL ACTIVITIES	125,443,853	2,484,673	21,895,671	-	(101,063,509)	-
BUSINESS-TYPE ACTIVITIES						
Food services	7,485,087	2,395,452	5,798,335	-	-	708,700
TOTAL SCHOOL DISTRICT	\$ 132,928,940	\$ 4,880,125	\$ 27,694,006	\$ -	\$ (101,063,509)	\$ 708,700
						\$ (100,354,809)

Union Public Schools
Statement of Activities - Continued
Year Ended June 30, 2014

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Primary Government		
			Governmental Activities	Business- Type Activities	Total
Expenses					
GENERAL REVENUES					
Taxes					
Property tax, levied for general purposes			\$ 33,200,347	\$ -	\$ 33,200,347
Property tax, levied for debt services			21,418,237	-	21,418,237
Intermediate County taxes			6,995,997	-	6,995,997
State aid not restricted to specific programs			45,156,557	-	45,156,557
Net income on investments			624,641	34,150	658,791
Other			892,420	553	892,973
TOTAL GENERAL REVENUES			108,288,199	34,703	108,322,902
CHANGES IN NET POSITION			7,224,690	743,403	7,968,093
NET POSITION AT BEGINNING OF YEAR			156,671,525	5,774,793	162,446,318
NET POSITION AT END OF YEAR			\$ 163,896,215	\$ 6,518,196	\$ 170,414,411

See notes to financial statements.

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Union Public Schools
Balance Sheet - Governmental Funds
Year Ended June 30, 2014

	Major Funds				Non Major	Total
	General Fund	Building Fund	Sinking Fund	Bond Fund	Arbitrage Fund	Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 17,809,174	\$ 7,548,627	\$ 6,245,282	\$ 27,752,099	\$ -	\$ 59,355,182
Investments	9,781,280	4,880,670	5,362,350	3,413,865	-	23,438,165
Due from other funds	140,000	-	-	-	-	140,000
Property taxes-delinquent	334,808	47,830	273,969	-	-	656,607
Due from other governments	3,201,718	25,567	147,864	-	-	3,375,149
Other	53,421	-	-	-	-	53,421
Accrued interest	32,219	21,208	13,889	18,375	-	85,691
Inventories	463,139	-	-	-	-	463,139
TOTAL ASSETS	\$ 31,815,759	\$ 12,523,902	\$ 12,043,354	\$ 31,184,339	\$ -	\$ 87,567,354
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 874,166	\$ 276,668	\$ -	\$ 647,654	\$ -	\$ 1,798,488
Accrued wages payable	7,939,375	514,121	-	-	-	8,453,496
Due to other funds	650,000	150,000	-	-	-	800,000
Payable to Fiduciary Funds	765,293	11,125	-	-	-	776,418
TOTAL LIABILITIES	10,228,834	951,914	-	647,654	-	11,828,402
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - delinquent property taxes	334,808	47,830	273,969	-	-	656,607
FUND BALANCES						
Nonspendable	463,139	-	-	-	-	463,139
Restricted	-	11,524,158	11,769,385	30,536,685	-	53,830,228
Assigned	2,258,024	-	-	-	-	2,258,024
Unassigned	18,530,954	-	-	-	-	18,530,954
TOTAL FUND BALANCES	21,252,117	11,524,158	11,769,385	30,536,685	-	75,082,345
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 31,815,759	\$ 12,523,902	\$ 12,043,354	\$ 31,184,339	\$ -	
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					\$ 319,837,016	
Accumulated depreciation					(156,328,283)	163,508,733
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.						
						656,607
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					(72,075,000)	
Premium on bonds payable					(728,641)	
Accrued interest on the bonds					(256,000)	
Early retirement incentive					(1,443,420)	
Compensated absences					(4,163,969)	
Other Post Employment Benefits					(4,780,485)	(83,447,515)
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.						
						8,096,045
TOTAL NET POSITION--GOVERNMENTAL ACTIVITIES						\$ 163,896,215

See notes to financial statements.

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

	Major Funds				Non Major	Total
	General	Building	Sinking	Bond	Arbitrage	Governmental
	Fund	Fund	Fund	Fund	Fund	Funds
REVENUES						
Local sources	\$ 32,741,800	\$ 4,518,850	\$ 21,625,586	\$ 139,535	\$ 25	\$ 59,025,796
Intermediate sources	3,659,812	-	-	-	-	3,659,812
State sources	62,946,211	-	-	-	-	62,946,211
Federal sources	7,005,912	-	-	-	-	7,005,912
TOTAL REVENUES	106,353,735	4,518,850	21,625,586	139,535	25	132,637,731
EXPENDITURES						
Current						
Instruction	56,837,632	-	-	1,934,936	-	58,772,568
Student	6,127,791	-	-	43,188	-	6,170,979
Instructional staff	4,570,912	-	-	1,973,803	-	6,544,715
General administration	2,030,132	-	-	98,622	-	2,128,754
School administration	8,618,261	-	-	280,343	-	8,898,604
Business	7,931,072	-	-	1,037,025	-	8,968,097
Operations and maintenance	10,417,205	4,707,041	-	1,094,715	-	16,218,961
Student transportation	3,901,183	-	-	60,653	-	3,961,836
Non-instruction expenditures						
Child nutrition operations	531,575	-	-	-	-	531,575
Community service operations	3,770,411	-	-	16,374	-	3,786,785
Other	451,724	-	-	-	-	451,724
Capital outlay	-	985,647	-	10,796,411	-	11,782,058
Debt service						
Principal	-	-	20,775,000	-	-	20,775,000
Interest	-	-	1,108,125	-	-	1,108,125
TOTAL EXPENDITURES	105,187,898	5,692,688	21,883,125	17,336,070	-	150,099,781
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,165,837	(1,173,838)	(257,539)	(17,196,535)	25	(17,462,050)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	21,000,000	-	21,000,000
Premium on issuance of debt	-	-	380,560	-	-	380,560
Insurance recoveries	132,194	-	-	-	-	132,194
Transfers in	77,673	67,537	-	-	-	145,210
Transfers out	-	-	(88,421)	(39,769)	(17,020)	(145,210)
TOTAL OTHER FINANCING SOURCES (USES)	209,867	67,537	292,139	20,960,231	(17,020)	21,512,754
NET CHANGE IN FUND BALANCE	1,375,704	(1,106,301)	34,600	3,763,696	(16,995)	4,050,704
FUND BALANCE AT BEGINNING OF YEAR	19,876,413	12,630,459	11,734,785	26,772,989	16,995	71,031,641
FUND BALANCE AT END OF YEAR	\$ 21,252,117	\$ 11,524,158	\$ 11,769,385	\$ 30,536,685	\$ -	\$ 75,082,345

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, 2014

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS \$ 4,050,704

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	(11,593,872)	
Capital outlays	14,224,724	
Retirements and adjustments	<u>226,812</u>	2,857,664

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	20,775,000	
Premium on issuance of bonds	(380,560)	
Amortization of bond premium	179,957	
Bond sale proceeds, net	<u>(21,000,000)</u>	(425,603)

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.

(178,683)

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.

1,576,541

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.

21,031

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.

(676,964)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 7,224,690

See notes to financial statements.

Union Public Schools
Statement of Net Position - Proprietary Funds
Year Ended June 30, 2014

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities- Internal Service Fund: Employee Insurance Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,714,407	\$ 5,474,311
Investments	1,952,040	2,432,970
Due from other governments	26,779	-
Accrued interest receivable	417	10,715
Other receivables	553	-
Due from other funds	-	750,000
Inventories	822,810	-
TOTAL CURRENT ASSETS	<u>6,517,006</u>	<u>8,667,996</u>
NONCURRENT ASSETS		
Capital assets, net	<u>639,676</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>639,676</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 7,156,682</u></u>	<u><u>\$ 8,667,996</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 181,072	\$ 129
Liability for incurred claims	-	560,935
Accrued wages payable	367,414	10,887
Due to other funds	90,000	-
TOTAL CURRENT LIABILITIES	<u><u>\$ 638,486</u></u>	<u><u>\$ 571,951</u></u>
NET POSITION		
Investment in capital assets	\$ 639,676	\$ -
Unrestricted	<u>5,878,520</u>	<u>8,096,045</u>
TOTAL NET POSITION	<u><u>\$ 6,518,196</u></u>	<u><u>\$ 8,096,045</u></u>

See notes to financial statements.

Union Public Schools
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2014

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities- Internal Service Fund: Employee Insurance Fund
OPERATING REVENUES		
Meals	\$ 2,395,452	\$ -
Insurance contributions	-	10,417,094
Other income	553	-
TOTAL OPERATING REVENUES	<u>2,396,005</u>	<u>10,417,094</u>
OPERATING EXPENSES		
Salaries and wages	3,490,396	274,233
Purchased and contracted services	326,642	-
Food suppliers	2,909,920	-
Commodities	192,056	-
Depreciation	185,478	-
Management fees	-	1,657,585
Medical claims	-	6,956,652
Other operating expenses	380,595	-
TOTAL OPERATING EXPENSES	<u>7,485,087</u>	<u>8,888,470</u>
OPERATING INCOME (LOSS)	<u>(5,089,082)</u>	<u>1,528,624</u>
NONOPERATING REVENUES (EXPENSES)		
Net income on investments	34,150	47,917
Federal and state grants	5,378,632	-
Donated commodities	419,703	-
TOTAL NET NONOPERATING REVENUES (EXPENSES)	<u>5,832,485</u>	<u>47,917</u>
CHANGES IN NET POSITION	743,403	1,576,541
NET POSITION AT BEGINNING OF YEAR	<u>5,774,793</u>	<u>6,519,504</u>
NET POSITION AT END OF YEAR	<u>\$ 6,518,196</u>	<u>\$ 8,096,045</u>

See notes to financial statements.

Union Public Schools
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2014

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities- Internal Service Fund: Employee Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from user charges	\$ 2,395,452	\$ 10,417,094
Interfund services provided	-	-
Cash payments for insurance claims	-	(6,983,108)
Cash payments to suppliers for goods and services	(3,564,271)	(1,657,585)
Cash payments to employees for services	(3,418,596)	(288,696)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4,587,415)	1,487,705
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(499,078)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(499,078)	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating grants received	5,430,218	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	5,430,218	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	228,458	219,999
Investment income	44,181	52,192
NET CASH PROVIDED BY INVESTING ACTIVITIES	272,639	272,191
NET INCREASE IN CASH AND CASH EQUIVALENTS	616,364	1,759,896
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,098,043	3,714,415
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,714,407	\$ 5,474,311
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ (5,089,082)	\$ 1,528,624
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	185,478	-
Decrease in inventories	186,245	-
Increase in other receivables	(553)	-
Increase in accounts payable	58,697	-
Increase (decrease) in accrued wages payable	77,902	(14,463)
Increase in due to other funds	(6,102)	-
Decrease in liability for incurred claims	-	(26,456)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (4,587,415)	\$ 1,487,705
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Commodities received from Department of Human Services	\$ 419,703	\$ -
Commodities consumed	\$ 192,056	\$ -

See notes to financial statements.

Union Public Schools
Statement of Net Position - Fiduciary Funds
Year Ended June 30, 2014

	Early Retirement Incentive Trust Fund	Private- Purpose Trust Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 359,750	\$ 105,074	\$ 2,686,778
Investments	244,005	-	-
Due from General Fund	765,293	-	-
Due from Building Fund	11,125	-	-
Accrued interest	52	-	-
TOTAL ASSETS	<u><u>\$ 1,380,225</u></u>	<u><u>\$ 105,074</u></u>	<u><u>\$ 2,686,778</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 29,784
Wages payable	41,241	-	17,310
Other liabilities	332,364	-	-
Due to student groups	-	-	2,639,684
TOTAL LIABILITIES	<u><u>\$ 373,605</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,686,778</u></u>
NET POSITION			
Restricted - expendable for early retirement	\$ 1,006,620	\$ -	\$ -
Unrestricted	-	105,074	-
TOTAL NET POSITION	<u><u>\$ 1,006,620</u></u>	<u><u>\$ 105,074</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

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

	Early Retirement Incentive Trust Fund	Private- Purpose Trust Fund
ADDITIONS		
Contributions	\$ 778,426	\$ 7,371
Interest income	<u>2,322</u>	<u>152</u>
TOTAL ADDITIONS	<u>780,748</u>	<u>7,523</u>
DEDUCTIONS		
Other deductions	<u>811,942</u>	<u>5,152</u>
TOTAL DEDUCTIONS	<u>811,942</u>	<u>5,152</u>
CHANGE IN NET POSITION	(31,194)	2,371
NET POSITION AT BEGINNING OF YEAR	<u>1,037,814</u>	<u>102,703</u>
NET POSITION AT END OF YEAR	<u><u>\$ 1,006,620</u></u>	<u><u>\$ 105,074</u></u>

See notes to financial statements.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

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 GAAP, 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 2014. 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, 2014

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 capital 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, 2014

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, 2014

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, 2014

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, 2014, and were reinstated during fiscal year 2015, 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. 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, 2014

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, 2014 consist of the following:

Governmental activities:	
Instructional	\$ 116,870
Janitorial	292,096
Computer accessory	252
Transport	44,272
Medical	9,649
Total governmental activities	<u>463,139</u>
Business-type activities:	
Food service	<u>822,810</u>
	<u>\$ 1,285,949</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 and vehicles	5-35 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, 2014

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, which is not materially different from the effective interest method. With the straight-line method, the unamortized portion of the bond premiums and discounts are 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, 2014 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, 2014, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Building	\$ 100,000
General	Child Nutrition	40,000
Internal Service	General	650,000
Internal Service	Building	50,000
Internal Service	Child Nutrition	50,000
ERI Trust	General	765,293
ERI Trust	Building	11,125
	Total	<u>\$ 1,666,418</u>

Interfund transfers, which represent transfers of interest earnings during the year ended June 30, 2014, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Building Fund</u>	<u>Arbitrage Fund</u>
Governmental activities:			
Arbitrage Fund	\$ -	\$ 17,020	\$ -
Bond Fund	-	39,769	-
Sinking Fund	<u>88,421</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 88,421</u>	<u>\$ 56,789</u>	<u>\$ -</u>

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

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

Assets, Liabilities and Net Position-Continued

Deferred Outflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows as of June 30, 2014.

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

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 outflows of resources (if applicable) less the outstanding balances of any bonds, notes, other borrowings, or deferred inflows of resources (if applicable) 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

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Equity Classifications-Continued

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.

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. A motion to set aside funds as committed fund balance requires the approval by the Board of Education 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, 2014.
- *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 as part of the District's approved ending fund balance policy 3060. 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

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

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

Equity Classifications-Continued

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.

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, 2014:

	General Fund	Building Fund	Sinking Fund	Bond Fund	Arbitrage Fund	Governmental Funds
Fund Balances:						
Nonspendable - Inventories	\$ 463,139	\$ -	\$ -	\$ -	\$ -	\$ 463,139
Restricted For:						
Capital Projects	-	11,524,158	-	30,536,685	-	42,060,843
Bond Payments	-	-	11,769,385	-	-	11,769,385
	-	11,524,158	11,769,385	30,536,685	-	53,830,228
Assigned For:						
Compensated Absences	1,861,953	-	-	-	-	1,861,953
Insurance Recovery	396,071	-	-	-	-	396,071
	2,258,024	-	-	-	-	2,258,024
Unassigned:	18,530,954	-	-	-	-	18,530,954
Total Fund Balance	<u>\$ 21,252,117</u>	<u>\$ 11,524,158</u>	<u>\$ 11,769,385</u>	<u>\$ 30,536,685</u>	<u>\$ -</u>	<u>\$ 75,082,345</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.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

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, 2014, 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 \$68,684,000 at June 30, 2014. The bank balance of these deposits at June 30, 2014 was approximately \$75,485,000. 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 \$28,500,000, with current fair value of approximately \$27,823,000 in Federal home loan, Fannie Mae, Sallie Mae, and various bank securities as investments with a variable coupon rate ranging from 0.75-1.00%. 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, 2014, all of the District's investments were scheduled to mature within the next 8 years with callable dates within the next 6 months.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

NOTE B--CASH AND INVESTMENTS--Continued

Investment maturities at June 30, 2014, for the District's governmental and proprietary funds in the aggregate, are as follows:

Security	Fair Value	Maturity	
		1-5 years	6-10 years
Fannie Mae	\$ 8,302,350	\$ 1,958,220	\$ 6,344,130
Federal Home Loan	19,520,825	-	19,520,825
	<u>\$ 27,823,175</u>	<u>\$ 1,958,220</u>	<u>\$ 25,864,955</u>

Investment maturities at June 30, 2014, for the District's fiduciary funds with total fair value of \$244,005 mature in 6-10 years.

NOTE C--RECEIVABLES

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

	Governmental Funds				Proprietary Funds		Total
	General	Building Fund	Sinking Fund	Bond Fund	Child Nutrition Fund	Internal Service Fund	
Accrued interest	\$ 32,219	\$ 21,208	\$ 13,889	\$ 18,375	\$ 417	\$ 10,715	\$ 96,823
Due from other governments	3,201,718	25,567	147,864	-	26,779	-	3,401,928
Other	53,421	-	-	-	553	-	53,974
Property taxes--delinquent	334,808	47,830	273,969	-	-	-	656,607
Total	<u>\$3,622,166</u>	<u>\$ 94,605</u>	<u>\$435,722</u>	<u>\$ 18,375</u>	<u>\$ 27,749</u>	<u>\$ 10,715</u>	<u>\$4,209,332</u>

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

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

NOTE D--CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014, follows:

	Balance June 30, 2013	Additions	Deductions	Reclassifications and Adjustments	Balance June 30, 2014
Governmental activities					
Capital assets not being depreciated					
Land	\$ 14,293,205	\$ -	\$ -	\$ -	\$ 14,293,205
Construction in-progress					
General government	9,208,606	10,681,217	-	(17,893,009)	1,996,814
Total capital assets not being depreciated	<u>23,501,811</u>	<u>10,681,217</u>	<u>-</u>	<u>(17,893,009)</u>	<u>16,290,019</u>
Capital assets being depreciated					
Land improvements	7,764,687	-	-	3,649,747	11,414,434
Building and Building Improvements	231,981,913	21,455	(8,700)	14,243,262	246,237,930
Machinery, equipment and vehicles	42,950,246	3,522,052	(815,574)	237,909	45,894,633
Total capital assets being depreciated	<u>282,696,846</u>	<u>3,543,507</u>	<u>(824,274)</u>	<u>18,130,918</u>	<u>303,546,997</u>
Less accumulated depreciation for:					
Land improvements	(2,552,950)	(392,257)	-	-	(2,945,207)
Building and Building Improvements	(105,762,197)	(7,397,745)	3,617	-	(113,156,325)
Machinery, equipment and vehicles	(37,232,441)	(3,803,870)	812,647	(3,087)	(40,226,751)
Total accumulated depreciation	<u>(145,547,588)</u>	<u>(11,593,872)</u>	<u>816,264</u>	<u>(3,087)</u>	<u>(156,328,283)</u>
Total capital assets being depreciated, net	<u>137,149,258</u>	<u>(8,050,365)</u>	<u>(8,010)</u>	<u>18,127,831</u>	<u>147,218,714</u>
Governmental activities					
Capital assets, net	<u>\$ 160,651,069</u>	<u>\$ 2,630,852</u>	<u>\$ (8,010)</u>	<u>\$ 234,822</u>	<u>\$ 163,508,733</u>
Summary of Governmental Activities					
Capital Assets					
Total capital assets	\$ 306,198,657	\$ 14,224,724	\$ (824,274)	\$ 237,909	\$ 319,837,016
Less accumulated depreciation	(145,547,588)	(11,593,872)	816,264	(3,087)	(156,328,283)
Capital assets, net	<u>\$ 160,651,069</u>	<u>\$ 2,630,852</u>	<u>\$ (8,010)</u>	<u>\$ 234,822</u>	<u>\$ 163,508,733</u>
Business type activities					
Capital assets being depreciated					
Furniture, equipment and vehicles	\$ 2,301,652	\$ 499,373	\$ (21,860)	\$ -	\$ 2,779,165
Less accumulated depreciation for					
Furniture, equipment and vehicles	(1,975,576)	(185,478)	21,795	(230)	(2,139,489)
Total capital assets being depreciated, net	<u>\$ 326,076</u>	<u>\$ 313,895</u>	<u>\$ (65)</u>	<u>\$ (230)</u>	<u>\$ 639,676</u>

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

NOTE D--CAPITAL ASSETS--Continued

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

Governmental Activities		Business-Type Activities	
Instruction	\$ 3,249,678	Child nutrition fund	<u>\$ 185,478</u>
Pupil services	75,908		
Instructional services	497,857		
General administration	26,086		
School administration	95,237		
Business services	1,013,022		
Operations and maintenance services	850,365		
Transportation services	567,048		
Community services	8,575		
Capital outlay	<u>5,210,096</u>		
	<u><u>\$ 11,593,872</u></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, 2014:

	June 30, 2013	Additions	Deductions	June 30, 2014	One Year
Governmental activities					
Bonds payable	\$ 71,850,000	\$ 21,000,000	\$ (20,775,000)	\$ 72,075,000	\$ 20,875,000
Premium on debt issuance	528,038	380,560	(179,957)	728,641	218,149
Compensated absences	4,028,805	649,400	(514,236)	4,163,969	1,713,755
Early retirement incentive	1,392,092	776,418	(725,090)	1,443,420	695,477
OPEB	<u>4,290,013</u>	<u>902,542</u>	<u>(412,070)</u>	<u>4,780,485</u>	<u>-</u>
	<u>\$ 82,088,948</u>	<u>\$ 23,708,920</u>	<u>\$ (22,606,353)</u>	<u>\$ 83,191,515</u>	<u>\$ 23,502,381</u>

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

NOTE E--LONG-TERM DEBT--Continued

A brief description of the outstanding general obligation bond issues at June 30, 2014, is set forth below:

	<u>Amount Outstanding</u>
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.	\$ 5,625,000
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.	10,800,000
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.	14,250,000
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.	20,400,000
Independent School District No. 9 Building Bonds Series 2014, original issue \$21,000,000, interest rate of 1.0% to 2.0% due in installments of \$5,250,000 annually, final payment of \$5,250,000 due April 1, 2019.	<u>21,000,000</u>
	<u>\$ 72,075,000</u>

Maturities of long-term debt are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 20,875,000	\$ 1,024,000	\$ 21,899,000
2016	20,500,000	705,000	21,205,000
2017	15,100,000	446,000	15,546,000
2018	10,350,000	247,500	10,597,500
2019	<u>5,250,000</u>	<u>105,000</u>	<u>5,355,000</u>
	<u>\$ 72,075,000</u>	<u>\$ 2,527,500</u>	<u>\$ 74,602,500</u>

Interest on general long-term debt incurred during the year ending June 30, 2014 was approximately \$1,108,000.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

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, 2014, there are 57 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, 2014, was approximately \$1,443,000.

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, with an aggregating specific "stop loss" of \$65,000 and aggregate "stop loss" insurance of approximately \$10,159,000 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, 2013 through June 30, 2014 is set forth below:

District and employee premiums	<u>\$10,160,730</u>
Claims and changes in estimates	\$ 7,020,061
Insurance and administrative costs	<u>1,500,544</u>
Total claims incurred and other costs	<u>\$ 8,520,605</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
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
2014	587,391	7,020,061	(7,046,517)	560,935

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

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, 2014. 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, 2014 is expected to be paid during fiscal year 2015. As such, the full liability of \$560,935 has been classified as a current liability in the accompanying June 30, 2014 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 2013 through June 2014 of applicable compensation for the year ended June 30, 2014. 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, 2014 was approximately \$56,309,000; the District's total compensation was approximately \$92,177,000. Total contributions by the District made during the year ended June 30, 2014 amounted to approximately \$5,387,000. 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, 2014

NOTE H--EMPLOYEE RETIREMENT SYSTEM--Continued

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

Fiscal year	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 5,965,111	100%
2013	\$ 5,436,725	100%
2014	\$ 5,387,316	100%

For the fiscal year ended June 30, 2014, the State paid approximately \$4,100,000 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, 2014

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 June 30, 2014
Annual required contribution	\$ 979,033
Interest on net OPEB obligation	171,601
Adjustment to annual required contribution	<u>(248,092)</u>
Annual OPEB cost (expense)	902,542
Contributions made	<u>(412,070)</u>
Increase in net OPEB obligation	490,472
Net OPEB obligation at beginning of year	<u>4,290,013</u>
Net OPEB obligation at end of year	<u>\$ 4,780,485</u>

The net OPEB obligation at June 30, 2014 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 2014 was determined as part of an actuarial valuation on July 1, 2013, 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, 2014

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
2012	\$ 865,843	67.21%	\$ 3,950,372
2013	\$ 872,243	61.06%	\$ 4,290,013
2014	\$ 902,542	45.70%	\$ 4,780,485

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial report dated July 1, 2013 is as follows:

Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,091,284</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 53,210,314
UAAL as a percentage of covered payroll	15.20%

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, 2014, the District had outstanding commitments (contracts and purchase orders) of approximately \$20,686,000, primarily for construction projects and equipment.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2014

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 2014: During the year ended June 30, 2014, the District adopted the requirements of the following GASB pronouncements:

- 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. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The adoption of GASB No. 70 did not have an 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 fiscal year 2015. A description of the new accounting pronouncements and the District's consideration of the impact of these pronouncements are described below:

- 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. 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, 2014

NOTE K--NEW PRONOUNCEMENTS—Continued

New Accounting Pronouncements Issued Not Yet Adopted--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.

- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.*

GASB 71 addresses an issue regarding application of the transition provisions of GASB 68. Contributions to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the reporting period are required to be recognized as deferred outflows of resources. The requirements of GASB 71 are effective simultaneously with GASB 68.

Union Public Schools
Required Supplementary Information - Unaudited
Schedule of Funding Progress for Other Post Employment Benefits
Year Ended June 30, 2014

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, 2013	\$ -	\$ 8,091,284	\$ 8,091,284	0.0%	\$ 53,210,314	\$ 412,070	15.20%
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%

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, 2014

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
REVENUES				
Local sources	\$ 31,973,803	\$ 32,093,441	\$ 32,395,881	\$ 302,440
Intermediate sources	3,660,399	3,657,399	3,698,799	41,400
State sources	54,697,761	57,787,285	58,187,812	400,527
Federal sources	<u>7,683,965</u>	<u>7,075,964</u>	<u>6,648,276</u>	<u>(427,688)</u>
TOTAL REVENUES	<u>98,015,928</u>	<u>100,614,089</u>	<u>100,930,768</u>	<u>316,679</u>
EXPENDITURES				
Instruction	56,402,788	55,900,009	53,903,735	(1,996,274)
Support services				
Student	6,410,697	6,632,898	5,830,037	(802,861)
Instructional staff	4,863,003	4,719,291	4,363,945	(355,346)
General administration	2,109,535	2,052,272	1,965,175	(87,097)
School administration	7,523,125	7,462,770	8,178,894	716,124
Business	7,346,708	7,702,398	7,895,527	193,129
Operation and maintenance	8,878,326	8,871,552	10,073,848	1,202,296
Student transportation	3,964,375	3,506,792	3,725,539	218,747
Non-instructional services				
Child Nutrition Operations	513,141	547,600	504,877	(42,723)
Community services operations	3,575,391	4,303,328	3,583,122	(720,206)
Other	<u>429,120</u>	<u>317,300</u>	<u>451,723</u>	<u>134,423</u>
TOTAL EXPENDITURES	<u>102,016,209</u>	<u>102,016,210</u>	<u>100,476,422</u>	<u>(1,539,788)</u>
EXCESS REVENUES (EXPENDITURES)	<u>(4,000,281)</u>	<u>(1,402,121)</u>	<u>454,346</u>	<u>1,856,467</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>13,596,393</u>	<u>13,596,393</u>	<u>13,596,393</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,596,112</u>	<u>\$ 12,194,272</u>	<u>\$ 14,050,739</u>	<u>\$ 1,856,467</u>
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at end of year			\$ 3,287,358	
Inventory at end of year			463,139	
Worker's compensation			1,400,470	
Assigned Fund Balances			2,258,024	
Investments, change in market value			(204,960)	
Other			<u>(2,653)</u>	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			<u>\$ 21,252,117</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, 2014

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
REVENUES				
Local sources	\$ 3,735,300	\$ 4,376,178	\$ 4,340,390	\$ (35,788)
Interest and other	375,000	150,000	131,242	(18,758)
TOTAL REVENUES	<u>4,110,300</u>	<u>4,526,178</u>	<u>4,471,632</u>	<u>(54,546)</u>
EXPENDITURES				
Support services				
Business	-	-	70,250	70,250
Operation and maintenance	6,103,270	6,284,213	4,707,041	(1,577,172)
Facilities acq and construction	<u>4,683,570</u>	<u>4,502,627</u>	<u>985,647</u>	<u>(3,516,980)</u>
TOTAL EXPENDITURES	<u>10,786,840</u>	<u>10,786,840</u>	<u>5,762,938</u>	<u>(5,023,902)</u>
EXCESS REVENUES (EXPENDITURES)	<u>(6,676,540)</u>	<u>(6,260,662)</u>	<u>(1,291,306)</u>	<u>4,969,356</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>12,888,019</u>	<u>12,888,019</u>	<u>12,888,019</u>	<u>\$ -</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,211,479</u>	<u>\$ 6,627,357</u>	<u>11,596,713</u>	<u>\$ 4,969,356</u>
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables, end of year			\$ 46,775	
Investments, change in market value			<u>(119,330)</u>	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			<u>\$ 11,524,158</u>	

Union Public Schools
Other Supplementary Information
Combining Statement of Changes in Assets & Liabilities - Agency Fund
Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Adjustments	Balance June 30, 2014
HIGH SCHOOL TOTAL	\$ 409,492	\$ 430,944	\$ (421,663)	\$ 1,303	\$ 420,076
INTERMEDIATE HIGH TOTAL	87,996	43,037	(43,776)	(964)	86,293
ALTERNATIVE TOTAL	2,285	4,900	(4,850)	-	2,335
EIGHTH GRADE CENTER TOTAL	91,367	36,590	(42,166)	(165)	85,626
SIXTH/SEVENTH GRADE CENTER TOTAL	133,766	94,921	(115,857)	(179)	112,651
ELEMENTARY ACTIVITY FUNDS TOTAL	244,378	403,702	(345,283)	-	302,797
STUDENT CLUBS TOTAL	262,278	498,588	(454,753)	1,770	307,883
ADMINISTRATIVE TOTAL	<u>1,283,200</u>	<u>259,177</u>	<u>(218,589)</u>	<u>(1,765)</u>	<u>1,322,023</u>
TOTAL FUNDS HELD FOR STUDENT ACTIVITIES	<u>\$ 2,514,762</u>	<u>\$ 1,771,859</u>	<u>\$ (1,646,937)</u>	<u>\$ -</u>	<u>\$ 2,639,684</u>
SUMMARY-ACTIVITY FUNDS					
ASSETS					
Cash	<u>\$ 2,543,642</u>	<u>\$ 1,790,073</u>	<u>\$ (1,646,937)</u>	<u>\$ -</u>	<u>\$ 2,686,778</u>
LIABILITIES					
Accounts payable and accrued liabilities	28,880	47,094	(28,880)		47,094
Funds held for student activities	<u>2,514,762</u>	<u>1,771,859</u>	<u>(1,646,937)</u>	<u>-</u>	<u>2,639,684</u>
TOTAL LIABILITIES	<u>\$ 2,543,642</u>	<u>\$ 1,818,953</u>	<u>\$ (1,675,817)</u>	<u>\$ -</u>	<u>\$ 2,686,778</u>

Union Public Schools - Statistical Section

Year Ended June 30, 2014

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	83-86
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	87-90
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 debt in the future.	
Demographic and Economic Information	91-93
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	95-102
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.	
Sources:	Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

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Union Public Schools - Statistical Section
Year Ended June 30, 2014

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

	2005	2006	2007	2008	2009	2010 ^a	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	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	137,345,418
Restricted for debt service	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	11,769,385
Restricted for capital projects	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	1,724,544
Unrestricted	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	13,056,868
Total governmental activities net position	<u>115,251,260</u>	<u>123,336,449</u>	<u>130,569,618</u>	<u>132,524,996</u>	<u>137,059,149</u>	<u>138,694,356</u>	<u>148,060,177</u>	<u>151,257,106</u>	<u>156,671,525</u>	<u>163,896,215</u>
Business-type activities										
Net investment in capital assets	165,884	248,538	517,708	501,205	466,530	487,377	485,629	381,775	326,076	639,676
Restricted for debt service	-	-	-	-	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	5,878,520
Total business-type activities net position	<u>1,982,309</u>	<u>2,031,043</u>	<u>2,509,595</u>	<u>2,484,798</u>	<u>2,983,242</u>	<u>4,051,919</u>	<u>4,392,096</u>	<u>5,075,475</u>	<u>5,774,793</u>	<u>6,518,196</u>
District-wide										
Net investment in capital assets	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	137,985,094
Restricted for debt service	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	11,769,385
Restricted for capital projects	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	1,724,544
Unrestricted	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	18,935,388
Total district net position	<u>117,233,569</u>	<u>125,367,492</u>	<u>133,079,213</u>	<u>135,009,794</u>	<u>140,042,391</u>	<u>142,746,275</u>	<u>152,452,273</u>	<u>156,332,581</u>	<u>162,446,318</u>	<u>170,414,411</u>

^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, 2014

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

	2005	2006	2007 ^a	2008 ^b	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
Instruction										
Regular instruction	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	46,341,689
Special education instruction	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	6,233,739
Vocational education	461,209	615,074	633,877	703,858	793,237	870,154	791,340	950,125	945,278	670,070
Other instruction	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	7,374,669
Support Services										
Pupil services	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	6,140,565
Instructional staff services	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	5,311,136
General administration services	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	2,095,278
School administration services	5,139,160	6,023,236	6,869,205	7,440,213	7,688,170	7,582,320	7,603,111		8,244,790	8,736,047
Business services	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	9,331,982
Operations and maintenance services	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	22,950,917
Pupil transportation services	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	4,441,361
Central services	-	-	-	-	-	-	-	-	-	-
Other support services	7,410	582,250	297,187	252,566	367,950	390,931	421,073	502,395	541,351	525,901
Community services	803,775	646,307	789,528	974,305	2,801,866	3,116,828	3,326,706	3,190,721	3,283,904	3,763,981
Capital Outlay				2,085,460	513,383	-	-	-	-	-
Interest on long-term debt	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	1,526,518
Loss on disposal of capital assets	85,140	-	15,477	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	80,483,651	87,038,815	97,112,822	107,231,283	113,430,991	117,844,866	115,783,462	110,913,696	122,086,596	125,443,853
Business-type activities										
Food service	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	7,485,087
Total business-type activities expense	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	7,485,087
Total district expenses	83,513,910	90,736,281	100,957,868	111,735,966	118,065,611	122,778,225	121,724,658	117,264,409	129,141,650	132,928,940
Program Revenues										
Governmental activities										
Charges for services										
Regular instruction	375,770	447,137	427,645	370,303	366,907	295,758	293,449	337,573	378,408	367,535
Operations and maintenance services	486,644	420,672	391,535	494,775	546,323	413,423	350,262	343,209	331,071	295,785
Pupil transportation services	46,846	50,030	49,699	49,829	60,810	86,613	96,232	109,087	116,944	165,334
Community services	625,746	699,034	890,915	995,745	1,131,972	1,272,571	1,237,404	1,606,114	1,609,596	1,656,019
Other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	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	21,895,671
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	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	24,380,344
Business-type activities										
Charges for services										
Food service	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	2,395,452
Operating grants and contributions	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	5,798,335
Capital grants and contributions	45,600	114,762	-	-	-	-	-	-	-	-
Total business-type activities program revenues	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	8,193,787
Total district program revenues	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	32,574,131

Union Public Schools - Statistical Section
Year Ended June 30, 2014

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

	2005	2006	2007 ^a	2008 ^b	2009	2010	2011	2012	2013	2014
Net (Expense) Revenue										
Governmental activities	(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)	(101,063,509)
Business-type activities	239,729	(55,809)	402,847	(80,606)	484,934	1,064,233	317,777	665,997	742,257	708,700
Total district-wide net expense	<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>(86,868,354)</u>	<u>(97,766,823)</u>	<u>(100,354,809)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property tax, levied for general purposes	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	33,200,347
Property tax, levied for debt services	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	21,418,237
Other taxes	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	6,995,997
State aid not restricted to specific programs	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	45,156,557
Interest and investment earnings	1,735,761	2,997,624	3,203,223	2,020,465	518,461	409,487	492,089	425,529	(1,036,717)	624,641
Gain on disposal of capital assets	-	974,222	-	-	-	-	-	-	-	-
Other	651,898	1,466,558	1,834,113	884,941	201,108	297,535	324,984	431,291	228,512	892,420
Total governmental activities	<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>	<u>108,288,199</u>
Business-type activities										
Interest and investment earnings	27,233	85,715	75,705	55,809	13,510	15,721	22,400	17,382	(42,939)	34,150
Loss on disposal of capital assets	-	-	-	-	-	(11,277)	-	-	-	-
Other	13,823	18,828	-	-	-	-	-	-	-	553
Total business-type activities	<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>	<u>34,703</u>
Total district-wide	<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>	<u>108,322,902</u>
Change in Net Position										
Governmental activities	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	7,224,690
Business-type activities	280,785	48,734	478,552	(24,797)	498,444	1,068,677	340,177	683,379	699,318	743,403
Total district	<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>11,846,386</u>	<u>6,113,737</u>	<u>7,968,093</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, 2014

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

	2005	2006	2007 ^a	2008 ^b	2009	2010 ^c	2011 ^d	2012	2013	2014
General Fund										
Reserved	193,805	335,756	246,549	350,087	217,198	243,068				-
Nonspendable							290,497	432,760	477,267	463,139
Assigned							1,612,460	1,704,276		2,258,024
Restricted							-	-	-	-
Unreserved	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	18,530,954
Total general fund	<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>17,985,382</u>	<u>21,252,117</u>
All Other Governmental Funds										
Reserved, reported in:										
Sinking fund - Reserved for debt service	10,331,474	9,055,835	8,962,506	8,730,473	10,553,135	10,727,559	-	-	-	-
Building fund - Reserved for capital projects	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	11,524,158
Sinking fund - Restricted for bond payments							11,862,533	12,112,690	11,734,785	11,769,385
Bond fund - Restricted for capital projects							34,426,709	27,434,270	26,772,989	30,536,685
Non-major governmental funds - Restricted for Arbitrage							287,986	16,956	16,995	-
Unreserved, reported in:										
Building fund	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>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>	<u>53,830,228</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, 2014

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Local sources	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	59,025,796
Intermediate sources	2,977,543	3,349,338	3,673,503	3,163,313	3,220,869	3,412,476	3,490,550	3,577,493		3,659,812
State sources	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	62,946,211
Federal sources	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	7,005,912
Total revenue	91,902,608	96,810,056	104,448,193	109,310,901	118,420,824	119,592,122	124,731,553	122,165,058	123,626,868	132,637,731
Expenditures										
Current										
Instruction	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	58,772,568
Student	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	6,170,979
Instructional staff	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	6,544,715
General administration	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	2,128,754
School administration	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	8,898,604
Business	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	8,968,097
Operations and maintenance	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	16,218,961
Student transportation	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	3,961,836
Central	-	-	-	-	-	-	-	-	-	-
Other	4,236	27,038	158,889	247,679	-	-	-	-	-	-
Non-instruction expenses										
Child nutrition operations	-	-	-	-	364,204	385,941	415,189	435,766	545,714	531,575
Community service operations	770,730	655,580	808,090	1,025,158	2,769,678	2,964,471	3,042,496	3,221,283	3,417,743	3,786,785
Other	-	-	-	-	84,175	1,230,120	33,146	309,240	391,396	451,724
Capital outlay	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	11,782,058
Debt service										
Principal	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	20,775,000
Interest	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	1,108,125
Other	-	-	-	-	-	-	-	-	-	-
Total expenditures	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	150,099,781
Excess (deficiency) of revenues over (under) expenditures	(16,784,197)	(15,272,063)	(16,505,952)	(18,006,138)	(16,901,221)	(14,241,221)	(12,493,083)	(23,714,273)	(25,692,032)	(17,462,050)
Other financing sources (uses)										
Issuance of debt	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	21,000,000
Premiums on new issuance of debt	-	-	-	-	189,600	204,356	326,976	118,750	202,827	380,560
Other uses	-	-	-	-	-	-	(142,728)	97,113	61,513	132,194
Transfers in	733,503	1,335,826	2,055,151	1,782,913	1,016,305	656,196	689,122	585,217	279,018	145,210
Transfers out	(733,503)	(1,335,826)	(2,045,150)	(1,782,913)	(1,016,305)	(656,196)	(689,122)	(585,217)	(279,018)	(145,210)
Total other financing sources (uses)	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	21,512,754
Net changes in fund balances	(3,659,082)	(72,063)	674,049	1,438,482	3,288,379	8,463,135	9,291,165	(4,498,410)	(5,027,692)	4,050,704
Debt service as a percentage of noncapital expenditures^a	19.34%	17.89%	16.54%	15.14%	14.82%	15.30%	16.19%	17.32%	16.67%	16.11%

^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, 2014

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 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
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
2014	610,351,602	91,811,689	19,160,939	721,324,230	6,671,918,494	10.81%	71.06

^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, 2014

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Rates for Taxpayers in the City of Tulsa^a

Fiscal Year	Direct Rates				Overlapping Rates				Total Direct & Overlapping Rates
	General	Union School District Building	Sinking	Total Direct Rates	Tulsa County	Tulsa Comm College	Tulsa VoTech	Tulsa City	Total Overlapping Rates
2005	36.05	5.15	31.39	72.59	22.61	7.21	13.33	10.11	53.26
2006	36.05	5.15	26.45	67.65	22.59	7.21	13.33	9.97	53.10
2007	36.05	5.15	27.16	68.36	22.21	7.21	13.33	12.67	55.42
2008	36.05	5.15	26.16	67.36	22.21	7.21	13.33	13.48	56.23
2009	36.05	5.15	27.46	68.66	22.21	7.21	13.33	14.08	56.83
2010	36.05	5.15	27.46	68.66	22.21	7.21	13.33	14.15	56.90
2011	36.05	5.15	29.08	70.28	22.21	7.21	13.33	16.98	59.73
2012	36.05	5.15	30.45	71.65	22.24	7.21	13.33	20.01	62.79
2013	36.05	5.15	30.70	71.90	22.24	7.21	13.33	20.16	62.94
2014	36.05	5.15	29.86	71.06	22.24	7.21	13.33	20.24	63.02
Ten-Year Average									127.84

Rates for Taxpayers in the City of Broken Arrow^b

Fiscal Year	Direct Rates				Overlapping Rates				Total Direct & Overlapping Rates
	General	Union School District Building	Sinking	Total Direct Rates	Tulsa County	Tulsa Comm College	Tulsa VoTech	Broken Arrow City	Total Overlapping Rates
2005	36.05	5.15	31.39	72.59	22.61	7.21	13.33	15.08	58.23
2006	36.05	5.15	26.45	67.65	22.59	7.21	13.33	15.06	58.19
2007	36.05	5.15	27.16	68.36	22.21	7.21	13.33	15.74	58.49
2008	36.05	5.15	26.16	67.36	22.21	7.21	13.33	15.30	58.05
2009	36.05	5.15	27.46	68.66	22.21	7.21	13.33	15.72	58.47
2010	36.05	5.15	27.32	68.52	22.21	7.21	13.33	15.98	58.73
2011	36.05	5.15	29.08	70.28	22.21	7.21	13.33	16.44	59.19
2012	36.05	5.15	30.45	71.65	22.24	7.21	13.33	17.13	59.91
2013	36.05	5.15	30.70	71.90	22.24	7.21	13.33	16.50	59.28
2014	36.05	5.15	29.86	71.06	22.24	7.21	13.33	17.32	60.10
Ten-Year Average									128.67

^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, 2014

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2014			2005		
	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	15,374,291	1	2.13%	12,348,460	1	2.11%
Public Service Company of Oklahoma	8,285,024	2	1.15%	10,378,348	3	1.77%
AHS Hillcrest Hospital (formerly SouthCrest Hospital)	7,071,565	3	0.98%	6,881,328	4	1.17%
Sir Estancia\Sonoma Grande LLC	6,550,249	4	0.91%			
Wal-Mart	5,921,777	5	0.82%	3,792,766	8	0.65%
QuikTrip	5,570,554	6	0.77%	3,734,371	9	0.64%
Expedition Properties, LLC	5,493,003	7	0.76%			
AG Equipment Co	3,648,372	8	0.51%			
Oklahoma Natural Gas	3,376,362	9	0.47%			
TCM Investments Inc	3,132,825	10	0.43%			
Zeledyne, LLC (formerly Visteon Corp. and Ford Motor Company) ^c				10,480,593	2	1.79%
Amerisource Bergen Drug				4,755,961	5	0.81%
Hilti Corporation				3,986,059	6	0.68%
Merit OCC-19				3,854,663	7	0.66%
Valor Communications of Oklahoma				3,165,604	10	0.54%
Total	64,424,022		8.93%	63,378,153		10.82%

^aBased on FY 13-14 Net Assessed Valuation of 721,324,230

^bBased on FY 04-05 Net Assessed Valuation of 585,911,750

^cCeased operations in 2011

Source: Tulsa County Assessor

Union Public Schools - Statistical Section
Year Ended June 30, 2014

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			
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%
2014	51,257,300	50,231,293	98.00%	910,509	51,141,801	99.77%	1,889,675	3.69%

^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, 2014

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	Less: Sinking Fund Balance ^a	Net General Obligation Bond Debt	Total Estimated Actual Value ^b	Ratio of Net General Debt to Estimated Actual Valuation ^b	Total Personal Income (in thousands) ^c	Ratio of Net General Debt Per Personal Income	Average Daily Membership (ADM) ^d	Ratio of Net General Debt Per Student ^d
2005	53,950,000	-	10,331,474.00	43,618,526	5,424,552,706	0.80%	30,723,200	0.14%	13,836	3,152
2006	53,050,000	-	9,055,835.00	43,994,165	5,656,237,944	0.78%	33,722,800	0.13%	13,993	3,144
2007	54,450,000	-	8,962,506.00	45,487,494	5,907,277,101	0.77%	36,303,800	0.13%	14,253	3,192
2008	58,550,000	-	8,730,473.00	49,819,527	6,149,826,618	0.81%	38,585,000	0.13%	14,360	3,469
2009	63,000,000	-	9,796,665.00	53,203,335	6,358,338,256	0.84%	37,534,000	0.14%	14,566	3,653
2010	69,350,000	-	10,727,559.00	58,622,441	6,501,691,046	0.90%	36,564,996	0.16%	14,949	3,922
2011	73,050,000	-	11,862,533.00	61,187,467	6,555,557,566	0.93%	37,705,751	0.16%	14,830	4,126
2012	72,325,000	-	12,112,690.00	60,212,310	6,525,004,824	0.92%	40,293,868	0.15%	14,836	4,058
2013	71,850,000	-	11,734,785.00	60,115,215	6,562,775,286	0.92%	44,795,664	0.13%	15,190	3,958
2014	72,075,000	-	11,769,385.00	60,305,615	6,671,918,494	0.90%	45,641,656	0.13%	15,486	3,894

^aPremiums received on issuance of debt are transferred to sinking fund, therefore, the net bonded debt outstanding is net of premiums and related discounts

^bEstimated 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.

^cCalculation based on the Tulsa Chamber of Commerce Economic Profile MSA population projection multiplied by projected per capita income by 2014 projected per capita income

^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.
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, 2014

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Obligation Bonds	Less Sinking Fund Balance ^a	Net General Bonded Debt Outstanding	Total Estimated Actual Value ^b	Ratio of Net Debt to Estimated Actual Valuation ^b	Average Daily Membership (ADM) ^c	Ratio of Net Debt Per Student ^c
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
2014	72,075,000	11,769,385	60,305,615	6,671,918,494	0.90%	15,486	3,894

^aPremiums received on issuance of debt are transferred to sinking fund, therefore, the net bonded debt outstanding is net of premiums and related discounts

^bEstimated 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.

^cSince 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, 2014

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

Jurisdiction	Net Assessed Valuation^a	Amount Subject to Taxation in District^a	Estimated Percent Applicable to the District^b	Net General Obligation Bonded Debt Outstanding^c	Amount Applicable to the District
As it applies to a resident of the city of Tulsa:					
Direct:					
Union Public Schools	721,324,230	721,324,230	100.00%	60,305,615	60,305,615
Overlapping:					
Tulsa County (unincorporated)	14,001,897	1,932,850	13.80%	-	-
Tulsa Technology Center #18	5,088,952,691	721,324,230	14.17%	-	-
Tulsa Community College	5,088,952,691	721,324,230	14.17%	-	-
City of Tulsa	3,135,490,361	545,760,952	17.41%	426,675,000	74,266,710
Total Overlapping	13,327,397,640	1,990,342,262		426,675,000	74,266,710
Total Direct and Overlapping				486,980,615	134,572,325
As it applies to a resident of the city of Broken Arrow:					
Direct:					
Union Public Schools	721,324,230	721,324,230	100.00%	60,305,615	60,305,615
Overlapping:					
Tulsa County (unincorporated)	14,001,897	1,932,850	13.80%	-	-
Tulsa Technology Center #18	5,088,952,691	721,324,230	14.17%	-	-
Tulsa Community College	5,088,952,691	721,324,230	14.17%	-	-
City of Broken Arrow ^d	622,650,940	173,124,573	27.80%	93,765,000	26,070,828
Total Overlapping	10,814,558,219	1,617,705,883		93,765,000	26,070,828
Total Direct and Overlapping				154,070,615	86,376,443

^a2013-14 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.

^cNet general obligation bonded debt outstanding reflects the full amount of the liability for "bonds payable" for the governmental activities less the resources in the sinking fund that have been restricted for the repayment of debt

^dThe City of Broken Arrow had judgments totaling \$1,348,990.37 as of 6/30/2014 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, 2014

Legal Debt Margin Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2011:

10% of FY 2010-11 Net Assessed Valuation		72,132,423
Debt Applicable to Limitation	72,075,000	
Current Sinking Fund Balance	(11,769,385)	60,305,615
Legal Debt Margin		<u>11,826,808</u>

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 ^c	Total Net Debt Subject to Legal Limit	Legal Debt Margin ^d	Percent of Net Debt to Debt Limit
2005	585,911,750	58,591,175	53,950,000	10,331,474	43,618,526	14,972,649	74.45%
2006	610,724,595	61,072,460	53,050,000	9,055,835	43,994,165	17,078,295	72.04%
2007	638,015,014	63,801,501	54,450,000	8,962,506	45,487,494	18,314,007	71.30%
2008	665,419,694	66,541,969	58,550,000	8,730,473	49,819,527	16,722,442	74.87%
2009	687,613,778	68,761,378	63,000,000	9,796,665	53,203,335	15,558,043	77.37%
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%
2014	721,324,230	72,132,423	72,075,000	11,769,385	60,305,615	11,826,808	83.60%

^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.

^cPremiums received on issuance of debt are transferred to sinking fund, therefore, the net bonded debt outstanding is net of premiums and related discounts

^dThe 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, 2014

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
2005	13,969	13,836	-	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
2014	15,526	15,486	1.95%	721,324,230	46,580	14,733	95.14%	115,095,294

^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, 2014

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
2005	882,861	30,723,200	35,635	443,341	4.4%
2006	894,011	33,722,800	38,868	444,645	4.0%
2007	906,441	36,303,800	39,296	440,825	4.0%
2008	916,525	38,585,000	43,298	440,475	3.7%
2009	929,824	37,534,000	38,431	441,972	7.2%
2010	939,826	36,564,996	39,499	443,757	7.7%
2011	945,671	37,705,751	43,450	441,409	6.6%
2012 ^c	952,129	40,293,868	45,350	445,169	5.6%
2013 ^d	961,561	44,795,664	47,055	450,890	5.4%
2014 ^d	969,964	45,641,656	49,631	453,442	5.2%

^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, 2014

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

Employer	2014			2005		
	Employees	Rank	Percentage of Tulsa County Employment ^b	Employees	Rank	Percentage of Tulsa County Employment ^c
Saint Francis Healthcare System	10,000	1	2.21%	6,769	2	1.53%
Wal-Mart/Sam's Club	7,500	2	1.65%			
Tulsa Public Schools	7,500	3	1.65%	6,000	3	1.35%
St. John Medical Center	7,500	4	1.65%	5,000	5	1.13%
American Airlines Maintenance Base	7,500	5	1.65%	7,893	1	1.78%
Hillcrest Healthcare System	5,000	6	1.10%	5,909	4	1.33%
City of Tulsa	3,500	7	0.77%	3,857	6	0.87%
Cherokee Hard Rock Hotel and Casino	3,500	8	0.77%			
Quiktrip	3,500	9	0.77%			
Spirit AeroSystems	3,500	10	0.77%			
U.S. Postal Service				2,297	7	0.52%
WorldCom Network Solutions				2,120	8	0.48%
Bank of Oklahoma NA				2,120	9	0.48%
Broken Arrow Public Schools				1,872	10	0.42%
	<hr/> 59,000		<hr/> 13.01%	<hr/> 43,837		<hr/> 9.89%

^aTulsa MSA specific demographic data

^bBased on the projected total labor force from the Tulsa Metro Chamber 2014 Economic Profile of 453,442

^cBased on the total labor force count from the Tulsa Metro Chamber 2014 Economic Profile of 443,341

Sources: Tulsa Metro Chamber

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Union Public Schools - Statistical Section
Year Ended June 30, 2014

Capital Assets by Function and Activity
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	#	2014
Governmental Activities											
Instruction	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		286,362,427
Student	126,055	212,980	144,811	138,246	182,267	358,280	446,547	515,152	576,445		588,574
Instructional support	491,940	536,641	533,624	586,827	970,757	1,327,070	1,307,124	1,332,661			3,335,568
General administration	58,407	64,032	71,288	185,210	196,372	336,722	339,917	335,573	278,228		311,319
School administration	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		1,622,512
Business	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		6,195,641
Operations and maintenance	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		6,223,361
Transportation	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		8,375,344
Support services	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	227,078	307,358	304,228	383,766	450,251	-	5,156	2,119	107,979		117,114
Other-unclassified	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		1,848,643
Total Governmental Activities	<u>194,465,981</u>	<u>201,982,011</u>	<u>217,451,225</u>	<u>230,213,559</u>	<u>246,086,317</u>	<u>258,111,480</u>	<u>272,331,355</u>	<u>285,934,211</u>	<u>304,518,389</u>		<u>319,837,016</u>
Business-Type Activities											
Child nutrition services	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		2,779,165
Total Capital Assets	<u>196,039,050</u>	<u>203,665,154</u>	<u>219,452,494</u>	<u>232,281,805</u>	<u>248,209,405</u>	<u>260,283,982</u>	<u>274,585,839</u>	<u>288,178,484</u>	<u>306,820,041</u>		<u>322,616,181</u>

Source: District records

Union Public Schools - Statistical Section

Year Ended June 30, 2014

Employee Information Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Certified Personnel										
Bachelor's										
Minimum Salary	26,041	28,425	31,100	31,600	31,600	31,600	31,600	31,600	31,600	31,600
Maximum Salary	41,282	44,033	47,133	48,799	48,799	49,287	49,287	49,829	50,576	51,461
Average Salary	32,675	33,608	35,941	36,514	36,301	36,186	35,980	36,106	35,812	35,754
Number of Teachers	512	544	579	593	635	663	629	622	617	642
Master's										
Minimum Salary	29,286	30,486	32,300	32,800	32,800	32,800	32,800	32,800	32,800	32,800
Maximum Salary	45,363	48,263	51,363	52,913	53,479	54,014	54,014	54,608	55,427	56,397
Average Salary	39,689	40,240	42,318	43,048	42,604	42,409	41,865	42,287	40,961	40,946
Number of Teachers	289	289	299	308	309	320	310	303	322	318
Doctor's										
Minimum Salary	32,033	32,233	33,500	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Maximum Salary	46,778	49,729	52,829	55,279	55,870	56,429	56,429	57,049	57,905	58,918
Average Salary	42,596	43,183	45,986	46,640	43,612	43,871	43,681	46,822	45,857	44,678
Number of Teachers	12	12	13	15	16	15	14	12	10	15
Total Certified Personnel	813	845	891	916	960	998	953	936	949	975
Support Personnel										
Number of Support	602	617	660	712	769	785	753	784	866	855
Administrative Personnel										
Number of Administrators	64	64	72	72	71	72	71	72	72	81

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 negotiation purposes.

Source: District records

Union Public Schools - Statistical Section

Year Ended June 30, 2014

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
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
2014	15,486	132,968,349	8,586	0.99%	975	16:1	932

^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, 2014

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}
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
2014	15,486	9,115	58.86%	866,848	1,567,895	95	1,021,023	11,003

^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, 2014

School Building Information
Last Ten Fiscal Years

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004
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	530	567	549	505	475	477	458	469	463	477
Percentage of Capacity Used	88.33%	94.50%	91.50%	84.17%	79.17%	79.50%	76.33%	78.17%	77.17%	79.50%
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	682	656	426	442	481	552	562	539	555	558
Percentage of Capacity Used	113.67%	109.33%	71.00%	73.67%	80.17%	92.00%	93.67%	89.83%	92.50%	93.00%
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	615	576	576	589	538	542	541	517	525	553
Percentage of Capacity Used	102.50%	96.00%	96.00%	98.17%	89.67%	90.33%	90.17%	86.17%	87.50%	92.17%
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	554	529	545	566	591	564	551	575	548	518
Percentage of Capacity Used	92.33%	88.17%	90.83%	94.33%	98.50%	94.00%	91.83%	95.83%	91.33%	86.33%
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	615	659	702	776	556	604	603	564	623	638
Percentage of Capacity Used	102.50%	109.83%	117.00%	129.33%	92.67%	100.67%	100.50%	94.00%	103.83%	106.33%
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	538	488	564	538	571	572	533	638	667	647
Percentage of Capacity Used	89.67%	81.33%	94.00%	89.67%	95.17%	95.33%	88.83%	106.33%	111.17%	107.83%
Grove Elementary (1974) ^a										
Square Feet	60,777	60,777	60,777	60,777	60,777	60,777	60,777	77,028	77,028	77,028
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	615	600	590	621	575	628	606	582	602	611
Percentage of Capacity Used	102.50%	100.00%	98.33%	103.50%	95.83%	104.67%	101.00%	97.00%	100.33%	101.83%

Union Public Schools - Statistical Section
Year Ended June 30, 2014

School Building Information
Last Ten Fiscal Years

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004
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	639	607	603	606	559	520	556	584	582	601
Percentage of Capacity Used	106.50%	101.17%	100.50%	101.00%	93.17%	86.67%	92.67%	97.33%	97.00%	100.17%
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	634	710	607	630	518	557	630	648	666	705
Percentage of Capacity Used	105.67%	118.33%	101.17%	105.00%	86.33%	92.83%	105.00%	108.00%	111.00%	117.50%
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	652	654	578	596	470	488	506	538	488	482
Percentage of Capacity Used	108.67%	109.00%	96.33%	99.33%	78.33%	81.33%	84.33%	89.67%	81.33%	80.33%
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	602	615	584	587	574	567	543	526	512	500
Percentage of Capacity Used	100.33%	102.50%	97.33%	97.83%	95.67%	94.50%	90.50%	87.67%	85.33%	83.33%
Rosa Parks (2006)										
Square Feet	-	-	-	71,300	71,300	71,300	71,300	71,300	71,300	71,300
Capacity (students)	-	-	-	600	600	600	600	600	600	600
Enrollment	-	-	-	479	612	621	607	631	669	709
Percentage of Capacity Used	-	-	-	79.83%	102.00%	103.50%	101.17%	105.17%	111.50%	118.17%
Thomas Jefferson (2008)										
Square Feet	-	-	-	-	69,356	69,356	69,356	69,356	69,356	69,356
Capacity (students)	-	-	-	-	600	600	600	600	600	600
Enrollment	-	-	-	-	473	515	535	547	526	576
Percentage of Capacity Used	-	-	-	-	78.83%	85.83%	89.17%	91.17%	87.67%	96.00%
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	292,416	292,416
Capacity (students)	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,440	2,440
Enrollment	2,194	2,156	2,210	2,137	2,121	2,248	2,240	2,197	2,266	2,272
Percentage of Capacity Used	99.73%	98.00%	100.45%	97.14%	96.41%	102.18%	101.82%	99.86%	92.87%	93.11%

Union Public Schools - Statistical Section
Year Ended June 30, 2014

School Building Information
Last Ten Fiscal Years

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004
8th Grade Center (1982)										
Square Feet	139,845	165,620	165,620	165,620	165,620	165,620	165,620	165,620	165,620	165,620
Capacity (students)	1,100	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,091	1,132	1,109	1,139	1,137	1,054	1,101	1,092	1,168	1,126
Percentage of Capacity Used	99.18%	87.08%	85.31%	87.62%	87.46%	81.08%	84.69%	84.00%	89.85%	86.62%
9th Grade Center (1987) ^b										
Square Feet	432,564	432,564	432,564	432,564	432,564	458,590	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	2,156	2,220	2,308	2,264	2,325	2,343	2,213	2,178	1,201	1,217
Percentage of Capacity Used	98.00%	100.91%	104.91%	102.91%	105.68%	106.50%	100.59%	99.00%	54.59%	55.32%
Senior High School (1972) ^b										
Square Feet	473,149	611,119	611,119	611,119	611,119	611,119	611,119	611,119	728,119	728,119
Capacity (students)	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	3,490	3,490
Enrollment	1,852	1,932	1,937	2,044	2,082	2,163	2,146	2,165	3,238	3,336
Percentage of Capacity Used	84.18%	87.82%	88.05%	92.91%	94.64%	98.32%	97.55%	98.41%	92.78%	95.59%
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	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	32,000
Union Welcome and Enrollment Center (2013) ^d										
Square Feet									2,783	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, 2014

Insurance Schedule June 30, 2014

Effective 7/1/2013 - 6/30/2014	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	2,000
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 - 6/30/2014		
Medical Professional Liability (6)	1,000,000 single occurrence 2,000,000 aggregate	10,000
Effective 7/1/2004 - 6/30/2014		
Crime (7)	5,000,000	25,000
(1) Lexington Insurance Company (Landmark American Insurance Company, Buy Down)		
(2) Westchester Insurance Co. (ACE)		
(3) Ace Insurance Company		
(4) Chubb Insurance		
(5) CompSource Oklahoma (OSAG)		
(6) Admiral Insurance Co.		
(7) Chubb Insurance		

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, 2014.

Source: International Insurance Brokers

Single Audit Reports

UNION PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 9

June 30, 2014

UNION PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 9

June 30, 2014

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 <i>Government Auditing Standards</i>	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
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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, 2014, 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 2, 2014.

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 2, 2014

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 Union Public School's (the "District") compliance 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, 2014. 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, 2014.

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 District as of and for the year ended June 30, 2014, and have issued our report thereon dated December 2, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 19, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

UNION PUBLIC SCHOOLS - INDEPENDENT SCHOOL DISTRICT NO. 9

For the Year Ended June 30, 2014

<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	\$ 3,639,965
National School breakfast program	10.553	1,399,547
Fresh Fruit/Vegetable Program	10.582	168,667
Summer Food Service Program	10.559	83,964
Sub Total		<u>5,292,143</u>
<u>Passed-Through State Department of Education:</u>		
Commodities	10.555	479,515
<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	52,163
<u>U.S. Department of Defense</u>		
<u>Passed-Through State Department of Education:</u>		
JROTC	12.n/a	6,352
<u>U.S. Department of Education</u>		
<u>Passed-Through State Department of Education:</u>		
Special Education Cluster:		
IDEA Flow Thru	84.027	2,200,773
IDEA - Preschool	84.173	38,861
Grants to Local Educational Agencies - Title I	84.010	2,589,181
Title X Part C, Homeless	84.196	27,680
Improving Teacher Quality State Grants - Title II, Part A	84.367	237,139
Title III Immigrant	84.365	39,634
Title III LEP	84.365	256,650
Indian Education Grants to Local Educational Agencies - Title VII	84.060	266,354
Adult Education State Grant Program - Corrections	84.002	27,075
Adult Education State Grant Program - English Literature/Civics	84.002	72,996
Adult Education State Grant Program	84.002	685,582
Vocational Education Basic Grants to States - Carl Perkins - Title I	84.048	<u>113,101</u>
Sub Total		<u>6,555,026</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--Continued

UNION PUBLIC SCHOOLS - INDEPENDENT SCHOOL DISTRICT NO. 9

For the Year Ended June 30, 2014

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA #</u>	<u>Expenditures</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	282,786
Medicaid Resources	93.778	<u>107,330</u>
Sub Total		<u>390,116</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 12,775,315</u>

See notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

UNION PUBLIC SCHOOLS - INDEPENDENT SCHOOL DISTRICT NO. 1-9

Year Ended June 30, 2014

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 bases of accounting are more fully described in the CAFR in Note 1 to the financial statements.

3. COMMODITIES

During the year ended June 30, 2014, the District received and used commodities in connection with the Child Nutrition Program totaling \$479,515.

4. AWARDS PROVIDED TO SUBRECIPIENTS

During the year ended June 30, 2014, the District did not provide any Federal awards to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

UNION PUBLIC SCHOOLS - INDEPENDENT SCHOOL DISTRICT NO. I-9

Year Ended June 30, 2014

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:

Title I	84.010
Medicaid Assistance Program	93.778
Adult Education Grant	84.002

Dollar threshold used to distinguish between type A and type B programs: \$368,874

Auditee qualified as low-risk auditee? ☒ yes ☐ no

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

None to report for the period ended June 30, 2014.

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

None to report for the period ended June 30, 2014.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

UNION PUBLIC SCHOOLS - INDEPENDENT SCHOOL DISTRICT NO. 1-9

Year Ended June 30, 2014

No matters are reportable.

*Report to Management
and Other Information*

UNION PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 9

June 30, 2014

UNION PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 9

June 30, 2014

REPORT TO MANAGEMENT AND OTHER INFORMATION

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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, 2014, 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 11 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 seven 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.

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 2, 2014

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

Statement of Statutory, fidelity, and Honesty Bonds
For the Year Ending June 30, 2014

Bond Type	Bonding Company	Position	Names	Bond Number	Bond Amount	Effective Dates
Education Legal Liability	ACE Westchester Fire Insurance Co	All Employees		G23613803 006	1,000,000.00	07/01/13 - 07/01/14
Employment Practices	ACE Westchester Fire Insurance Co	All Employees		G23613803 006	1,000,000.00	07/01/13 - 07/01/14
Umbrella	Starr Indemnity & Liability Insurance Com	All Employees		SISCPEL 00004211	5,000,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Superintendent	Dr. Hartzler	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Chief Financial Officer/Treasurer*/Activity Fund Custodian	Debbie Jacoby	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Director of Financial Reporting & Treasury/Treasurer/Activity Fund Custodian	Cathy Smart	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Financial Analyst/Assistant Treasurer	Julie Perron	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Director of Accounting/Encumbrance Clerk*/Activity Fund Custodian	Gail Easterling	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Associate Director of Payroll	Christine Bunyard	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Executive Director of Human Resources	Cynthia Solomon	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	I-5 Specialist	Josh Starks	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	I-5 Specialist	Daniel Kontje	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	I-5 Specialist	Robert Stevens	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Associate Director of HR	Jay Loegering	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Executive Director of Federal Projects	Jackie White	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Financial Reporting Manager/Activity Fund Custodian*	Becky Byers	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Asst Mgr of Financial Reporting	Jessica Wright	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Accounts Payable Manager*/Asst. Encumbrance Clerk/Activity Fund	Julie Harkrider	105375575	300,000.00	07/01/13 - 07/01/14
Surety	Travelers Casualty & Surety Co of America	Minutes Clerk/Board Clerk*	Beverly Thummel	105375575	300,000.00	07/01/13 - 07/01/14

*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.

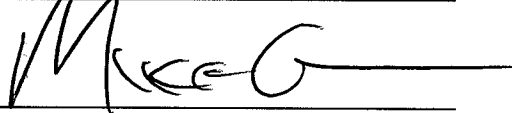
All employees have \$1,000,000 Education Legal Liability coverage. Specific employee titles listed above are currently covered with an additional \$100,000 surety bond in addition to the \$1,000,000 Education Legal Liability coverage

UNION PUBLIC SCHOOLS INDEPENDENT SCHOOL DISTRICT NO. I-9
TULSA COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
Year Ended June 30, 2014

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, 2014.

Cole & Reed, P.C.



Signature of Authorized Agent

Michael J. Gibson

Printed Name of Authorized Agent

Subscribed and sworn to before me on this

5TH Day of DECEMBER, 2014



NOTARY PUBLIC

My commission expires on:

8TH Day of OCTOBER, 2016

Commission No. 12009503

