



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

CAFR

Comprehensive Annual Financial Report
For the fiscal year ending June 30, 2016





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Tulsa, Oklahoma

Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2016

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December 14, 2016

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, 2016, 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 23.

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



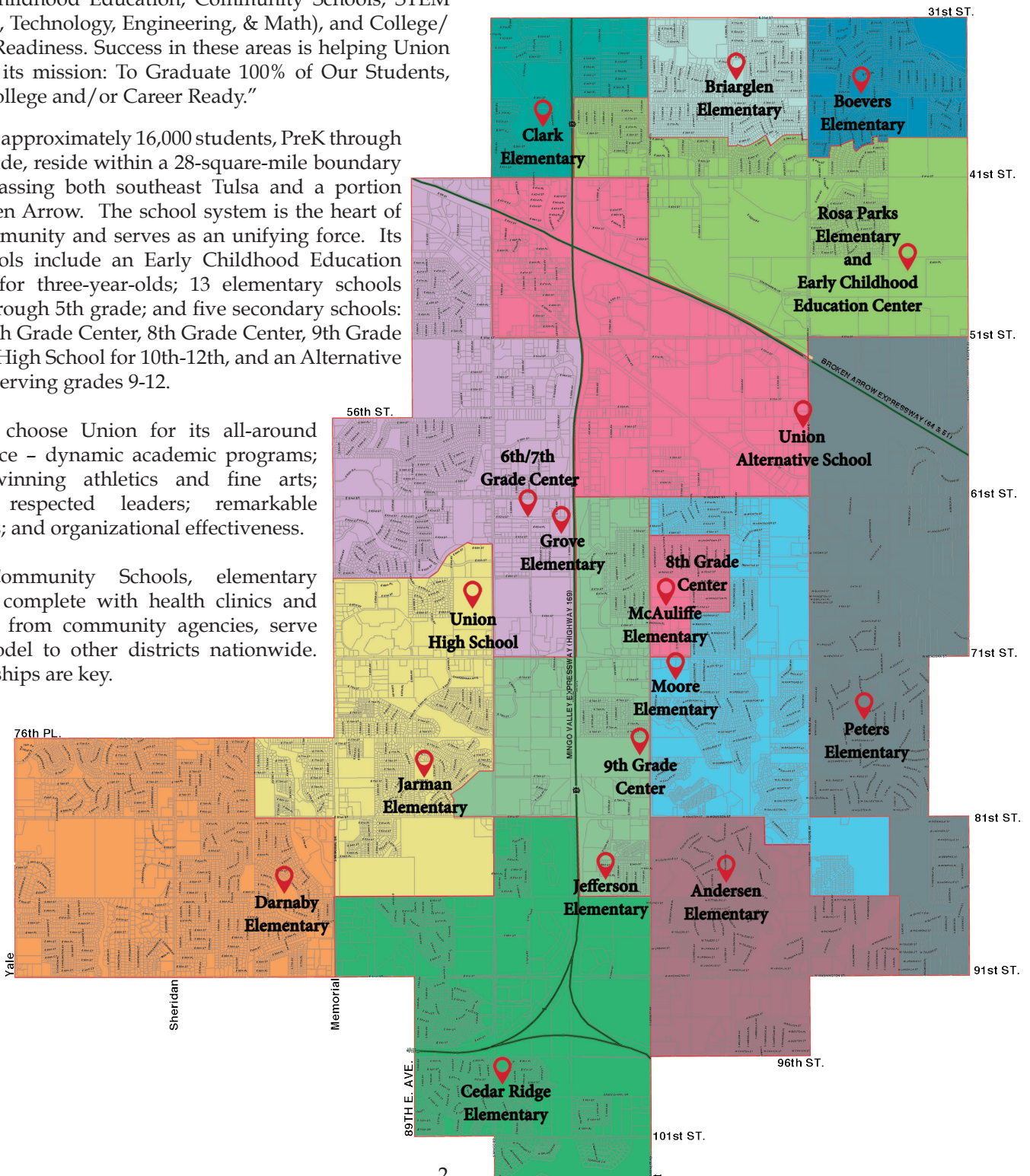
Introduction

Union Public Schools, Independent District #9, Tulsa County, is a premiere Oklahoma school district nationally recognized in its each of its four strategic areas of emphasis: Early Childhood Education, Community Schools, STEM (Science, Technology, Engineering, & Math), and College/ Career Readiness. Success in these areas is helping Union achieve its mission: To Graduate 100% of Our Students, 100% College and/or Career Ready.”

Union’s approximately 16,000 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 an unifying force. Its 19 schools include 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.

Parents choose Union for its all-around excellence - dynamic academic programs; award-winning athletics and fine arts; highly respected leaders; remarkable facilities; and organizational effectiveness.

Our Community Schools, elementary schools complete with health clinics and services from community agencies, serve as a model to other districts nationwide. Partnerships are key.





Introduction

Businesses, community agencies, higher education, and faith-based partners provide extra supports such as early care, health and social services, out-of-school activities, family/community engagement, neighborhood development, and lifelong learning. The relationships Union has with its parents and community partners underscore the District motto: Together We Make a Difference!

Using what is considered the gold standard for STEM curriculum, Project Lead The Way (PLTW), Union was the first in the state, and among only a handful of districts nationwide, to offer STEM to students Pre-K through 12th grade. Darnaby Elementary has been designated a PLTW National Showcase School, often hosting educators from other districts eager to see the STEM philosophy in action.

In addition to challenging Pre-Advanced Placement classes, Union offers a variety of Advanced Placement (AP) classes which allow students to earn college credit while learning about a subject in depth. In partnership with Tulsa Community College, Union is one of the first to pilot a unique concurrent enrollment program at the Union Collegiate Academy (UCA) on its High School campus, enabling qualifying students to earn both high school and college credits at the same time, virtually



tuition free! It has not been unusual for some to graduate with both a high school diploma and enough credits for an associate's degree.

Students participating in Union Career Connect (UCC) gain valuable work experience during high school internships in areas such as Automotive Technology, Child Development, Manufacturing, Construction, Culinary Arts, Sports and Community Medicine, and Teaching. Many earn important certifications and, when they graduate, they are often hired by their mentoring companies.

Unlike many schools around the country, art, music, and physical education enrich the traditional curriculum at Union. Professionals in remedial reading, speech therapy, and special education are assigned to the schools, along with library media specialists, nurses, and counselors. Courses for gifted students are offered at all levels, as are programs for English Language Learners.

Union is a strong and supportive community, consistently passing annual bond issues that fund state-of-the-art buildings and equipment for its students.

When Union was founded in 1919, it combined several rural communities and had only four students in its graduating class. Today, it is the eighth largest district in Oklahoma. Even so, Union Public Schools continues the spirit, pride, and excellence early families and community leaders established nearly a century ago. Those high expectations and impressive results have come to be known simply as "The Union Way."

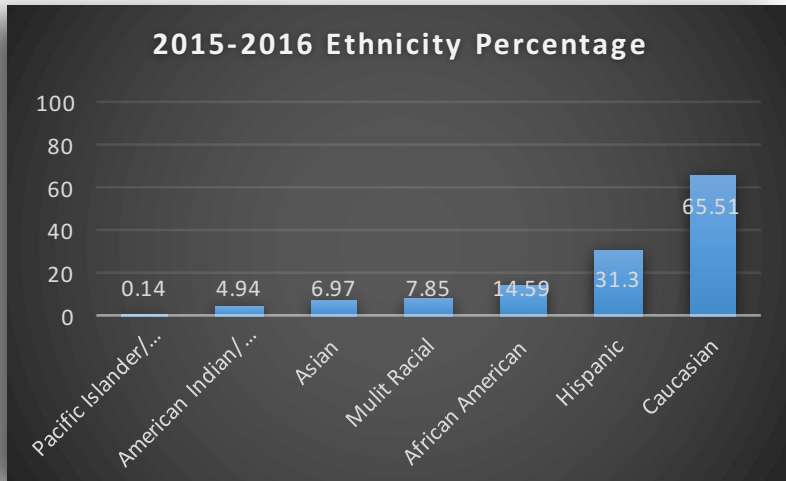
Union Public Schools is an independent school district within the state of Oklahoma. There is no relationship between the state, county, or city governments other than revenue sources. Therefore, the district has not identified any component units that should be included in the District's reporting entity.

Charter schools are primary or secondary schools that receive public money, but are not subject to the regulations that apply to other public schools. Under Oklahoma law, charter schools operate as a local education agency. Charter schools are funded through the state aid formula, just like public schools. This reduces the over all funding available to traditional public school districts in the state aid formula. There are 48 charter schools in the state of Oklahoma. None of them reside within the Union Public Schools boundaries.



Student Statistics

- In 2015-2016, Union grew by 183 students. With a 1.2 percent increase over the previous year, Union served 16,006 students – 7,721 at the Pre-K and elementary level and 8,285 in grades 6-12.
- Districtwide, 7,809 students were female and 8,197 male.
- English Language Learner (ELL) services were provided to 2,717 elementary and 775 secondary students; 532 became English-proficient and exited the program. Our diverse population spoke more than 50 different languages.



- There were 3,067 identified gifted students first through twelfth grade served by a variety of courses and programs.
- More than 11.59 percent, or 1,856 of our students, were enrolled in special education.
- There were more than 1,000 students (grades PreK-7) enrolled in Union’s Extended Day Program.
- A record 3,370 students were served in Union’s Adult Education Program which covers six counties - Mayes, Muskogee, Osage, Tulsa, Rogers, and Wagoner - with more than 75 classes meeting morning, afternoon, and evening. These include

General Education Diploma (GED), English as a Second Language (ESL), Temporary Assistance for Needy Families (TANF) and Corrections classes.

- In 2015-2016, our GED testing facility graduated over 325 students. Our testing lab is qualified to offer over 300 different tests including, but not limited to, teacher certification, insurance, Information Technology, American College, nursing, personal trainer, and financial planning.
- During 2015-2016, the dropout rate was 0.25% at the 8th grade level, 1.15% in 9th grade, and 2.21% in High School. The cohort graduation rate was 88.3%.
- Union employed 995 teachers, 911 support personnel, and 77 administrators. Of the district’s 77 administrators, 62 were certified and 15 served in positions not requiring education certification.
- The ethnic diversity among Union staff was African-American 5.5%, American Indian 5.34%, Asian 2.22%, Hispanic 11.4%, Native Hawaiian/Pacific Islander .10%, Caucasian and other 75.39%. Four hundred seven were male and 1,576 female.
- Of the teaching and administrative staff, 38.43% held graduate-level degrees – 395 had master’s degrees, two had specialist degrees, and 15 had doctorates. Seventy-five teachers achieved National Board Certification.
- The Union Education Service Center was recognized as a 2015 “Certified Excellence” business by Certified Healthy Oklahoma for its emphasis on employee health.



Employee Statistics & Achievements

- Superintendent Dr. Kirt Hartzler was named the 2016 OASA District #5 Superintendent of the Year by the Oklahoma Association of School Administrators (OASA).
- Rosa Parks first grade teacher Laura Latta was named the 2015-2016 Union District Teacher of the Year.
- Dianne Why, 8th Grade Center Special Education Paraprofessional, was named the 2016 Support Employee of the Year.
- Boevers teacher Diana Bland-Bayona was named the Oklahoma State University College of Education's 2016 Rising Star.
- Jarman 5th grade teacher Dixie Tate was honored with an award called "Serving Those Who Serve Us" from Village Inn in recognition of her efforts honoring veterans.
- Jefferson PE teacher Diana Irick was named the Elementary PE Teacher of the Year by the Oklahoma Association for Health, Physical Education, Recreation and Dance (OAHPERD).
- Rosa Parks teachers Laura Latta, Janna Hamilton, Jamie Copenhaver, and Danielle Gordon were awarded a \$9,900 grant from Fund for Teachers to participate in the prestigious Teacher's College Reading Workshop at Columbia University in New York City.
- Debbie Greever was named Volunteer of the Year for the Tulsa Indian Health Care Resource Center. Greever works with High School students in Native American programs and actively promotes scholarships and activities related to Native American culture.
- High School teacher Philippa Kelly was awarded the Denise Vaniadis Mentor Award at the State Student Council Convention. Vaniadis, who was Union's high school activities director for more than 25 years, was nationally known for enhancing student leadership.
- High School principal John Chargois was featured in a *Washington Post* article on teaching financial literacy to high school students.
- Head softball coach Jerry Pease notched his 700th career win. He was inducted into the Oklahoma High School Fast-Pitch Softball Coaches Hall of Fame and the Bixby Athletic Hall of Fame.
- Tennis coach Kevin Gannon helped Union achieve recognition for its tennis program and new tennis complex, which received the 2015 Facility of the Year award from USTA Oklahoma (United States Tennis Association).





Employee Statistics & Achievements

- The Metropolitan Environmental Trust gave district videographer Beth Turner the Oklahoma Recycling Reporter award for her articles and videos on recycling.
- Union was recognized as a Rising Star during the Tulsa Regional Chamber's Mosaic & Workforce Economic Inclusion Forum as one of five area businesses and organizations working toward diversity and inclusiveness in the work place.
- The district received a check for \$56,673.50 for participation in the Demand Response program at the Public Service Company of Oklahoma Awards Ceremony.
- Senior Executive Director of Federal Programs Jackie White, counselor Debbie Greever, and teachers Nancy Pedicord and Sue Haralson served as education representatives at the National Johnson-O'Malley Association, Inc., conference in Washington, D.C., which focused on Native American interests.
- Associate Superintendent Kathy Dodd, Darnaby principal Chris Reynolds, Darnaby teacher Kristin Robinson, 6th grade teacher Tina Fridrich, and high school teacher Andrea Gaines were keynote speakers at the Higher Education of Oklahoma Forum. Union is considered a model for how to infuse the STEM philosophy into school systems, Pre-K – 12th grade.
- Union's Communications Department received six Awards of Excellence and one Award of Merit from the Oklahoma School Public Relations Association (OKSPRA) for work created in 2015.
- The district broke its own record by raising \$218,000 for the Tulsa Area United Way campaign, a 4.9 percent increase over the previous year's donation.
- Union also 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 (see page 17).
- The Certificate of Achievement for Excellence in Financial Reporting – the top recognition in governmental accounting and financial reporting – was awarded to the Finance Department by the Government Finance Officers Association (GFOA) of the United States and Canada for the 22nd consecutive year (see page 18).





Teaching and Learning

Early Childhood Education

- The number of Rosa Parks Early Childhood Education Center's three- and four-year-olds was 270, and 730 four-year-olds were enrolled in Pre-K classes districtwide.

Community Schools

- In August, teachers and staff from Boevers, Briarglen, Clark, and Rosa Parks elementary schools walked their school neighborhoods delivering backpacks and supplies to welcome families and students to a new school year.
- Briarglen hosted "Cooking with Callie," seven cooking demonstrations for its families with Executive Chef Callie Fowler demonstrating recipes that included Union's fruit or vegetable of the month.
- Clark offered Baby Book Club for families who have young children at home. The free program featured story time, art projects, delicious snacks, and lots of fun.
- USA BMX announced the launch of its STEM program in Tulsa, and Clark was one of the schools to benefit by receiving a \$10,000 gift for seven BMX STEM kits.
- Free English classes were available for families at Clark Elementary and McAuliffe Elementary.
- Grove families were treated to a Back-to-School Giveaway sponsored by First Baptist Tulsa. Each child received a new backpack, a new pair of shoes, and a Union spirit shirt. Broken Arrow Beauty College was also on site to offer free haircuts.
- Talk show host Ellen DeGeneres, who had donated a fully equipped mobile media van the year before, again surprised McAuliffe media specialist, Kirby Mackenzie, with a \$25,000 check for the school.
- McAuliffe's Library was selected for the 2016 Best of Broken Arrow Award in the Libraries category.
- In an effort to reduce the anxiety of those first days of school, McAuliffe, Clark, and Boevers offered a readiness camp for incoming pre-kindergarten students.
- Students who participated in McAuliffe's Global Gardens provided fresh produce to neighborhood children and parents visiting the school's mobile media van during the summer.
- Rosa Parks was the beneficiary of a \$65,875 grant from the SemGroup Foundation Fund for Project Lead The Way programs at the school. Staff at Rosa Parks nominated SemGroup for the Metropolitan Tulsa Chamber of Commerce Partners in Education award, which the company later won.
- Seventh graders in the Carrera Program's Job Club gave back while learning business skills, a continuation of a business project students started the previous year. They volunteered and made snack packs for homeless and needy kids at the Iron Gate program downtown, with funds they raised selling T-shirts.





Teaching and Learning

STEM(Science, Technology, Engineering, Math) Curriculum

- Darnaby Elementary School was honored in May as a National Project Lead The Way Showcase School, one of the most prestigious honors that can be bestowed on a school in the area of Science, Technology, Engineering, & Math (STEM).
- STEM Research Day found High School students winning first place with “Automation of Hypothetical Protein Identification Databases” and “Effects of Smoking Tobacco During the Prenatal, Pregnancy and Postnatal Stages;” second place with “Physical and Mental Consequences of an Unhealthy Diet,” and third place with “Transibial Prosthetics in Below the Knee Amputees.”
- The High School’s robotics team, Ubotics, celebrated a new partnership with the Engineers’ Society of Tulsa (EST), who presented the team with a check for \$500. At the OK FIRST Robotics Competition Regional event, the team made it to the finals after placing second out of 62 teams in the prelims. The team also served as mentors for elementary robotics students throughout the year.
- Several Union and Tulsa Tech Pre-Engineering students returned from the Technology Student Association national competition in Nashville, Tennessee, with several awards. Those included first place Engineering Design, first place 3D CAD, first place Music Production, first Place Architectural Renovation, second place Video Game Design, third place 3D CAD, third place Photographic Technology, and third place Systems Control Technology.
- About 20 seventh and eighth grade girls explored math among some 400 middle and high school students during Sonia Kovalevsky Day, the Tulsa Regional STEM Alliance’s all-day, all-girls, all-math event for middle and high school girls. The event is intended to inspire girls to pursue math education and empower the next generation of female mathematicians, scientists, engineers, and innovators.
- Sophomore Drew Hoke was selected from a small group of students around the country to participate in Astronomy Night at the White House.
- As part of a Union engineering camp, 8th grade students completed an observation deck at the Tulsa Zoo. Students from three different camps worked in phases to finish the summer project.
- Selected from more than 1,200 entries, Union’s seventh grade Go Girl Engineering Team placed first



and won “Best in State” in the Verizon Innovative App Challenge for their concept of an app called “Community.” Following public voting, the team earned fourth place nationally and was invited to present during STEM day at the Oklahoma State Capitol.



Teaching and Learning

- Boevers Elementary's robotics team, XBOTS, took first place in regional FLL (FIRST Lego League) competition for their creative solution for recycling plastic bags.
- Moore Elementary was one of 20 Oklahoma schools receiving a \$40,000 grant from the Oklahoma Educational Technology Trust (OETT) to purchase new technology equipment, along with \$25,000 for professional teacher development.

College/Career Readiness

- College classes offered at the Union Collegiate Academy (UCA) for only \$12.75 through the EXCErate partnership with TCC brought to 10,965 the total hours of college credit students earned, with an estimated savings to Union families of more than \$6,000,000 since the program began in 2010.
- Union earned the Class 6A Championship for graduating the most Oklahoma's Promise participants for the fourth consecutive year; 158 were eligible to receive scholarships.
- Twenty-one Advanced Placement (AP) Courses were provided, and 484 students took a total of 911 AP exams. Three hundred and three, or 62.6%, earned a score of 3 or higher.
- The Union Collegiate Academy reaffirmed its status as a national model with a visit from Jonah Edelman, co-founder and CEO of Stand for Children, an education reform organization based in Portland, Oregon, with affiliates in eleven states.
- The Tulsa Regional Chamber featured the Union Career Connect program and its area partners in a recruitment/fundraising video.
- Union High School was named a 2015 High Performing School by the Oklahoma State Department of Education.
- 888 seniors took the ACT test with an average score of 21.0. The average ACT score for Oklahoma students was 20.7, and the national average was 21.0.
- Fifteen seniors were named 2015-2016 National Merit Finalists or Commended Students.
- Twelve seniors earned Valedictorian status by ranking in the top 1% of the class as determined by their weighted grade point average, and twelve were named Salutatorians, the top 2%.
- Two seniors were named Academic All-State students by the Oklahoma Foundation for Excellence.
- Junior Daniel Royer scored a perfect 36 on the ACT.





Teaching and Learning

- Three seventh graders won Duke TIP Grand Recognition for exceptional scores in Duke University's Talent Identification Program, the largest program of its kind in the nation.

Student Engagement: Co-Curricular Activities

Highlights

- High School students have many opportunities for involvement with 51 different clubs and organizations available.
- More than 14,425 Union students were involved in some form of the arts, including 6,922 elementary students who took both art and music classes. At the secondary level (grades 6-12), 1,017 were in band; 598 in orchestra; 1,401 in vocal music; 1,556 in drama; 235 in competitive speech/debate; and 2,462 in a wide variety of visual arts disciplines.
- More than 1,600 students (grades 7-12) were involved in Union's 23 competitive athletics and spirit programs. Participation jumped to over 2,800 in K-12 in the district's 167 non-competitive teams and spirit squads.

Fine Arts Achievements

- Union's Renegade Regiment marched at the Citrus Bowl and at the Disney Magic Kingdom Parade in Orlando, Florida. They also took second place at state with a score of 90.95 and finished second at Bands of America regionals in St. Louis.
- Union Repertory Theatre won first in One-Act Competition with 12 All-Star Cast members for its production of "War Horse."
- Union qualified six students to the National Speech and Debate Association Tournament in Salt Lake City.
- The combined 8th & 9th grade choirs traveled to Dallas, Texas, where they won first place in their division and the Esprit De Corps award for outstanding musicianship, professionalism, and good character.





Student Engagement: Co-Curricular Activities

Athletic Achievements

- The High School girls' soccer team finished an undefeated season, winning their second consecutive Class 6A state championship and their fourth overall. They were also #1 in the nation on *Top Drawer Soccer's* online high school rankings.
- Junior Parker Goins was selected to the U.S. Under-18 Women's National Team that traveled to La Manga, Spain, to compete against Denmark, England and Norway. She was also honored with the Jim Thorpe Award as Oklahoma Soccer Player of the Year and was named the Gatorade State Girls' Soccer Player of the Year. Junior Taylor Malham, who plays soccer and basketball, was selected for a national soccer training camp for the U.S. Under-17 Women's National Team.
- The Varsity Highsteppers won their 32nd State Championship at the Oklahoma State Dance Team Directors Association competition. They won the 6A Kick category and were also awarded second place in the 6A Jazz category.
- Senior Bre Atay was named to the All-State Volleyball Team.
- Seniors Mason Naifeh and Moses Mayhue were named to the OSSAA All-State Wrestling Team.
- Seniors Alex Fortney and Marcos Morales were named to the All-State Swim Team.
- Senior Asha Chandrasekar received the Jim Thorpe Award for Oklahoma Tennis Player of the Year.



Revenues/Expenditures

Financial Highlights

- Nearly 81% of Union voters approved the district's 2016, \$27-million bond issue, allowing for future building projects, including Elementary 14, as well as the districtwide purchase of items such as textbooks, instructional technology, buses, and equipment.
- In total, the district's net position* increased \$9.8million. The net position of governmental activities** increased \$9.8 million which represents a 17.45 percent increase from fiscal year 2015.
- General revenues accounted for \$114.3million in revenue or 75.4 percent of all revenue. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$37.35 million or 24.6 percent of total revenues of \$151.63 million.



Revenues/Expenditures

- The district has \$141.85 million in expenses related to governmental activities; only \$37.35 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 Account System (OCAS) coding structure.
- Among the major funds, the general fund had \$114.52 million in revenues, \$112.15 million in expenditures resulting in a fund balance increase of \$2.37 million. This increase is primarily a result of an increase in state and local revenue collections. Bond fund revenue totaled \$70,474. Net bond sale proceeds were \$27 million. Expenditures in the bond fund totaled \$24.66 million. The sinking fund had \$22.87 million in revenues and \$21.75 million in expenditures.
- The Building Fund was reclassified from a Major Governmental Fund to a Non-Major Governmental Fund. The Child Nutrition Fund was reclassified from an Enterprise Fund to a Non-Major Governmental Fund. The Gift Fund was reclassified from a Private Purpose Trust Fund to a Non-Major Governmental Fund.

**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.*

***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 was reported as a business-type activity in the prior year.*





Operations

Department Statistics

- **Transportation** - More than 10,000 students rode the bus on a regular basis during 2015-2016. The district maintained a fleet of 102 school buses and 92 support vehicles. Seventy-one buses ran daily routes traveling approximately 5,937 miles per day on average, and there were 54 shuttle routes and 20 after-school routes. Activity buses traveled more than 90,000 miles during the school year.
- The **Child Nutrition Department** served an average of 9,900 lunches, 5,800 breakfasts, 5,000 snacks, and 250 supper meals each day. The number of students qualifying for free/reduced lunch has steadily increased over recent years and is currently at 63%. The district spends approximately \$4 million for food each year including Farm-to-School produce grown locally. Of the 183 child nutrition employees, 42 were Serve-Safe certified, and all employees were Culinary Arts trained by the district Executive Chef.
- The district offered MySchoolBucks®!, an online payment service that provides a quick and easy way to add money to a student's meal account using a credit/debit card.
- The **Maintenance Department** was comprised of 15 specialists and 23 building engineers who maintained equipment and ensured that all district facilities were running smoothly. The licensed specialists included a locksmith, two plumbers, two electricians, five HVAC technicians, two electronics technicians, two carpenters, and a painter; and each school site had at least one licensed building engineer. The High School campus, including the UMAC, had five building engineers because of its size and large volume of day, night, and weekend activities.
- The **Custodial Department** had 119 full- and part-time employees including 20 lead custodian supervisors. Custodial staff members, collectively, cleaned and maintained 3,323,544 sq. ft. of building space.
- The **Grounds Department's** 14 employees maintained more than 425 acres of district property at 23 different sites. Staff members performed 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** consisted of four employees at the Education Service Center and eight at the Warehouse and Distribution Center. The department supported the functions of purchasing and supply management: sourcing, purchasing, contracting, materials management and distribution, receiving, records management, logistics, daily intra-district mail service and disposal of surplus materials and equipment. In 2015-2016, Warehouse and Distribution Center employees stocked, pulled and distributed to the schools over 99,000 instructional, custodial, and food supplies and products worth a combined value of over 2.3 million dollars.





Operations

- **Safety and Security** – More than 19,000 safety training videos were completed by employees with a 93% successful completion rate. The SafeSchools Alert program was successfully implemented, and safety training was incorporated into substitute workshops. The district employed a Director of Security and a district Security Coordinator as well as 11 full-time Security Officers at the secondary schools and 25 part-time officers for athletic and special events. One Broken Arrow School Resource Officer was on call daily in addition to six off-duty Tulsa Police Department officers on a rotating schedule, allowing one to patrol the district each day.
- **Union Multipurpose Activity Center (UMAC)** – 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. Three employees coordinated an estimated 53,300 activities during the year, and there were 3,703 facility rentals to outside groups which involved scheduling, contracts, scheduling conflict resolution, staffing, and set up and tear down.

Construction/Facilities

- The Athletics Department proudly presented its new soccer complex at the 8th Grade Center with a special ribbon cutting ceremony in February. Student athletes will benefit from the new locker rooms and weight room, not to mention two turf playing fields that will allow for continued competition despite adverse weather conditions.
- Also at the 8th Grade Center, seven regular classrooms and four science classrooms were added. An outdoor classroom with a covered patio and a remodeled spirit room were added, and a remodeled drama room and stage in the common area are under construction. Each classroom has a 65" digital display connected to the teacher's computer.
- Upgrades at Rosa Parks included 12 additional classrooms, a conference room, a new nurse's clinic, and separate OU Physicians' Clinic. Lighting was upgraded to all LED dimmable lights, light harvesting sensors, and occupancy sensors. Each new classroom has a 65" digital display connected to the teacher's computer, new classroom phones, and a Wall Talker writable learning wall.
- Following the 2014 purchase of the former Garnett Church of Christ/Green Country Event Center building on 31st Street, demolition began to make way for the construction of Elementary 14.





Notable Milestones

Union Schools Education Foundation Support

- The Union Schools Education Foundation distributed 62 grants to 60 different teachers at 18 of the district's 19 sites totaling \$54,675.34. Teachers used the grants for innovative classroom projects.
- Thanks to all the supporters who participated in the 2015 Union Schools Education Foundation online auction, the event raised \$15,165.
- The Foundation raised an additional \$50,000 during "A Night of Focus," its annual dinner and auction held at the Jazz Hall of Fame to raise funds for teachers.

Business/Technology Highlights

- A wireless project was completed, providing at least one access point in every classroom, and most network switches were upgraded to provide 1 GB connectivity to all computers. Every switch in the network was reconfigured with a network topology designed to limit broadcast size.
- All 868 teacher computers districtwide were updated to laptops, and all new STEM locations received iPad carts.
- Andersen and Rosa Parks received video surveillance system upgrades, and Andersen's intercom system was upgraded.
- Briarglen's phone system was upgraded to an Avaya system to replace the Cisco VoIP system installed more than ten years ago.
- Union hosted its 4th Annual Tulsa Area Schools Technology Symposium (TASTS). The main focus continued to demonstrate how various technologies can be incorporated into the instructional process and help student learning, but there continues to be a strong need and desire to understand new advances in various infrastructure innovations.





Internal Control

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

Long-Term Financial Planning

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

Budgetary Controls

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

The level of budgetary control is maintained by fund, project, and function of the OCAS (Oklahoma Cost Accounting System.) 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 RSM US 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 Uniform Grant Guidance (UGG). The auditor’s report on the basic financial statements is included in the financial section of this report.

Closing

Sincerely,

Kirt Hartzler, Ed.D.
 Superintendent

Debra J. Jacoby, CPA
 Chief Financial Officer/Treasurer

Patricia K. Williams, Ed.D.
 Deputy Chief Financial Officer

Catherine L. Bentley, 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, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

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, 2015

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

Executive Director/CEO



**2015-2016
BOARD OF EDUCATION**



**Kirt
Hartzler, Ed.D.
Superintendent**



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



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



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



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



**Ken Kinnear
District #5
2015-2020**

2015-2016 Administrators

Dr. Kirt Hartzler.....Superintendent
Debra Jacoby, CPA..... Chief Financial Officer/Treasurer
Dr. Patrica Williams Deputy Chief Financial Officer
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
Sandi Calvin..... Executive Director of Elementary Education
Gart Morris..... Executive Director of Instructional Technology
Todd Nelson..... Executive Director of Student Achievement
Lee Snodgrass Executive Director of Special Projects
Lisa Witcher Executive Director of Secondary Education

Emily Barkley Director of Athletics
Cathy Bentley, CPA Director of Financial Reporting/Treasury
Gail Easterling, CPA..... Director of Accounting
Gary Greenhill Director of Transportation
Lisa Griffin Director of Child Nutrition
Fred Isaacs Director of Construction Services
Dr. Penny Kay..... Director of Special Services
Matt McCready..... Director of Fine Arts
Ty Wardlow Director of Safety & Security
David Young Director of Purchasing/Supply Management

Kelly Brassfield IT Program Director
Daylene Bowlin Carrera Program Director
Christine Bunyard Director of Payroll
Susan Crowder Director of Professional Standards
Sherri Fair Director of Student Data & Assessment
JoAnna Jamison..... Director of Adult Education
Sarah McBryde Director of Facilities

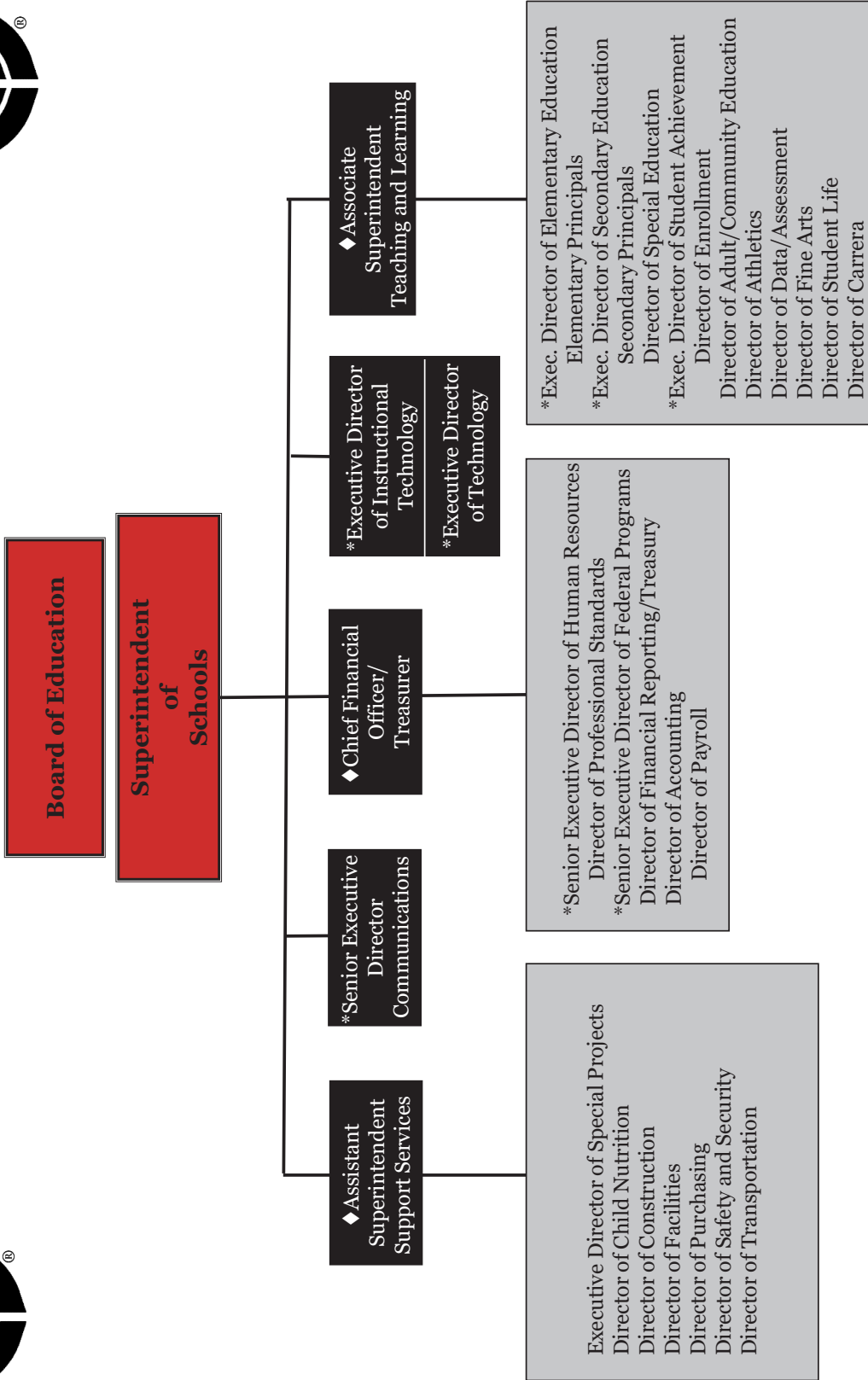
Becky Byers, CPA Associate Director of Budget / Treasury
Steve Dunlap..... Associate Athletic Director
Kirk Fridrich Associate Athletic Director
Jay Loegering..... Associate Director of Human Resources
Charles Pisarra..... Associate Director of Fine Arts
Mike Rose Associate Athletic Director

2015-2016 Principals

Tony Tempest, Gart Morris, John Chargois..... High School
John Federline..... Ninth Grade Center
Chris Ducker Alternative School
Michelle Cundy Eighth Grade Center
Scott Pennington/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 2015-2016 Administrative Organizational Chart



* Denotes Cabinet position
 ◆ Denotes Executive Cabinet position

Independent Auditor's 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, each major fund, and the aggregate remaining fund information of Union Public Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, 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.

Emphasis of Matter

As discussed in Note K, in 2016, the District early implemented Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues* and reclassified the Child Nutrition and Gift funds from an enterprise fund and a fiduciary fund, respectively, to special revenue funds. The provisions of GASB Statement No. 82 and the fund reclassifications required the District to restate beginning net position of the governmental activities, business-type activities, and the aggregate remaining fund information. Our opinion is not modified with respect to the matter.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining financial statements, the statement of changes in assets and liabilities—agency funds, and the respective budgetary and actual comparison schedules for the Building Fund and Child Nutrition Fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016 (under separate cover), on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Oklahoma City, Oklahoma
December 12, 2016

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, 2016. 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 2016 are as follows:

- » In total, the district’s net position increased \$9.8 million. The net position of governmental activities increased \$9.8 million which represents a 17.45 percent increase from fiscal year 2015. There were no Business-Type Activities due to the reclassification of the Child Nutrition Fund to a Non-Major Governmental Fund.
- » General revenues accounted for \$114.28 million in revenue or 75.4 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$37.35 million or 24.6 percent of total revenues of \$151.63 million.
- » The district had \$141.85 million in expenses related to governmental activities; only \$37.35 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 \$114.52 million in revenues, \$112.15 million in expenditures, resulting in a fund balance increase of \$2.37 million. This increase is primarily a result of an increase in state and local revenue collections. Bond fund revenues totaled \$70,474. Net bond sale proceeds were \$27 million. Expenditures in the bond fund totaled \$24.63 million. The sinking fund had \$22.87 million in revenues and \$21.75 million in expenditures.
- » The Building Fund was reclassified from a Major Governmental Fund to a Non-Major Governmental Fund. The Child Nutrition Fund was reclassified from an Enterprise Fund to a Non-Major Governmental Fund. The Gift Fund was reclassified from a Private purpose Trust Fund to a Non-Major Governmental Fund. See note K for additional discussion.

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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position.

The *Statement of Activities* presents information showing how the district’s net position changed during fiscal year 2016.

Union Public Schools – Management’s Discussion and Analysis

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 2016?” The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, and deferred inflows of resources* 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 previously was reported as an enterprise fund included in business-type activities but in FY 2015-2016 has been reclassified as a Non-Major Governmental Fund and is therefore included in governmental activities.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the 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 and non-major governmental funds can be found in Note A of the notes to the financial statements beginning on page 47 of this report.

Union Public Schools – Management’s Discussion and Analysis

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

Proprietary Funds. Proprietary funds use the same basis of accounting as business-type activities. The basic proprietary fund financial statements begin on page 43 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 46 of this report.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other 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 2015 and 2016:

Table 1
Net Position
(In Millions)

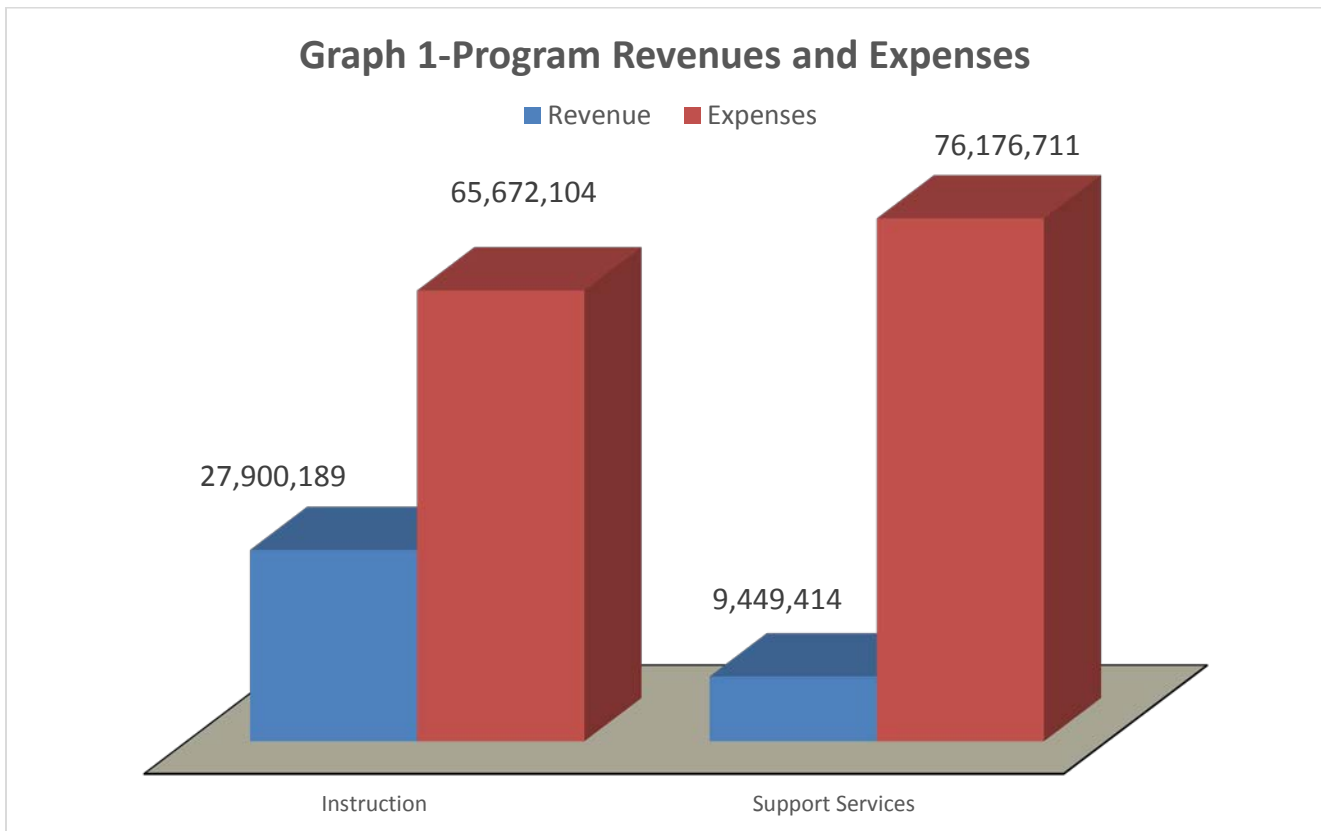
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>						
Current Assets	\$ 167.52	\$ 154.64	\$ 0.00	\$ 6.73	\$ 167.52	\$ 161.37
Capital Assets						
Land & CIP Assets	40.62	25.63	0.00	0.11	40.62	25.74
Capital Assets Being Depreciated, net	135.32	143.08	0.00	0.89	135.32	143.97
Total Assets	<u>343.47</u>	<u>323.35</u>	<u>0.00</u>	<u>7.73</u>	<u>343.47</u>	<u>331.08</u>
<u>Deferred Outflows of Resources</u>	<u>14.45</u>	<u>6.85</u>	<u>0.00</u>	<u>0.11</u>	<u>14.45</u>	<u>6.95</u>
<u>Liabilities</u>						
Current Liabilities	34.61	35.49	0.00	0.53	34.61	36.02
Noncurrent Liabilities	162.95	140.80	0.00	1.8	162.95	142.60
Total Liabilities	\$ <u>197.56</u>	\$ <u>176.29</u>	\$ <u>0.00</u>	\$ <u>2.33</u>	\$ <u>197.56</u>	\$ <u>178.62</u>
<u>Deferred Inflows of Resources</u>	<u>65.10</u>	<u>72.81</u>	<u>0.00</u>	<u>0.47</u>	<u>65.10</u>	<u>73.28</u>
<u>Net Position</u>						
Net Investment in Capital Assets	127.76	125.86	0.00	1.00	127.76	126.86
Restricted for Debt Service	13.15	11.88	0.00	0.00	13.15	11.88
Restricted for Capital Projects	48.80	1.97	0.00	0.00	48.80	1.97
Restricted for other purposes	6.62	0.00	0.00	0.00	6.62	0.00
Unrestricted	<u>-101.08</u>	<u>-58.61</u>	<u>0.00</u>	<u>1.04</u>	<u>-101.08</u>	<u>-54.57</u>
Total Net Position	\$ <u>95.25</u>	\$ <u>81.10</u>	\$ <u>0.00</u>	\$ <u>5.04</u>	\$ <u>95.25</u>	\$ <u>86.14</u>

Union Public Schools – Management’s Discussion and Analysis

Total assets were \$343.47 million. Cash and cash equivalents were \$95.58 million. Investments totaled \$10.97 million. Capital assets, net of depreciation, were \$175.95 million. Taxes and other receivables were \$59.64 million. The net position of the district’s governmental activities increased by \$9.8 million. The majority of this increase was a result of an increase in state and local revenue collections. The October 2015 student count of 15,919 unweighted ADM and 25,500 weighted ADM reflected district growth of 219 actual students and 444 weighted students. This growth was responsible for the increase in the mid-term State Aid allocation. The district was able to maintain its ending fund balance percentage in the general fund at 14.91 percent on a budgetary basis, which placed it in a favorable operating position to weather the oil and gas dependent economic slowdown. 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.

Governmental Activities. As reported in the Statement of Activities on page 36 the cost of the district’s governmental activities for the year ended June 30, 2016, was \$141.85 million. This represents an increase in the cost of governmental activities of \$5.5 million compared to the prior fiscal year. The reader will note a \$6.1 million increase in regular instruction, and a \$448,343 increase in Pupil Services from the prior fiscal year. Not all of the cost of governmental activities was borne by the taxpayers. Of the \$141.85 million cost, \$3.05 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 \$34.30 million was paid through various federal and state grants and contributions. Consequently, the net cost of \$104.5 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 two largest programs – instruction and support services. The graph compares the cost of the services with the revenues generated by the program.



Union Public Schools – Management’s Discussion and Analysis

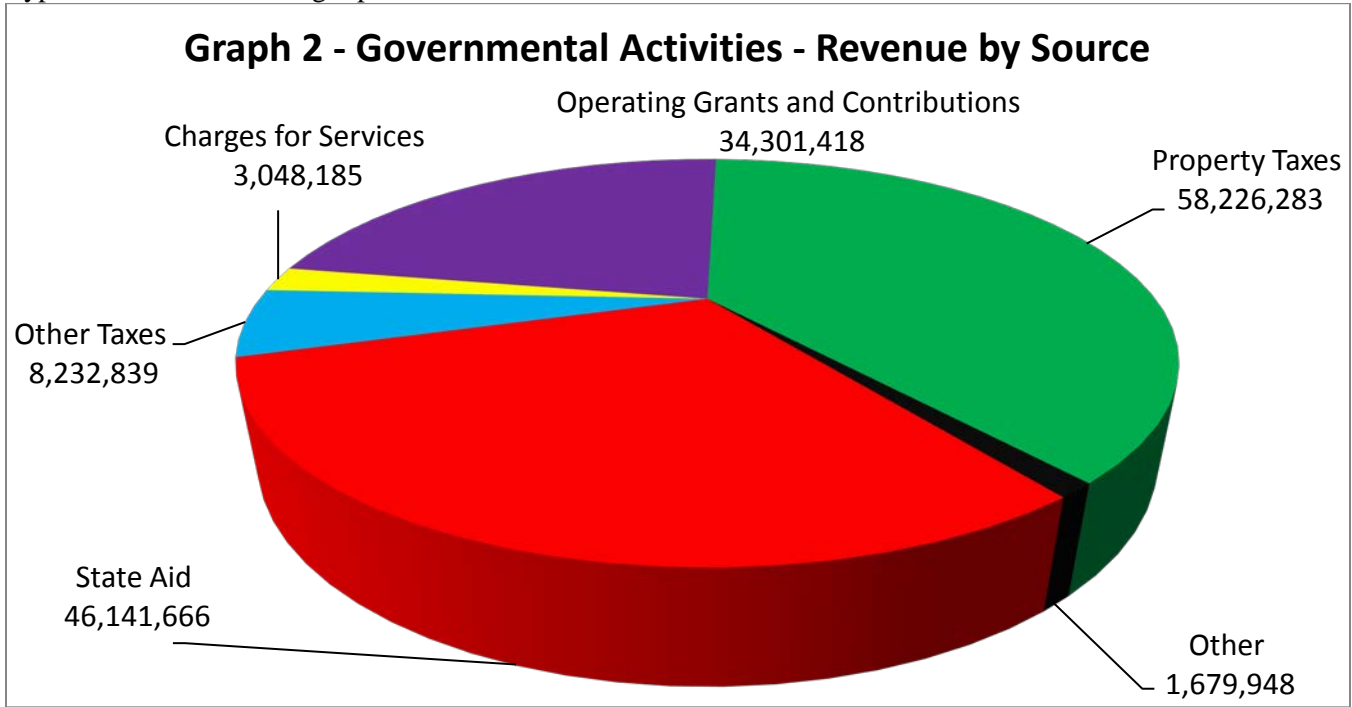
Table 2 provides a summary comparison of the district’s change in net position for the fiscal years 2016 and 2015:

Table 2
Changes in Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 3.05	\$ 2.72	\$ 0.00	\$ 2.16	\$ 3.05	\$ 4.88
Operating Grants and Contributions	34.30	24.13	0.00	6.79	34.30	30.92
Capital Grants and Contributions	0.00	0.00	0.00	0.00	0.00	0.00
General Revenues:						
Property Taxes	58.23	55.40	0.00	0.00	58.23	55.40
Other Taxes	8.23	6.65	0.00	0.00	8.23	6.65
State Aid Not Restricted to Specific Programs	46.14	46.10	0.00	0.10	46.14	46.20
Earnings on Investments	0.35	0.74	0.00	0.06	0.35	0.80
Other	1.33	1.84	0.00	0.02	1.33	1.86
Total Revenues	\$ <u>151.63</u>	\$ <u>137.58</u>	\$ <u>0.00</u>	\$ <u>9.13</u>	\$ <u>151.63</u>	\$ <u>146.71</u>
Expenses						
Instruction:						
Regular Instruction	51.14	45.00	0.00	0.00	51.14	45.00
Special Education Instruction	7.02	6.34	0.00	0.00	7.02	6.34
Vocational Education	0.75	0.74	0.00	0.00	0.75	0.74
Other Instruction	6.77	7.72	0.00	0.00	6.77	7.72
Support Services:						
Pupil Services	7.00	6.52	0.00	0.00	7.00	6.52
Instructional Staff Services	5.57	6.08	0.00	0.00	5.57	6.08
General Administration Services	2.45	2.18	0.00	0.00	2.45	2.18
School Administration Services	8.66	8.52	0.00	0.00	8.66	8.52
Business Services	9.06	8.59	0.00	0.00	9.06	8.59
Operations & Maintenance Services	23.57	25.75	0.00	0.00	23.57	25.75
Pupil Transportation Services	4.81	4.51	0.00	0.00	4.81	4.51
Other Support Services	0.93	0.59	0.00	0.00	0.93	0.59
Community Services	4.23	4.18	0.00	0.00	4.23	4.18
Interest on Long-Term Debt	1.03	1.26	0.00	0.00	1.03	1.26
Food Services	8.91	0.00	0.00	8.36	8.91	8.36
Total Expenses	\$ <u>141.85</u>	\$ <u>127.97</u>	\$ <u>0.00</u>	\$ <u>8.36</u>	\$ <u>141.85</u>	\$ <u>136.33</u>
Change in Net Position	9.78	9.61	0.00	0.77	9.78	10.38
Net Position, Beginning	81.10	163.89	0.00	6.52	81.10	170.41
Restatement	4.37	-92.40	0.00	-2.25	4.37	-94.65
Net Position, Beginning Restated	<u>85.47</u>	<u>71.49</u>	<u>0.00</u>	<u>4.27</u>	<u>85.47</u>	<u>75.76</u>
Net Position, Ending	\$ <u><u>95.25</u></u>	\$ <u><u>81.10</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>5.04</u></u>	\$ <u><u>95.25</u></u>	\$ <u><u>86.14</u></u>

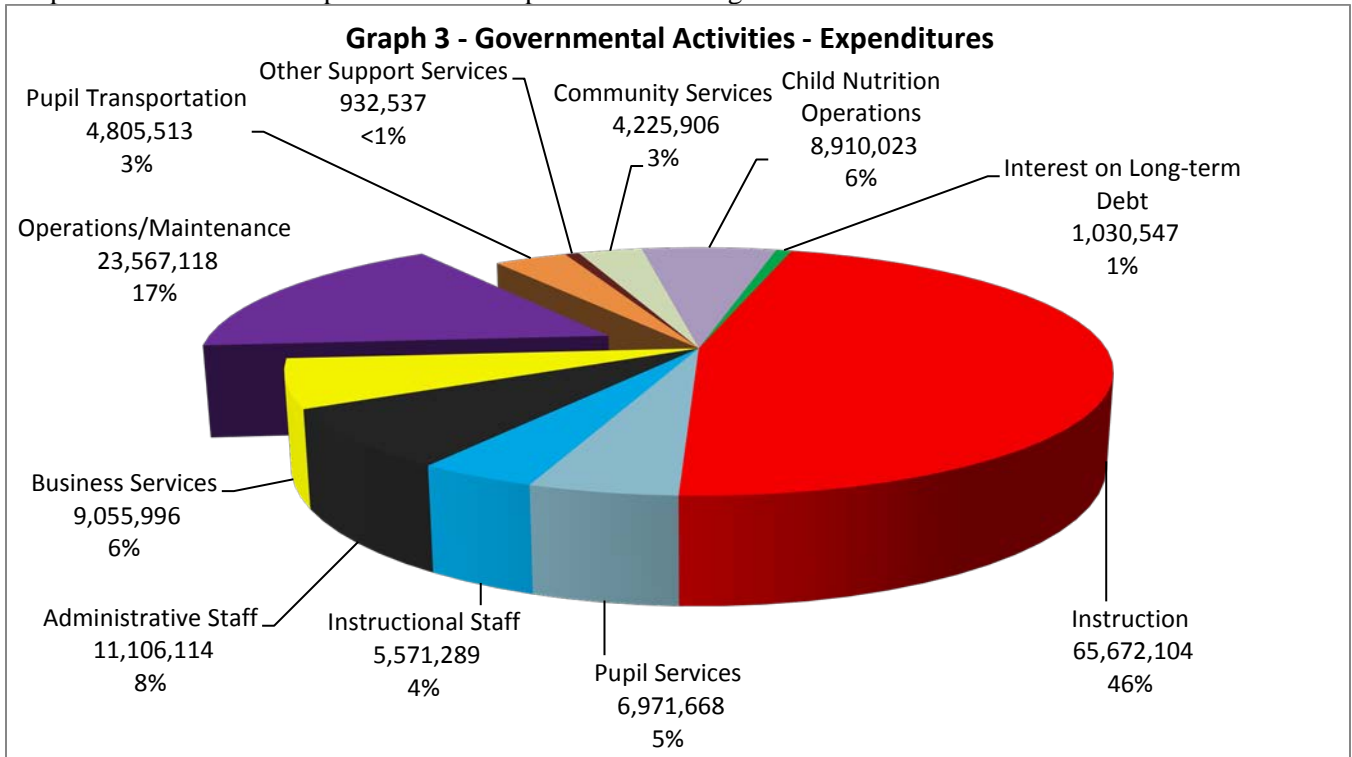
Union Public Schools - Management's Discussion and Analysis

Total governmental activities revenues increased in fiscal year 2016 to \$151.63 million. This represents a 3.5 percent revenue increase over the previous year. Graph 2 illustrates the components of this revenue. Business-Type Activities are no longer part of Governmental activities.



Instruction comprised 46.3 percent of governmental program expenditures. Support services expenditures made up 53.7 percent of governmental expenditures.

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



Union Public Schools – Management’s Discussion and Analysis

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.

At the end of the current fiscal year, the district’s governmental funds reported combined ending fund balances of \$94.46 million, with \$1.33 million of this total amount constituting non-spendable fund balance reserved for inventories. In addition, \$68.94 million is restricted for specific purposes: \$11.10 million in the building fund for uses mandated by the Oklahoma Constitution including building erection and maintenance, security, utilities, and fire/casualty premiums; \$13.51 million in the sinking fund for debt service, \$37.71 million in the bond fund for capital projects, and \$6.02 million in child nutrition fund. Assigned fund balance totals \$4.47 million for compensating balances, early retirement incentive, and insurance recovery. Unassigned fund balance totals \$19.72 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 \$19.72 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 17.58 percent of total general fund expenditures and total fund balance represents 22.41 percent of total general fund expenditures. The fund balance of the District’s general fund increased by \$2.37 million from the prior year as a result of an increase in state and local revenue, primarily ad valorem tax, as well as federal revenue sources in the form of Adult Education, IDEA, and Carl Perkins.

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 2016 general fund revenue budgets were revised during the year based on adjustments to revenue collections. The fiscal year saw a \$1.5 million increase in mid-term state aid, State Flexible Benefit Allowance, property tax collections, and other local, state, and federal sources, while federal grant collections estimates were reduced.

The variance in the final budget versus the actual revenues and expenditures revealed a variance in revenues of \$354,757 and a variance in expenditures of \$3,547,142 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 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 \$11.10 million. The net increase in fund balance during the current year in the building fund was \$582,299. This increase in fund balance is due to the elimination of one time spending. 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;

Union Public Schools – Management’s Discussion and Analysis

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 revenue and expenditure budgets are revised during the fiscal year based on the actual revenue receipts and other unanticipated increases or decreases in revenue or expenditures. The revenue budget was increased due to larger than anticipated Ad Valorem receipts. The expenditure budget remained the same as the previous year.

The sinking (debt service) fund had a total ending fund balance of \$13.51 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 \$1.63 million. 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 \$37.70 million, all of which was committed for capital projects. The net increase in fund balance during the current year in the bond fund was \$2.37 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 10, 2016, district voters approved a \$27 million bond proposal which included funds for: elementary 14; 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 such as acquiring school sites, constructing and equipping new school facilities and renovating existing facilities.

Child Nutrition is no longer classified as an enterprise fund included in Business-type activity but is included as a Non-Major Governmental fund. This program had operating revenues of \$2.0 million, non-operating revenues of \$7.47 million, and expenses of \$8.8 million for fiscal year 2016.

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 circumstances, the child nutrition program should remain stable and require no support from tax revenues.

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. Formerly the Child Nutrition Fund was classified here but has been reclassified in the current year to a Non-Major Governmental fund. The remaining proprietary funds have operating revenues of \$15.04 million and non-operating revenues of \$46.875. Operating expenses were \$16.5 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 significantly budgeted fund is the general fund.

For the general fund, budgetary basis revenue was \$108.18 million with original budget estimates of \$105 million and final budget estimates of \$107.82 million. The majority of the revenue variance came from higher than anticipated local source collections and state revenue sources (state aid, flexible benefit allowance, and property tax (ad valorem collections)) offset by lower than anticipated federal sources.

The final expenditure budget was intentionally approved to be larger than needed in order to provide the necessary spending authority to the district by the Board to meet the State of Oklahoma spending requirements. The district must have sufficient budget spending authority to allow for any unanticipated revenues that might be collected

Union Public Schools – Management’s Discussion and Analysis

during the last thirty calendar days of the fiscal year. During 2015-16, the majority of the additional 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 14.91 percent.

Capital Assets and Debt Administration

Capital Assets. At the end of fiscal year 2016, the district had \$175.95 million in property, plant and equipment (net of depreciation), Table 3 shows a comparison of fiscal years 2015 and 2016 balances.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 14.29	\$ 14.29	\$ 0.00	\$ 0.00	\$ 14.29	\$ 14.29
Land Improvements	7.70	8.22	0.00	0.00	7.70	8.22
Construction in Progress	26.33	11.34	0.00	0.11	26.33	11.45
Buildings/Improvements	120.53	127.74	0.00	0.00	120.53	127.74
Furniture, Machinery, Equipment and Vehicles	7.09	7.12	0.00	0.89	7.09	8.01
Total	<u>\$ 175.95</u>	<u>\$ 168.71</u>	<u>\$ 0.00</u>	<u>\$ 1.00</u>	<u>\$ 175.95</u>	<u>\$ 169.71</u>

Capital assets of \$354.92 million exceeded depreciation of \$178.98 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 15,900. 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:

- *Rosa Parks Elementary additional classrooms
- *New elementary #14 phase 1
- *Furniture, fixtures and equipment
- *Electronic software/subscriptions/licenses/maintenance
- *Land/Building purchase/remodel
- *Acquisition of textbooks and technology
- *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 continued financial system implementation during fiscal year 2016. This financial system brings the District new levels of efficiencies and controls. This multi-phase project was completed in three phases, with the third and final phase in the current fiscal year ended June 30, 2016.

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

Union Public Schools – Management’s Discussion and Analysis

Long-Term Debt. At June 30, 2016, the school district had \$84.70 million in bonds outstanding, \$21.85 million due within one year. Table 4 summarizes bonds outstanding for fiscal years 2015 and 2016.

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

	<u>2016</u>	<u>2015</u>
General Obligation Bonds Due:		
2015/2016	0.00	20.50
2016/2017	21.85	21.85
2017/2018	23.85	17.10
2018/2019	18.75	12.00
2019/2020	13.50	6.75
2020/2021	6.75	0.00
Total	<u>\$84.70</u>	<u>\$78.20</u>

On April 1, 2016, the district issued \$27 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, 2021.

On April 1, 2015, the district issued \$27 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, 2020.

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.

Additional information on the district’s long-term debt can be found in Note D to the financial statements beginning on page 60 of this report.

Economic Factors

Fiscal year 2015-16 saw a downward trend in the Oklahoma State General Fund Revenue allocations. According to the Office of the State Treasurer, gross revenue receipts for fiscal year 2015-16 were down to \$11.1 billion, a 7.2 percent or \$860 million decrease from the prior year. Gross production tax collections on oil and natural gas were down by \$10.54 million or 25.7 percent from the previous 12 month period. Net income taxes--a combination of corporate and personal income taxes were down by \$32.68 million or 11.3 percent from the previous year. Motor vehicle tax collections were down \$8.65 million or 12.5 percent from the previous fiscal year. Oklahoma’s economy has been on a downturn as the impact of oil prices negatively affects revenue collections. Despite this downturn, the district strives to maintain a conservative budget and the tradition of maintaining a strong year-end fund balance.

Union Public Schools – Management’s Discussion and Analysis

The district expects student growth to continue both at the elementary and secondary level, and anticipates this growth by purchasing additional land and facilities to accommodate the increase in students. The district broke ground on Elementary 14 in 2016 which 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 2.65 percent in 2015-2016. The actual increase in the district’s net assessed valuation for 2016-2017 is 4.17 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 10, 2016, for \$27 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 Debbie Jacoby, Chief Financial Officer, or Patricia Williams, Deputy 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
June 30, 2016

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 95,579,055
Investments	10,970,300
Receivables:	
Property taxes-delinquent, net	796,404
Property taxes-subsequent year, net	55,943,654
Due from other governments	2,588,481
Accrued interest	85,991
Other sources	221,258
Inventories	1,334,129
TOTAL CURRENT ASSETS	167,519,272
NONCURRENT ASSETS	
Land and construction-in-progress	40,624,401
Capital assets being depreciated, net	135,323,922
TOTAL NON-CURRENT ASSETS	175,948,323
TOTAL ASSETS	\$ 343,467,595
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension plan outflows	\$ 14,445,037
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 1,304,745
Liability for incurred claims	1,529,654
Accrued wages payable	6,868,569
Accrued interest payable	360,406
Current portion of long-term obligations	24,549,097
TOTAL CURRENT LIABILITIES	34,612,471
NON-CURRENT LIABILITIES	
Non-current portion of long-term obligations	67,508,717
OPEB liability	5,540,426
Net pension liability	89,902,377
TOTAL NON-CURRENT LIABILITIES	162,951,520
TOTAL LIABILITIES	\$ 197,563,991
DEFERRED INFLOWS OF RESOURCES	
Property taxes-subsequent year	\$ 55,943,654
Deferred pension plan inflows	9,152,495
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 65,096,149
NET POSITION	
Net investment in capital assets	\$ 127,755,847
Restricted for debt service	13,150,885
Restricted for capital projects	48,803,583
Restricted for other purposes	6,623,065
Unrestricted (deficit)	(101,080,888)
TOTAL NET POSITION	\$ 95,252,492

**Union Public Schools
Statement of Activities
Year Ended June 30, 2016**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction					
Regular instruction	\$ 51,141,383	\$ 429,957	\$ 9,761,912	\$ -	\$ (40,949,514)
Special education instruction	7,016,744	-	3,806,252	-	(3,210,492)
Vocational education	748,318	-	246,981	-	(501,337)
Other instruction	6,765,659	-	13,655,087	-	6,889,428
TOTAL INSTRUCTION	65,672,104	429,957	27,470,232	-	(37,771,915)
Support services					
Pupil services	6,971,668	-	676,191	-	(6,295,477)
Instructional staff services	5,571,289	-	641,426	-	(4,929,863)
General administration services	2,447,124	-	64,581	-	(2,382,543)
School administration services	8,658,990	-	608,088	-	(8,050,902)
Business services	9,055,996	-	471,773	-	(8,584,223)
Operations and maintenance services	23,567,118	518,227	1,085,720	-	(21,963,171)
Pupil transportation services	4,805,513	342,333	251,895	-	(4,211,285)
Other support services	932,537	-	672,068	-	(260,469)
Child nutrition operations	8,910,023	-	-	-	(8,910,023)
Community services	4,225,906	1,757,668	2,359,444	-	(108,794)
Interest on long-term debt	1,030,547	-	-	-	(1,030,547)
TOTAL SUPPORT SERVICES	76,176,711	2,618,228	6,831,186	-	(66,727,297)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 141,848,815	\$ 3,048,185	\$34,301,418	\$ -	\$ (104,499,212)

Union Public Schools
Statement of Activities - Continued
Year Ended June 30, 2016

	Net (Expense) Revenue and Changes in Net Position <u>Primary Government</u>
	<u>Governmental Activities</u>
GENERAL REVENUES	
Taxes	
Property tax, levied for general purposes	\$ 35,343,244
Property tax, levied for debt services	22,883,039
Intermediate County taxes	8,232,839
State aid not restricted to specific programs	46,141,666
Earnings on investments	345,047
Other	<u>1,334,901</u>
TOTAL GENERAL REVENUES	<u>114,280,736</u>
CHANGES IN NET POSITION	9,781,524
NET POSITION AT BEGINNING OF YEAR	<u>81,097,477</u>
RESTATEMENT	<u>4,373,491</u>
Beginning net position as restated	<u>85,470,968</u>
NET POSITION AT END OF YEAR	<u><u>\$ 95,252,492</u></u>

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Union Public Schools
Balance Sheet - Governmental Funds
June 30, 2016

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	Sinking Fund	Bond Fund		
ASSETS					
Cash and cash equivalents	\$ 25,235,174	\$ 13,442,610	\$ 36,667,866	\$ 13,229,801	\$ 88,575,451
Investments	3,980,101	-	1,990,199	5,000,000	10,970,300
Due from other funds	150,000	-	-	-	150,000
Property taxes-delinquent, net	406,063	332,332	-	58,009	796,404
Property taxes-subsequent year, net	28,361,253	23,530,793	-	4,051,608	55,943,654
Due from other governments	2,522,661	56,131	-	9,689	2,588,481
Other sources	221,258	-	-	-	221,258
Accrued interest	32,279	12,550	23,084	16,419	84,332
Inventories	456,245	-	-	877,884	1,334,129
TOTAL ASSETS	<u>\$61,365,034</u>	<u>\$37,374,416</u>	<u>\$38,681,149</u>	<u>\$23,243,410</u>	<u>\$ 160,664,009</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 274,170	\$ -	\$ 976,368	\$ 54,207	\$ 1,304,745
Accrued wages payable	6,239,603	-	-	619,191	6,858,794
Due to other funds	950,000	-	-	350,000	1,300,000
TOTAL LIABILITIES	<u>7,463,773</u>	<u>-</u>	<u>976,368</u>	<u>1,023,398</u>	<u>9,463,539</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - delinquent property taxes	406,063	332,332	-	58,009	796,404
Unavailable revenue - subsequent year property taxes	28,361,253	23,530,793	-	4,051,608	55,943,654
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>28,767,316</u>	<u>23,863,125</u>	<u>-</u>	<u>4,109,617</u>	<u>56,740,058</u>
FUND BALANCES					
Nonspendable	456,245	-	-	877,884	1,334,129
Restricted	489,356	13,511,291	37,704,781	17,232,511	68,937,939
Assigned	4,468,061	-	-	-	4,468,061
Unassigned	19,720,283	-	-	-	19,720,283
TOTAL FUND BALANCES	<u>25,133,945</u>	<u>13,511,291</u>	<u>37,704,781</u>	<u>18,110,395</u>	<u>94,460,412</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$61,365,034</u>	<u>\$37,374,416</u>	<u>\$38,681,149</u>	<u>\$23,243,410</u>	<u>\$ 160,664,009</u>

**Union Public Schools
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2016**

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS		\$ 94,460,412
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	\$ 354,924,391	
Accumulated depreciation	<u>(178,976,068)</u>	175,948,323
Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are either deferred inflows of resources or not reported in the governmental funds.		
Property taxes receivable	796,404	
Pension related deferred outflows	<u>14,445,037</u>	15,241,441
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(84,700,000)	
Premium on bonds payable	(1,197,257)	
Accrued interest on bonds	(360,406)	
Early retirement incentive	(1,879,167)	
Net pension liability	(89,902,377)	
Pension related deferred inflows	(9,152,495)	
Compensated absences	(4,281,390)	
Other Post Employment Benefits	<u>(5,540,426)</u>	(197,013,518)
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.		
		<u>6,615,834</u>
TOTAL NET POSITION--GOVERNMENTAL ACTIVITIES		<u>\$ 95,252,492</u>

Union Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2016

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	Sinking Fund	Bond Fund		
REVENUES					
Local sources	\$ 36,640,098	\$ 22,871,112	\$ 70,474	\$ 6,132,376	\$ 65,714,060
Intermediate sources	3,769,565	-	-	-	3,769,565
State sources	66,028,997	-	-	74,969	66,103,966
Federal sources	8,085,886	-	-	7,396,409	15,482,295
TOTAL REVENUES	<u>114,524,546</u>	<u>22,871,112</u>	<u>70,474</u>	<u>13,603,754</u>	<u>151,069,886</u>
EXPENDITURES					
Current					
Instruction	61,358,380	-	3,744,179	7,045	65,109,604
Student	7,045,921	-	46,310	2,014	7,094,245
Instructional staff	4,755,040	-	302,427	99	5,057,566
General administration	2,335,026	-	120,562	-	2,455,588
School administration	8,722,044	-	42,646	-	8,764,690
Business	7,646,132	-	1,674,046	-	9,320,178
Operations and maintenance	10,908,339	-	1,516,720	3,624,017	16,049,076
Student transportation	3,994,096	-	107,008	-	4,101,104
Non-instruction expenditures					
Child nutrition operations	925,811	-	3,034	8,796,630	9,725,475
Community service operations	4,346,945	-	3,377	-	4,350,322
Other	113,380	-	-	407	113,787
Capital outlay	-	-	17,070,815	-	17,070,815
Debt service					
Principal	-	20,500,000	-	-	20,500,000
Interest	-	1,245,000	-	-	1,245,000
TOTAL EXPENDITURES	<u>112,151,114</u>	<u>21,745,000</u>	<u>24,631,124</u>	<u>12,430,212</u>	<u>170,957,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>2,373,432</u>	<u>1,126,112</u>	<u>(24,560,650)</u>	<u>1,173,542</u>	<u>(19,887,564)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	27,000,000	-	27,000,000
Premium on issuance of debt	-	518,711	-	-	518,711
Insurance recoveries	17,571	-	-	-	17,571
Transfers in	-	235	-	106,224	106,459
Transfers out	(19,892)	(12,038)	(74,529)	-	(106,459)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,321)</u>	<u>506,908</u>	<u>26,925,471</u>	<u>106,224</u>	<u>27,536,282</u>
NET CHANGE IN FUND BALANCE	2,371,111	1,633,020	2,364,821	1,279,766	7,648,718
FUND BALANCE AT BEGINNING OF YEAR					
	<u>22,762,834</u>	<u>11,878,271</u>	<u>35,339,960</u>	<u>16,830,629</u>	<u>86,811,694</u>
FUND BALANCE AT END OF YEAR	<u>\$ 25,133,945</u>	<u>\$ 13,511,291</u>	<u>\$ 37,704,781</u>	<u>\$ 18,110,395</u>	<u>\$ 94,460,412</u>

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, 2016

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS		\$ 7,648,718
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
<p>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.</p>		
Depreciation expense	(12,209,171)	
Capital outlays	18,446,070	
Retirements and adjustments	<u>(3,182)</u>	6,233,717
<p>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.</p>		
Principal payments	20,500,000	
Premium on issuance of bonds	(518,711)	
Amortization of bond premium	263,609	
Bond sale proceeds	<u>(27,000,000)</u>	(6,755,102)
<p>Because some delinquent 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.</p>		
		214,701
<p>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.</p>		
		(1,411,102)
<p>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.</p>		
		(49,156)
<p>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.</p>		
		<u>3,899,748</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 9,781,524</u>

Union Public Schools
Statement of Net Position - Proprietary Funds
June 30, 2016

	<u>Governmental Activities- Internal Service Fund: Employee Insurance Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 7,003,604
Accrued interest receivable	1,659
Due from other funds	<u>1,150,000</u>
TOTAL ASSETS	<u><u>\$ 8,155,263</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Liability for incurred claims	\$ 1,529,654
Accrued wages payable	<u>9,775</u>
TOTAL LIABILITIES	<u><u>\$ 1,539,429</u></u>
NET POSITION	
Unrestricted	<u>\$ 6,615,834</u>
TOTAL NET POSITION	<u><u>\$ 6,615,834</u></u>

Union Public Schools
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2016

	Governmental Activities- Internal Service Fund: Employee <u>Insurance Fund</u>
OPERATING REVENUES	
Insurance charges for services	\$ 14,994,452
Other income	<u>44,972</u>
TOTAL OPERATING REVENUES	<u>15,039,424</u>
OPERATING EXPENSES	
Salaries and wages	259,575
Management fees	1,927,550
Medical claims	<u>14,310,276</u>
TOTAL OPERATING EXPENSES	<u>16,497,401</u>
OPERATING LOSS	<u>(1,457,977)</u>
NONOPERATING REVENUES	
Net income on investments	<u>46,875</u>
CHANGES IN NET POSITION	(1,411,102)
NET POSITION AT BEGINNING OF YEAR	<u>8,026,936</u>
NET POSITION AT END OF YEAR	<u>\$ 6,615,834</u>

Union Public Schools
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2016

	<u>Governmental Activities- Internal Service Fund: Employee Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from user charges	\$ 14,594,452
Interfund services provided	44,972
Cash payments for insurance claims	(13,671,104)
Cash payments to suppliers for goods and services	(1,927,550)
Cash payments to employees for services	<u>(273,985)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,233,215)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	1,982,240
Investment income	<u>46,105</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,028,345</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	795,130
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,208,474</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 7,003,604</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (1,457,977)
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Accrued wages payable	(14,410)
Due from other funds	(400,000)
Liability for incurred claims	<u>639,172</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (1,233,215)</u></u>

Union Public Schools
Statement of Net Position - Fiduciary Funds
June 30, 2016

		Agency Fund
ASSETS		
Cash and cash equivalents		\$ 2,665,959
	TOTAL ASSETS	\$ 2,665,959
 LIABILITIES		
Accounts payable		\$ 7,571
Wages payable		21,460
Due to student groups		2,636,928
	TOTAL LIABILITIES	\$ 2,665,959

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2016

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 2016. 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* are normally supported by taxes and intergovernmental revenues.

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, 2016

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 workers' compensation and general insurance claims, and compensated absences incurred by the District.

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.

The District reports the following non-major governmental funds:

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.

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.

Gift Fund

The District's Gift Fund is used to account for donations received for the benefit of specified individuals associated with the District.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

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 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 in connection with a proprietary fund's principal ongoing operations. Operating expenses for the internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District reports the following proprietary funds:

Internal Service Fund: 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. 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 fund:

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.

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.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

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

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.

Specifically, property taxes are considered available if they are collected within 60 days of the end of the current fiscal period, and all other revenues are considered to be available if they are collected within 90 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, the early retirement incentive plan, pensions, and the other post retirement plan 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.

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, 2016, and were reinstated during fiscal year 2017, for the General Fund and Building Fund.

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position/Fund Balance

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.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2016

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position/Fund Balance-Continued

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.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The District's investments are categorized by the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2016: Governmental securities of approximately \$11 million are valued using Level 2 inputs.

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 performs an assessment of the valuation of non-exempt real property as of January 1st, the "lien" date. 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.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position/Fund Balance-Continued

Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied. Delinquent property taxes which are not collected within the availability period, 60 days of the year end, are recorded in the governmental fund financial statements as deferred inflows of resources. An allowance for uncollectible property taxes is calculated based on historical collection data. At June 30, 2016, an allowance of approximately \$873,000, \$125,000 and \$721,000 was reported in the general fund, building fund and sinking fund, respectively.

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.

Inventories at June 30, 2016 consist of the following:

Governmental activities:	
Instructional	\$ 37,019
Janitorial	394,603
Computer accessory	33
Transport	20,238
Medical	4,352
Food service	<u>877,884</u>
Total governmental activities	<u>\$ 1,334,129</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, net of accumulated depreciation. Donated capital assets are valued at their estimated acquisition 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.

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2016

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position/Fund Balance-Continued

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:

	Life	Threshold
Buildings and structures	10-50 years	\$ 5,000
Improvements	10-50 years	\$ 5,000
Equipment and vehicles	5-35 years	\$ 5,000
Furniture and fixtures	5-10 years	\$ 5,000

Compensated Absences: 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 (i.e. those that have worked for the District ten years or more) for accumulated sick days. A liability for compensated absences attributable to the District's governmental funds is recorded in the government-wide financial statements. This liability is intended to accommodate these payments. A liability for compensated absences is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Wages Payable: Salaries, wages, and benefits that have been earned but not paid as of the end of the fiscal year are reported as a liability on the fund balance sheet and statement of net position. The District has three different types of contracts (9/10, 11 and 12 month). 9/10 and 11 month contract employees are paid prior to fiscal year end for services rendered during the year. 12 month contract employees render services prior to the end of the fiscal year, but do not receive payment until after the end of the fiscal year. The total gross amount of salaries, wages, and benefits associated with these services is reported as a liability.

Long-Term Liabilities: Long-term liabilities are recognized as a liability of the applicable governmental activities or proprietary fund type in the statement of net position.

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. Debt issuance costs are recorded as an expense/expenditure in the period incurred.

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 statement of net position. Transfers within governmental activities are eliminated.

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2016

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position/Fund Balance-Continued

Interfund Receivables, Payables and Transfers-Continued:

Interfund receivables and payables at June 30, 2016 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, 2016, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Building	\$ 100,000
General	Child Nutrition	50,000
Internal Service	General	950,000
Internal Service	Building	100,000
Internal Service	Child Nutrition	100,000
	Total	<u>\$ 1,300,000</u>

Interfund transfers, which represent transfers of interest earnings during the year ended June 30, 2016, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>		
	<u>Building Fund</u>	<u>Sinking Fund</u>	<u>Child Nutrition</u>
General Fund	\$ 11,856	\$ -	\$ 8,036
Bond Fund	74,294	235	-
Sinking Fund	12,038	-	-
Total	<u>\$ 98,188</u>	<u>\$ 235</u>	<u>\$ 8,036</u>

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

Deferred Outflows of Resources: 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. At June 30, 2016, the government-wide financial statements include deferred outflows of resources related to pensions. See Note G for additional discussion about pension deferred outflows of resources.

Deferred Inflows of Resources: 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.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2016

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position/Fund Balance-Continued

Deferred Inflows of Resources-Continued: At June 30, 2016, the governmental fund balance sheet includes deferred inflows of resources related to unavailable delinquent property taxes receivable; such receivables will be recognized as revenues in the governmental funds when they become available. The government-wide financial statements reflects deferred inflows of resources related to pensions. See Note G for additional discussion about pension deferred inflows of resources. Both the government-wide statement of net position and governmental funds balance sheet reflect deferred inflows of resources related to property taxes receivable that have been assessed but are not recognized as revenue until the year for which they are levied.

Net Position: In the government-wide and proprietary fund financial statements, net position 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 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. The restricted net position for other purposes is made up of the following: Child Nutrition Fund \$6,019,313; Gift Fund \$114,396; and State and Federal carryover \$489,356.
- *Unrestricted Net Position:* This consists of net position that does not meet the definition of restricted net position or net investment in capital assets.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance: 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.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position/Fund Balance-Continued

Fund Balance-Continued:

- *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, 2016.
- *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 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 expenditure 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.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position/Fund Balance-Continued

Fund Balance-Continued:

The following table shows the fund balance classifications as shown on the governmental funds balance sheet as of June 30, 2016:

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	Sinking Fund	Bond Fund		
Fund Balances:					
Nonspendable - Inventories	\$ 456,245	\$ -	\$ -	\$ 877,884	\$ 1,334,129
Restricted For:					
State and federal allocation carryover	489,356	-	-	-	489,356
Capital Projects	-	-	37,704,781	11,098,802	48,803,583
Bond Payments	-	13,511,291	-	-	13,511,291
Child nutrition	-	-	-	6,019,313	6,019,313
Gifts	-	-	-	114,396	114,396
	<u>489,356</u>	<u>13,511,291</u>	<u>37,704,781</u>	<u>17,232,511</u>	<u>68,937,939</u>
Assigned For:					
Compensated Absences	2,694,092	-	-	-	2,694,092
Early retirement incentive	1,272,454	-	-	-	1,272,454
Insurance Recovery	501,515	-	-	-	501,515
	<u>4,468,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,468,061</u>
Unassigned:	<u>19,720,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,720,283</u>
Total Fund Balance	<u>\$ 25,133,945</u>	<u>\$ 13,511,291</u>	<u>\$ 37,704,781</u>	<u>\$ 18,110,395</u>	<u>\$ 94,460,412</u>

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.

Union Public Schools – Notes to Financial Statements

Year Ended June 30, 2016

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

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B--CASH AND INVESTMENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of failure of the 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, 2016, all of the Districts deposits and investments were either covered by federal deposit insurance or were fully collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

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. There is no District policy related to limitations on credit rating risk. The investment portfolio consisted of holdings totaling approximately \$11,000,000, with current fair value of approximately \$10,970,300 in Farmer Mac Discount Notes with a variable coupon rate of .51%. Farmer Mac Discount Note investments are considered agency securities of the U.S. government and therefore carry the same credit ratings as the government. The credit ratings of the agency securities 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, 2016, all of the District's investments were scheduled to mature within the next year.

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2016

NOTE B--CASH AND INVESTMENTS--Continued

Investment maturities at June 30, 2016, for the District's governmental and proprietary funds in the aggregate, are as follows:

Security	Fair Value	Maturity	
		1-5 years	6-10 years
Farmer Mac Discount Notes	\$ 10,970,370	\$10,970,370	\$ -

NOTE C--CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016, follows:

	Balance June 30, 2015	Additions	Deductions	Transfers and Adjustments	Balance June 30, 2016
Governmental activities					
Capital assets not being depreciated					
Land	\$ 14,293,205	\$ -	\$ -	\$ -	\$ 14,293,205
Construction in-progress					
General government	11,448,628	15,492,922	-	(610,354)	26,331,196
Total capital assets not being depreciated	<u>25,741,833</u>	<u>15,492,922</u>	<u>-</u>	<u>(610,354)</u>	<u>40,624,401</u>
Capital assets being depreciated					
Land improvements	11,732,151	-	-	54,187	11,786,338
Building and Building Improvements	248,637,525	30,118	-	292,310	248,959,953
Machinery, equipment and vehicles	51,693,807	2,923,030	(1,347,802)	284,664	53,553,699
Total capital assets being depreciated	312,063,483	2,953,148	(1,347,802)	631,161	314,299,990
Less accumulated depreciation for:					
Land improvements	(3,512,199)	(570,396)	-	-	(4,082,595)
Building and Building Improvements	(120,757,337)	(7,673,753)	-	-	(128,431,090)
Machinery, equipment and vehicles	(43,821,174)	(3,965,022)	1,337,555	(13,742)	(46,462,383)
Total accumulated depreciation	<u>(168,090,710)</u>	<u>(12,209,171)</u>	<u>1,337,555</u>	<u>(13,742)</u>	<u>(178,976,068)</u>
Total capital assets being depreciated, net	<u>143,972,773</u>	<u>(9,256,023)</u>	<u>(10,247)</u>	<u>617,419</u>	<u>135,323,922</u>
Governmental activities					
Capital assets, net	<u>\$ 169,714,606</u>	<u>\$ 6,236,899</u>	<u>\$ (10,247)</u>	<u>\$ 7,065</u>	<u>\$ 175,948,323</u>

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2016

NOTE C--CAPITAL ASSETS--Continued

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

Governmental Activities	
Instruction	\$ 3,058,388
Pupil services	49,668
Instructional services	677,830
General administration	31,635
School administration	85,906
Business services	334,111
Operations and maintenance services	6,856,055
Transportation services	821,459
Community services	2,007
Child nutrition	292,112
	\$ 12,209,171

NOTE D--LONG-TERM LIABILITIES

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 liabilities of the District consists of bonds payable, obligations for compensated absences, a liability for the early retirement incentive plan, a liability for other post employment benefits ("OPEB"), and a pension liability which is discussed in Note H. 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, pension, and early retirement incentive liabilities would be primarily liquidated from the fund balance of the General Fund.

The following is a summary of long-term liability activity of the District for the year ended June 30, 2016:

	Balance			Balance		Due in Due Within One Year
	June 30, 2015	Additions	Deductions	June 30, 2016		
Governmental activities						
Bonds payable	\$ 78,200,000	\$ 27,000,000	\$ (20,500,000)	\$ 84,700,000	\$ 21,850,000	
Premium on debt issuance	942,155	518,711	(263,609)	1,197,257	-	
Compensated absences	4,159,702	498,981	(377,293)	4,281,390	1,855,762	
Early retirement incentive	1,394,259	1,142,347	(657,439)	1,879,167	843,335	
OPEB	5,198,906	484,302	(142,782)	5,540,426	-	
	\$ 89,895,022	\$ 29,644,341	\$ (21,941,123)	\$ 97,598,240	\$ 24,549,097	

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2016

NOTE D--LONG-TERM LIABILITIES--Continued

A brief description of the outstanding general obligation bond issues at June 30, 2016, is set forth below:

	<u>Amount Outstanding</u>
Independent School District No. 9 of Tulsa County (Union), Oklahoma 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.	\$ 4,750,000
Independent School District No. 9 of Tulsa County (Union), Oklahoma 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.	10,200,000
Independent School District No. 9 of Tulsa County (Union), Oklahoma 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.	15,750,000
Independent School District No. 9 of Tulsa County (Union), Oklahoma Building Bonds Series 2015, original issue \$27,000,000, interest rate of 2.0% due in installments of \$6,750,000 annually, final payment of \$6,750,000 due April 1, 2020.	27,000,000
Independent School District No. 9 of Tulsa County (Union), Oklahoma Building Bonds Series 2016, original issue \$27,000,000, interest rate of 1.25% to 2.0% due in installments of \$6,750,000 annually, final payment of \$6,750,000 due April 1, 2021.	<u>27,000,000</u>
	<u>\$ 84,700,000</u>

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2016

NOTE D--LONG-TERM LIABILITIES--Continued

Maturities of long-term debt are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 21,850,000	\$ 1,441,625	\$ 23,291,625
2018	23,850,000	1,108,125	24,958,125
2019	18,750,000	746,250	19,496,250
2020	13,500,000	405,000	13,905,000
2021	6,750,000	135,000	6,885,000
	<u>\$ 84,700,000</u>	<u>\$ 3,836,000</u>	<u>\$ 88,536,000</u>

Interest incurred on general long-term debt during the year ending June 30, 2016 was approximately \$1,245,000.

NOTE E--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, 2016, there are 60 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, 2016, was approximately \$1,879,000.

NOTE F--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 \$13,431,452 plus 100% of employee and District premium contributions. Monthly, the District contributes \$38 per employee for the program, which covers expected claims, stop loss coverage, cost containment provisions and administrative costs.

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2016

NOTE F--RISK MANAGEMENT--Continued

A summary of premiums collected from the District and employees and claims paid from July 1, 2015 through June 30, 2016 is set forth below:

District and employee premiums	<u>\$14,994,452</u>
Claims and changes in estimates	\$14,310,276
Insurance and administrative costs	<u>2,187,125</u>
Total claims incurred and other costs	<u>\$16,497,401</u>

A summary of changes in the aggregate liability for claims in the current and the two 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
2014	587,391	7,020,061	(7,046,517)	560,935
2015	560,935	11,121,642	(10,792,095)	890,482
2016	890,482	14,310,276	(13,671,104)	1,529,654

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) and open claims not paid prior to year end as of June 30, 2016. 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 full amount of the claims liability at June 30, 2016 is expected to be paid during fiscal year 2016. As such, the full liability of \$1,529,654 has been classified as a current liability in the accompanying June 30, 2016 financial statements.

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.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

NOTE G--EMPLOYEE RETIREMENT SYSTEM

Plan description: The District as the employer, participates in the Oklahoma Teachers Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Teachers Retirement System (OTRS). Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/OTRS.

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 OTRS. OTRS is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of OTRS. The District has no responsibility or authority for the operation and administration of OTRS nor does it have any funding obligations, except for the current contribution requirements.

Benefits provided: OTRS provides retirement, disability and death benefits to members of the plan.

Benefit provisions include:

Members become 100 percent vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2 percent of final compensation for each year of credited service. Monthly benefits are at 1/12 of this amount.

Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation.

Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

NOTE G--EMPLOYEE RETIREMENT SYSTEM--Continued

Benefits provided--Continued:A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2 percent of final average compensation for the applicable years of credited service. Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.

Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions: The contributions requirements of OTRS are at an established rate determined by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. The District's contribution rate is 9.5 percent of the employees' annual pay and an additional 8.25 percent for any employees' salaries covered by federal funds for the years ended June 30, 2016. The District's contributions to OTRS in 2016 were approximately \$6,281,000, equal to the required contributions.

Employees are required to contribute 7 percent of their annual compensation, which the District pays on behalf of certain employees as allowed by statute. The District made contributions on behalf of certain employees in 2016 totaling approximately \$774,000.

The State of Oklahoma makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2016, the State paid approximately \$603,000 on behalf of teachers employed at the District. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements.

The State of Oklahoma is also required to contribute to the system on behalf of the participating employers. For 2016, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to OTRS by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2016, the total amount contributed to OTRS by the State of Oklahoma on behalf of the District was approximately \$4,285,000. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expenditure in the fund financial statements. In the government wide statement of activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of approximately \$4,618,000.

These on-behalf payments do not meet the criteria of a special funding situation.

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2016

NOTE G--EMPLOYEE RETIREMENT SYSTEM--Continued

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions: At June 30, 2016, the District reported a liability of \$89,902,377 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on the District's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the District's proportion was 1.4804 percent. The change in proportion from June 30, 2014 was 0.0679 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$6,050,653. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (3,053,632)
Changes of assumptions	4,304,813	-
Net difference between projected and actual earnings on pension plan investments	-	(6,098,863)
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>3,858,869</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	8,163,682	(9,152,495)
District contributions subsequent to the measurement date	<u>6,281,355</u>	<u>-</u>
Total deferred amounts related to pension	<u>\$ 14,445,037</u>	<u>\$ (9,152,495)</u>

Union Public Schools – Notes to Financial Statements Year Ended June 30, 2016

NOTE G--EMPLOYEE RETIREMENT SYSTEM--Continued

Deferred pension outflows totaling \$6,281,355 resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Net deferred inflows totaling \$6,098,863 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Deferred inflows totaling \$3,053,632 resulting from differences between expected and actual experience, deferred outflows totaling \$4,304,813 resulting from changes in assumptions, and deferred outflows of \$3,858,869 resulting from changes in proportion will be recognized in pension expense using the average expected remaining life of the Plan. The average expected remaining life of the Plan is determined by taking the calculated total future service future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 6.22 years at June 30, 2015 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ended June 30.</u>	
2017	\$ (1,793,035)
2018	(1,793,035)
2019	(1,793,035)
2020	3,025,807
2021	1,104,191
Thereafter	<u>260,294</u>
Total	<u>\$ (988,813)</u>

Actuarial Assumptions: The total pension liability as of June 30, 2015, was determined based on an actuarial valuation prepared as if June 30, 2015 using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age Normal
- Inflation—3.00 percent
- Future Ad Hoc Cost-of-living Increases—None
- Salary Increases—Composed of 3.75 percent wage inflation, including 3.00 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of service
- Investment Rate of Return—8.00 percent
- Retirement Age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014
- Mortality Rates after Retirement—Males: RP-2000 Combined Healthy mortality table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012
- Mortality Rates for Active Members—RP-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

NOTE G--EMPLOYEE RETIREMENT SYSTEM--Continued

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

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

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

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

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

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

NOTE G--EMPLOYEE RETIREMENT SYSTEM--Continued

Discount Rate: The discount rate used to measure the total pension liability was 8.0 percent. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00 percent. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions. Based on the stated assumptions and the projection of cash flows, OTRS' fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following table presents the net pension liability of the District calculated using the discount rate of 8.00 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability	\$ 124,871,466	\$ 89,902,377	\$ 61,295,852

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at www.ok.gov/TRS.

NOTE H--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, 2016

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

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

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

	Year Ended <u>June 30, 2016</u>
Annual required contribution	\$ 580,938
Interest on net OPEB obligation	194,959
Adjustment to annual required contribution	<u>(291,595)</u>
Annual OPEB cost (expense)	484,302
Contributions made	<u>(142,782)</u>
Increase in net OPEB obligation	341,520
Net OPEB obligation at beginning of year	<u>5,198,906</u>
Net OPEB obligation at end of year	<u>\$ 5,540,426</u>

The net OPEB obligation at June 30, 2016 is included in the government-wide statement of net position as a non-current obligation. The OPEB plan does not issue a stand-alone financial report.

This obligation is currently unfunded. The annual required contribution for 2016 was determined as part of an actuarial valuation on July 1, 2015, 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 3.75% per year compounded annually,
- (b) inflation rate of 2.75%
- (c) salary increases n/a
- (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 – annual increases in per capita claim costs and plan premiums are as follows:
 - Initial year: 7.20%
 - Ultimate year: 5.00%
 - Years to ultimate year: 7

Union Public Schools - Notes to Financial Statements Year Ended June 30, 2016

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

Trend Information

Annual OPEB Costs are summarized as follows:

June 30	Cost	Contributed	Obligation
2014	\$ 902,542	45.7%	\$ 4,780,485
2015	\$ 917,764	54.4%	\$ 5,198,906
2016	\$ 484,302	29.5%	\$ 5,540,426

Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial report dated July 1, 2015 is as follows:

Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,511,011</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 69,200,000
UAAL as a percentage of covered payroll	6.5%

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 I--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, 2016, the District had outstanding commitments (contracts and purchase orders) of approximately \$25,267,000, primarily for construction projects and equipment.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

NOTE I--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 J--NEW PRONOUNCEMENTS

New Accounting Pronouncements Adopted in Fiscal Year 2016: The District adopted the following new accounting pronouncements during the year ended June 30, 2016:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued in February 2015, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The adoption of this pronouncement resulted in additional disclosures to the financial statements (see Note A).

The District early implemented GASB Statement No. 82, *Pension Issues*. GASB Statement 82, issued April 2016, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Payments are made by the District to satisfy a portion of contribution requirements that are identified by the pension plan terms as plan member contribution requirements. GASB Statement No. 82 clarified that an employer's expense and expenditures for those amounts should be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The adoption of this pronouncement resulted in the restatement of beginning net position of \$777,067 to reflect these employee contributions in the period assessed (see Note K).

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

NOTE J--NEW PRONOUNCEMENTS-Continued

New Accounting Pronouncements Issued Not Yet Adopted: The GASB has issued several new accounting pronouncements which will be effective to District in fiscal years ended June 30, 2017 and 2018. A description of the new accounting pronouncements are described below:

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

GASB Statement No. 77, *Tax Abatement Disclosures* requires governments that enter into tax abatement agreements to disclose the following information about the agreements: brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; the gross dollar amount of taxes abated during the period; and commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose: The names of the governments that entered into the agreements; the specific taxes being abated; and the gross dollar amount of taxes abated during the period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

The District is currently evaluating the impact that these new standards may have on its financial statements.

Union Public Schools - Notes to Financial Statements

Year Ended June 30, 2016

NOTE K--RESTATEMENT OF NET POSITION/FUND BALANCE

As discussed in Note J, the District early implemented GASB Statement No. 82, *Pension Issues*. The District also reevaluated fund classifications during fiscal year 2016 and reclassified the Child Nutrition and Gift Funds to special revenue funds from an enterprise fund and fiduciary fund, respectively.

As a result, the District restated beginning net position/fund balance as follows:

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Fund</u>
Beginning net position, as originally presented	\$ 81,097,477	\$ 5,036,321	\$ 80,497,568	\$ 5,036,321	\$ 114,237
Implementation of GASB Statement No. 82	(777,067)	-	-	-	-
Reclassification of Child Nutrition Fund	5,036,321	(5,036,321)	6,199,889	(5,036,321)	-
Reclassification of Gift Fund	114,237	-	114,237	-	(114,237)
	<u>85,470,968</u>	<u>\$ -</u>	<u>\$ 86,811,694</u>	<u>\$ -</u>	<u>\$ -</u>

Union Public Schools
Required Supplementary Information - Unaudited
Schedule of Funding Progress for Other Post Employment Benefits
Year Ended June 30, 2016

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, 2015	\$ -	\$ 4,511,011	\$ 4,511,011	0.0%	\$ 69,200,000	\$ 199,000	6.52%
July 1, 2014	\$ -	\$ 9,250,306	\$ 9,250,306	0.0%	\$ 68,703,368	\$ 142,782	13.50%
July 1, 2013	\$ -	\$ 8,091,284	\$ 8,091,284	0.0%	\$ 53,210,314	\$ 412,070	15.20%
July 1, 2011	\$ -	\$ 7,821,245	\$ 7,821,245	0.0%	\$ 57,124,004	\$ 532,602	13.70%
July 1, 2009	\$ -	\$ 12,203,144	\$ 12,203,144	0.0%	\$ 54,455,315	\$ 588,384	22.41%
July 1, 2007	\$ -	\$ 13,072,990	\$ 13,072,990	0.0%	\$ 42,509,871	\$ 421,569	30.80%

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

The District obtains actuarial valuation every two years, as permitted by GASB Statement No. 45.

Union Public Schools
Required Supplementary Information - Unaudited
Schedule of the District's Proportionate Share of the Net Pension Liability
Oklahoma Teachers' Retirement System (OTRS)

Last 10 Fiscal Years*

	As of June 30, 2015	As of June 30, 2014
District's proportion of the net pension liability	1.4804%	1.4125%
District's proportionate share of the net pension liability	\$ 89,902,377	\$ 75,991,013
District's covered-employee payroll	\$ 60,019,839	\$ 56,309,115
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	149.79%	134.95%
Plan fiduciary net position as a percentage of the total pension liability	70.31%	72.43%

Notes to Schedule:

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten year trend is compiled, the District will present information for those years for which information is available.

Union Public Schools
Required Supplementary Information - Unaudited
Schedule of the District's Contributions
Oklahoma Teachers' Retirement System (OTRS)
Year Ended June 30, 2016

Last 10 Fiscal Years

	2016	2015	2014	2013	2012
Contractually required contribution	\$ 6,280,412	\$ 6,175,126	\$ 5,740,352	\$ 5,787,711	\$ 5,323,550
Contributions in relation to the contractually required contribution	6,280,412	6,175,126	5,740,352	5,787,711	5,323,550
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 60,791,485	\$ 60,019,839	\$ 56,309,115	\$ 56,964,958	\$ 53,779,122
Contributions as a percentage of covered-employee payroll	10.33%	10.29%	10.19%	10.16%	9.90%

	2011	2010	2009	2008	2007
Contractually required contribution	\$ 5,075,923	\$ 5,375,791	\$ 4,828,299	\$ 4,262,912	\$ 3,643,034
Contributions in relation to the contractually required contribution	5,075,923	5,375,791	4,828,299	4,262,912	3,643,034
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 50,451,706	\$ 54,470,432	\$ 52,519,483	\$ 49,907,809	\$ 47,195,866
Contributions as a percentage of covered-employee payroll	10.06%	9.87%	9.19%	8.54%	7.72%

Notes to Schedule:

The District's statutorily required contribution rate has changed over the prior ten years as follows:

1. July 1, 2005 to December 31, 2006 7.05%
2. January 1, 2007 to June 30, 2007 7.60%
3. July 1, 2007 to December 31, 2007 7.85%
4. January 1, 2008 to June 30, 2008 8.35%
5. July 1, 2008 to December 31, 2008 8.50%
6. January 1, 2009 to December 31, 2009 9.00%
7. January 1, 2010 to present 8.50%

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, 2016

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
REVENUES				
Local sources	\$ 34,219,620	\$ 34,683,667	\$ 35,014,454	\$ 330,787
Intermediate sources	3,680,500	3,863,329	3,895,002	31,673
State sources	58,646,812	60,862,331	60,862,331	-
Federal sources	8,448,373	8,413,093	8,405,390	(7,703)
TOTAL REVENUES	<u>104,995,305</u>	<u>107,822,420</u>	<u>108,177,177</u>	<u>354,757</u>
EXPENDITURES				
Instruction	59,673,390	60,773,530	57,892,177	(2,881,353)
Support services				
Student	7,368,085	7,561,179	6,736,840	(824,339)
Instructional staff	5,050,307	4,907,734	4,526,588	(381,146)
General administration	2,282,639	2,484,996	2,306,433	(178,563)
School administration	7,649,825	7,936,280	8,273,246	336,966
Business	7,451,929	7,873,155	7,479,620	(393,535)
Operation and maintenance	8,801,192	9,296,331	10,831,868	1,535,537
Student transportation	3,757,962	3,891,146	3,836,606	(54,540)
Non-instructional services				
Child Nutrition Operations	645,679	742,361	674,509	(67,852)
Community services operations	4,388,374	4,426,014	4,151,991	(274,023)
Other	471,825	475,600	111,306	(364,294)
TOTAL EXPENDITURES	<u>107,541,207</u>	<u>110,368,326</u>	<u>106,821,184</u>	<u>(3,547,142)</u>
EXCESS REVENUES (EXPENDITURES)	<u>(2,545,902)</u>	<u>(2,545,906)</u>	<u>1,355,993</u>	<u>3,901,899</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>7,190,831</u>	<u>9,788,992</u>	<u>14,773,079</u>	<u>4,984,087</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,644,929</u>	<u>\$ 7,243,086</u>	\$ 16,129,072	<u>\$ 8,885,986</u>
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at end of year (net of deferred inflows of resources)			\$ 2,776,198	
Inventory at end of year			456,245	
Worker's compensation			530,500	
Assigned Fund Balances				
Compensated absences			2,694,092	
Early retirement incentive			1,272,454	
Insurance recovery			501,515	
Investments, change in fair value			25,726	
Additional payables reported on budgetary basis			<u>748,143</u>	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			<u>\$ 25,133,945</u>	

Union Public Schools
Other Supplementary Information
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2016

	Building Fund	Child Nutrition Fund	Gift Fund	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 8,693,963	\$ 4,421,442	\$ 114,396	\$ 13,229,801
Investments	3,000,000	2,000,000	-	5,000,000
Property taxes-delinquent, net	58,009	-	-	58,009
Property taxes-subsequent year, net	4,051,608	-	-	-
Due from other governments	9,689	-	-	9,689
Accrued interest	10,912	5,507	-	16,419
Inventories	-	877,884	-	877,884
TOTAL ASSETS	<u>\$ 15,824,181</u>	<u>\$ 7,304,833</u>	<u>\$ 114,396</u>	<u>\$ 23,243,410</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 23,000	\$ 31,207	\$ -	\$ 54,207
Accrued wages payable	392,762	226,429	-	619,191
Due to other funds	200,000	150,000	-	350,000
TOTAL LIABILITIES	<u>615,762</u>	<u>407,636</u>	<u>-</u>	<u>1,023,398</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - delinquent property taxes	58,009	-	-	58,009
Unavailable revenue - subsequent year property taxes	4,051,608	-	-	4,051,608
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,109,617</u>	<u>-</u>	<u>-</u>	<u>4,109,617</u>
FUND BALANCES				
Nonspendable	-	877,884	-	877,884
Restricted	11,098,802	6,019,313	114,396	17,232,511
TOTAL FUND BALANCES	<u>11,098,802</u>	<u>6,897,197</u>	<u>114,396</u>	<u>18,110,395</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,824,181</u>	<u>\$ 7,304,833</u>	<u>\$ 114,396</u>	<u>\$ 23,243,410</u>

Union Public Schools
Other Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2016

	Building Fund	Child Nutrition Fund	Gift Fund	Total Non-Major Governmental Funds
REVENUES				
Local sources	\$ 4,106,193	\$ 2,014,931	\$ 11,252	\$ 6,132,376
State sources	-	74,969	-	74,969
Federal sources	-	7,396,409	-	7,396,409
TOTAL REVENUES	4,106,193	9,486,309	11,252	13,603,754
EXPENDITURES				
Current				
Instruction	-	-	7,045	7,045
Student	-	-	2,014	2,014
Instructional staff	-	-	99	99
Operations and maintenance	3,622,082	-	1,935	3,624,017
Non-instruction expenditures				
Child Nutrition Operations	-	8,796,630	-	8,796,630
Other	-	407	-	407
TOTAL EXPENDITURES	3,622,082	8,797,037	11,093	12,430,212
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	484,111	689,272	159	1,173,542
OTHER FINANCING SOURCES				
Transfers in	98,188	8,036	-	106,224
TOTAL OTHER FINANCING SOURCES	98,188	8,036	-	106,224
NET CHANGE IN FUND BALANCE	582,299	697,308	159	1,279,766
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	10,516,503	6,199,889	114,237	16,830,629
FUND BALANCE AT END OF YEAR	\$ 11,098,802	\$ 6,897,197	\$ 114,396	\$ 18,110,395

Union Public Schools
Other 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, 2016

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
REVENUES				
Local sources	\$ 3,911,410	\$ 4,042,955	\$ 4,065,219	\$ 22,264
Interest and other	145,400	117,390	116,806	(584)
TOTAL REVENUES	4,056,810	4,160,345	4,182,025	21,680
EXPENDITURES				
Support services				
Operation and maintenance	6,061,744	5,970,611	3,836,348	(2,134,263)
Facilities acq and construction	1,637,785	1,728,918	-	(1,728,918)
TOTAL EXPENDITURES	7,699,529	7,699,529	3,836,348	(3,863,181)
EXCESS REVENUES (EXPENDITURES)	(3,642,719)	(3,539,184)	345,677	3,884,861
FUND BALANCE AT BEGINNING OF YEAR	1,177,449	1,628,327	10,518,258	\$ 8,889,931
FUND BALANCE AT END OF YEAR	\$ (2,465,270)	\$ (1,910,857)	\$ 10,863,935	\$ 12,774,792
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at end of year (net of deferred inflows of resources)			\$ 20,601	
Additional payables reported on budgetary basis			214,266	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			\$ 11,098,802	

Union Public Schools
Other Supplementary Information - Unaudited
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
Budgeted Governmental Fund Types - Child Nutrition Fund
Year Ended June 30, 2016

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
REVENUES				
Local sources	\$ 2,150,757	\$ 2,013,963	\$ 2,017,460	\$ 3,497
State sources	110,000	74,969	74,969	-
Federal sources	6,184,856	6,730,281	6,730,246	(35)
TOTAL REVENUES	8,445,613	8,819,213	8,822,675	3,462
EXPENDITURES				
Support services				
Food preparation	3,257,569	3,264,741	3,339,884	75,143
Other direct services	1,822,640	1,758,797	881,999	(876,798)
Food procurement/a la carte	4,447,395	4,394,066	3,618,410	(775,656)
Other CN Programs	508,100	618,100	531,258	(86,842)
TOTAL EXPENDITURES	10,035,704	10,035,704	8,371,551	(1,664,153)
EXCESS REVENUES (EXPENDITURES)	(1,590,091)	(1,216,491)	451,124	1,667,615
FUND BALANCE AT BEGINNING OF YEAR	5,318,265	5,318,265	5,318,265	\$ -
FUND BALANCE AT END OF YEAR	\$ 3,728,174	\$ 4,101,774	\$ 5,769,389	\$ 1,667,615
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at end of year			\$ 5,507	
Inventory at end of year			877,884	
Additional payables reported on budgetary basis			244,417	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			\$ 6,897,197	

Union Public Schools
Other Supplementary Information
Combining Statement of Changes in Assets & Liabilities - Agency Fund
Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Adjustments	Balance June 30, 2016
HIGH SCHOOL TOTAL	\$ 426,272	\$ 539,035	\$ (513,743)	\$ -	\$ 451,564
INTERMEDIATE HIGH TOTAL	83,241	50,940	(49,084)	-	85,097
ALTERNATIVE TOTAL	1,577	10,481	(9,661)	-	2,397
EIGHTH GRADE CENTER TOTAL	75,902	38,373	(46,083)	-	68,192
SIXTH/SEVENTH GRADE CENTER TOTAL	98,357	88,838	(92,748)	-	94,447
ELEMENTARY ACTIVITY FUNDS TOTAL	286,234	349,991	(323,715)	-	312,511
STUDENT CLUBS TOTAL	333,691	497,503	(532,114)	5,000	304,079
ADMINISTRATIVE TOTAL	<u>1,347,039</u>	<u>287,175</u>	<u>(310,573)</u>	<u>(5,000)</u>	<u>1,318,641</u>
TOTAL FUNDS HELD FOR STUDENT ACTIVITIES	<u>\$ 2,652,312</u>	<u>\$ 1,862,336</u>	<u>\$ (1,877,720)</u>	<u>\$ -</u>	<u>\$ 2,636,928</u>
SUMMARY-ACTIVITY FUNDS					
ASSETS					
Cash	<u>\$ 2,698,393</u>	<u>\$ 1,845,286</u>	<u>\$ (1,877,720)</u>	<u>\$ -</u>	<u>\$ 2,665,959</u>
LIABILITIES					
Accounts payable and accrued liabilities	46,081	29,031	(46,081)		29,031
Funds held for student activities	<u>2,652,312</u>	<u>1,862,336</u>	<u>(1,877,720)</u>	<u>-</u>	<u>2,636,928</u>
TOTAL LIABILITIES	<u>\$ 2,698,393</u>	<u>\$ 1,891,367</u>	<u>\$ (1,923,801)</u>	<u>\$ -</u>	<u>\$ 2,665,959</u>

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Union Public Schools - Statistical Section Year Ended June 30, 2016

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<p>Financial Trends</p> <p style="padding-left: 40px;">These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	<p>87-91</p>
<p>Revenue Capacity</p> <p style="padding-left: 40px;">These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	<p>93-96</p>
<p>Debt Capacity</p> <p style="padding-left: 40px;">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.</p>	<p>97-100</p>
<p>Demographic and Economic Information</p> <p style="padding-left: 40px;">These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	<p>101-103</p>
<p>Operating Information</p> <p style="padding-left: 40px;">These schedules contain service and other data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</p>	<p>105-112</p>
<p>Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.</p>	

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Union Public Schools - Statistical Section
Year Ended June 30, 2016

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

	2007	2008	2009	2010 ^a	2011	2012	2013	2014	2015	2016 ^b
Governmental activities										
Net investment in capital assets	106,278,216	118,532,935	121,638,825	103,038,748	108,559,632	110,391,940	115,574,019	137,345,418	125,856,505	127,755,847
Restricted for debt service	8,962,506	8,730,473	9,796,665	10,727,559	11,862,533	12,112,690	11,734,785	11,769,385	11,878,271	13,150,885
Restricted for capital projects	2,669,637	2,590,181	2,184,657	1,968,124	2,093,717	2,509,620	1,825,152	1,724,544	1,967,958	48,803,583
Restricted for other purposes	-	-	-	-	-	-	-	-	-	6,623,065
Unrestricted	12,659,259	2,671,407	3,439,002	22,959,925	25,544,295	26,242,856	27,537,569	13,056,868	(58,605,257)	(101,080,888)
Total governmental activities net position	130,569,618	132,524,996	137,059,149	138,694,356	148,060,177	151,257,106	156,671,525	163,896,215	81,097,477	95,252,492
Business-type activities										
Net investment in capital assets	517,708	501,205	466,530	487,377	485,629	381,775	326,076	639,676	998,061	-
Restricted for debt service	-	-	-	-	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,991,887	1,983,593	2,516,712	3,564,542	3,906,467	4,693,700	5,448,717	5,878,520	4,038,260	-
Total business-type activities net position	2,509,595	2,484,798	2,983,242	4,051,919	4,392,096	5,075,475	5,774,793	6,518,196	5,036,321	-
District-wide										
Net investment in capital assets	106,795,924	119,034,140	122,105,355	103,526,125	109,045,261	110,773,715	115,900,095	137,985,094	126,854,566	127,755,847
Restricted for debt service	8,962,506	8,730,473	9,796,665	10,727,559	11,862,533	12,112,690	11,734,785	11,769,385	11,878,271	13,150,885
Restricted for capital projects	2,669,637	2,590,181	2,184,657	1,968,124	2,093,717	2,509,620	1,825,152	1,724,544	1,967,958	48,803,583
Restricted for other purposes	-	-	-	-	-	-	-	-	-	6,623,065
Unrestricted	14,651,146	4,655,000	5,955,714	26,524,467	29,450,762	30,936,556	32,986,286	18,935,388	(54,566,997)	(101,080,888)
Total district net position	133,079,213	135,009,794	140,042,391	142,746,275	152,452,273	156,332,581	162,446,318	170,414,411	86,133,798	95,252,492

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

^bThe District reclassified the Child Nutrition Fund from an Enterprise Fund to a Non-Major Governmental Fund, it is no longer shown under Business-type activities.

Union Public Schools - Statistical Section
Year Ended June 30, 2016

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

	2007 ^a	2008 ^b	2009	2010	2011	2012	2013	2014	2015	2016 ^c
Expenses										
Governmental activities										
Instruction										
Regular instruction	42,667,523	45,516,291	49,629,935	50,200,357	47,158,054	47,696,999	45,059,620	46,341,689	45,001,242	51,141,383
Special education instruction	6,178,927	6,793,935	7,275,708	7,842,242	8,031,835	6,849,212	6,612,412	6,233,739	6,341,375	7,016,744
Vocational education	633,877	703,858	793,237	870,154	791,340	950,125	945,278	670,070	741,694	748,318
Other instruction	5,168,656	6,134,777	6,152,120	7,668,736	8,722,066	7,747,720	7,842,671	7,374,669	7,720,300	6,765,659
Support Services										
Pupil services	5,290,042	6,518,814	6,345,355	6,613,037	6,578,671	5,936,528	6,536,348	6,140,565	6,523,325	6,971,668
Instructional staff services	3,776,075	4,165,969	4,408,668	4,658,150	4,097,654	4,669,725	5,044,827	5,311,136	6,080,733	5,571,289
General administration services	1,248,323	1,578,563	1,802,455	1,702,208	2,053,274	2,304,212	2,663,280	2,095,278	2,182,337	2,447,124
School administration services	6,869,205	7,440,213	7,688,170	7,582,320	7,603,111	7,966,078	8,244,790	8,736,047	8,520,623	8,658,990
Business services	5,970,849	6,333,400	6,937,956	6,633,048	6,699,718	7,905,967	8,659,317	9,331,982	8,593,167	9,055,996
Operations and maintenance services	13,011,254	13,113,272	13,334,079	13,497,499	14,318,058	16,300,790	20,811,570	22,950,917	25,747,924	23,567,118
Pupil transportation services	2,876,195	3,649,174	3,771,826	4,040,919	4,250,109	5,016,047	4,169,770	4,441,361	4,513,453	4,805,513
Other support services	297,187	252,566	367,950	390,931	421,073	502,395	541,351	525,901	558,314	932,537
Community services	789,528	974,305	2,801,866	3,116,828	3,326,706	3,190,721	3,283,904	3,763,981	4,185,837	4,225,906
Child Nutrition Operations	-	-	-	-	-	-	-	-	-	8,910,023
Capital Outlay	-	2,085,460	513,383	-	-	-	-	-	-	-
Interest on long-term debt	2,319,704	1,970,686	1,608,283	3,028,438	1,731,793	1,843,255	1,671,458	1,526,518	1,262,827	1,030,547
Loss on disposal of capital assets	15,477	-	-	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	97,112,822	107,231,283	113,430,991	117,844,866	115,783,462	118,879,774	122,086,596	125,443,853	127,973,151	141,848,815
Business-type activities										
Food service	3,845,046	4,504,683	4,634,620	4,933,359	5,941,196	6,350,713	7,055,054	7,485,087	8,357,658	-
Total business-type activities expense	3,845,046	4,504,683	4,634,620	4,933,359	5,941,196	6,350,713	7,055,054	7,485,087	8,357,658	-
Total district expenses	100,957,868	111,735,966	118,065,611	122,778,225	121,724,658	125,230,487	129,141,650	132,928,940	136,330,809	141,848,815
Program Revenues										
Governmental activities										
Charges for services										
Regular instruction	427,645	370,303	366,907	295,758	293,449	337,573	378,408	367,535	454,638	429,957
Operations and maintenance services	391,535	494,775	546,323	413,423	350,262	343,209	331,071	295,785	349,724	518,227
Pupil transportation services	49,699	49,829	60,810	86,613	96,232	109,087	116,944	165,334	21,389	342,333
Community services	890,915	995,745	1,131,972	1,272,571	1,237,404	1,606,114	1,609,596	1,656,019	1,893,928	1,757,668
Other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	14,595,393	14,603,862	20,344,841	25,206,184	27,773,833	20,983,362	21,141,497	21,895,671	24,130,695	34,301,418
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	16,355,187	16,514,514	22,450,853	27,274,549	29,751,180	23,379,345	23,577,516	24,380,344	26,850,374	37,349,603
Business-type activities										
Charges for services										
Food service	1,824,667	1,846,537	2,100,244	2,245,971	2,044,359	2,124,783	2,387,764	2,395,452	2,163,624	-
Operating grants and contributions	2,423,226	2,577,540	3,019,310	3,751,621	4,214,614	4,891,927	5,409,547	5,798,335	6,790,766	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	4,247,893	4,424,077	5,119,554	5,997,592	6,258,973	7,016,710	7,797,311	8,193,787	8,954,390	-
Total district program revenues	20,603,080	20,938,591	27,570,407	33,272,141	36,010,153	30,396,055	31,374,827	32,574,131	35,804,764	37,349,603

Union Public Schools - Statistical Section
Year Ended June 30, 2016

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

	2007 ^a	2008 ^b	2009	2010	2011	2012	2013	2014	2015	2016 ^c
Net (Expense) Revenue										
Governmental activities	(80,757,635)	(90,716,769)	(90,980,138)	(90,097,141)	(86,032,282)	(95,500,429)	(98,509,080)	(101,063,509)	(101,122,777)	(104,499,212)
Business-type activities	402,847	(80,606)	484,934	1,064,233	317,777	665,997	742,257	708,700	596,732	-
Total district-wide net expense	<u>(80,354,788)</u>	<u>(90,797,375)</u>	<u>(90,495,204)</u>	<u>(89,506,084)</u>	<u>(85,714,505)</u>	<u>(94,834,432)</u>	<u>(97,766,823)</u>	<u>(100,354,809)</u>	<u>(100,526,045)</u>	<u>(104,499,212)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property tax, levied for general purposes	28,953,433	30,235,766	31,052,460	32,255,504	32,677,915	32,556,899	32,984,258	33,200,347	33,969,278	35,343,244
Property tax, levied for debt services	17,152,566	17,211,390	18,553,902	19,114,516	20,625,938	21,313,339	21,798,850	21,418,237	21,427,050	22,883,039
Other taxes	5,515,782	5,017,881	5,196,047	5,720,719	5,984,255	6,448,555	6,424,504	6,995,997	6,653,037	8,232,839
State aid not restricted to specific programs	31,331,687	37,301,704	39,992,313	35,329,507	35,292,922	37,521,745	43,524,092	45,156,557	46,103,550	46,141,666
Interest and investment earnings	3,203,223	2,020,465	518,461	409,487	492,089	425,529	(1,036,717)	624,641	740,150	345,047
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	(24,060)	-
Other	1,834,113	884,941	201,108	297,535	324,984	431,291	228,512	892,420	1,866,128	1,334,901
Total governmental activities	<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>	<u>110,735,133</u>	<u>114,280,736</u>
Business-type activities										
State aid not restricted to specific programs	-	-	-	-	-	-	-	-	99,171	-
Interest and investment earnings	75,705	55,809	13,510	15,721	22,400	17,382	(42,939)	34,150	54,612	-
Loss on disposal of capital assets	-	-	-	(11,277)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	24,060	-
Other	-	-	-	-	-	-	-	553	-	-
Total business-type activities	<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>	<u>177,843</u>	<u>-</u>
Total district-wide	<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>	<u>110,912,976</u>	<u>114,280,736</u>
Change in Net Position										
Governmental activities	7,233,169	1,955,378	4,534,153	3,030,127	9,365,821	3,196,929	5,414,419	7,224,690	9,612,356	9,781,524
Business-type activities	478,552	(24,797)	498,444	1,068,677	340,177	683,379	699,318	743,403	774,575	-
Total district	<u>7,711,721</u>	<u>1,930,581</u>	<u>5,032,597</u>	<u>3,625,628</u>	<u>9,705,998</u>	<u>3,880,308</u>	<u>6,113,737</u>	<u>7,968,093</u>	<u>10,386,931</u>	<u>9,781,524</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.

^cIn FY16 Business-type activities were reclassified to be part of Governmental activities.

Union Public Schools - Statistical Section
Year Ended June 30, 2016

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

	2007 ^a	2008 ^b	2009	2010 ^c	2011 ^d	2012	2013	2014	2015	2016 ^e
General Fund										
Reserved	246,549	350,087	217,198	243,068	-	-	-	-	-	-
Nonspendable	-	-	-	-	290,497	432,760	477,267	463,139	277,419	456,245
Assigned	-	-	-	-	1,612,460	1,704,276	-	2,258,024	3,488,253	4,468,061
Restricted	-	-	-	-	-	-	-	-	-	489,356
Committed	-	-	-	-	-	-	-	-	-	-
Unreserved	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	18,997,162	19,720,283
Total general fund	12,409,862	13,694,382	17,296,689	21,839,872	22,424,351	21,228,316	17,985,382	21,252,117	22,762,834	25,133,945
All Other Governmental Funds										
Reserved, reported in:										
Sinking fund - Reserved for debt service	8,962,506	8,730,473	10,553,135	10,727,559	-	-	-	-	-	-
Building fund - Reserved for capital projects	25,851,432	26,416,877	25,262,515	30,004,115	-	-	-	-	-	-
Other governmental funds - Reserved for Arbitrage	-	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	10,516,503	-
Sinking fund - Restricted for bond payments	-	-	-	-	11,862,533	12,112,690	11,734,785	11,769,385	11,878,271	13,511,291
Bond fund - Restricted for capital projects	-	-	-	-	34,426,709	27,434,270	26,772,989	30,536,685	35,339,960	37,704,781
Non-major governmental funds	-	-	-	-	287,986	16,956	16,995	-	-	17,232,511
Unreserved, reported in:										
Building fund	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	-	-	-	-	-	-	-	-	-
Nonspendable, reported in:										
Non-major governmental funds	-	-	-	-	-	-	-	-	-	877,884
Assigned, reported in:										
Non-major governmental funds	-	-	-	-	-	-	-	-	-	-
	42,757,977	42,911,939	42,598,011	45,748,402	54,455,088	51,152,713	51,155,228	53,830,228	57,734,734	69,326,467

^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.

^eBeginning in 2015-2016, the District changed the classification of the Child Nutrition Fund, the Building fund and the Gift Fund, to be Non-Major Governmental Funds.

Union Public Schools - Statistical Section
Year Ended June 30, 2016

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ^b
Revenues										
Local sources	49,279,313	49,545,643	52,657,909	53,565,231	55,819,462	57,486,888	56,571,935	59,025,796	60,676,896	65,714,060
Intermediate sources	3,673,503	3,163,313	3,220,869	3,412,476	3,490,550	3,577,493		3,659,812	3,691,110	3,769,565
State sources	45,955,606	50,825,886	54,220,098	49,991,955	50,418,937	53,507,688	59,834,740	62,946,211	64,899,117	66,103,966
Federal sources	5,539,771	5,776,059	8,321,948	12,622,460	15,002,604	7,592,989	7,220,193	7,005,912	7,668,648	15,482,295
Total revenue	104,448,193	109,310,901	118,420,824	119,592,122	124,731,553	122,165,058	123,626,868	132,637,731	136,935,771	151,069,886
Expenditures										
Current										
Instruction	51,985,668	53,392,683	57,705,606	56,667,802	56,686,825	53,750,567	58,431,250	58,772,568	61,773,550	65,109,604
Student	5,363,085	6,357,726	6,286,437	6,165,276	6,531,988	5,847,859	6,596,077	6,170,979	6,879,408	7,094,245
Instructional staff	3,826,101	4,059,052	4,606,186	4,356,125	3,881,562	4,547,847	5,298,211	6,544,715	5,656,257	5,057,566
General administration	1,255,414	1,683,588	1,761,637	1,663,542	2,002,920	2,244,938	2,668,201	2,128,754	2,265,731	2,455,588
School administration	7,206,173	7,168,559	7,508,683	7,016,599	7,496,930	7,757,815	8,285,343	8,898,604	9,052,729	8,764,690
Business	5,792,730	5,863,816	6,775,282	6,532,857	6,842,732	7,236,709	8,531,462	8,968,097	9,034,785	9,320,178
Operations and maintenance	13,188,041	13,050,900	13,714,350	13,291,631	14,026,969	14,389,090	14,980,221	16,218,961	16,292,881	16,049,076
Student transportation	4,193,488	3,169,865	4,485,709	3,260,021	4,270,365	3,694,829	5,295,306	3,961,836	6,068,004	4,101,104
Central	-	-	-	-	-	-	-	-	-	-
Other	158,889	247,679	-	-	-	-	-	-	-	-
Non-instruction expenses										
Child nutrition operations	-	-	364,204	385,941	415,189	435,766	545,714	531,575	593,090	9,725,475
Community service operations	808,090	1,025,158	2,769,678	2,964,471	3,042,496	3,221,283	3,417,743	3,786,785	4,418,668	4,350,322
Other	-	-	84,175	1,230,120	33,146	309,240	391,396	451,724	183,579	113,787
Capital outlay	9,885,716	14,090,638	11,651,223	12,060,833	12,279,452	21,118,826	12,665,601	11,782,058	15,860,395	17,070,815
Debt service										
Principal	15,600,000	15,300,000	15,550,000	16,150,000	17,900,000	19,725,000	20,875,000	20,775,000	20,875,000	20,500,000
Interest	1,690,750	1,907,375	2,058,875	2,088,125	1,814,062	1,599,562	1,337,375	1,108,125	1,024,000	1,245,000
Other	-	-	-	-	-	-	-	-	-	-
Total expenditures	120,954,145	127,317,039	135,322,045	133,833,343	137,224,636	145,879,331	149,318,900	150,099,781	159,978,077	170,957,450
Excess (deficiency) of revenues over (under) expenditures	(16,505,952)	(18,006,138)	(16,901,221)	(14,241,221)	(12,493,083)	(23,714,273)	(25,692,032)	(17,462,050)	(23,042,306)	(19,887,564)
Other financing sources (uses)										
Issuance of debt	17,170,000	19,444,620	20,000,000	22,500,000	21,600,000	19,000,000	20,400,000	21,000,000	27,000,000	27,000,000
Premiums on new issuance of debt	-	-	189,600	204,356	326,976	118,750	202,827	380,560	431,663	518,711
Insurance recoveries	-	-	-	-	-	-	-	-	184,602	17,571
Other uses	-	-	-	-	(142,728)	97,113	61,513	132,194	865,324	-
Transfers in	2,055,151	1,782,913	1,016,305	656,196	689,122	585,217	279,018	145,210	82,844	106,224
Transfers out	(2,045,150)	(1,782,913)	(1,016,305)	(656,196)	(689,122)	(585,217)	(279,018)	(145,210)	(106,904)	(106,224)
Total other financing sources (uses)	17,180,001	19,444,620	20,189,600	22,704,356	21,784,248	19,215,863	20,664,340	21,512,754	28,457,529	27,536,282
Net changes in fund balances	674,049	1,438,482	3,288,379	8,463,135	9,291,165	(4,498,410)	(5,027,692)	4,050,704	5,415,223	7,648,718
Debt service as a percentage of noncapital expenditures^a	16.54%	15.14%	14.82%	15.30%	16.19%	17.32%	16.67%	16.11%	15.33%	14.13%

^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.

^bBeginning in 2015-2016, the District changed the classification of the Child Nutrition Fund, the Building fund and The Gift Fund, to be Non-Major Governmental Funds

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Union Public Schools - Statistical Section
Year Ended June 30, 2016

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

Fiscal Year Ended June 30,	Real Property Assessed Value ^a	Personal Property Net Assessed Value ^a	Public Service Property Assessed Value ^b	Total Net Assessed Value	Total Estimated Actual Value ^c	Ratio of Gross Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate ^d
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
2015	628,740,000	99,732,783	16,546,904	745,019,687	6,905,133,965	10.79%	70.19
2016	647,399,204	101,040,598	16,351,844	764,791,646	7,085,583,042	10.79%	71.01

^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, 2016**

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

Rates for Taxpayers in the City of Tulsa^a

Fiscal Year	Direct Rates			Total Direct Rates	Overlapping Rates				Total Overlapping Rates	Total Direct & Overlapping Rates
	General	Union School District Building	Sinking		Tulsa County	Tulsa Comm College	Tulsa VoTech	Tulsa City		
2007	36.05	5.15	27.16	68.36	22.21	7.21	13.33	12.67	55.42	123.78
2008	36.05	5.15	26.16	67.36	22.21	7.21	13.33	13.48	56.23	123.59
2009	36.05	5.15	27.46	68.66	22.21	7.21	13.33	14.08	56.83	125.49
2010	36.05	5.15	27.46	68.66	22.21	7.21	13.33	14.15	56.90	125.56
2011	36.05	5.15	29.08	70.28	22.21	7.21	13.33	16.98	59.73	130.01
2012	36.05	5.15	30.45	71.65	22.24	7.21	13.33	20.01	62.79	134.44
2013	36.05	5.15	30.70	71.90	22.24	7.21	13.33	20.16	62.94	134.84
2014	36.05	5.15	29.86	71.06	22.24	7.21	13.33	20.24	63.02	134.08
2015	36.05	5.15	28.99	70.19	22.23	7.21	13.33	21.46	64.23	134.42
2016	36.05	5.15	29.81	71.01	22.22	7.21	13.33	22.79	65.55	136.56
Ten-Year Average										130.28

Rates for Taxpayers in the City of Broken Arrow^b

Fiscal Year	Direct Rates			Total Direct Rates	Overlapping Rates				Total Overlapping Rates	Total Direct & Overlapping Rates
	General	Union School District Building	Sinking		Tulsa County	Tulsa Comm College	Tulsa VoTech	Broken Arrow City		
2007	36.05	5.15	27.16	68.36	22.21	7.21	13.33	15.74	58.49	126.85
2008	36.05	5.15	26.16	67.36	22.21	7.21	13.33	15.30	58.05	125.41
2009	36.05	5.15	27.46	68.66	22.21	7.21	13.33	15.72	58.47	127.13
2010	36.05	5.15	27.32	68.52	22.21	7.21	13.33	15.98	58.73	127.25
2011	36.05	5.15	29.08	70.28	22.21	7.21	13.33	16.44	59.19	129.47
2012	36.05	5.15	30.45	71.65	22.24	7.21	13.33	17.13	59.91	131.56
2013	36.05	5.15	30.70	71.90	22.24	7.21	13.33	16.50	59.28	131.18
2014	36.05	5.15	29.86	71.06	22.24	7.21	13.33	17.32	60.10	131.16
2015	36.05	5.15	28.99	70.19	22.23	7.21	13.33	17.14	59.91	130.10
2016	36.05	5.15	29.81	71.01	22.22	7.21	13.33	17.10	59.86	130.87
Ten-Year Average										129.10

^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 128.70 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 128.60 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, 2016**

**Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2016			2007		
	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	14,483,128	1	1.82%	12,359,896	1	1.94%
QuikTrip	9,586,943	2	1.20%	3,833,038	6	0.60%
Public Service Company of Oklahoma	8,642,670	3	1.08%	10,710,407	2	1.68%
Weidner Apartment Homes	7,670,474	4	0.96%			
Wal-Mart	7,068,135	5	0.89%	4,883,088	5	0.77%
AHS/VTR Hillcrest/Tulsa Holdings	6,778,596	6	0.85%			
Expedition Properties, LLC	6,691,608	7	0.84%	3,444,298	9	0.54%
Sir Estancia/Sonoma Grande LLC	6,531,095	8	0.82%			
AG Equipment Co	5,140,999	9	0.65%			
Oklahoma Canceer Specialist	3,736,000	10	0.47%			
Automotive Components Holding LLC				10,338,544	3	1.62%
SouthCrest Hospital				6,740,285	4	1.06%
Amerisource Bergen Drug				3,643,522	7	0.57%
Valley Ridge Partner LP				3,630,000	8	0.57%
Cox Communications				3,123,141	10	0.49%
Total	76,329,648		9.58%	62,706,219		9.83%

^aBased on FY 15-16 Net Assessed Valuation of 796,658,028

^bBased on FY 06-07 Net Assessed Valuation of 638,015,014

Source: Tulsa County Assessor

**Union Public Schools - Statistical Section
Year Ended June 30, 2016**

**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			
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%
2015	52,292,932	51,034,795	97.59%	906,394	51,941,189	99.33%	1,785,109	3.41%
2016	56,651,801	53,392,086	94.25%	907,623	54,299,709	95.85%	1,805,492	3.19%

^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, 2016**

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

Fiscal Year Ended June 30,	Total Governmental Activities General Obligation Bonds ^a	Less: Sinking Fund Balance ^a	Net General Obligation Bond Debt	Total Estimated Actual Value ^b	Ratio of Total General Debt to Estimated Actual Valuation ^b	Total Personal Income (in thousands) ^c	Ratio of Total General Debt Per Personal Income	Average Daily Membership (ADM) ^d	Ratio of Total General Debt Per Student ^d
2007	54,450,000	8,962,506.00	45,487,494	5,907,277,101	0.92%	36,303,800	0.15%	14,253	3,820
2008	58,594,620	8,730,473.00	49,864,147	6,149,826,618	0.95%	38,585,000	0.15%	14,360	4,081
2009	63,225,296	9,796,665.00	53,428,631	6,358,338,256	0.99%	37,534,000	0.17%	14,566	4,341
2010	69,732,808	10,727,559.00	59,005,249	6,501,691,046	1.07%	36,564,996	0.19%	14,949	4,665
2011	73,529,341	11,862,533.00	61,666,808	6,555,557,566	1.12%	37,705,751	0.20%	14,830	4,958
2012	72,325,000	12,112,690.00	60,212,310	6,525,004,824	1.11%	40,293,868	0.18%	14,836	4,875
2013	72,678,038	11,734,785.00	60,943,253	6,562,775,286	1.11%	44,795,664	0.16%	15,190	4,785
2014	72,803,641	11,769,385.00	61,034,256	6,671,918,494	1.09%	45,641,656	0.16%	15,486	4,701
2015	79,142,155	11,878,271.00	67,263,884	6,905,133,965	1.15%	50,073,985	0.16%	15,700	5,041
2016	84,700,000	13,511,291.00	71,188,709	7,085,583,042	1.20%	50,683,321	0.17%	15,919	5,321

^aPremiums received on issuance of debt are transferred to sinking fund, therefore, the net bonded debt outstanding is net of premiums and related discounts Per GASB Q&A 9.24.6; the amounts reflect bonded debt, net of related premiums, discounts, and adjustments. The debt and premiums can be found on Note E-Long-Term Debt of the Notes to the Financial Statements

^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 2016 Tulsa Chamber of Commerce Economic Profile MSA population projection multiplied by 2016 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, 2016**

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Total General Obligation Bonds	Less Sinking Fund Balance ^a	Net General Bonded Debt Outstanding	Total Estimated Actual Value ^b	Ratio of Total Debt to Estimated Actual Valuation ^b	Average Daily Membership (ADM) ^c	Ratio of Total Debt Per Student ^c
2006	53,050,000	9,055,835	43,994,165	5,656,237,944	0.94%	13,993	3,791
2007	54,450,000	8,962,506	45,487,494	5,907,277,101	0.92%	14,253	3,820
2008	58,594,620	8,730,473	49,864,147	6,149,826,618	0.95%	14,360	4,081
2009	63,225,296	9,796,665	53,428,631	6,358,338,256	0.99%	14,566	4,341
2010	69,732,808	10,727,559	59,005,249	6,501,691,046	1.07%	14,949	4,665
2011	73,529,341	11,862,533	61,666,808	6,555,557,566	1.12%	14,830	4,958
2012	72,325,000	12,112,690	60,212,310	6,525,004,824	1.11%	14,836	4,875
2013	72,678,038	11,734,785	60,943,253	6,562,775,286	1.11%	15,190	4,785
2014	72,803,641	11,769,385	61,034,256	6,671,918,494	1.09%	15,486	4,701
2015	79,142,155	11,878,271	67,263,884	6,905,133,965	1.15%	15,754	5,024
2016	84,700,000	13,511,291	71,188,709	7,085,583,042	1.20%	15,919	5,321

^aPremiums received on issuance of debt are transferred to sinking fund, therefore, the net bonded debt outstanding is net of premiums and related discounts Per GASB Q&A 9.24.6; the amounts reflect bonded debt, net of related premiums, discounts, and adjustments. The debt and premiums can be found on Note E-Long-Term Debt of the Notes to the Financial Statements

^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, 2016

Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

<u>Jurisdiction</u>	<u>Net Assessed Valuation^a</u>	<u>Amount Subject to Taxation in District^a</u>	<u>Estimated Percent Applicable to the District^b</u>	<u>Total General Obligation Bonded Debt Outstanding^c</u>	<u>Amount Applicable to the District</u>
As it applies to a resident of the city of Tulsa:					
Direct:					
Union Public Schools	764,791,646	764,791,646	100.00%	84,700,000	84,700,000
Overlapping:					
Tulsa County (unincorporated)	15,067,168	1,597,138	10.60%	-	-
Tulsa Technology Center #18	5,385,936,322	764,791,646	14.20%	-	-
Tulsa Community College	5,385,936,322	764,791,646	14.20%	-	-
City of Tulsa	<u>3,295,334,655</u>	<u>579,257,819</u>	17.58%	<u>545,724,889</u>	<u>95,928,166</u>
Total Overlapping	14,082,274,467	2,110,438,249		<u>545,724,889</u>	<u>95,928,166</u>
Total Direct and Overlapping				<u><u>630,424,889</u></u>	<u><u>180,628,166</u></u>
As it applies to a resident of the city of Broken Arrow:					
Direct:					
Union Public Schools	764,791,646	764,791,646	100.00%	84,700,000	84,700,000
Overlapping:					
Tulsa County (unincorporated)	15,067,168	1,597,138	10.60%	-	-
Tulsa Technology Center #18	5,385,936,322	764,791,646	14.20%	-	-
Tulsa Community College	5,385,936,322	764,791,646	14.20%	-	-
City of Broken Arrow ^d	<u>789,530,174</u>	<u>178,056,123</u>	22.55%	<u>104,405,000</u>	<u>23,545,585</u>
Total Overlapping	11,576,469,986	1,709,236,553		<u>104,405,000</u>	<u>23,545,585</u>
Total Direct and Overlapping				<u><u>189,105,000</u></u>	<u><u>108,245,585</u></u>

^a2015-16 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

^dThe City of Broken Arrow had judgments totaling \$459,290 as of 6/30/2016 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, 2016

Legal Debt Margin
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016:

10% of FY 2015-16 Net Assessed Valuation		76,479,165
Debt Applicable to Limitation	84,700,000	
Current Sinking Fund Balance	(13,511,291)	71,188,709
Legal Debt Margin		5,290,456

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
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	72,803,641	11,769,385	61,034,256	11,098,167	84.61%
2015	745,019,687	74,501,969	79,142,155	11,878,271	67,263,884	7,238,085	90.28%
2016	764,791,646	76,479,165	84,700,000	13,511,291	71,188,709	5,290,456	93.08%

^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, 2016

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
2007	14,345	14,253	-	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
2015	15,823	15,700	1.38%	745,019,687	47,453	14,776	94.11%	121,132,642
2016	16,032	15,919	1.39%	764,791,646	48,043	15,151	95.18%	123,025,936

^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, 2016

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

Fiscal Year Ended June 30,	Population	Total Personal Income (in thousands) ^c	Real Per Capita Personal Income ^d	Labor Force	Unemployment Rate
2007	906,441	36,089,042	39,201	440,825	4.0%
2008	916,525	40,467,328	43,220	440,473	3.7%
2009	929,824	36,332,873	38,360	441,553	6.8%
2010	939,858	37,818,946	39,398	442,726	7.3%
2011	945,927	41,919,701	43,223	439,612	6.3%
2012	952,836	45,826,647	46,750	443,352	5.4%
2013	962,424	46,058,725	47,297	452,289	5.4%
2014	969,224	48,274,140	49,242	446,031	4.5%
2015 ^d	975,096	50,217,444	51,500	444,451	4.2%
2016 ^e	978,707	50,683,321	51,786	480,963	4.3%

^aTulsa MSA specific demographic data

^bData obtained from the Tulsa Metro Chamber 2016 Economic Profile

^cCalculation based on the 2016 Tulsa Chamber of Commerce Economic Profile MSA population projection multiplied by 2016 projected per capita income

^dEstimate based on data obtained from the Tulsa Metro Chamber

^eProjection 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, 2016

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

Employer ^a	2016			2007		
	Employees ^b	Rank	Percentage of Tulsa County Employment ^c	Employees ^d	Rank	Percentage of Tulsa County Employment ^e
Saint Francis Healthcare System	9,000	1	1.87%	8,000	2	1.82%
Wal-Mart/Sam's Club	7,500	2	1.56%	8,000		
Tulsa Public Schools	7,500	3	1.56%	8,000	3	1.82%
American Airlines Maintenance Base	7,500	4	1.56%	8,000	1	1.82%
St. John Medical Center	7,500	5	1.56%	8,000	5	1.82%
Hillcrest Healthcare System	5,000	6	1.04%	5,000	4	1.14%
City of Tulsa	4,500	7	0.94%	5,000	6	1.14%
Reasor's	3,000	8	0.62%			
Spirit AeroSystems	3,000	9	0.62%			
Tulsa County	2,500	10	0.52%			
U.S. Postal Service				5,000	7	1.14%
WorldCom Network Solutions				2,000	8	0.46%
Bank of Oklahoma NA				2,000	9	0.46%
Broken Arrow Public Schools				2,000	10	0.46%
	57,000		11.85%	61,000		12.08%

^aTulsa MSA specific demographic data

^bBased on the estimated labor force from District records

^cBased on the projected total labor force from the Tulsa Metro Chamber 2016 Economic Profile of 480,963

^dBased on the actual labor force from District records

^eBased on the total labor force count from the Tulsa Metro Chamber 2007 Economic Profile of 438,602

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Union Public Schools - Statistical Section
Year Ended June 30, 2016

Capital Assets by Function and Activity
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ^a
Governmental Activities										
Instruction	196,571,020	208,486,847	221,380,013	234,964,269	245,381,216	262,949,666	275,203,336	286,362,427	298,843,743	314,804,797
Student	144,811	138,246	182,267	358,280	446,547	515,152	576,445	588,574	624,949	648,950
Instructional support	533,624	586,827	970,757	1,327,070	1,307,124	1,332,661	1,680,268	3,335,568	3,437,293	3,451,081
General administration	71,288	185,210	196,372	336,722	339,917	335,573	278,228	311,319	339,206	345,537
School administration	1,300,504	1,440,721	1,576,109	1,396,754	1,500,033	1,543,836	1,576,082	1,622,512	1,616,091	1,584,397
Business	3,144,740	3,357,220	3,787,551	3,782,928	4,432,703	5,014,475	5,741,975	6,195,641	6,379,588	6,672,201
Operations and maintenance	3,171,697	3,436,217	4,115,494	4,215,686	4,881,904	5,374,484	5,843,985	6,223,361	6,710,023	7,444,818
Transportation	8,082,169	8,071,361	9,390,560	6,582,237	7,080,336	7,003,299	8,470,900	8,375,344	9,718,552	9,720,644
Support services - Central	2,809,449	2,809,449	2,719,248	3,272,656	5,093,473	-	4,856,513	4,856,513	4,856,513	4,821,501
Other Support Services	-	-	-	-	-	-	-	-	-	35,012
Non-instructional	304,228	383,766	450,251	-	5,156	2,119	107,979	117,114	122,278	3,561,215
Other-unclassified	1,317,695	1,317,695	1,317,695	1,874,878	1,862,946	1,862,946	1,862,946	1,848,643	1,839,734	1,834,238
Total Governmental Activities	<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>306,198,657</u>	<u>319,837,016</u>	<u>334,487,970</u>	<u>354,924,391</u>
Business-Type Activities										
Child nutrition services	2,001,269	2,068,246	2,123,088	2,172,502	2,254,484	2,244,273	2,301,652	2,779,165	3,317,346	-
Total Capital Assets	<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>308,500,309</u>	<u>322,616,181</u>	<u>337,805,316</u>	<u>354,924,391</u>

Source: District records

In FY 2015-2016 the district reclassified the Child Nutrition Fund from a Business-type activity to a Governmental activity.

Union Public Schools - Statistical Section Year Ended June 30, 2016

Employee Information Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Certified Personnel										
Bachelor's										
Minimum Salary	31,100	31,600	31,600	31,600	31,600	31,600	31,600	31,600	32,050	32,150
Maximum Salary	47,133	48,799	48,799	49,287	49,287	49,829	50,576	51,461	52,461	53,248
Average Salary	35,941	36,514	36,301	36,186	35,980	36,106	35,812	35,754	36,152	36,495
Number of Teachers	579	593	635	663	629	622	617	642	674	653
Master's										
Minimum Salary	32,300	32,800	32,800	32,800	32,800	32,800	32,800	32,800	33,250	33,400
Maximum Salary	51,363	52,913	53,479	54,014	54,014	54,608	55,427	56,397	57,397	58,258
Average Salary	42,318	43,048	42,604	42,409	41,865	42,287	40,961	40,946	41,103	41,017
Number of Teachers	299	308	309	320	310	303	322	318	315	326
Doctor's										
Minimum Salary	33,500	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,450	34,600
Maximum Salary	52,829	55,279	55,870	56,429	56,429	57,049	57,905	58,918	59,918	60,817
Average Salary	45,986	46,640	43,612	43,871	43,681	46,822	45,857	44,678	47,407	47,259
Number of Teachers	13	15	16	15	14	12	10	15	15	12
Total Certified Personnel	891	916	960	998	953	936	949	975	1,004	991
Support Personnel										
Number of Support	660	712	769	785	753	784	866	855	887	907
Administrative Personnel										
Number of Administrators	72	72	71	72	71	72	72	81	80	76

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, 2016

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
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	132,928,940	8,584	0.96%	975	16:1	932
2015	15,700	136,330,809	8,683	1.16%	1,004	16:1	1,075
2016	15,919	141,765,974	8,905	2.56%	991	16:1	1,063

^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, 2016

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}
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
2015	15,700	10,323	65.75%	964,128	1,673,119	105	1,050,683	9,719
2016	15,919	10,619	66.71%	990,501	1,681,008	115	1,125,644	9,751

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

^bObtained from District records

^cAverage daily haul (ADH) includes both bus route and bus activity miles

**Union Public Schools - Statistical Section
Year Ended June 30, 2016**

**School Building Information
Last Ten Fiscal Years**

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	549	505	475	477	458	469	463	477	466	463
Percentage of Capacity Used	91.50%	84.17%	79.17%	79.50%	76.33%	78.17%	77.17%	79.50%	77.67%	77.17%
Boevers Elementary (1975)										
Square Feet	59,773	59,773	59,773	59,773	59,773	59,773	59,773	59,773	59,773	59,773
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	426	442	481	552	562	539	555	558	592	580
Percentage of Capacity Used	71.00%	73.67%	80.17%	92.00%	93.67%	89.83%	92.50%	93.00%	98.67%	96.67%
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	576	589	538	542	541	517	525	553	600	620
Percentage of Capacity Used	96.00%	98.17%	89.67%	90.33%	90.17%	86.17%	87.50%	92.17%	100.00%	103.33%
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	545	566	591	564	551	575	548	518	504	500
Percentage of Capacity Used	90.83%	94.33%	98.50%	94.00%	91.83%	95.83%	91.33%	86.33%	84.00%	83.33%
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	702	776	556	604	603	564	623	638	609	659
Percentage of Capacity Used	117.00%	129.33%	92.67%	100.67%	100.50%	94.00%	103.83%	106.33%	101.50%	109.83%
Darnaby Elementary (1979)										
Square Feet	73,458	73,458	73,458	73,458	73,458	73,458	73,458	73,458	73,458	73,458
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	564	538	571	572	533	638	667	647	622	610
Percentage of Capacity Used	94.00%	89.67%	95.17%	95.33%	88.83%	106.33%	111.17%	107.83%	103.67%	101.67%
Grove Elementary (1974) ^a										
Square Feet	60,777	60,777	60,777	60,777	60,777	77,028	77,028	77,028	77,028	77,028
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	590	621	575	628	606	582	602	611	625	636
Percentage of Capacity Used	98.33%	103.50%	95.83%	104.67%	101.00%	97.00%	100.33%	101.83%	104.17%	106.00%
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	603	606	559	520	556	584	582	601	600	591
Percentage of Capacity Used	100.50%	101.00%	93.17%	86.67%	92.67%	97.33%	97.00%	100.17%	100.00%	98.50%

Union Public Schools - Statistical Section
Year Ended June 30, 2016

School Building Information
Last Ten Fiscal Years

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	607	630	518	557	630	648	666	705	593	621
Percentage of Capacity Used	101.17%	105.00%	86.33%	92.83%	105.00%	108.00%	111.00%	117.50%	98.83%	103.50%
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	578	596	470	488	506	538	488	482	588	597
Percentage of Capacity Used	96.33%	99.33%	78.33%	81.33%	84.33%	89.67%	81.33%	80.33%	98.00%	99.50%
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	584	587	574	567	543	526	512	500	528	496
Percentage of Capacity Used	97.33%	97.83%	95.67%	94.50%	90.50%	87.67%	85.33%	83.33%	88.00%	82.67%
Rosa Parks (2006)^f										
Square Feet	-	71,300	71,300	71,300	71,300	71,300	71,300	71,300	87,550	87,550
Capacity (students)	-	600	600	600	600	600	600	600	900	900
Enrollment	-	479	612	621	607	631	669	709	771	794
Percentage of Capacity Used	-	79.83%	102.00%	103.50%	101.17%	105.17%	111.50%	118.17%	85.67%	88.22%
Thomas Jefferson (2008)										
Square Feet	-	-	69,356	69,356	69,356	69,356	69,356	69,356	69,356	69,356
Capacity (students)	-	-	600	600	600	600	600	600	600	600
Enrollment	-	-	473	515	535	547	526	576	558	554
Percentage of Capacity Used	-	-	78.83%	85.83%	89.17%	91.17%	87.67%	96.00%	93.00%	92.33%
Secondary:										
6th/7th Grade Center (1993)^a										
Square Feet	276,126	276,126	276,126	276,126	276,126	276,126	292,416	292,416	292,416	292,416
Capacity (students)	2,200	2,200	2,200	2,200	2,200	2,200	2,440	2,440	2,440	2,440
Enrollment	2,210	2,137	2,121	2,248	2,240	2,197	2,266	2,272	2,226	2,322
Percentage of Capacity Used	100.45%	97.14%	96.41%	102.18%	101.82%	99.86%	92.87%	93.11%	91.23%	95.16%
8th Grade Center (1982)^b										
Square Feet	165,620	165,620	165,620	165,620	165,620	165,620	165,620	165,620	165,620	263,309
Capacity (students)	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,109	1,139	1,137	1,054	1,101	1,092	1,168	1,126	1,205	1,173
Percentage of Capacity Used	85.31%	87.62%	87.46%	81.08%	84.69%	84.00%	89.85%	86.62%	92.69%	90.23%
9th Grade Center (1987)^c										
Square Feet	432,564	432,564	432,564	458,590	458,590	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	2,308	2,264	2,325	2,343	2,213	2,178	1,201	1,217	1,236	1,301
Percentage of Capacity Used	104.91%	102.91%	105.68%	106.50%	100.59%	99.00%	54.59%	55.32%	56.18%	59.14%

**Union Public Schools - Statistical Section
Year Ended June 30, 2016**

**School Building Information
Last Ten Fiscal Years**

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Senior High School (1972) ^c										
Square Feet	611,119	611,119	611,119	611,119	611,119	611,119	728,119	728,119	728,119	728,119
Capacity (students)	2,200	2,200	2,200	2,200	2,200	2,200	3,490	3,490	3,490	3,490
Enrollment	1,937	2,044	2,082	2,163	2,146	2,165	3,238	3,336	3,500	3,489
Percentage of Capacity Used	88.05%	92.91%	94.64%	98.32%	97.55%	98.41%	92.78%	95.59%	100.29%	99.97%
Other:										
Operations/Clinic/AltEd (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
Education Service Center (2005)										
Square Feet	63,000	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) ^d										
Square Feet			32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Union Welcome and Enrollment Center (2013) ^e										
Square Feet							2,783	2,783	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.

^b8th Grade Center expansion project phase one completed and opened in SY 2016

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

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

^eBuilding purchased and renovated in FY 2013

^fExpansion completed FY 2015

Union Public Schools - Statistical Section
Year Ended June 30, 2016

Insurance Schedule
June 30, 2016

Effective 7/1/2015 - 6/30/2016	Coverage	Deductible
School Package Policy (1)		
Building and Contents (All Locations, Electronic Data Processing)	400,000,000	10,000
Equipment Breakdown (Boiler & Machinery)	100,000,000	Property Damage/Lightning
Wind & Hail Buy Down	75,000	25,000
All Other Perils		10,000
Flood	25,000,000	100,000
Earthquake	25,000,000	25,000
General Liability - American Guarantee & Liability Insurance Company (Zurich)	2,000,000 General Aggregate	1,000
Employee Benefits Liability	1,000,000	1,000
Automobile Liability- American guarantee & Liability Insurance Company (Zurich)	1,000,000	2,000
Umbrella-American Guarantee & Liability Includes Employment Practices Liability (2)	10,000,000	50,000
School Leaders Professional Liability Includes Employment Practices Liability (2)		
Coverage A Professional Educational Services	1,000,000	50,000
Coverage B Employment Incident	1,000,000	50,000
Coverage C Non-Monetary & Injunctive Relief	100,000	5,000
Storage Tank Pollution Liability (3)	1,000,000	5,000
Fiduciary Liability	2,000,000	2,500
Includes \$250,000 for fines in connection with HIPAA law violations (4)		
Workers' Compensation (5)	1,000,000 Each by Accident-Policy Limit	
Effective 7/1/2004-6/30/2016	1,000,000 by Disease -Policy Limit	
	1,000,000 by Disease Each Employee	
Medical Professional Liability (6)	1,000,000 single occurrence 2,000,000 aggregate	10,000
Crime (7)	5,000,000	50,000

- (1) Lexington Insurance Company (Landmark American Insurance Company (RSUI), Buy Down)
- (2) Zurich American Insurance Company
- (3) Ace Insurance Company
- (4) Federal Insurance Company (Chubb)
- (5) CompSource Oklahoma (OSAG)
- (6) Admiral Insurance Co.
- (7) Federal Insurance Company (Chubb)

Note: The District is currently self-insured for health insurance coverage. Employees were offered a PPO through HealthSmart for 2015-2016 SY.

Source: International Insurance Brokers



Union Public Schools Independent School District No. 9

Compliance Report
June 30, 2016

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RSM US LLP

**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***

Independent Auditor's Report

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2016. Due to the implementation of GASB Statement No. 82 and fund reclassifications, the District restated beginning net position of the governmental activities, business-type activities, and the aggregate remaining fund information. Our opinion was not modified with respect to this matter.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2016-001, 2016-002, and 2016-003 that we consider to be significant deficiencies.

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*.

District's Responses to the Findings

The District's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
December 12, 2016



RSM US LLP

**Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

Independent Auditor's Report

To the Board of Education
Union Public Schools
Tulsa, Oklahoma

Report on Compliance for the Major Federal Program

We have audited Union Public Schools Independent District No. 9's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2016. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program 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 the audit requirements of Title 2 U.S. Office Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the 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 its major federal program for the year ended June 30, 2016.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
December 12, 2016

**Union Public Schools
Independent School District No. 9**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal Grantor

Pass Through Agency Program Title	Federal CFDA #	Grantor's Number	Program or Award Amount	Expenditures
U.S. Department of Agriculture:				
Passed through State Department of Education				
Child Nutrition Cluster				
National School Lunch Program	10.555	763	\$ 4,277,104	\$ 3,486,390
National School Breakfast Program	10.553	764	1,742,682	1,556,224
Summer Food Service Program	10.559	766	247,135	70,223
Passed-Through Department of Human Services				
Commodities (Non-Cash)	10.555		-	574,735
Sub Total			<u>6,266,921</u>	<u>5,687,572</u>
Passed through State Department of Education				
Fresh Fruit / Vegetable Program	10.582	768	189,650	187,863
Professional Standards for School Nutrition Employees	10.547	767	300	300
Child and Adult Care Food Program	10.558	769	350,665	329,446
Sub Total			<u>540,615</u>	<u>517,609</u>
Total US. Department of Agriculture			6,807,536	6,205,181
U.S. Department of Education:				
Passed-Through State Department of Education				
Special Education Cluster				
IDEA Flow Thru	84.027	621	2,311,906	2,521,927
IDEA Early Intervening	84.027	623	350,000	339,417
IDEA—Preschool	84.173	641	38,434	767
IDEA—Preschool—Private School	84.173 A	642	-	29
			<u>2,700,340</u>	<u>2,862,140</u>
Grants to Local Educational Agencies—Title I				
Title I—School Improvement	84.010	511	2,448,832	2,419,229
	84.010	515	-	98,276
			<u>2,448,832</u>	<u>2,517,505</u>
Title III Immigrant				
Title III LEP	84.365	571	-	14,967
	84.365	572	250,030	269,757
			<u>250,030</u>	<u>284,724</u>
Improving Teacher Quality State Grants—				
Title II, Part A	84.367	541	258,335	251,848
Title X Part C, Homeless	84.196	596	39,004	49,222
Indian Education Grants to Local Educational Agencies—Title VII	84.060	561	277,984	277,984
Sub Total			<u>5,974,525</u>	<u>6,243,423</u>

(Continued)

**Union Public Schools
Independent School District No. 9**

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016**

Federal Grantor

Pass Through Agency Program Title	Federal CFDA #	Grantor's Number	Program or Award Amount	Expenditures
U.S. Department of Education (Continued):				
Passed-Through State Department of Vocational Technical Education:				
Adult Education State Grant Program—Corrections	84.002	733	19,923	16,876
Adult Education State Grant Program—English Literature / Civics	84.002	732	178,283	79,224
Adult Education State Grant Program	84.002	731	892,670	1,053,145
			<u>1,090,876</u>	<u>1,149,245</u>
Vocational Education Basic Grants to States—				
Carl Perkins—Title I	84.048	421	104,540	104,540
Carl Perkins—Gateway to Technology	84.048	424	25,000	25,000
Sub Total			<u>1,220,416</u>	<u>1,278,785</u>
U.S. Department of Defense				
Direct:				
ROTC	12.UNKNOWN	772	5,615	9,986
U.S. Department of Interior				
Passed-Through Muscogee Creek Nation :				
Indian Education Assistance to Schools— Johnson O'Malley	15.130	563	52,200	58,886
U.S. Department of Interior				
Passed-Through State Department of Education :				
Medicaid Resources	93.778	698	-	93,884
Temporary Assistance for Needy Families (TANF)	93.558	735	301,750	290,681
Sub Total			<u>301,750</u>	<u>384,565</u>
Total Federal Assistance			<u>\$ 14,362,042</u>	<u>\$ 14,180,826</u>

See notes to schedule of expenditures of federal awards.

**Union Public Schools
Independent School District No. I-9**

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

Note 1. Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the District for the year ended June 30, 2016 and is presented on the accrual basis of accounting. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, and expended during the year are included in this schedule. The information in this schedule is presented in accordance with the requirements of the OMB Compliance Supplement and Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from the amounts presented in or used in the preparation of the basic financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures of federal awards are recognized in the accounting period when the liability is incurred and approved for reimbursement. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Commodities

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$574,735 related to USDA Commodities grants provided by the U.S. Department of Agriculture and passed through the Oklahoma Department of Human Services.

Note 4. Subrecipients

For the year ended June 30, 2016, the District did not pass through any Federal funds to subrecipients.

Note 5. Indirect Cost Rate

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Union Public Schools
Independent School District No. 9**

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016**

Findings	Status	Corrective Action Plan or Other Explanation
Findings Related to Financial Statements:		
Significant Deficiency in Internal Controls over Financial Reporting Finding 2015-001		
The District does not record top-level financial statement "GAAP" and "GASB" journal entries in its financial reporting system module. As a result, there is an increased risk that errors could occur and not be detected.	Uncorrected	See similar finding and corrective action plan at 2016-001

Findings Related to Federal Awards:

None

**Union Public Schools
Independent School District No. 9**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- . Material weakness(es) identified? Yes No
- . Significant deficiency(ies) identified? Yes None Reported
- . Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- . Material weakness(es) identified? Yes No
- . Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

- . Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? Yes No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553, 10.555, and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

**Union Public Schools
Independent School District No. 1-9**

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2016**

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards*

A. Internal Control

See Finding 2016-001, 2016-002, and 2016-003.

B. Instance of Noncompliance

None reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

None reported.

B. Instances of Noncompliance

None reported.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2016

Finding 2016-001
Significant deficiency in internal control over financial reporting

Finding: The District does not record top-level financial statement “GAAP” and “GASB” journal entries in its Munis financial reporting system module or similar software. As a result there is an increased risk that errors could occur and not be detected.

Criteria: The District should prepare accurate financial statements in accordance with GAAP.

Condition: The District utilizes excel spreadsheets to prepare its financial statements, including the government-wide financial statements and fund-level financial statements. These spreadsheets are complex, and contain numerous allocations of financial data and contain numerous links to other spreadsheets that are not part of the primary reporting package. Significant journal entries that are necessary to prepare the financial statements in accordance with generally accepted accounting principles are recorded at the top level. In addition, cells that are critical for the overall financial statement preparation process are not password protected, thus increasing the risk that a misstatement could occur and not be detected.

Cause: The District’s current financial reporting system does not allow for recording top-level financial statement journal entries.

Context: Manual preparation of the financial statements is less efficient and effective in preparing annual financial statements.

Effect: A misstatement could occur as a result of the inadvertent or intentional manipulation of a single or multiple cells in the excel spreadsheets used to prepare the financial statements. Preparing topside financial statement entries without recording them in the financial reporting system module also increases the risk of misstatement.

Recommendation: We recommend that the District begin utilizing the financial reporting module of its Munis system or similar software. This could include using separate funds that are created for the purpose of converting from budgetary basis to modified accrual basis in the governmental funds financial statements, and full accrual basis in the proprietary and governmental activities financial statements.

Response and Corrective Action Plan

The District agrees that the GAAP and GASB journal entries are not recorded into the financial system, MUNIS. When we purchased the financial system a few years ago, we believed that we were able to add the GAAP entries into MUNIS period 13 and GASB entries into the CAFR Statement Builder module. During the training, we quickly discovered that the modules will not allow for those entries due to State Department of Education reporting requirements. This left no alternative except to continue the manual process for compiling the financial statements. This process requires the bulk of that work be assigned to very few individuals.

See page 14 for corrective action plan.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2016

Finding 2016-002
Significant deficiency in internal control over financial reporting

Finding: The District does not have sufficient procedures in place to ensure the liability for incurred medical claims is properly recorded in the financial statements.

Criteria: Effective internal controls should be established and maintained to prevent, or detect and correct material misstatements in the annual financial statements on a timely basis.

Condition: During the audit, we identified misstatements related to the liability for incurred medical claims. The current year liability, net of stop-loss receivables, was understated by approximately \$400,000. Beginning net position was understated by approximately \$514,000 due to medical and dental claims expenses being recorded in the incorrect period. An adjustment was recorded to properly state the liability as of June 30, 2016. The opening misstatement was reflected on the summary of uncorrected misstatements.

Cause: The District utilizes a third party administrator to estimate the liability for incurred medical claims. The District does not compare the estimated liability to subsequent payments for reasonableness.

Effect: An adjusting journal entry was necessary to properly state the liability for incurred medical claims.

Context: The liability for incurred medical claims, net of stop loss receivables, was originally recorded at approximately \$1.1 million instead of approximately \$1.2 million. Current year medical claim expenses, net of stop-loss recoveries, of approximately \$13.9 million was reported when actual current year expenses were approximately \$13.6 million.

Recommendation: We recommend that the District implement procedures to ensure the liability is properly accounted for, reviewed, and recorded in the financial statements.

Response and Corrective Action Plan

The District contracts with a third party administrator, HealthSmart, who analyzes historical and recent medical and pharmacy claims processed by the self-insurance plan in order to provide the District an annual estimate of the Incurred But Not Reported claims (IBNR) as of June 30, 2016. The District originally recorded the amount provided by HealthSmart. The Financial Reporting Department does not analyze the HealthSmart IBNR report because we do not have access to all of the HIPPA related information. The District relied on the HealthSmart IBNR report being an accurate projection of the medical and pharmacy expenses that had been incurred by the insurance participants but not yet submitted to HealthSmart as of June 30, 2016.

See page 14 for corrective action plan.

**Union Public Schools
Independent School District No. 1-9**

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2016**

**Finding 2016-003
Significant deficiency in internal control over financial reporting**

Finding: The District does not have sufficient procedures in place to ensure accounts payable is properly recorded in the financial statements.

Criteria: Effective internal controls should be established and maintained to prevent, or detect and correct material misstatements in the annual financial statements on a timely basis.

Condition: During the audit, we identified misstatements related to accounts payable. Accounts payable was overstated by approximately \$1.2 million. An adjustment was recorded to properly state accounts payable as of June 30, 2016.

Cause: The District was overly conservative in their estimation process. The accounts payable estimate included amounts that weren't due and payable or probable of occurring.

Effect: An adjusting journal entry was necessary to properly state accounts payable.

Context: Accounts payable was originally recorded at approximately \$2.5 million instead of approximately \$1.3 million.

Recommendation: We recommend that the District implement procedures to ensure accounts payable is properly accounted for, reviewed, and recorded in the financial statements.

Response and Corrective Action Plan

By law, the District can only pay for items if the money has been set aside in the fiscal year the liability was incurred. In order to have funds set aside for a fiscal year, we must accrue sufficient amounts for each fund in order to legally pay for expenses, including payroll, that were incurred but not paid by June 30th. Some of these funds end up not being used and, by Oklahoma State law governing schools, we then release those unused liabilities and record them as revenue in following years. This State law does not coincide with GAAP and properly identifying liabilities that will be due and payable within the next fiscal year.

See page 14 for corrective action plan.

**Union Public Schools
Independent School District No. 9**

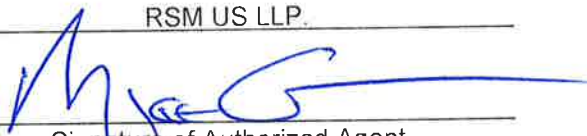
**Corrective Action Plan
Year Ended June 30, 2016**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
2016-001	See response on page 11	During the manual preparation of the financial statements, we will ensure all formulas and placement of categories are reviewed further. The District recently purchased a software package, Caseware, to compile the data, record journal entries, and compile the financials. The Director of Financial Reporting and Treasury has been working with the consultant to map all of the accounts and identify accounts that make up each line in the financial statements. This process is taking longer than expected due to the volume of accounts but when complete, we will have a two year history already built in the product and the process should be less cumbersome and more accurate.	10/1/2017	Director of Financial Reporting
2016-002	See response on page 12	In the future the District will compare the IBNR report provided by HealthSmart with prior check history to confirm its reliability in the future.	10/1/2017	Director of Financial Reporting
2016-003	See response on page 13	The District will identify amounts that are truly due and payable and properly record the amount for accounts payable under GAAP financial statements while continuing to record the liabilities for incurred but not yet paid expenses on the cash basis financial records.	10/1/2017	Director of Financial Reporting

UNION PUBLIC SCHOOLS INDEPENDENT SCHOOL DISTRICT NO.1-9
TULSA COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
Year Ended June 30, 2016

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. 1-9 for the audit year ended June 30, 2016.

RSM US LLP.

Signature of Authorized Agent

Michael J. Gibson
Printed Name of Authorized Agent

Subscribed and sworn to before me on this
28th Day of December, 2014


NOTARY PUBLIC

My commission expires on:
17th Day of August, 2017
Commission No. 05007592

