



# CAFR

Comprehensive Annual Financial Report  
For the fiscal year ending June 30, 2017



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



Union Public Schools  
Independent District #9  
Tulsa, Oklahoma

# Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2017

Prepared by:  
Department of Finance

Patricia K. Williams, Ed. D.  
Chief Financial Officer/Treasurer

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

Rebecca K. Byers, CPA  
Associate Director of Budget/Treasury

Jessica K. Wright  
Senior Manager of Financial Reporting

*This page intentionally left blank.*

# Union Public Schools - Table of Contents

## Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2017

<b>INTRODUCTORY SECTION .....</b>	<b>Page</b>
Transmittal Letter and District Profile .....	1-15
ASBO Certificate of Excellence.....	16
GFOA Certificate of Achievement .....	17
School Officials .....	18
Organizational Chart.....	19
 <b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	21-22
Management’s Discussion and Analysis .....	23-34
Basic Financial Statements	
Governmentwide Financial Statements	
Statement of Net Position .....	35
Statement of Activities.....	36-37
Fund Financial Statements	
Balance Sheet - Governmental Funds .....	39
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	40
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	41
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	42
Statement of Net Position - Proprietary Funds.....	43
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	44
Statement of Cash Flows - Proprietary Funds .....	45
Statement of Net Position - Fiduciary Funds.....	46
Notes to the Financial Statements.....	47-74
Required Supplementary Information:	
Schedule of Funding Progress for Other Post-Employment Benefits .....	75
Schedule of the District’s Proportionate Share of the Net Pension Liability- Oklahoma Teachers’ Retirement System .....	76
Schedule of District’s Contributions- Oklahoma Teacher’s Retirement System.....	77
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - (Budgetary Basis) - Budgeted Governmental Fund Types - General Fund.....	78

# Union Public Schools - Table of Contents

## Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2017

<b>FINANCIAL SECTION (Cont.)</b> .....	<b>Page</b>
Other Supplementary Information:	
Combining Balance Sheet- Non-Major Government Funds.....	79
Combining Statement of Revenue, Expenditures, and Sinking Fund Balance- Non- Major Government Funds .....	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - (Budgetary Basis) -Budgeted Governmental Fund Types - Building Fund .....	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - (Budgetary Basis) -Budgeted Governmental Fund Types - Child Nutrition .....	82
Combining Statement of Changes in Assets and Liabilities - Agency Funds .....	83
 <b>STATISTICAL SECTION</b>	
Net Position by Component .....	87
Changes in Net Position.....	88-89
Fund Balances of Governmental Funds.....	90
Changes in Fund Balances of Governmental Funds.....	91
Assessed and Estimated Actual Value of Taxable Property.....	93
Direct and Overlapping Property Tax Rates .....	94
Principal Property Taxpayers .....	95
Property Tax Levies and Collections.....	96
Ratio of Outstanding Debt by Type.....	97
Ratios of Net General Bonded Debt Outstanding.....	98
Direct and Overlapping Governmental Activities Debt.....	99
Legal Debt Margin .....	100
Demographic and Economic Statistics.....	101-102
Tulsa Area Principal Employers.....	103
Capital Assets by Function and Activity .....	105
Employee Information .....	106
Operating Statistics .....	107
Support Services Statistics .....	108
School Building Information .....	109-111
Insurance Schedule .....	112



December 11, 2017

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, 2017, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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



# Introduction

Union Public Schools, Independent District #9, Tulsa County, is a premiere Oklahoma school district nationally recognized in 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 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 a 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. 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 associates 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 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."

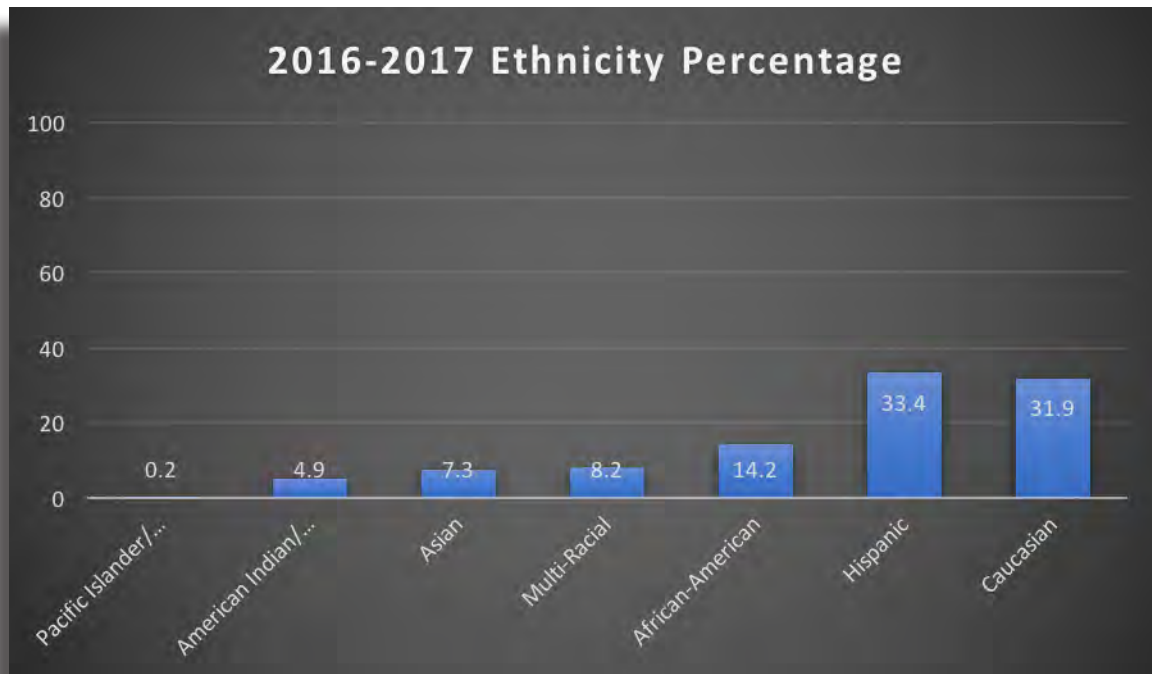
Union Public Schools is an independent school district within the state of Oklahoma. There is no relationship between the state, county, or city governments other than revenue sources. Therefore, the district has not identified any component units that should be included in the district's reporting entity.

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 overall funding available to traditional public school districts in the state aid formula. There are 30 charter schools in the state of Oklahoma. None of them reside within the Union Public Schools boundaries.



## Student Statistics

- In 2016-2017, Union's enrollment dropped slightly by 46 students. With a .3 percent decrease over the previous year, Union served 15,960 students -- 7,700 at the elementary level and 8,260 in grades 6-12.
- District-wide, 7,818 students were female and 8,142 male.
- English Learner (EL) services were provided to 2,643 elementary and 875 secondary students; 44 became English-proficient and exited the program. Our diverse population spoke more than 50 different languages. An estimated 20 percent of Union students were not fluent in English.
- There were 3,218 identified gifted students first through twelfth grade served by a variety of courses and programs.
- More than 11.9 percent, or 1,906 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, Fall Break Camp, Spring Break Camp, and nine weeks of Summer Camp at Grove Elementary.
- During 2016-2017, Union's Adult Education Program served 1,680 students with HSE/GED classes and 1,656 in English as a Second Language (ESL) classes. The program serves Northeast Oklahoma with HSE/GED classes not only in Tulsa, but also stretching to Skiatook, Claremore, Pryor, Muskogee, Fort Gibson, Langley, and Coweta.
- Our HSE/GED testing facility graduated more than 400 students. The center offers more than 300 different certification tests including, but not limited to, teacher certification, insurance, IT, American College, nursing, personal trainer, financial planning, GED, and HiSET.







## Employee Statistics & Achievements

- Union employed 980 teachers, 920 support personnel, and 78 administrators. Of the district's 78 administrators, 92.3% had a master's degree or higher.
- The ethnic diversity among the staff was African-American 6.39%, American Indian 5.22%, Asian 2.91%, Hispanic 10.14%, Native Hawaiian/Pacific Islander 0.11%, Caucasian and other 75.23%. 615 were male and 2,028 female.
- Of the teaching and administrative staff, 38.2% held graduate-level degrees – 389 had master's degrees, two had specialist degrees, and 15 had doctorates.
- The district welcomed 113 new teachers for the 2016-2017 school year.
- Forty-two teachers held National Board Certification.
- Susan Henderson, digital literacy specialist at Roy Clark Elementary, was named the 2016-2017 Teacher of the Year.
- Bus driver Finley "Skip" Pettit was named Support Employee of the Year.
- Director of Athletics Emily Barkley was recognized as a Certified Master Athletic Administrator by the National Interscholastic Athletic Administrators Association (NIAAA) and was also named Oklahoma Coaches Association (OCA) Regional and State Athletic Director of the Year.
- Dan Newman was named Athletic Trainer of the Year for Oklahoma.
- High School creative writing teacher Jennifer Flower won an NPR Twitter poetry contest about Education Funding.
- Director of Special Services Dr. Penny Kay was named Director of the Year for Oklahoma Directors of Special Services (ODSS).
- McAuliffe community schools liaison Emma Thadani was recognized by the Greater Tulsa Area Hispanic Affairs Commission as an honoree/scholar for the Tomás Rivera Excellence in Education Awards for her outreach work in the Hispanic community. The Commission also recognized English Language (EL) curriculum specialist Mary Casto and EL instructor Anita Gennetay, as well as students Marisol Martinez and Benjamin Peralta.
- Girls' soccer coach Brian Elliott was named the National High School Coaches Association Girls' Soccer Coach of the Year, and he was invited to coach in the fourth Annual Girls' Fall High School Soccer All-American game.
- High School drama instructor Troy Powell was one of 20 educators nationwide to be nominated for the Tony Theatre Education Award.
- Sixth/seventh grade instructional coach Briana Cleveland received a \$3,475.53 check from Cox Charities Innovations in Education to purchase books for her classroom.
- Executive Director of Technology Todd Borland was selected to serve on the national advisory council for Florida Virtual Schools. He was also asked to join higher education and business leaders as a participant in the Tulsa CIO (Chief Information Officers) Forum and to serve as a member of the MIS (Management of Information) advisory Board for Oklahoma State University.





## Employee Statistics & Achievements

- Associate Superintendent Dr. Kathy Dodd was among the 'Fifty Making a Difference' at the 2016 *Journal Record* Woman of the Year gala which spotlighted female business and community leaders.
- Dr. Susan Hartzler, Director of Adult Education, received her Doctorate from OSU in December 2016.
- Dr. Todd Nelson, Executive Director of Teaching and Learning, received his Doctorate from OU in May 2017.
- Jarman teacher Denise Thomas was honored with the Hideaway Teacher Apizziation Award. Thomas was nominated by retired principal Patti Pitcock, who said Thomas has worked above and beyond what it means to be a teacher. Thomas was one of 12 area recipients out of 584 entries.
- Darnaby fifth grader teacher Amie Bacon received a Donor's Choose grant to start a recycling project for her school.
- Moore principal Lindsay Smith was awarded \$40,000 to purchase new technology equipment and \$25,000 for professional teacher development through an OETT (Oklahoma Educational Technology Trust) grant.
- Union was designated a "Rising Star" during the Metropolitan Tulsa Chamber of Commerce Mosaic Economic Inclusion Forum. The award recognized the district's efforts toward accomplishing diversity in its hiring practices.
- Rosa Parks kindergarten teacher Janna Hamilton was recognized on Channel 8 by the Gold Star Educators of Tulsa for making an impact on students' education.
- Pre-engineering teacher Tiffany Bolding was honored as an Impactful Teacher by the News on 6 and Bob Hurley Auto Family.
- Tyler Ashley was named Oklahoma Coaches Association (OCA) Region 7 Tennis Coach of the Year; April French was named OCA Region 7 Junior High Coach of the Year; Jerry Pease was named OCA Region 7 Softball Coach of the Year; and Kirk Fridrich was named Fellowship of Christian Athletes (FCA) All-State football coach.
- Associate Superintendent Dr. Kathy Dodd, High School teacher Andrea Gaines, and Moore teacher Blake Martin were honored with three of the five Flight Night STEM Innovator Awards during Flight Night at the TCC Riverside Flight Center. Each received \$2,500 for support of STEM-related activities.
- The district broke its own record by raising \$219,635 for the Tulsa United Way campaign, a 0.74% increase over the previous year's donation.
- 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. They have received the award every year since 1992.
- 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. They have received the award every year since 1991.





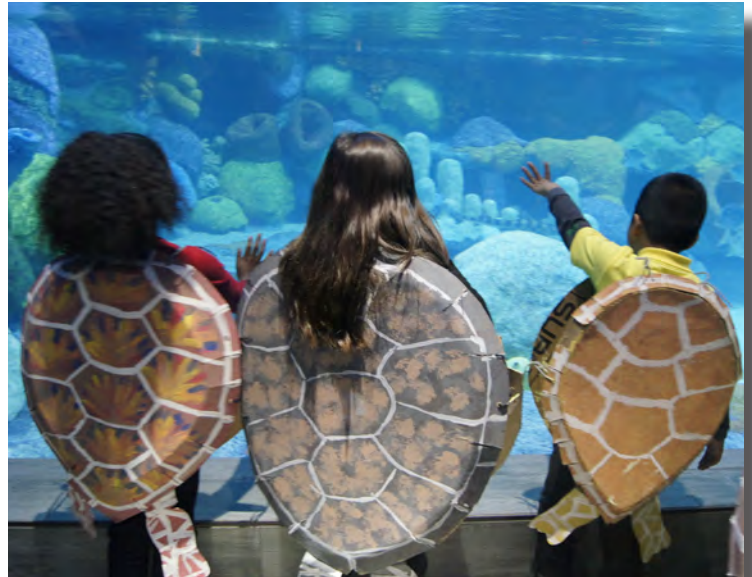
# Teaching and Learning

## Early Childhood Education

- The number of Rosa Parks Early Childhood Education Center's three- and four-year-olds was 175, and 764 four-year-olds were enrolled in PreK classes districtwide.

## Community Schools

- High School students helped celebrate reading with elementary students by visiting Briarglen, Clark, Grove, and Moore for NEA's Read Across America Day.
- Boevers received a \$4,000 donation from Paragon Films Charitable Trust to help fund after-school programs.
- Clark second graders, with their teacher, Michele Pranger, won the 'See the Sea Turtles' video contest and were invited to participate in the ribbon cutting ceremony for the new Sea Turtle Island exhibit at the Oklahoma Aquarium in Jenks.
- Jefferson received a 2016 Let's Move! Active Schools National Award as part of First Lady Michelle Obama's Let's Move! Initiative.
- McAuliffe Community Schools Coordinator Emma Thadani received a Gracias Award from the Coalition of Hispanic Organizations for making outstanding contributions to the Hispanic community as part of her leadership and working with the community in her role at Union.
- SemGroup and the Community Food Bank of Eastern Oklahoma partnered to prepare full holiday meals for 100 families at Rosa Parks.
- Third graders at Jefferson packed gift bags for the children at Kingdom Kids Home in Haiti after receiving a visit from its founder, Kristie Chute.
- The Global Gardens summer program at McAuliffe continued three days a week. Students provided fresh produce grown in over 93 garden beds to neighborhood children and parents visiting the school's mobile media van during the summer.
- Parents, teachers, and community volunteers teamed up to create a Food Forest at the new Ellen Ochoa Elementary. The project was made possible by a grant from the Tulsa City-County Health Department and a Plan4Health grant.
- Rosa Parks was named a model for energy reduction after the school's expansion achieved a 71.2 percent reduction over standard energy performance.
- Representatives from Paragon Films presented a check for \$5,000 for the partnership between Rosa Parks Early Childhood Education Center and the Tulsa Symphony.
- The district announced plans to partner with the City of Tulsa and Community Health Connection to construct a \$12-million comprehensive medical facility on the Ochoa Elementary site with funds provided through the City's Vision Tulsa grant program.





# Teaching and Learning

## STEM (Science, Technology, Engineering, Math) Curriculum

- Project Lead The Way was implemented in every elementary school in the district.
- Twelve Jefferson students got an opportunity to learn about STEM in a different way through Sewing Club. The after-school STEM program showed students how to sew on a machine as well as hand stitch with a variety of different materials, while incorporating lots of measuring and math.
- Sixty seventh graders attended the Tulsa Engineering Challenge. Eduardo Barreda and Kennedy Tolar won the Mini Math contest; Jeffrey Hartley took first place in the aluminum boat contest; and Meghana Venkatesha, Honor Plumlee, and Khushi Parekh won first place and a \$100 prize with their robot.
- The Tulsa Regional STEM Alliance and its partners introduced Tulsa STEM Cafe for local high school students and STEM professionals. The informal learning environment connects students interested in science, technology, engineering, and math with local professionals and reiterates the need for alternative educational programs that will prepare the youth for college and career outside of the classroom.
- Representatives from several area schools toured the district to learn more about STEM offerings and its Project Lead The Way curriculum. At Darnaby, fifth graders showed off what they had learned in robotics, and second graders demonstrated their computer algorithm and basic programming skills by building games on iPads. Eighth graders in the Automated Robotics Extension class worked on a rover/portable generator to deliver solar energy to colonists in an alien biosphere. High School students conducted genetic tests using electrophoresis to determine if the specimen had the capability to taste a certain compound.



- Thirty-seven High School female students were among 400 area girls invited to lunch and a free screening of “Hidden Figures” at the Warren Theatre. Following the viewing, retired NASA Astronaut Colonel Paul Lockhart spoke to the students, and a panel of STEM professionals, including a NASA Mechanical Engineer from Johnson Space Center, continued the discussion of STEM role models and pathways to college and career.
- Seventh graders Ashley Bolding, Swetha Anand, and Reeya Ramasamy were recognized for STEM achievements at the “You’re Kind of a Big Deal” banquet through the Tulsa Regional STEM Alliance. The girls took first place in the tallest tower challenge.
- Union students under the direction of Tulsa Tech teacher Marie Pfaff took first place in the annual Engineer Games at Tulsa Community College’s northeast campus.
- 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 intended to inspire girls to pursue math education and empower the next generation of female mathematicians, scientists, engineers, and innovators.



## Teaching and Learning

- High School Ubotics team members volunteered at the Andersen science fair and mentored several elementary robotics teams.
- The seventh grade Go Girl Engineering Club Team, "Swap Do Nation," placed Best in State and Best In Region in the Verizon Innovative App Challenge, putting them in the top 24 in the United States.

## College/Career Readiness

- Graduating seniors donned caps and gowns to visit their former elementary schools. They visited with younger students, helping to familiarize them with the district's expectation of every child being 100% College & Career Ready by the time they leave the district.
- High School counselors Antonio Graham and Consuela Franklin attended the 14th Annual TCC/NAACP College Achievement Summit along with 16 High School students.
- 1,194 students graduated in the Class of 2017.
- 102 High School students were named Oklahoma Academic Scholars.
- Eight seniors were named National Merit Finalists or Commended Students.
- Three seniors were recognized as outstanding leaders at OSU's Leadership Conference.
- Senior Stephanie Royer was named an Oklahoma Distinguished Finalist as one of the state's top volunteers for the 2017 Prudential Spirit of Community Awards.
- Four seniors were named Academic All-State by the Oklahoma Foundation for Excellence.
- Senior Jose Galarza was named the winner of the Dewey Bartlett Jr. Award for Excellence through Career Connect's Learning with a Wrench program.
- Senior Peyton Miller was the recipient of the Marine Corps Distinguished Athletic Award, and Stephanie Royer received the Distinguished Academic Award.
- Thirteen seniors earned Valedictorian status by ranking in the top 1% of the class as determined by their weighted grade point average, and thirteen were named Salutatorians, the top 2%.
- For the fifth consecutive year, Union was recognized by the Oklahoma State Regents for Higher Education as the Oklahoma's Promise 2016 State 6A Champion for having 129 seniors from the class of 2016 qualify for the Oklahoma's Promise Scholarship.
- Union High School continued to lead the competition on finishing college aid applications with seniors filling out 432 FAFSA applications. Senior Sam Alvarez won a \$500 scholarship for his essay on completing the FAFSA.
- The Oklahoma Council for Indian Education inducted 11 Union students into the Oklahoma Indian Student Honor Society.
- Juniors Kimberly Garcia and Lucy Duran Camacho scored among the top 2.5% on the PSAT/NMSQT and qualified for the National Hispanic Recognition Program (NHRP).





## Teaching and Learning

- College classes offered at the Union Collegiate Academy (UCA) for only \$12.75 through the EXCELeRate partnership with TCC brought to 13,404 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.
- Twenty-one Advanced Placement (AP) Courses were provided, and 499 students took a total of 859 AP exams. Three hundred sixty, or 72.14%, earned a score of 3 or higher.
- Nine hundred forty students enrolled in at least one virtual course on the campus of Union High School.
- Since its inception in 2014, Union Career Connect has garnered 410 nationally recognized work force certifications for more than 150 students. Twenty students have obtained full-time employment as a direct result of their Career Connect placement.

## Student Engagement: Co-Curricular Activities

### Highlights

- High School students have many opportunities for involvement with 51 different clubs and organizations available.
- More than 14,180 Union students were involved in some form of the arts, including 6,922 elementary students who took both art and music classes at their individual school site. At the secondary level (grades 6-12), 1,105 were in band; 224 in dance; 735 in orchestra; 1,483 in vocal music; 1,206 in drama; 491 in speech/debate; and 2,014 in a wide variety of visual art courses.
- More than 1,600 students (grades 7-12) were involved in Union's 23 competitive athletics and spirit programs, and participation was more than 2,800 in K-12 in the district's 167 non-competitive teams and spirit squads.

### Fine Arts Achievements

- Union was one of two Oklahoma districts recognized by the National Association of Music Merchants (NAMM) Foundation as Best Communities in Music Education for their outstanding music education programs.
- All elementary schools participated in the Carnegie Hall Link Up program culminating in a joint performance between third and fourth grade students and the Tulsa Symphony Orchestra.
- Union's Renegade Regiment marching band took first place at Owasso and the Blue Springs, Missouri, marching competition. They placed fifth at the St. Louis Regionals and 16th at Grand Nationals.
- Union qualified five students to the National Speech and Debate Association Tournament in Salt Lake City, Utah.



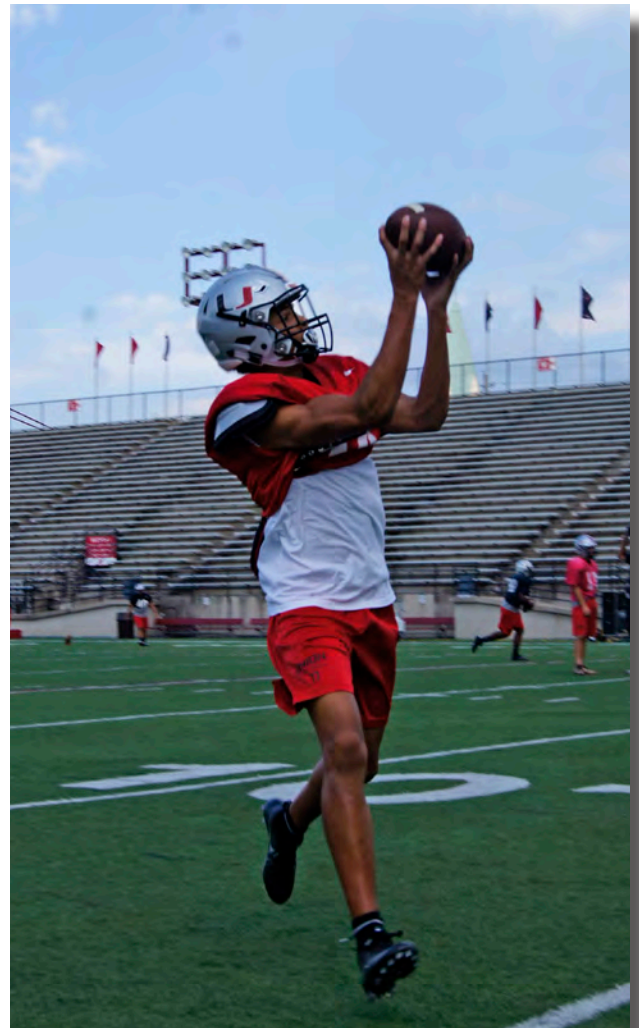


## Student Engagement: Co-Curricular Activities

- Seniors Evan Jones, Colton Smith, and Tiandra Forrester; junior Eve Gerbrandt, and sophomore Ty Rossow qualified to compete in the National Speech and Debate Association National Tournament.
- Twenty-one band, choir, and orchestra students were selected for OkMEA All-State, a record number for Union.
- 70 Union students made 2017 Northeast Band Directors Association (NBDA) District Honor Band.

### Athletic Achievements

- The varsity football team (11-2) won the 6A state championship and brought the Gold Ball back home with a 57-43 victory over Norman North. The Redskins finished the 2016 season No. 49 nationally in the MaxPreps high school rankings.
- The girls' soccer team finished the season with their third consecutive Class 6A state championship and their fifth overall. They were ranked #1 nationally.
- The boys' track team won the state championship.
- The boys' basketball team was undefeated in the regular season and was ranked number one in the state, but they lost the state championship game in overtime.
- Varsity pom took third at state, 9th grade took third, and 8th grade took second place. Varsity Pom placed fifth in the nation in the large varsity pom category at Dance Team Union (DTU) Nationals.
- Varsity Highsteppers were named State Champs in the 6A Kick category and second place in the 6A-1 Jazz category.
- Senior soccer player Parker Goins was named a state finalist for the Wendy's High School Heisman Scholarship and was also selected to participate in the U.S. Under-20 Women's National Team invitational training camp.
- Two-sport standout Taylor Malham was selected Gatorade Oklahoma Girls' Soccer Player of the Year and was also named All-State basketball.
- Senior Grady Davenport received All-State honors in baseball.
- Senior Tyzriah Stinson ranked #1 in the state in shot put and discus and was named All-State.
- In boys' track, junior Keviyon Cooper was ranked #1 in the state for the 400m run and set a school record of 47.99. Junior C. J. Moore set a school long-jump record of 23' 11".





# Operations

## Department Statistics

- **Transportation** - More than 10,000 students rode the bus on a regular basis during 2016-2017. The district maintained a fleet of 112 school buses and 90 support vehicles. Our buses traveled 1,073,008 total miles - 955,625 miles on regular routes and 117,383 miles on field trips. Activity buses traveled more than 90,000 miles during the school year.
- The district ran 14 after-school routes and 26 shuttles, and eight vehicles traveled 10,518 miles for the McKinney-Vento/Foster Care programs. The district purchased 169,686 gallons of diesel fuel and 44,797 gallons of unleaded fuel for a combined cost of \$341,765.
- The **Child Nutrition Department** served 1,752,582 lunches and 1,047,130 breakfasts during the school year, along with 44,259 supper meals and 813,378 snacks. Summer meals included 13,222 breakfasts and 23,544 lunches. The number of students qualifying for free/reduced lunch has steadily increased over recent years and is currently at 70.24%.
- The district purchased fresh vegetables and fruits from six local farms. A pilot program at McAuliffe taught students how to reduce wasting foods, composting, recycling. The district's two nutrition educators conducted 400 nutrition education classes, two farm-to-student events, six nutrition and activity assemblies, and participated in community nights.
- A federally funded supper program was implemented in 2015-2016, feeding an afternoon meal to 200-300 High School students each school day. This year, the program expanded to include the 6th/7th Grade Center and McAuliffe in late November, and plans to expand it further include the 8th Grade Center and additional elementary schools. The program reduces hunger among students who otherwise might not get a good, healthy afternoon meal and encourages participation in after-school programs that tend to drive class attendance and performance.
- The **Maintenance Department** was comprised of 15 specialists and 23 building engineers who maintained equipment and ensured that all district facilities were running smoothly. During the year, employees completed 10,000 work orders and monthly preventative maintenance orders. 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 district received a \$67,235.00 rebate check from PSO for participating in a summer energy savings program and was honored with an award for saving the most energy.







## Operations

- The **Custodial Department** had 110 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** 13 employees maintained more than 425 acres of district property at 23 different sites. In addition to regular grounds maintenance, the grounds crew handled playground maintenance, small asphalt and concrete repairs, signage, snow removal, preparation and clean up for events, and worked with the warehouse during large moves.



- The **Purchasing and Supply Management Department** consisted of three 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.
- During 2016-2017, employees completed 305 warehouse work orders (surplus moves, events, graduation, etc.), made 771 custodial and instructional supply deliveries, more than 4,000 mail/money deliveries and pick-ups, and more than 700 cafeteria deliveries.
- They purchased, received, and stocked more than 14,207 supplies and delivered 21,239 instructional and custodial supplies to the sites.
- More than 39,500 lbs. of records were shredded and destroyed, and 263 surplus auctions resulted in revenue of \$35,358.

- **Safety and Security** - The district employs a Director of Security and a district Security Coordinator as well as 10 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. Emergency Procedure posters were updated and distributed to all schools. Two security officers attended Incident Command Training to learn how to function in an emergency until emergency responders arrive.
- District employees completed more than 5,000 assigned training courses and more than 1,300 unassigned safety courses on their own for a training completion rate of 95%. The Security Coordinator met with students at elementary sites weekly and performed routine safety walks at all sites, with follow ups including the site administrator.
- **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 43,970 internal events and 5,745 external rentals involving scheduling, contracts, scheduling conflict resolution, staffing, and set up and tear down.



## Construction/Facilities

- The district broke ground on the \$15-million first phase of Elementary 14 (Ellen Ochoa Elementary) on 31st Street between Garnett and 129th East Avenue. The school was slated to open for 500 students in the fall of 2017 with two additional stages of construction to follow.
- The district purchased the former Metro building at 62nd and Mingo with plans to convert it into an innovation lab housing STEM classrooms, a professional learning center, a “maker” space where students design and build things, and space where community entrepreneurs work with students as consultants and mentors.
- The old Union stadium, southeast of 61st and Mingo, was renamed in honor of James W. Sanders, a highly respected teacher, administrator, and coach who led the district to its first state football championship in 1963.





## **Notable Milestones**

### **Community Support**

- Union voters passed the district's February 2017 bond issue with just over 80 percent voting for the \$26-million bond that will enable the district to complete Phase II of construction on the new elementary school. It will also provide tools for the district's world-class STEM initiatives, as well as help with building renovations, roof repair, and new classroom construction for fine arts and student activities.
- Lisa Ford was elected to a five-year term representing Zone 2 on the Board of Education.
- The Union Schools Education Foundation presented checks to its 2016-2017 fall grant recipients in late November and into December. Thirty-two teacher grants were awarded totaling \$27,786.19. The projects to be funded ranged from \$94.05 to \$2,301.43. Twenty-eight teachers received grants totaling \$30,221.18 in the spring with projects ranging from \$171.69 to \$4,694.00.
- The Foundation raised \$132,845.19 during "A Night of Focus," its annual dinner and auction held at Cain's Ballroom. The accompanying online auction increased the grand total to \$149,826.19, an all-time high.
- TTCU The Credit Union presented a \$105,000 check to the district as part of its SOS - Support Our Schools challenge campaign and School Pride program.
- The district received an additional \$5,500 from TTCU for usage of the Union School Pride Visa Check card.



### **Business/Technology Highlights**

- A new district firewall was installed, and more than 650 wireless access points were added throughout the district.
- A new intercom system was completed at the 6th/7th Grade Center.
- New network cables were installed in more than 2,000 locations throughout the district for teacher computers, access points, and student computers.
- One circulation station was upgraded in each school's media center, and many of the classroom teachers received upgrades to new laptop computers.
- Union hosted the 5th 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. Breakout sessions, as well as keynote speakers, covered topics such as security, infrastructure advances, gamification of instruction, mobile classrooms, technology supporting individualized instruction, and many other related topics.



## Internal Control

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

## Long-Term Financial Planning

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

## Budgetary Controls

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

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

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

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



The Certificate of Excellence in Financial Reporting  
is presented to

**Union Public Schools, Independent District 1-009**

for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2016.

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



Anthony N. Dragona, Ed.D., RSBA  
President

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

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

Executive Director/CEO



## 2016-2017 BOARD OF EDUCATION



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



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



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



**Lisa Ford**  
District #2  
2017-2022



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



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



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

## 2016-2017 Administrators

Dr. Kirt Hartzler.....	Superintendent
Debra Jacoby.....	Chief Financial Officer/Treasurer
Dr. Trish Williams.....	Deputy Chief Financial Officer
Dr. Kathy Dodd.....	Associate Superintendent
Charlie Bushyhead.....	Asst. Superintendent for Support Services
Gretchen Haas-Bethell.....	Chief Communications Officer
Chris Payne.....	Associate Chief Communications Officer
Cynthia Solomon.....	Sr. Executive Director of Human Resources
Jay Loegering.....	Executive Director of Human Resources
Todd Borland.....	Executive Director of Information 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.....	Director of Financial Reporting/Treasury
Christine Bunyard.....	Director of Payroll
Susan Crowder.....	Director of Professional Standards
Gail Easterling.....	Director of Accounting
Sherri Fair.....	Director of Student Data & Assessment
Gary Greenhill.....	Director of Transportation
JoAnna Jamison.....	Director of Adult/Community Education
Dr. Penny Kay.....	Director of Special Services
Sarah McBryde.....	Director of Facilities
Matt McCready.....	Director of Fine Arts
Ty Wardlow.....	Director of Safety & Security
David Young.....	Director of Purchasing/Supply Management

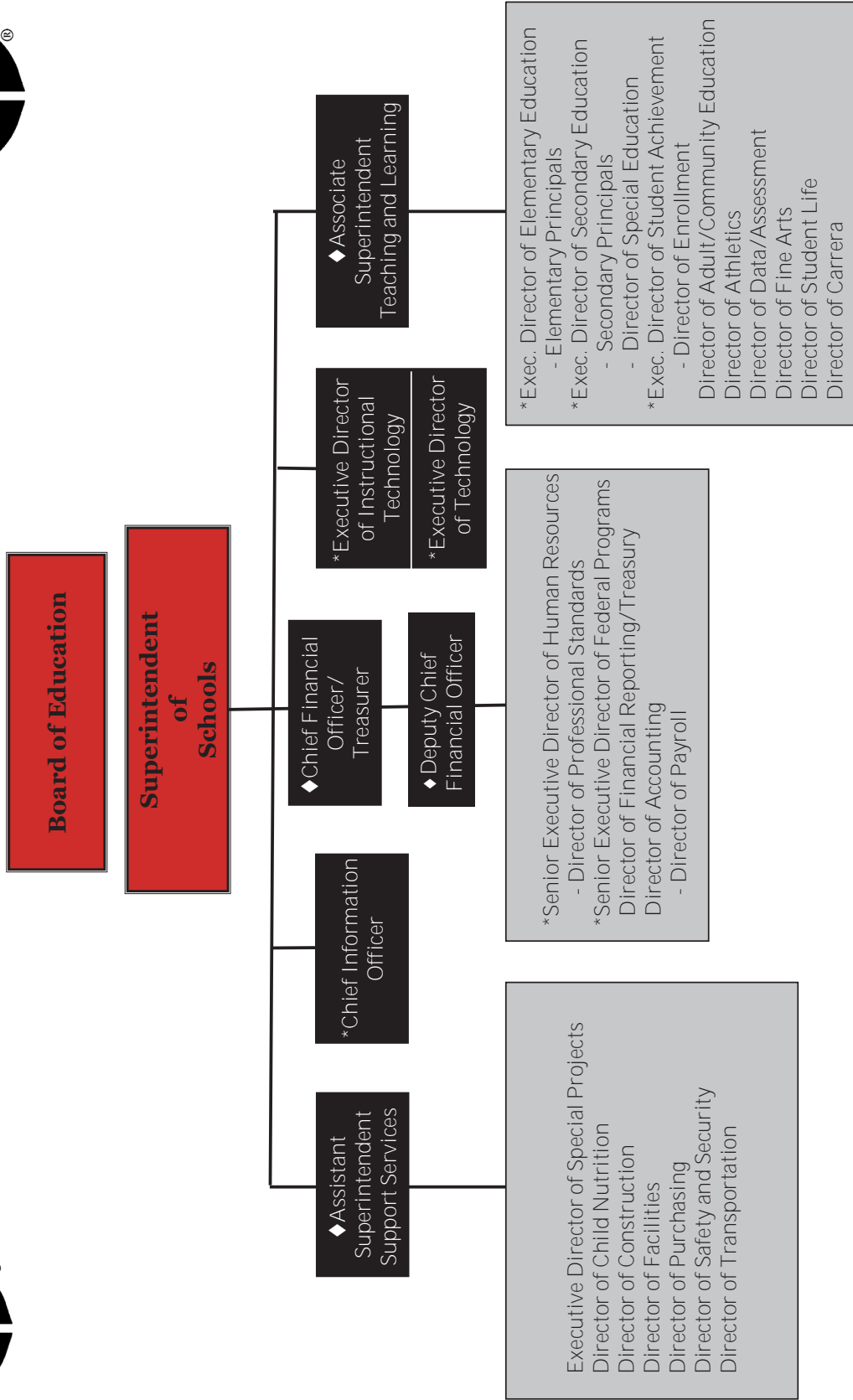
## 2016-2017 Principals

John Chargois, Lisa Witcher, Tony Tempest.....	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
Amy Smith.....	Boevers Elementary
Tracy Weese.....	Briarglen Elementary
Sherri Fair.....	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
Alycia Pennington.....	Rosa Parks Early Childhood Education Center



# Union Public Schools

## 2016-2017 Administrative Organizational Chart



\* Denotes Cabinet position  
 ◆ Denotes Executive Cabinet position



*This page intentionally left blank.*



RSM US LLP

## 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, 2017, 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, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for other post-employment benefits, 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 11, 2017, 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 11, 2017

# 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, 2017. The intent of this discussion and analysis is to summarize 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 2017 are as follows:

- » In total, the district’s net position decreased \$614 thousand, which represents a .01 percent decrease from fiscal year 2016.
- » General revenues accounted for \$115.00 million in revenue or 75.99 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$36.33 million or 24.01 percent of total revenues of \$151.34 million.
- » The district had \$150.73 million in expenses related to governmental activities; only \$36.33 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 \$112.84 million in revenues, \$112.54 million in expenditures, resulting in a fund balance increase of \$315,170. This increase is primarily a result of a decrease in expenditures. Bond fund revenues totaled \$116,122. Net bond sale proceeds were \$26 million. Expenditures in the bond fund totaled \$27.26 million. The sinking fund had \$23.87 million in revenues and \$23.29 million in expenditures.

## **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 2017.

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 summarizes all financial transactions and asks the question, “How did we do financially during 2017?” 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

## Union Public Schools – Management’s Discussion and Analysis

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 reported as governmental activities:

- » Governmental activities—all of the district’s programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular 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.

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

**Proprietary Funds.** *Proprietary funds* are used to account for activities similar to those found in the private sector. The district has one proprietary fund, the Internal Service Fund which is used to account for activity within the Employee Insurance Fund. 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.

# Union Public Schools – Management’s Discussion and Analysis

*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 of the district’s net position for fiscal years 2016 and 2017:

Table 1  
Net Position  
(In Millions)

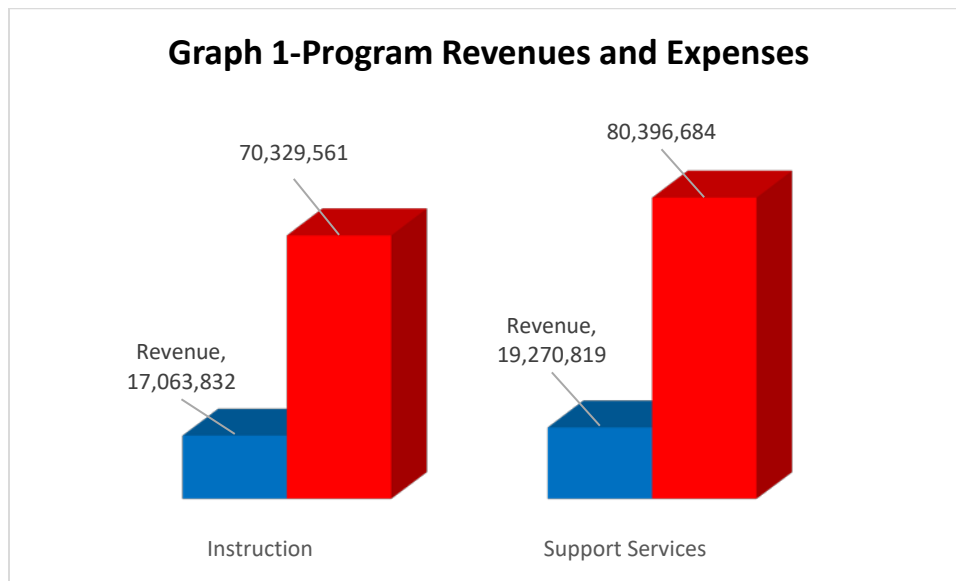
	<b>Governmental Activities</b>	
	<u><b>2017</b></u>	<u><b>2016</b></u>
<b><u>Assets</u></b>		
Current Assets	\$172.39	\$167.52
Capital Assets		
Land & CIP Assets	31.95	40.62
Capital Assets being depreciated, net	<u>151.55</u>	<u>135.32</u>
Total Assets	<u>355.89</u>	<u>343.46</u>
<b><u>Deferred Outflows of Resources</u></b>		
	<u>38.52</u>	<u>14.45</u>
<b><u>Liabilities</u></b>		
Current Liabilities	37.43	34.61
Noncurrent Liabilities	<u>198.43</u>	<u>162.95</u>
Total Liabilities	<u>235.86</u>	<u>197.56</u>
<b><u>Deferred Inflows of Resources</u></b>		
	<u>62.69</u>	<u>65.10</u>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	130.05	127.76
Restricted for Debt Service	13.89	13.15
Restricted for Capital Projects	47.70	48.80
Restricted for other purposes	1.57	6.62
Unrestricted	(97.35)	(101.08)
Total Net Position	<u>\$95.86</u>	<u>\$95.25</u>

# Union Public Schools – Management’s Discussion and Analysis

Total assets were \$355.89 million. Cash and cash equivalents were \$85.49 million. Investments totaled \$21.91 million. Capital assets, net of depreciation, were \$183.5 million. Taxes and other receivables were \$63.75 million. The net position of the district’s governmental activities increased by \$613,777 thousand. The majority of this increase was a result of an increase in current assets. The October 2016 student count of 15,960 unweighted ADM and 18,827 weighted ADM reflected district decline of 46 actual students and 179 weighted students. This decline was partially responsible for the decrease in the State Aid allocation. The district was able to maintain its ending fund balance percentage in the general fund at 13.99 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, 2017, was \$150.72 million. This represents an increase in the cost of governmental activities of \$8.87 million compared to the prior fiscal year. The reader will note a \$1.86 million increase in operations and maintenance, a \$.93 million increase in child nutrition, and a \$.77 million increase in Pupil Services from the prior fiscal year. Not all of the cost of governmental activities was borne by the taxpayers. Of the \$150.72 million cost, \$4.93 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 \$31.41million was paid through various federal and state grants and contributions. Consequently, the net cost of \$114.39 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 2017 and 2016:

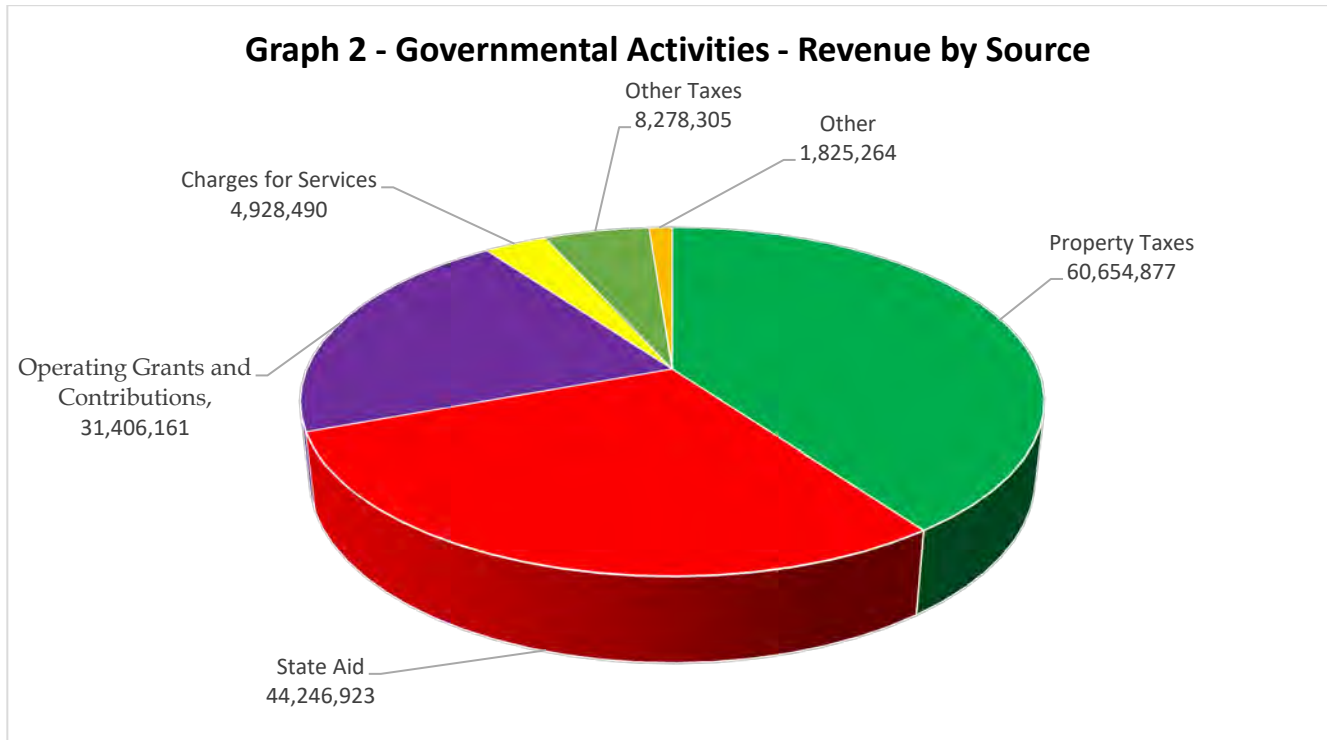
Table 2  
Changes in Net Position  
(In Millions)

	<u>2017</u>	<u>2016</u>
<b><u>Revenues</u></b>		
Program Revenues:		
Charges for Services	\$4.93	\$3.05
Operating Grants and Contributions	31.41	34.30
Capital Grants and Contributions	0.00	0.00
General Revenue		
Property Taxes	60.65	58.23
Other Taxes	8.28	8.23
State Aid not Restricted to Specific Programs	44.25	46.14
Earnings on Investments	0.40	0.35
Other	1.42	1.33
Total Revenues	<u>\$151.34</u>	<u>\$151.63</u>
 <b><u>Expenses</u></b>		
Instruction:		
Regular Instruction	53.48	51.14
Special Education Instruction	7.42	7.02
Vocational Educations	0.89	0.75
Other Instructions	8.53	6.77
Support Services:		
Pupil Services	7.74	7.00
Instructional Staff Services	5.69	5.57
General Administration Services	2.47	2.45
School Administration Services	9.33	8.66
Business Services	9.62	9.06
Operations & Maintenance Services	25.43	23.57
Pupil Transportation Services	5.27	4.81
Other Support Services	0.47	0.93
Community Services	3.38	4.23
Interest on Long Term Debt	1.16	1.03
Food Services	9.84	8.91
Total Expenses	<u>\$150.72</u>	<u>\$141.90</u>
 Change in Net Position	 0.62	 9.78
Net Position, Beginning	95.25	81.10
Restatement	0.00	4.37
Net Position, Beginning	<u>95.25</u>	<u>85.47</u>
Net Position, Ending	<u>\$95.86</u>	<u>\$95.25</u>



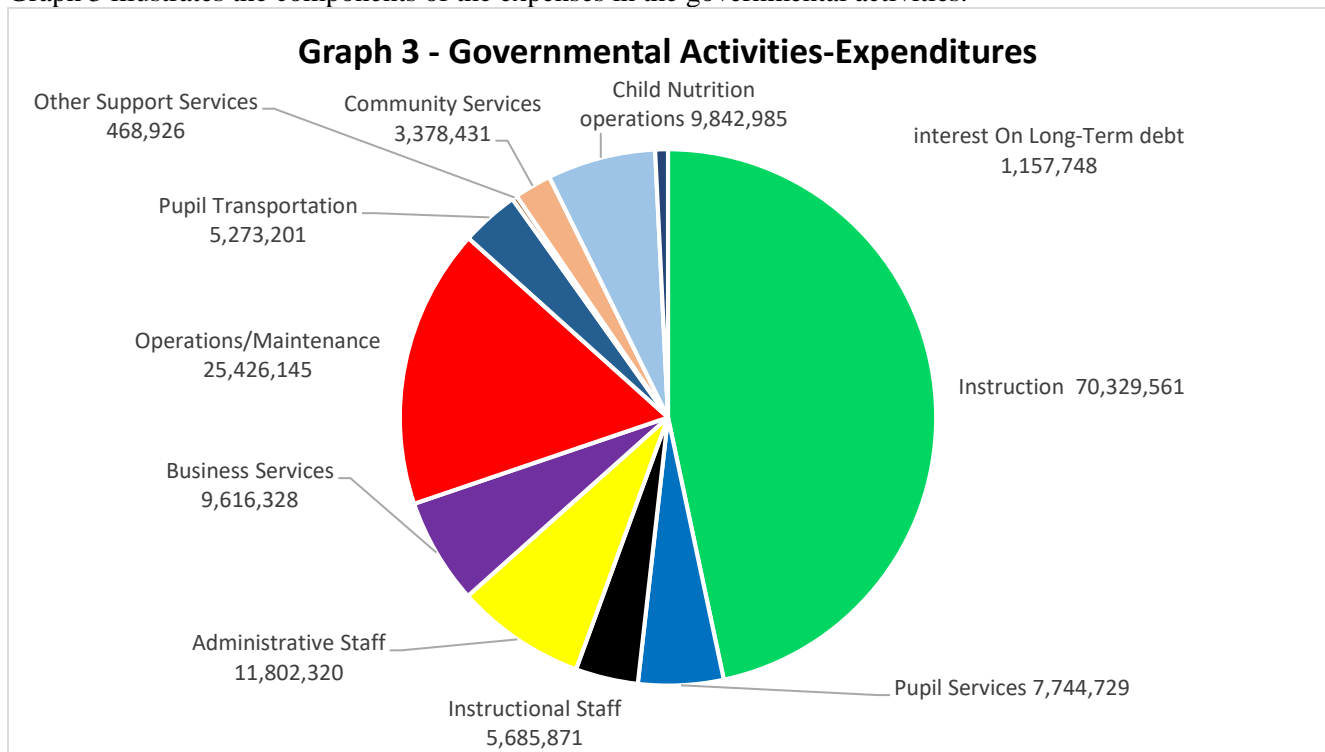
# Union Public Schools - Management's Discussion and Analysis

Total governmental activities revenues decreased in fiscal year 2017 to \$151.34 million. This represents a 1 percent revenue decrease over the previous year. Graph 2 illustrates the components of this revenue.



Instruction comprised 47 percent of governmental program expenses. Support services expenses made up 53 percent of governmental expenses.

Graph 3 illustrates the components of the expenses 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 \$94.49 million, with \$1.24 million of this total amount constituting non-spendable fund balance reserved for inventories. In addition, \$63.57 million is restricted for specific purposes: \$11.17 million in the building fund for uses mandated by the Oklahoma Constitution including building erection and maintenance, security, utilities, and fire/casualty premiums; \$14.30 million in the sinking fund for debt service, \$36.53 million in the bond fund for capital projects, and \$.96 million in child nutrition fund. Assigned fund balance in the general fund totals \$5.5 million for compensating balances, early retirement incentive, and insurance recovery, and in the child nutrition fund totals \$5.12 million, unassigned fund balance totals \$19.02 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 \$19.02 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.90 percent of total general fund expenditures and total fund balance represents 22.61 percent of total general fund expenditures. The fund balance of the District’s general fund increased by \$315,169 from the prior year as a result of a decrease in expenditures.

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 2017 general fund revenue budgets were revised during the year based on adjustments to revenue collections. The fiscal year saw an increase in mid-term state aid, State Flexible Benefit Allowance, property tax collections, and other local, state, and federal sources, 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 \$.04 million and a variance in expenditures of \$1.08 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 \$11.17 million. The net increase in fund balance during the current year in the building fund was \$72,660. 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 and expenditure budgets were increased due to the anticipation of one-time funds from the City of Tulsa for a community health center.

The sinking (debt service) fund had a total ending fund balance of \$14.30 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 \$790 thousand. This increase in fund balance is primarily due to an increase in revenue. 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 \$36.53 million, all of which was committed for capital projects. The net decrease in fund balance during the current year in the bond fund was \$1.18 million. This decrease in fund balance is primarily due to the passage of a smaller bond issue than the prior year, and increased capital outlay. On February 12, 2017, district voters approved a \$26 million bond proposal, which included funds for: Ellen Ochoa elementary; 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. General Obligation bonds, with a 5-year maturity, are presented for voter approval every year. The district makes every effort to maintain a constant millage rate which, along with the Net Assessed Valuation, limits the amount of bonds that can be issued each year. If voters did not pass the bond issue capital projects would not be funded. State statutes prohibit the District from becoming indebted in an amount exceeding 10% of the net assessed valuation.

The child nutrition fund is included as a Non-Major Governmental fund. This program had operating revenues of \$2.1 million, non-operating revenues of \$7.53 million, and expenditures of \$9.7 million for fiscal year 2017. The increase in child nutrition expenditures reflects 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. The proprietary funds have operating revenues of \$17.06 million and non-operating revenues of \$17,484. Operating expenditures were \$16.56 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 \$106.44 million with original budget estimates of \$104 million and final budget estimates of \$106.48 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 2016-17, the majority of the additional spending authority is in the instructional function. Revenue collections were lower than the final revenue budget, spending was curtailed making it unnecessary to revise the budget in order to stay within the carryover limit required by the Board. Union carried forward a budgetary ending fund balance of 12.72 percent.

## Capital Assets and Debt Administration

**Capital Assets.** At the end of fiscal year 2017, the district had \$183.60 million in property, plant and equipment (net of depreciation). Table 3 shows a comparison of fiscal years 2017 and 2016 balances.

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

	<u>2017</u>	<u>2016</u>
Land	\$14.29	\$14.29
Land Improvements	7.18	7.70
Construction in Progress	17.65	26.33
Buildings/Improvements	138.29	120.53
Machinery, Equipment and Vehicles	6.09	7.09
<b>Total</b>	<u>\$183.50</u>	<u>\$175.94</u>

Capital assets of \$374.58 million exceeded accumulated depreciation of \$191.09 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. The acquisition of capital assets is critical to the Board’s desire to provide lower class size 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:

- \*Ellen Ochoa elementary 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

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

**Long-Term Debt.** At June 30, 2017, the school district had \$88.85 million in bonds outstanding, \$26.63 million due within one year. Table 4 summarizes bonds outstanding for fiscal years 2016 and 2017.

# Union Public Schools – Management’s Discussion and Analysis

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

General Obligation Bonds Due	<u>2017</u>	<u>2016</u>
2016/2017	\$0.00	\$21.85
2017/2018	23.85	23.85
2018/2019	25.25	18.75
2019/2020	20.00	13.50
2020/2021	13.25	6.75
2021/2022	6.50	0.00
	<u>\$88.85</u>	<u>\$84.70</u>

On April 1, 2017, the district issued \$26 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, 2022.

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.

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 2016-17 saw an upward trend at midpoint in the Oklahoma State General Fund Revenue allocations. According to the Office of the State Treasurer, gross revenue receipts for fiscal year 2016-17 were \$8.6 billion, an 8.6 percent or \$73.1 million decrease from the prior year. Gross production tax collections on oil and natural gas were down by \$11.4 million or 37.4 percent from the previous 12-month period. Net income taxes--a combination of corporate and personal income taxes were down by \$15.6 million or 6 percent from the previous year. Motor vehicle tax collections were down \$87.5 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.

The district expects student growth to continue steady or increase both at the elementary and secondary level, and anticipates this growth by purchasing additional land and facilities to accommodate the increase in students. The

## **Union Public Schools – Management’s Discussion and Analysis**

district completed phase I of Ellen Ochoa elementary in 2018. Phase II will continue in 2018 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 2016-2017. The actual increase in the district’s net assessed valuation for 2016-2017 is 4.17 percent. The expected increase in 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 14, 2017, for \$26 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 continues 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 Dr. Patricia Williams, Chief Financial Officer, at Union Public Schools, 8506 East 61<sup>st</sup> Street, Tulsa, Oklahoma 74133.

*This page is intentionally left blank.*

**Union Public Schools**  
**Statement of Net Position**  
**June 30, 2017**

	Governmental Activities
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	85,493,765
Investments	21,906,370
Receivables:	
Property taxes-delinquent, net	892,081
Property taxes-subsequent year, net	59,482,533
Due from other governments	3,096,275
Accrued interest	70,858
Other resources	209,300
Inventories	1,244,533
<b>TOTAL CURRENT ASSETS</b>	<b>172,395,715</b>
<b>NONCURRENT ASSETS</b>	
Land and construction-in-progress	31,945,966
Capital assets being depreciated, net	151,549,252
<b>TOTAL NON-CURRENT ASSETS</b>	<b>183,495,218</b>
<b>TOTAL ASSETS</b>	<b>355,890,933</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension plan outflows	38,522,444
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	3,233,225
Liability for incurred claims	1,595,238
Accrued wages payable	5,559,364
Accrued interest payable	407,030
Current portion of long-term obligations	26,634,281
<b>TOTAL CURRENT LIABILITIES</b>	<b>37,429,138</b>
<b>NON-CURRENT LIABILITIES</b>	
Non-current portion of long-term obligations	69,599,361
Net OPEB obligation	5,835,016
Net pension liability	122,994,788
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>198,429,165</b>
<b>TOTAL LIABILITIES</b>	<b>235,858,304</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes-subsequent year	59,482,534
Deferred pension plan inflows	3,206,271
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>62,688,805</b>
 <b>NET POSITION</b>	
Net investment in capital assets	130,053,939
Restricted for debt service	13,894,271
Restricted for capital projects	47,697,773
Restricted for other purposes	1,574,482
Unrestricted (deficit)	(97,354,196)
<b>TOTAL NET POSITION</b>	<b>95,866,269</b>



**Union Public Schools**  
**Statement of Activities**  
**Year Ended June 30, 2017**

	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
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>Instruction</b>					
Regular instruction	\$ 53,484,689	\$ 401,567	\$ 6,685,669	\$ -	\$ (46,397,453)
Special education instruction	7,421,335	-	3,789,181	-	(3,632,154)
Vocational education	894,366	-	237,185	-	(657,181)
Other instruction	8,529,171	-	5,950,230	-	(2,578,941)
<b>TOTAL INSTRUCTION</b>	<b>70,329,561</b>	<b>401,567</b>	<b>16,662,265</b>	<b>-</b>	<b>(53,265,729)</b>
<b>Support services</b>					
Pupil services	7,744,729	-	700,367	-	(7,044,362)
Instructional staff services	5,685,871	-	612,647	-	(5,073,224)
General administration services	2,468,791	-	57,855	-	(2,410,936)
School administration services	9,333,529	-	686,264	-	(8,647,265)
Business services	9,616,328	-	585,834	-	(9,030,494)
Operations and maintenance services	25,426,145	598,318	1,255,045	-	(23,572,782)
Pupil transportation services	5,273,201	114,196	358,769	-	(4,800,236)
Other support services	468,926	-	-	-	(468,926)
Child nutrition operations	9,842,985	2,021,036	8,519,409	-	697,460
Community services	3,378,431	1,793,373	1,967,706	-	382,648
Interest on long-term debt	1,157,748	-	-	-	(1,157,748)
<b>TOTAL SUPPORT SERVICES</b>	<b>80,396,684</b>	<b>4,526,923</b>	<b>14,743,896</b>	<b>-</b>	<b>(61,125,865)</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 150,726,245</b>	<b>\$ 4,928,490</b>	<b>\$ 31,406,161</b>	<b>\$ -</b>	<b>\$ (114,391,594)</b>

**Union Public Schools**  
**Statement of Activities - Continued**  
**Year Ended June 30, 2017**

	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	\$ 37,035,320
Property tax, levied for debt services	23,619,557
Intermediate County taxes	8,278,305
State aid not restricted to specific programs	44,246,923
Earnings on investments	401,935
Other	<u>1,423,331</u>
TOTAL GENERAL REVENUES	<u>115,005,371</u>
CHANGES IN NET POSITION	613,777
NET POSITION AT BEGINNING OF YEAR	<u>95,252,492</u>
NET POSITION AT END OF YEAR	<u>\$ 95,866,269</u>

*This page is intentionally left blank.*

**Union Public Schools**  
**Balance Sheet - Governmental Funds**  
**June 30, 2017**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	Sinking Fund	Bond Fund		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 25,992,091	\$ 14,054,695	\$ 25,348,549	\$ 13,603,678	\$ 78,999,013
Investments	2,993,350	-	13,925,180	4,987,840	21,906,370
Due from other funds	175,000	-	-	-	175,000
Property taxes-delinquent, net	452,881	374,503	-	64,697	892,081
Property taxes-subsequent year, net	29,402,788	25,879,347	-	4,200,398	59,482,533
Due from other governments	2,817,365	237,873	-	41,037	3,096,275
Other receivables	209,300	-	-	-	209,300
Accrued interest	17,930	8,733	33,272	9,337	69,272
Inventories	396,278	-	-	848,255	1,244,533
<b>TOTAL ASSETS</b>	<u>\$ 62,456,983</u>	<u>\$ 40,555,151</u>	<u>\$ 39,307,001</u>	<u>\$ 23,755,242</u>	<u>\$ 166,074,377</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 242,806	\$ -	\$ 2,780,690	\$ 209,729	\$ 3,233,225
Accrued wages payable	4,909,393	-	-	640,001	5,549,394
Due to other funds	2,000,000	-	-	425,000	2,425,000
<b>TOTAL LIABILITIES</b>	<u>7,152,199</u>	<u>-</u>	<u>2,780,690</u>	<u>1,274,730</u>	<u>11,207,619</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - delinquent property taxes	452,881	374,503	-	64,697	892,081
Unavailable revenue - subsequent year property taxes	29,402,788	25,879,347	-	4,200,398	59,482,533
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>29,855,669</u>	<u>26,253,850</u>	<u>-</u>	<u>4,265,095</u>	<u>60,374,614</u>
<b>FUND BALANCES</b>					
Nonspendable	396,278	-	-	848,255	1,244,533
Restricted	500,922	14,301,301	36,526,311	12,245,022	63,573,556
Assigned	5,531,992	-	-	5,122,140	10,654,132
Unassigned	19,019,923	-	-	-	19,019,923
<b>TOTAL FUND BALANCES</b>	<u>25,449,115</u>	<u>14,301,301</u>	<u>36,526,311</u>	<u>18,215,417</u>	<u>94,492,144</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 62,456,983</u>	<u>\$ 40,555,151</u>	<u>\$ 39,307,001</u>	<u>\$ 23,755,242</u>	<u>\$ 166,074,377</u>

**Union Public Schools**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**June 30, 2017**

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS \$ 94,492,144

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	\$ 374,581,587	
Accumulated depreciation	<u>(191,086,369)</u>	183,495,218

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	892,081	
Pension related deferred outflows	<u>38,522,444</u>	39,414,525

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	(88,850,000)	
Premium on bonds payable	(1,117,590)	
Accrued interest on bonds	(407,030)	
Early retirement incentive	(1,843,190)	
Net pension liability	(122,994,788)	
Pension related deferred inflows	(3,206,271)	
Compensated absences	(4,422,862)	
Other Post Employment Benefits	<u>(5,835,016)</u>	(228,676,747)

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.

7,141,129

TOTAL NET POSITION--GOVERNMENTAL ACTIVITIES \$ 95,866,269

**Union Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2017**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	Sinking Fund	Bond Fund		
<b>REVENUES</b>					
Local sources	\$ 37,142,636	\$ 23,871,345	\$ 116,122	\$ 6,385,102	\$ 67,515,205
Intermediate sources	4,069,277	-	-	-	4,069,277
State sources	63,817,135	-	-	76,212	63,893,347
Federal sources	7,812,207	-	-	7,538,758	15,350,965
TOTAL REVENUES	<u>112,841,255</u>	<u>23,871,345</u>	<u>116,122</u>	<u>14,000,072</u>	<u>150,828,794</u>
<b>EXPENDITURES</b>					
Current					
Instruction	60,578,651	-	3,246,598	16,449	63,841,698
Student	7,396,787	-	52,527	5,507	7,454,821
Instructional staff	5,078,259	-	441,141	100	5,519,500
General administration	2,292,047	-	97,424	-	2,389,471
School administration	8,831,929	-	128,854	-	8,960,783
Business	8,549,494	-	787,434	-	9,336,928
Operations and maintenance	11,033,466	-	893,528	4,204,968	16,131,962
Student transportation	4,176,146	-	1,470,092	-	5,646,238
Non-instruction expenditures					
Child nutrition operations	992,631	-	-	9,694,094	10,686,725
Community service operations	3,548,488	-	6,506	6,061	3,561,055
Other	59,390	-	-	2,425	61,815
Capital outlay	-	-	20,137,352	39,287	20,176,639
Debt service					
Principal	-	21,850,000	-	-	21,850,000
Interest	-	1,441,625	-	-	1,441,625
TOTAL EXPENDITURES	<u>112,537,288</u>	<u>23,291,625</u>	<u>27,261,456</u>	<u>13,968,891</u>	<u>177,059,260</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>303,967</u>	<u>579,720</u>	<u>(27,145,334)</u>	<u>31,181</u>	<u>(26,230,466)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	26,000,000	-	26,000,000
Premium on issuance of debt	-	250,835	-	-	250,835
Insurance recoveries	11,363	-	-	-	11,363
Transfers in	-	-	-	73,841	73,841
Transfers out	(160)	(40,545)	(33,136)	-	(73,841)
TOTAL OTHER FINANCING SOURCES (USES)	<u>11,203</u>	<u>210,290</u>	<u>25,966,864</u>	<u>73,841</u>	<u>26,262,198</u>
NET CHANGE IN FUND BALANCE	315,170	790,010	(1,178,470)	105,022	31,732
<b>FUND BALANCE AT BEGINNING OF YEAR</b>					
	<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>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 25,449,115</u>	<u>\$ 14,301,301</u>	<u>\$ 36,526,311</u>	<u>\$ 18,215,417</u>	<u>\$ 94,492,144</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, 2017**

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS	\$	31,732
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	(14,061,989)	
Capital outlays	21,609,146	
Retirements and adjustments	<u>(262)</u>	7,546,895
<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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Proceeds from the sale of new bonds is other financing sources 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	21,850,000	
Premium on issuance of bonds	(250,835)	
Amortization of bond premium	330,502	
Bond sale proceeds	<u>(26,000,000)</u>	(4,070,333)
<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 resources. They are, however, recorded as revenue in the statement of activities.</p>		
		95,678
<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>		
		525,295
<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>		
		(46,625)
<p>Some expenses (compensated absences, early retirement incentives, pension, 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>(3,468,865)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>613,777</u>

**Union Public Schools**  
**Statement of Net Position - Proprietary Funds**  
**June 30, 2017**

	<u>Governmental Activities- Internal Service Fund: Employee Insurance Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 6,494,752
Accrued interest receivable	1,586
Due from other funds	<u>2,250,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,746,338</u></u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Liability for incurred claims	\$ 1,595,238
Accrued wages payable	<u>9,971</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 1,605,209</u></u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ 7,141,129</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 7,141,129</u></u>



**Union Public Schools**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2017**

	Governmental Activities- Internal Service Fund: Employee <u>Insurance Fund</u>
OPERATING REVENUES	
Insurance charges for services	\$17,047,033
Other income	<u>17,484</u>
TOTAL OPERATING REVENUES	<u>17,064,517</u>
OPERATING EXPENSES	
Salaries and wages	235,457
Management fees	2,273,915
Medical claims	14,048,383
Other operating expenses	<u>357</u>
TOTAL OPERATING EXPENSES	<u>16,558,112</u>
OPERATING INCOME	<u>506,405</u>
NONOPERATING REVENUES	
Net income on investments	<u>18,890</u>
CHANGES IN NET POSITION	525,295
NET POSITION AT BEGINNING OF YEAR	<u>6,615,834</u>
NET POSITION AT END OF YEAR	<u><u>\$ 7,141,129</u></u>

**Union Public Schools**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended June 30, 2017**

	<u>Governmental Activities- Internal Service Fund: Employee Insurance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from user charges	\$15,947,033
Interfund services provided	17,484
Cash payments for insurance claims	(13,982,799)
Cash payments to suppliers for goods and services	(2,274,272)
Cash payments to employees for services	<u>(235,261)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(527,815)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>18,963</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>18,963</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(508,852)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>7,003,604</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 6,494,752</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating income	\$ 506,405
Change in assets and liabilities:	
Accrued wages payable	196
Due from other funds	(1,100,000)
Liability for incurred claims	<u>65,584</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>\$ (527,815)</u>

**Union Public Schools**  
**Statement of Net Position - Fiduciary Funds**  
**June 30, 2017**

		<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	2,635,980
Accrued interest		<u>633</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 2,636,613</u></u>
 <b>LIABILITIES</b>		
Accounts payable	\$	11,153
Wages payable		17,932
Due to student groups		<u>2,607,528</u>
<b>TOTAL LIABILITIES</b>		<u><u>\$ 2,636,613</u></u>

# Union Public Schools – Notes to Financial Statements

## Year Ended June 30, 2017

### 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 that comprise the reporting entity in the basic financial statements for 2017. 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, 2017

### 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 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 a special revenue fund and 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 a special revenue fund and 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, 2017

### 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, 2017

### 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, Building Fund, and Child Nutrition Fund that includes revenues and expenditures. These budgets are prepared on a cash basis for revenues and principally on the modified cash 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, 2017, and were reinstated during fiscal year 2018, for the General Fund, Building Fund, or Child Nutrition 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, 2017

### 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. Non-negotiable certificates of deposit with redemption terms that do not consider market rates are considered recorded at amortized cost. Negotiable certificates of deposit that have a remaining maturity at the time of purchase of one year or less are also recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

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's has the following recurring fair value measurements as of June 30, 2017: Governmental securities of approximately \$19.4 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 1<sup>st</sup>, 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 the following January 1 after the lien date. 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, 2017

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, 2017, an allowance of approximately \$468,000, \$67,000 and \$387,000 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, 2017 consist of the following:

Governmental activities:	
Instructional	\$ 42,002
Janitorial	327,876
Computer accessory	28
Transport	23,397
Medical	2,975
Food service	<u>848,255</u>
Total governmental activities	<u>\$ 1,244,533</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.

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:

	<u>Life</u>	<u>Threshold</u>
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

# Union Public Schools - Notes to Financial Statements

## Year Ended June 30, 2017

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

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

*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. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive separation payments and other employees who are expected to become eligible in the future to receive such payments upon separation are included. The liability for such leave is reported as incurred. 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 other financing sources (uses) 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, 2017

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, 2017 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, 2017, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Building	\$ 125,000
General	Child Nutrition	50,000
Internal Service	General	2,000,000
Internal Service	Building	125,000
Internal Service	Child Nutrition	125,000
	Total	<u>\$ 2,425,000</u>

Interfund transfers, which represent transfers of interest earnings and compensated absences during the year ended June 30, 2017, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Building Fund</u>	<u>Child Nutrition</u>
General Fund	\$ -	\$ 31,316	\$ 9,389
Bond Fund	-	33,136	-
Sinking Fund	<u>40,545</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 40,545</u>	<u>\$ 64,452</u>	<u>\$ 9,389</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, 2017, 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, 2017

### 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, 2017, 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 or 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: Gift Fund \$117,398; and State and Federal carryover \$1,457,084.
- *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 non-spendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

- *Non-spendable Fund Balance:* The non-spendable 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.
- *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, 2017

### 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, 2017.
- *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, 2017

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, 2017:

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	Sinking Fund	Bond Fund		
Fund Balances:					
Nonspendable - Inventories	\$ 396,278	\$ -	\$ -	\$ 848,255	\$ 1,244,533
Restricted For:					
State and federal allocation carryover	500,922	-	-	956,162	1,457,084
Capital Projects	-	-	36,526,311	11,171,462	47,697,773
Bond Payments	-	14,301,301	-	-	14,301,301
Gifts	-	-	-	117,398	117,398
	<u>500,922</u>	<u>14,301,301</u>	<u>36,526,311</u>	<u>12,245,022</u>	<u>63,573,556</u>
Assigned For:					
Compensated Absences	3,211,317	-	-	-	3,211,317
Early retirement incentive	1,820,685	-	-	-	1,820,685
Insurance Recovery	499,990	-	-	-	499,990
Child nutrition	-	-	-	5,122,140	5,122,140
	<u>5,531,992</u>	<u>-</u>	<u>-</u>	<u>5,122,140</u>	<u>10,654,132</u>
Unassigned:	<u>19,019,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,019,923</u>
Total Fund Balance	<u>\$ 25,449,115</u>	<u>\$ 14,301,301</u>	<u>\$ 36,526,311</u>	<u>\$ 18,215,417</u>	<u>\$ 94,492,144</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, 2017

### 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, 2017, all of the District's deposits and investments either were 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 \$22,000,000. Current fair value of approximately \$19,406,000 is invested in FHLB Discount Note with a variable coupon rate of .66% and .95%, FHLMC Debenture with a variable coupon rate of 1.04%, Freddie Mac Discount Note with a variable coupon rate of .85%, and Federal Farm Credit Bank with a variable coupon rate of 1.06%. These 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 Moody's Aaa, Standard and Poor AA+, and Fitch AAA. The remaining \$2.5 million is invested in certificates of deposit, with a variable coupon rate of .82%, which are not subject to credit risk.

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 all investments 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, 2017, all of the District's investments were scheduled to mature within the next two years.

## Union Public Schools – Notes to Financial Statements Year Ended June 30, 2017

### NOTE B--CASH AND INVESTMENTS--Continued

Investment maturities at June 30, 2017, for the District's governmental and proprietary funds in the aggregate, are as follows:

Security	Maturity		Total Fair Value
	1-5 years	6-10 years	
FHLB Discount Note	\$ 8,952,030	\$ -	\$ 8,952,030
FHLMC Debenture	2,494,300	-	2,494,300
Freddie Mac Discount Note	2,983,290	-	2,983,290
Federal Farm Credit Bank	4,976,750	-	4,976,750
<b>Total</b>	<b>\$ 19,406,370</b>	<b>\$ -</b>	<b>19,406,370</b>
Certificates of deposit recorded at amortized cost			2,500,000
<b>Total investments</b>			<b>\$ 21,906,370</b>

### NOTE C--CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017, follows:

	Balance June 30, 2016	Additions	Deductions	Transfers	Adjustments	Balance June 30, 2017
<b>Governmental activities</b>						
Capital assets not being depreciated						
Land	\$ 14,293,205	\$ -	\$ -	\$ -	\$ -	\$ 14,293,205
Construction in-progress						
General government	26,331,196	16,942,913	-	(25,621,348)	-	17,652,761
<b>Total capital assets     not being depreciated</b>	<b>40,624,401</b>	<b>16,942,913</b>	<b>-</b>	<b>(25,621,348)</b>	<b>-</b>	<b>31,945,966</b>
Capital assets being depreciated						
Land improvements	11,786,338	-	-	61,180	-	11,847,518
Building and Building Improvements	248,959,953	1,654,555	-	25,560,168	-	276,174,676
Machinery, equipment and vehicles	53,553,699	3,011,678	(1,955,794)	-	3,844	54,613,427
<b>Total capital assets     being depreciated</b>	<b>314,299,990</b>	<b>4,666,233</b>	<b>(1,955,794)</b>	<b>25,621,348</b>	<b>3,844</b>	<b>342,635,621</b>
Less accumulated depreciation for:						
Land improvements	(4,082,595)	(585,703)	-	-	-	(4,668,298)
Building and Building Improvements	(128,431,090)	(9,467,043)	-	-	7,299	(137,890,834)
Machinery, equipment and vehicles	(46,462,383)	(4,009,243)	1,951,688	-	(7,299)	(48,527,237)
<b>Total accumulated depreciation</b>	<b>(178,976,068)</b>	<b>(14,061,989)</b>	<b>1,951,688</b>	<b>-</b>	<b>-</b>	<b>(191,086,369)</b>
<b>Total capital assets being     depreciated, net</b>	<b>135,323,922</b>	<b>(9,395,756)</b>	<b>(4,106)</b>	<b>25,621,348</b>	<b>3,844</b>	<b>151,549,252</b>
<b>Governmental activities Capital assets, net</b>	<b>\$ 175,948,323</b>	<b>\$ 7,547,157</b>	<b>\$ (4,106)</b>	<b>\$ -</b>	<b>\$ 3,844</b>	<b>\$ 183,495,218</b>



## Union Public Schools - Notes to Financial Statements Year Ended June 30, 2017

### NOTE C--CAPITAL ASSETS--Continued

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

	Governmental Activities
Instruction	\$ 4,540,413
Pupil services	41,469
Instructional services	346,431
General administration	22,288
School administration	70,137
Business services	384,980
Operations and maintenance services	7,312,203
Transportation services	980,957
Community services	2,206
Child nutrition	360,905
	\$ 14,061,989

### 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 G. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the sinking fund. The General Fund is the fund that is typically used to liquidate compensated absences, early retirement incentive, and the OPEB obligation.

## Union Public Schools – Notes to Financial Statements Year Ended June 30, 2017

### NOTE D--LONG-TERM LIABILITIES--Continued

The following is a summary of long-term liability activity of the District for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
Governmental activities					
Bonds payable	\$ 84,700,000	\$ 26,000,000	\$ (21,850,000)	\$ 88,850,000	\$ 23,850,000
Premium on debt issuance	1,197,257	250,835	(330,502)	1,117,590	-
Compensated absences	4,281,390	605,599	(464,127)	4,422,862	1,883,089
Early retirement incentive	1,879,167	808,018	(843,995)	1,843,190	901,192
OPEB	5,540,426	903,219	(608,629)	5,835,016	-
Net Pension liability	89,902,377	33,092,411	-	122,994,788	-
	<u>\$ 187,500,617</u>	<u>\$ 61,660,082</u>	<u>\$ (24,097,253)</u>	<u>\$ 225,063,446</u>	<u>\$ 26,634,281</u>

A brief description of the outstanding general obligation bond issues at June 30, 2017, is set forth below:

	<u>Amount Outstanding</u>
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.	\$5,100,000
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.	10,500,000
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.	20,250,000
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.	27,000,000
Independent School District No. 9 of Tulsa County (Union), Oklahoma Building Bonds Series 2017, original issue \$26,000,000, interest rate of 2.0% due in installments of \$6,500,000 annually, final payment of \$6,500,000 due April 1, 2022.	<u>26,000,000</u>
Total Amount Outstanding	<u>\$88,850,000</u>

## Union Public Schools – Notes to Financial Statements Year Ended June 30, 2017

### NOTE D--LONG-TERM LIABILITIES--Continued

Maturities of long-term debt are as follows:

	Principal	Interest	Total
Year ending June 30,			
2018	\$ 23,850,000	\$ 1,628,125	\$ 25,478,125
2019	25,250,000	1,266,250	26,516,250
2020	20,000,000	795,000	20,795,000
2021	13,250,000	395,000	13,645,000
2022	6,500,000	130,000	6,630,000
	\$ 88,850,000	\$ 4,214,375	\$ 93,064,375

Interest expenditures on general long-term debt during the year ending June 30, 2017 was approximately \$1,442,000.

### 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 \$200 to \$1,700 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, 2017, there are 59 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, 2017, was approximately \$1,843,000.

### 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 \$13,166,564 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, 2017

### NOTE F--RISK MANAGEMENT--Continued

A summary of premiums collected from the District and employees and claims paid from July 1, 2016 through June 30, 2017 is set forth below:

District and employee premiums	<u>\$17,047,033</u>
Claims and changes in estimates	\$14,048,383
Insurance and administrative costs	<u>2,509,729</u>
Total claims incurred and other costs	<u>\$16,558,112</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
2015	560,935	11,121,642	(10,792,095)	890,482
2016	890,482	14,310,276	(13,671,104)	1,529,654
2017	1,529,654	14,048,383	(13,982,799)	1,595,238

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, 2017. 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, 2017 is expected to be paid during fiscal year 2018. As such, the full liability of \$1,595,238 has been classified as a current liability in the accompanying June 30, 2017 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, 2017

### 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](http://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, 2017**

#### 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 7.70 percent for any employees' salaries covered by federal funds for the years ended June 30, 2017. The District's contributions to OTRS in 2017 were approximately \$6,235,000, 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 2017 totaling approximately \$794,000.

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, 2017, the State paid approximately \$599,000 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 2017, 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, 2017, the total amount contributed to OTRS by the State of Oklahoma on behalf of the District was approximately \$3,868,000. 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 \$4,272,000.

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, 2017

### NOTE G--EMPLOYEE RETIREMENT SYSTEM--Continued

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

At June 30, 2017, the District reported a liability of \$122,994,788 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2016. Based upon this information, the District's proportion was 1.4738 percent. The change in proportion from June 30, 2015 was decrease of 0.0066 percent.

For the year ended June 30, 2017, the District recognized pension expense of approximately \$7,341,000. At June 30, 2017, 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	\$ -	\$ (2,855,429)
Changes of assumptions	14,810,304	-
Net difference between projected and actual earnings on pension plan investments	14,357,935	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>3,119,622</u>	<u>(350,842)</u>
Total deferred amounts to be recognized in pension expense in future periods	32,287,861	(3,206,271)
District contributions subsequent to the measurement date	<u>6,234,583</u>	<u>-</u>
Total deferred amounts related to pension	<u>\$ 38,522,444</u>	<u>\$ (3,206,271)</u>

## Union Public Schools – Notes to Financial Statements Year Ended June 30, 2017

### NOTE G--EMPLOYEE RETIREMENT SYSTEM--Continued

Deferred pension outflows totaling \$6,234,583 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, 2018. Net deferred outflows 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. Other deferred inflows and outflows are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2018	\$ 4,887,313
2019	4,887,313
2020	9,684,528
2021	7,771,533
2022	<u>1,850,903</u>
Total	<u>\$ 29,081,590</u>

Actuarial Assumptions: The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions; applied to all period included in the measurement:

- Actuarial Cost Method—Entry Age Normal
- Inflation—2.50 percent
- Future Ad Hoc Cost-of-living Increases—None
- Salary Increases—Composed of 3.25 percent wage inflation, plus 2.50 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—7.50 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% and female rates multiplied by 50%



## Union Public Schools - Notes to Financial Statements

### Year Ended June 30, 2017

#### 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, 2016, are summarized in the following table:

	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic All Cap Equity*	7.0%	6.2%
Domestic Large Cap Equity	10.0%	5.8%
Domestic Mid Cap Equity	13.0%	6.3%
Domestic Small Cap Equity	10.0%	7.0%
International Large Cap Equity	11.5%	6.6%
International Small Cap Equity	6.0%	6.6%
Core Plus Fixed Income	17.5%	1.6%
High-Yield Fixed Income	6.0%	4.9%
Private Equity	5.0%	8.3%
Real Estate**	7.0%	4.5%
Master Limited Partnerships	<u>7.0%</u>	7.7%
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 (unleveraged) and US Value added Real Estate (unleveraged)

Discount Rate: The discount rate used to measure the total pension liability was 7.50 percent. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50 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.

## Union Public Schools - Notes to Financial Statements Year Ended June 30, 2017

### NOTE G--EMPLOYEE RETIREMENT SYSTEM--Continued

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 161,667,463	\$ 122,994,788	\$ 91,535,659

*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](http://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.

*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.

## Union Public Schools – Notes to Financial Statements Year Ended June 30, 2017

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

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:

	<u>Year Ended June 30, 2017</u>
Annual required contribution	\$ 1,010,544
Interest on net OPEB obligation	193,915
Adjustment to annual required contribution	<u>(301,240)</u>
Annual OPEB cost (expense)	903,219
Contributions made	<u>(608,629)</u>
Increase in net OPEB obligation	294,590
Net OPEB obligation at beginning of year	<u>5,540,426</u>
Net OPEB obligation at end of year	<u>\$ 5,835,016</u>

The net OPEB obligation at June 30, 2017 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 2017 was determined as part of an actuarial valuation on July 1, 2016, 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:

- Discount Rate 3.50%
- Investment Return
  - General District Assets 3.50%
  - Trust Assets n/a
- Inflation Rate 2.75%
- Salary Increase n/a
- Healthcare Trend Rates- annual increase in per capita claims costs and plan premiums are as follows:

<u>Fiscal Year Beginning</u>	<u>Medical</u>
2016	6.60%
2017	6.80%
2018	6.30%
2019	5.80%
2020-2054	5.30%
2055-2074	Transition to ultimate rate
2075+	4.40%

## Union Public Schools - Notes to Financial Statements Year Ended June 30, 2017

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

#### *Trend Information*

Annual OPEB Costs are summarized as follows:

2015	\$	917,764	54.4%	\$	5,198,906
2016	\$	484,302	29.5%	\$	5,540,426
2017	\$	903,219	67.4%	\$	5,835,016

#### *Funded Status and Funding Progress*

The funded status of the plan as of the most recent actuarial report dated July 1, 2016 is as follows:

Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,799,155</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 67,000,000
UAAL as a percentage of covered payroll	13.1%

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, 2017, the District had outstanding commitments (contracts and purchase orders) of approximately \$18,580,000, primarily for construction projects and equipment.

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.

# **Union Public Schools - Notes to Financial Statements**

## **Year Ended June 30, 2017**

### NOTE J –TAX ABATEMENT

Under current statutory and constitutional provisions, an abatement affecting the District's ad valorem revenues could be proposed by the State of Oklahoma, the City of Tulsa, the City of Broken Arrow, or Tulsa County. Currently, the District is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article X Section 6B for qualifying manufacturing concerns.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. In exchange for the five-year exemption, qualifying manufacturing concerns must incur investment costs of \$250,000 or more for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and qualifying manufacturing concern must offer basic health benefit plan to all full-time employees within 180 days of employment.

The District had \$99,878 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2017.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. Section 193 that is used to reimburse the District for the loss of revenue. Contributions to this Fund come from a dedicated tax stream comprised of one percent of net state personal and corporate income tax revenues. The District received \$88,406 during fiscal year 2017 and has an outstanding, unpaid claim of \$11,472 of reimbursement from the State as of June 30, 2017.

### NOTE K--NEW PRONOUNCEMENTS

New Accounting Pronouncements Adopted in Fiscal Year 2017: The District adopted the following new accounting pronouncements during the year ended June 30, 2017:

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.

# Union Public Schools - Notes to Financial Statements

## Year Ended June 30, 2017

### NOTE K--NEW PRONOUNCEMENTS--Continued

New Accounting Pronouncements Issued Not Yet Adopted: The GASB has issued several new accounting pronouncements, which will be effective for the District in future fiscal years. 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. 84, *Fiduciary Activities*, issued February 2017, will be effective for the District beginning with its fiscal year ending June 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

# Union Public Schools - Notes to Financial Statements

## Year Ended June 30, 2017

### NOTE K--NEW PRONOUNCEMENTS-Continued

GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the District beginning with its fiscal year ending June 30, 2018. Statement No. 85 is designed to address the practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The District is currently evaluating the impact that these new standards may have on its financial statements. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is expected to have a significant impact.

**Union Public Schools**  
**Required Supplementary Information - Unaudited**  
**Schedule of Funding Progress for Other Post Employment Benefits**  
**Year Ended June 30, 2017**

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, 2016	\$ -	\$ 8,799,155	\$ 8,799,155	0.0%	\$ 67,000,000	\$ 608,629	13.10%
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\***

	<b>2017*</b>	<b>2016*</b>	<b>2015*</b>
District's proportion of the net pension liability	1.4738%	1.4804%	1.4125%
District's proportionate share of the net pension liability	\$ 122,994,788	\$ 89,902,377	\$ 75,991,013
District's covered-employee payroll	\$ 60,791,485	\$ 60,019,839	\$ 56,309,115
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	202.32%	149.79%	134.95%
Plan fiduciary net position as a percentage of the total pension liability	62.24%	70.31%	72.43%

**Notes to Schedule:**

\* Only three fiscal years are presented because 10-year data is not yet available. Information is as of the measurement date, which is the prior June 30th.

**Note 1. Change in benefit terms**

There were no significant changes to benefits provisions or other matters that affected the comparability of the information presented above.

**Note 2. Change of assumptions**

The following information is as of the measurement date, which is the prior June 30th.

The assumptions for salary increases changed for the June 30, 2016 and June 30, 2015 measurement dates. For the June 30, 2014 measurement date, salary increases were composed of 3.00 percent inflation, plus 1.00 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service. For the June 30, 2015 measurement date, salary increases are 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 services. For the June 30, 2016 measurement date, salary increases are composed of 3.25 percent wage inflation, including 2.50 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of service.

The table used to determine the retirement age changed for the June 30, 2015 measurement date. For the June 30, 2014 measurement date, the retirement age was determined using the experience-based table developed from a five year experience study for the period ending June 30, 2009. This table was adopted by the OTRS Board in September 2010. For the June 30, 2015 measurement date, the retirement age was determined using the experience-based table developed from a five year experience study for the period ending June 30, 2014. This table was adopted by the OTRS Board in May 2015. There were no changes in the retirement age assumptions for the June 30, 2016 measurement date.

The mortality rate tables used changed for the June 30, 2015 measurement date. For the June 30, 2014 measurement date, mortality rates were determined using the RP-2000 Combined Mortality table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females. For the June 30, 2015 measurement date, the mortality rates for active employees were determined using the RP-200 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent. The mortality rates for males after retirement were determined using the RP-2000 combined health Mortality Table for males with white collar adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000 were used. The mortality rates for females after retirement were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105 percent. Generational mortality improvements in accordance with Scale BB from the tables base year of 2012 were used. There were no changes in the mortality rate assumptions for June 30, 2016 measurement date.

The assumptions for investment return changed for the June 30, 2016 measurement date. For the June 30, 2015 and June 30, 2014 measurement dates, investment return was 8.00 percent per year, net of investment-related expenses and compounded annually, composed of an assumed 3.00 percent inflation rate and a 5.00 percent net real rate of return. For the June 30, 2016 measurement date, investment return was 7.50 percent per year, net of investment-related expenses and compounded annually, composed of an assumed 2.50 percent inflation rate and a 5.00 percent net real rate of return.

**Union Public Schools**  
**Required Supplementary Information - Unaudited**  
**Schedule of the District's Contributions**  
**Oklahoma Teachers' Retirement System (OTRS)**  
**Year Ended June 30, 2017**

**Last 10 Fiscal Years**

	2017	2016	2015	2014	2013
Contractually required contribution	\$ 6,234,583	\$ 6,280,412	\$ 6,175,126	\$ 5,740,352	\$ 5,787,711
Contributions in relation to the contractually required contribution	6,234,583	6,280,412	6,175,126	5,740,352	5,787,711
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 60,687,447	\$ 60,791,485	\$ 60,019,839	\$ 56,309,115	\$ 56,964,958
Contributions as a percentage of covered-employee payroll	10.27%	10.33%	10.29%	10.19%	10.16%

	2012	2011	2010	2009	2008
Contractually required contribution	\$ 5,323,550	\$ 5,075,923	\$ 5,375,791	\$ 4,828,299	\$ 4,262,912
Contributions in relation to the contractually required contribution	5,323,550	5,075,923	5,375,791	4,828,299	4,262,912
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 53,779,122	\$ 50,451,706	\$ 54,470,432	\$ 52,519,483	\$ 49,907,809
Contributions as a percentage of covered-employee payroll	9.90%	10.06%	9.87%	9.19%	8.54%

**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 9.50%

**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, 2017**

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
<b>REVENUES</b>				
Local sources	\$ 35,026,573	\$ 35,272,868	\$ 35,316,192	\$ 43,324
Intermediate sources	3,860,000	4,020,370	4,020,369	(1)
State sources	56,988,838	59,121,899	59,259,048	137,149
Federal sources	8,131,393	8,065,024	7,841,746	(223,278)
TOTAL REVENUES	<u>104,006,804</u>	<u>106,480,161</u>	<u>106,437,355</u>	<u>(42,806)</u>
<b>EXPENDITURES</b>				
Instruction	58,874,269	59,966,292	57,971,281	(1,995,011)
Support services				
Student	7,656,075	7,285,351	7,058,168	(227,183)
Instructional staff	4,379,919	4,415,804	4,811,714	395,910
General administration	2,254,788	2,544,474	2,312,599	(231,875)
School administration	7,610,083	7,764,418	8,371,441	607,023
Business	7,767,859	8,029,306	8,317,543	288,237
Operation and maintenance	9,043,214	9,158,306	10,643,284	1,484,978
Student transportation	4,260,185	4,333,879	3,975,813	(358,066)
Non-instructional services				
Child Nutrition Operations	751,850	828,228	757,683	(70,545)
Community services operations	3,839,135	4,132,394	3,395,071	(737,323)
Other	320,220	299,143	59,390	(239,753)
TOTAL EXPENDITURES	<u>106,757,597</u>	<u>108,757,595</u>	<u>107,673,987</u>	<u>(1,083,608)</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>(2,750,793)</u>	<u>(2,277,434)</u>	<u>(1,236,632)</u>	<u>1,040,802</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>16,129,072</u>	<u>16,129,072</u>	<u>16,129,072</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 13,378,279</u>	<u>\$ 13,851,638</u>	<u>\$ 14,892,440</u>	<u>\$ 1,040,802</u>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year (net of deferred inflows of resources)			\$ 3,044,595	
Inventory at end of year			396,278	
Worker's compensation			740,619	
Assigned Fund Balances				
Compensated absences			3,211,317	
Early retirement incentive			1,820,685	
Insurance recovery			499,990	
Investments, change in fair value			(6,650)	
Additional payables reported on budgetary basis			850,477	
Other			<u>(636)</u>	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<u>\$ 25,449,115</u>	

**Union Public Schools**  
**Other Supplementary Information**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2017**

	Building Fund	Child Nutrition Fund	Gift Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,792,299	\$ 4,693,981	\$ 117,398	\$ 13,603,678
Investments	2,993,350	1,994,490	-	4,987,840
Property taxes-delinquent, net	64,697	-	-	64,697
Property taxes-subsequent year, net	4,200,398	-	-	4,200,398
Due from other governments	41,037	-	-	41,037
Accrued interest	7,743	1,594	-	9,337
Inventories	-	848,255	-	848,255
<b>TOTAL ASSETS</b>	<u>\$ 16,099,524</u>	<u>\$ 7,538,320</u>	<u>\$ 117,398</u>	<u>\$ 23,755,242</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 34,000	\$ 175,729	\$ -	\$ 209,729
Accrued wages payable	378,967	261,034	-	640,001
Due to other funds	250,000	175,000	-	425,000
<b>TOTAL LIABILITIES</b>	<u>662,967</u>	<u>611,763</u>	<u>-</u>	<u>1,274,730</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - delinquent property taxes	64,697	-	-	64,697
Unavailable revenue - subsequent year property taxes	4,200,398	-	-	4,200,398
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>4,265,095</u>	<u>-</u>	<u>-</u>	<u>4,265,095</u>
<b>FUND BALANCES</b>				
Nonspendable	-	848,255	-	848,255
Restricted	11,171,462	956,162	117,398	12,245,022
Assigned	-	5,122,140	-	5,122,140
<b>TOTAL FUND BALANCES</b>	<u>11,171,462</u>	<u>6,926,557</u>	<u>117,398</u>	<u>18,215,417</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 16,099,524</u>	<u>\$ 7,538,320</u>	<u>\$ 117,398</u>	<u>\$ 23,755,242</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, 2017**

	Building Fund	Child Nutrition Fund	Gift Fund	Total Non-Major Governmental Funds
REVENUES				
Local sources	\$ 4,252,463	\$ 2,101,520	\$ 31,119	\$ 6,385,102
State sources	-	76,212	-	76,212
Federal sources	-	7,538,758	-	7,538,758
TOTAL REVENUES	<u>4,252,463</u>	<u>9,716,490</u>	<u>31,119</u>	<u>14,000,072</u>
EXPENDITURES				
Current				
Instruction	-	-	16,449	16,449
Student	-	-	5,507	5,507
Instructional staff	-	-	100	100
Operations and maintenance	4,204,968	-	-	4,204,968
Non-instruction expenditures				
Child Nutrition Operations	-	9,694,094	-	9,694,094
Other	-	2,425	6,061	8,486
Capital outlay	39,287	-	-	39,287
TOTAL EXPENDITURES	<u>4,244,255</u>	<u>9,696,519</u>	<u>28,117</u>	<u>13,968,891</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>8,208</u>	<u>19,971</u>	<u>3,002</u>	<u>31,181</u>
OTHER FINANCING SOURCES				
Transfers in	64,452	9,389	-	73,841
TOTAL OTHER FINANCING SOURCES	<u>64,452</u>	<u>9,389</u>	<u>-</u>	<u>73,841</u>
NET CHANGE IN FUND BALANCE	72,660	29,360	3,002	105,022
FUND BALANCE AT BEGINNING OF YEAR	<u>11,098,802</u>	<u>6,897,197</u>	<u>114,396</u>	<u>18,110,395</u>
FUND BALANCE AT END OF YEAR	<u>\$ 11,171,462</u>	<u>\$ 6,926,557</u>	<u>\$ 117,398</u>	<u>\$ 18,215,417</u>

**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, 2017**

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
REVENUES				
Local sources	\$ 4,037,000	\$ 6,273,545	\$ 4,179,408	\$ (2,094,137)
Interest and other	140,450	94,775	115,978	21,203
TOTAL REVENUES	<u>4,177,450</u>	<u>6,368,320</u>	<u>4,295,386</u>	<u>(2,072,934)</u>
EXPENDITURES				
Support services				
Operation and maintenance	6,104,024	6,063,868	4,202,818	(1,861,050)
Facilities acq and construction	<u>1,503,446</u>	<u>3,543,602</u>	<u>39,287</u>	<u>(3,504,315)</u>
TOTAL EXPENDITURES	<u>7,607,470</u>	<u>9,607,470</u>	<u>4,242,105</u>	<u>(5,365,365)</u>
EXCESS REVENUES (EXPENDITURES)	<u>(3,430,020)</u>	<u>(3,239,150)</u>	<u>53,281</u>	<u>3,292,431</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>10,863,935</u>	<u>10,863,935</u>	<u>10,863,935</u>	\$ -
FUND BALANCE AT END OF YEAR	<u>\$ 7,433,915</u>	<u>\$ 7,624,785</u>	\$ 10,917,216	<u>\$ 3,292,431</u>
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at end of year (net of deferred inflows of resources)			\$ 48,780	
Investments, change in fair value			(6,650)	
Additional payables reported on budgetary basis			<u>212,116</u>	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			<u>\$ 11,171,462</u>	

**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, 2017**

	Original Budget	Final Budget	Non-GAAP Actual	Variance Over (Under)
REVENUES				
Local sources	\$ 1,988,963	\$ 2,016,870	\$ 2,120,333	\$ 103,463
State sources	52,965	52,965	76,212	23,247
Federal sources	<u>6,749,651</u>	<u>6,749,651</u>	<u>6,865,134</u>	<u>115,483</u>
TOTAL REVENUES	<u>8,791,579</u>	<u>8,819,486</u>	<u>9,061,679</u>	<u>242,193</u>
EXPENDITURES				
Support services				
Food preparation	3,431,948	3,405,065	3,441,944	36,879
Other direct services	1,612,558	1,290,241	813,486	(476,755)
Food procurement/a la carte	4,961,769	4,969,825	3,413,286	(1,556,539)
Other CN Programs	<u>600,429</u>	<u>941,574</u>	<u>1,319,811</u>	<u>378,237</u>
TOTAL EXPENDITURES	<u>10,606,704</u>	<u>10,606,705</u>	<u>8,988,527</u>	<u>(1,618,178)</u>
EXCESS REVENUES (EXPENDITURES)	<u>(1,815,125)</u>	<u>(1,787,219)</u>	<u>73,152</u>	<u>1,860,371</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>5,769,389</u>	<u>5,769,389</u>	<u>5,769,389</u>	\$ -
FUND BALANCE AT END OF YEAR	<u>\$ 3,954,264</u>	<u>\$ 3,982,170</u>	\$ 5,842,541	<u>\$ 1,860,371</u>
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at end of year			\$ 1,594	
Inventory at end of year			848,255	
Investments, change in fair value			(5,510)	
Additional payables reported on budgetary basis			<u>239,677</u>	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			<u>\$ 6,926,557</u>	

**Union Public Schools**  
**Other Supplementary Information**  
**Combining Statement of Changes in Assets & Liabilities - Agency Fund**  
**Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deductions	Adjustments	Balance June 30, 2017
HIGH SCHOOL TOTAL	\$ 451,564	\$ 495,686	\$ (458,731)	\$ 128	\$ 488,647
INTERMEDIATE HIGH TOTAL	\$ 85,097	\$ 42,616	\$ (42,424)	\$ -	\$ 85,289
ALTERNATIVE TOTAL	\$ 2,397	\$ 10,573	\$ (9,453)	\$ -	\$ 3,517
EIGHTH GRADE CENTER TOTAL	\$ 68,192	\$ 36,242	\$ (36,774)	\$ -	\$ 67,660
SIXTH/SEVENTH GRADE CENTER TOTAL	\$ 94,447	\$ 60,855	\$ (57,714)	\$ -	\$ 97,588
ELEMENTARY ACTIVITY FUNDS TOTAL	\$ 312,511	\$ 334,042	\$ (321,866)	\$ -	\$ 324,687
STUDENT CLUBS TOTAL	\$ 304,079	\$ 469,583	\$ (496,518)	\$ 4,710	\$ 281,855
ADMINISTRATIVE TOTAL	<u>\$ 1,318,641</u>	<u>\$ 255,270</u>	<u>\$ (310,787)</u>	<u>\$ (4,838)</u>	<u>\$ 1,258,286</u>
TOTAL FUNDS HELD FOR STUDENT ACTIVITIES	<u>\$ 2,636,928</u>	<u>\$ 1,704,867</u>	<u>\$ (1,734,267)</u>	<u>\$ -</u>	<u>\$ 2,607,528</u>
 SUMMARY-ACTIVITY FUNDS					
ASSETS					
Cash	2,665,959	1,704,288	(1,734,267)	-	2,635,980
Accrued interest	-	633	-	-	633
TOTAL ASSETS	<u>\$ 2,665,959</u>	<u>\$ 1,704,921</u>	<u>\$ (1,734,267)</u>	<u>\$ -</u>	<u>\$ 2,636,613</u>
 LIABILITIES					
Accounts payable and accrued liabilities	29,031	29,085	(29,031)	-	29,085
Funds held for student activities	<u>2,636,928</u>	<u>1,704,867</u>	<u>(1,734,267)</u>	<u>-</u>	<u>2,607,528</u>
TOTAL LIABILITIES	<u>\$ 2,665,959</u>	<u>\$ 1,733,952</u>	<u>\$ (1,763,298)</u>	<u>\$ -</u>	<u>\$ 2,636,613</u>



*This page is intentionally left blank.*

# Union Public Schools - Statistical Section Year Ended June 30, 2017

## Table of Contents

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> .....	<b>87-91</b>
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b> .....	<b>93-96</b>
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity</b> .....	<b>97-100</b>
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional the District's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b> .....	<b>101-103</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information</b> .....	<b>105-112</b>
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.	
<b>Sources:</b>	Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

*This page is intentionally left blank.*

**Union Public Schools - Statistical Section**  
**Year Ended June 30, 2017**

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

	2008	2009	2010 <sup>a</sup>	2011	2012	2013	2014	2015	2016 <sup>b</sup>	2017
<b>Governmental activities</b>										
Net investment in capital assets	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	130,053,939
Restricted for debt service	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	13,894,271
Restricted for capital projects	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	47,697,773
Restricted for other purposes	-	-	-	-	-	-	-	-	6,623,065	1,574,482
Unrestricted	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)	(97,354,196)
<b>Total governmental activities net position</b>	<b>132,524,996</b>	<b>137,059,149</b>	<b>138,694,356</b>	<b>148,060,177</b>	<b>151,257,106</b>	<b>156,671,525</b>	<b>163,896,215</b>	<b>81,097,477</b>	<b>95,252,492</b>	<b>95,866,269</b>
<b>Business-type activities</b>										
Net investment in capital assets	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	1,983,593	2,516,712	3,564,542	3,906,467	4,693,700	5,448,717	5,878,520	4,038,260	-	-
<b>Total business-type activities net position</b>	<b>2,484,798</b>	<b>2,983,242</b>	<b>4,051,919</b>	<b>4,392,096</b>	<b>5,075,475</b>	<b>5,774,793</b>	<b>6,518,196</b>	<b>5,036,321</b>	<b>-</b>	<b>-</b>
<b>District-wide</b>										
Net investment in capital assets	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	130,053,939
Restricted for debt service	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	13,894,271
Restricted for capital projects	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	47,697,773
Restricted for other purposes	-	-	-	-	-	-	-	-	6,623,065	1,574,482
Unrestricted	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)	(97,354,196)
<b>Total district net position</b>	<b>135,009,794</b>	<b>140,042,391</b>	<b>142,746,275</b>	<b>152,452,273</b>	<b>156,332,581</b>	<b>162,446,318</b>	<b>170,414,411</b>	<b>86,133,798</b>	<b>95,252,492</b>	<b>95,866,269</b>

<sup>a</sup>The District restated 2009-10 to show elimination of early retirement incentive fund as a governmental fund.

<sup>b</sup>The 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, 2017**

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

	2008 <sup>a</sup>	2009	2010	2011	2012	2013	2014	2015	2016 <sup>b</sup>	2017
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular instruction	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	53,484,689
Special education instruction	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	7,421,335
Vocational education	703,858	793,237	870,154	791,340	950,125	945,278	670,070	741,694	748,318	894,366
Other instruction	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	8,529,171
Support Services										
Pupil services	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	7,744,729
Instructional staff services	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	5,685,871
General administration services	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	2,468,791
School administration services	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	9,333,529
Business services	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	9,616,328
Operations and maintenance services	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	25,426,145
Pupil transportation services	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	5,273,201
Other support services	252,566	367,950	390,931	421,073	502,395	541,351	525,901	558,314	932,537	468,926
Community services	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	3,378,431
Child Nutrition Operations	-	-	-	-	-	-	-	-	8,910,023	9,842,985
Capital Outlay	2,085,460	513,383	-	-	-	-	-	-	-	-
Interest on long-term debt	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	1,157,748
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	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	150,726,245
Business-type activities										
Food service	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	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	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	150,726,245
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
Regular instruction	370,303	366,907	295,758	293,449	337,573	378,408	367,535	454,638	429,957	401,567
Operations and maintenance services	494,775	546,323	413,423	350,262	343,209	331,071	295,785	349,724	518,227	598,318
Pupil transportation services	49,829	60,810	86,613	96,232	109,087	116,944	165,334	21,389	342,333	114,196
Community services	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	1,793,373
Child Nutrition Operations	-	-	-	-	-	-	-	-	-	2,021,036
Other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	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	31,406,161
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	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	36,334,651
Business-type activities										
Charges for services										
Food service	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	2,577,540	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	4,424,077	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	20,938,591	27,570,407	33,272,141	36,010,153	30,396,055	31,374,827	32,574,131	35,804,764	37,349,603	36,334,651

**Union Public Schools - Statistical Section**  
**Year Ended June 30, 2017**

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

	2008 <sup>a</sup>	2009	2010	2011	2012	2013	2014	2015	2016 <sup>b</sup>	2017
<b>Net (Expense) Revenue</b>										
Governmental activities	(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)	(114,391,594)
Business-type activities	(80,606)	484,934	1,064,233	317,777	665,997	742,257	708,700	596,732	-	-
Total district-wide net expense	<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>	<u>(114,391,594)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Property tax, levied for general purposes	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	37,035,320
Property tax, levied for debt services	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	23,619,557
Other taxes	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	8,278,305
State aid not restricted to specific programs	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	44,246,923
Interest and investment earnings	2,020,465	518,461	409,487	492,089	425,529	(1,036,717)	624,641	740,150	345,047	401,935
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(24,060)	-	-
Other	884,941	201,108	297,535	324,984	431,291	228,512	892,420	1,866,128	1,334,901	1,423,331
Total governmental activities	<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>	<u>115,005,371</u>
Business-type activities										
State aid not restricted to specific programs	-	-	-	-	-	-	-	99,171	-	-
Interest and investment earnings	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>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>	<u>-</u>
Total district-wide	<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>	<u>115,005,371</u>
<b>Change in Net Position</b>										
Governmental activities	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	613,777
Business-type activities	(24,797)	498,444	1,068,677	340,177	683,379	699,318	743,403	774,575	-	-
Total district	<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>	<u>613,777</u>

<sup>a</sup>The 2005 GAAFR requires that losses on the sale of capital assets of governmental activities be reported as an expense of the general government function.

<sup>b</sup>In FY16 Business-type activities were reclassified to be part of Governmental activities.

**Union Public Schools - Statistical Section**  
**Year Ended June 30, 2017**

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

	2008 <sup>a</sup>	2009	2010 <sup>b</sup>	2011 <sup>c</sup>	2012	2013	2014	2015	2016 <sup>d</sup>	2017
General Fund										
Reserved	350,087	217,198	243,068	-	-	-	-	-	-	-
Nonspendable	-	-	-	290,497	432,760	477,267	463,139	277,419	456,245	396,278
Assigned	-	-	-	1,612,460	1,704,276	-	2,258,024	3,488,253	4,468,061	5,531,992
Restricted	-	-	-	-	-	-	-	-	489,356	500,922
Committed	-	-	-	-	-	-	-	-	-	-
Unreserved	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	19,019,922
Total general fund	<u>13,694,382</u>	<u>17,296,689</u>	<u>21,839,872</u>	<u>22,424,351</u>	<u>21,228,316</u>	<u>17,985,382</u>	<u>21,252,117</u>	<u>22,762,834</u>	<u>25,133,945</u>	<u>25,449,114</u>
All Other Governmental Funds										
Reserved, reported in:										
Sinking fund - Reserved for debt service	8,730,473	10,553,135	10,727,559	-	-	-	-	-	-	-
Building fund - Reserved for capital projects	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	14,301,301
Bond fund - Restricted for capital projects	-	-	-	34,426,709	27,434,270	26,772,989	30,536,685	35,339,960	37,704,781	36,526,311
Non-major governmental funds	-	-	-	287,986	16,956	16,995	-	-	17,232,511	12,245,022
Unreserved, reported in:										
Building fund	4,874,512	4,588,372	4,466,525	-	-	-	-	-	-	-
Other governmental funds										
Designated for compensated balances	1,182,901	1,305,934	-	-	-	-	-	-	-	-
Designated for incurred claims	110,349	118,494	-	-	-	-	-	-	-	-
Designated for early retirement incentives	969,504	769,561	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable, reported in:										
Non-major governmental funds	-	-	-	-	-	-	-	-	877,884	848,255
Assigned, reported in:										
Non-major governmental funds	-	-	-	-	-	-	-	-	-	5,122,140
	<u>42,911,939</u>	<u>42,598,011</u>	<u>45,748,402</u>	<u>54,455,088</u>	<u>51,152,713</u>	<u>51,155,228</u>	<u>53,830,228</u>	<u>57,734,734</u>	<u>69,326,467</u>	<u>69,043,029</u>

<sup>a</sup>Beginning 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.

<sup>b</sup>The 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.

<sup>c</sup>Beginning 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.

<sup>d</sup>Beginning 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, 2017**

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016 <sup>b</sup>	2017
<b>Revenues</b>										
Local sources	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	67,515,205
Intermediate sources	3,163,313	3,220,869	3,412,476	3,490,550	3,577,493		3,659,812	3,691,110	3,769,565	4,069,277
State sources	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	63,893,347
Federal sources	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	15,350,965
<b>Total revenue</b>	<b>109,310,901</b>	<b>118,420,824</b>	<b>119,592,122</b>	<b>124,731,553</b>	<b>122,165,058</b>	<b>123,626,868</b>	<b>132,637,731</b>	<b>136,935,771</b>	<b>151,069,886</b>	<b>150,828,794</b>
<b>Expenditures</b>										
<b>Current</b>										
Instruction	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	63,841,698
Student	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	7,454,821
Instructional staff	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	5,519,500
General administration	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	2,389,471
School administration	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	8,960,783
Business	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	9,336,928
Operations and maintenance	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	16,131,962
Student transportation	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	5,646,238
Central	-	-	-	-	-	-	-	-	-	-
Other	247,679	-	-	-	-	-	-	-	-	-
<b>Non-instruction expenses</b>										
Child nutrition operations	-	364,204	385,941	415,189	435,766	545,714	531,575	593,090	9,725,475	10,686,725
Community service operations	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	3,561,055
Other	-	84,175	1,230,120	33,146	309,240	391,396	451,724	183,579	113,787	61,815
<b>Capital outlay</b>	<b>14,090,638</b>	<b>11,651,223</b>	<b>12,060,833</b>	<b>12,279,452</b>	<b>21,118,826</b>	<b>12,665,601</b>	<b>11,782,058</b>	<b>15,860,395</b>	<b>17,070,815</b>	<b>20,176,639</b>
<b>Debt service</b>										
Principal	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	21,850,000
Interest	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	1,441,625
Other	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>127,317,039</b>	<b>135,322,045</b>	<b>133,833,343</b>	<b>137,224,636</b>	<b>145,879,331</b>	<b>149,318,900</b>	<b>150,099,781</b>	<b>159,978,077</b>	<b>170,957,450</b>	<b>177,059,260</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(18,006,138)</b>	<b>(16,901,221)</b>	<b>(14,241,221)</b>	<b>(12,493,083)</b>	<b>(23,714,273)</b>	<b>(25,692,032)</b>	<b>(17,462,050)</b>	<b>(23,042,306)</b>	<b>(19,887,564)</b>	<b>(26,230,466)</b>
<b>Other financing sources (uses)</b>										
Issuance of debt	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	26,000,000
Premiums on new issuance of debt	-	189,600	204,356	326,976	118,750	202,827	380,560	431,663	518,711	250,835
Insurance recoveries	-	-	-	-	-	-	-	184,602	17,571	11,363
Other uses	-	-	-	(142,728)	97,113	61,513	132,194	865,324	-	-
Transfers in	1,782,913	1,016,305	656,196	689,122	585,217	279,018	145,210	82,844	106,224	73,841
Transfers out	(1,782,913)	(1,016,305)	(656,196)	(689,122)	(585,217)	(279,018)	(145,210)	(106,904)	(106,224)	(73,841)
<b>Total other financing sources (uses)</b>	<b>19,444,620</b>	<b>20,189,600</b>	<b>22,704,356</b>	<b>21,784,248</b>	<b>19,215,863</b>	<b>20,664,340</b>	<b>21,512,754</b>	<b>28,457,529</b>	<b>27,536,282</b>	<b>26,262,198</b>
<b>Net changes in fund balances</b>	<b>1,438,482</b>	<b>3,288,379</b>	<b>8,463,135</b>	<b>9,291,165</b>	<b>(4,498,410)</b>	<b>(5,027,692)</b>	<b>4,050,704</b>	<b>5,415,223</b>	<b>7,648,718</b>	<b>31,732</b>
<b>Debt service as a percentage of noncapital expenditures<sup>a</sup></b>	<b>15.14%</b>	<b>14.82%</b>	<b>15.30%</b>	<b>16.19%</b>	<b>17.32%</b>	<b>16.67%</b>	<b>16.11%</b>	<b>15.33%</b>	<b>14.26%</b>	<b>14.98%</b>

<sup>a</sup>Noncapital 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.

<sup>b</sup>Beginning 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



*This page is intentionally left blank.*

**Union Public Schools - Statistical Section**  
**Year Ended June 30, 2017**

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

Fiscal Year Ended June 30,	Real Property Assessed Value <sup>a</sup>	Personal Property Net Assessed Value <sup>a</sup>	Public Service Property Assessed Value <sup>b</sup>	Total Net Assessed Value	Total Estimated Actual Value <sup>c</sup>	Ratio of Gross Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate <sup>d</sup>
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
2017	673,539,097	104,988,429	18,150,870	796,678,396	7,368,526,233	10.81%	71.11

<sup>a</sup>Assessed 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.

<sup>b</sup>Public 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.

<sup>c</sup>Estimated actual value is used in computing the gross assessed value for tax purposes. The Oklahoma Constitution provides that this value will not exceed a 5% increase over the previous year unless improvements were made to the property or if title to the property is transferred, changed, or conveyed to another person.

<sup>d</sup>Components of total direct tax rate are found on the Direct and Overlapping Property Tax Rate table.

Source: Tulsa County Assessor

**Union Public Schools - Statistical Section  
Year Ended June 30, 2017**

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

**Rates for Taxpayers in the City of Tulsa<sup>a</sup>**

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		
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
2017	36.05	5.15	29.91	71.11	22.24	7.21	13.33	21.20	63.98	135.09
<b>Ten-Year Average</b>										<b>131.41</b>

**Rates for Taxpayers in the City of Broken Arrow<sup>b</sup>**

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		
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
2017	36.05	5.15	29.91	71.11	22.24	7.21	13.33	16.92	59.70	130.81
<b>Ten-Year Average</b>										<b>129.49</b>

<sup>a</sup>Approximately 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.

<sup>b</sup>Approximately 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, 2017**

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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value <sup>a</sup>	Taxable Assessed Value	Rank	% of Total District Net Assessed Value <sup>b</sup>
Woodland Hills Mall	14,483,128	1	1.82%	12,402,281	1	1.86%
QuikTrip	8,778,793	2	1.10%	3,641,763	6	0.55%
Public Service Company of Oklahoma	7,679,838	3	0.96%	11,049,707	2	1.66%
Weidner Apartment Homes	7,197,119	4	0.90%			
Wal-Mart	7,057,526	5	0.89%	6,140,607	5	0.92%
AHS/VTR Hillcrest/Tulsa Holdings	6,879,764	6	0.86%			
Expedition Properties, LLC	6,642,773	7	0.83%	3,574,835	9	0.54%
Sir Estancia/Sonoma Grande LLC	6,533,967	8	0.82%			
AG Equipment Co	4,663,694	9	0.59%			
Oklahoma Canceer Specialist	3,630,044	10	0.46%			
Automotive Components Holding LLC				9,749,285	3	1.47%
SouthCrest Hospital				6,621,142	4	1.00%
ERP Operating LP				3,632,341	7	0.55%
Tech Ridge Properties				3,630,000	8	0.55%
Oklahoma Natural Gas				3,098,107	10	0.47%
Total	73,546,646		9.23%	63,540,068		9.55%

<sup>a</sup>Based on FY 16-17 Net Assessed Valuation of 796,678,396

<sup>b</sup>Based on FY 07-08 Net Assessed Valuation of 665,419,694

Source: Tulsa County Assessor

**Union Public Schools - Statistical Section  
Year Ended June 30, 2017**

**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 <sup>a</sup>		Collected in Subsequent Years <sup>b</sup>		Ratio of Total Tax Collection to Levy <sup>c</sup>	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Levy <sup>c</sup>
		Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections	Total Tax Collection			
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	54,307,855	53,392,086	98.31%	907,623	54,299,709	99.98%	1,805,492	3.32%
2017	56,651,801	55,237,805	97.50%	819,589	56,057,394	98.95%	1,981,909	3.50%

<sup>a</sup>The Tulsa County Assessor is required to file a tax roll report on or before October 1 of each year with the Tulsa County Treasurer who must begin collecting taxes by November. The first half of taxes 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.

<sup>b</sup>Ad valorem taxes not paid on or before April 1 are considered delinquent. Interest accrues on delinquent taxes at the rate of one and one-half percent monthly (18 percent annually) to a maximum of 100 percent of the taxes due until such time as the delinquent taxes are paid. If not paid by the following October 1, the property is offered for sale for the amount of taxes due.

<sup>c</sup>In 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, 2017**

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

Fiscal Year Ended June 30,	Total Governmental Activities General Obligation Bonds <sup>a</sup>	Less: Sinking Fund Balance <sup>a</sup>	Net General Obligation Bond Debt	Total Estimated Actual Value <sup>b</sup>	Ratio of Total General Debt to Estimated Actual Valuation <sup>b</sup>	Total Personal Income (in thousands) <sup>c</sup>	Ratio of Total General Debt Per Personal Income	Average Daily Membership (ADM) <sup>d</sup>	Ratio of Total General Debt Per Student <sup>d</sup>
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	85,897,257	13,511,291.00	72,385,966	7,085,583,042	1.21%	49,830,867	0.17%	15,919	5,396
2017	89,967,590	14,301,301.00	75,666,289	7,368,526,233	1.22%	53,314,634	0.17%	15,800	5,694

<sup>a</sup>Premiums 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

<sup>b</sup>Estimated 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.

<sup>c</sup>Calculation based on the 2017 Tulsa Chamber of Commerce Economic Profile MSA population projection multiplied by 2017 projected per capita income.

<sup>d</sup>Since 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, 2017**

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

Fiscal Year Ended June 30,	Total General Obligation Bonds	Less Sinking Fund Balance <sup>a</sup>	Net General Bonded Debt Outstanding	Total Estimated Actual Value <sup>b</sup>	Ratio of Total Debt to Estimated Actual Valuation <sup>b</sup>	Average Daily Membership (ADM) <sup>c</sup>	Ratio of Total Debt Per Student <sup>c</sup>
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	85,897,257	13,511,291	72,385,966	7,085,583,042	1.21%	15,919	5,396
2017	89,967,590	14,301,301	75,666,289	7,368,526,233	1.22%	15,800	5,694

<sup>a</sup>Premiums 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

<sup>b</sup>Estimated 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.

<sup>c</sup>Since 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, 2017**

**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

<u>Jurisdiction</u>	<u>Net Assessed Valuation<sup>a</sup></u>	<u>Amount Subject to Taxation in District<sup>a</sup></u>	<u>Estimated Percent Applicable to the District<sup>b</sup></u>	<u>Total General Obligation Bonded Debt Outstanding<sup>c</sup></u>	<u>Amount Applicable to the District</u>
As it applies to a resident of the city of Tulsa:					
Direct:					
Union Public Schools	796,678,396	796,678,396	100.00%	89,967,590	89,967,590
Overlapping:					
Tulsa County (unincorporated)	15,901,735	1,804,387	11.35%	-	-
Tulsa Technology Center #18	5,610,847,938	796,678,396	14.20%	-	-
Tulsa Community College	5,610,847,938	796,678,396	14.20%	-	-
City of Tulsa <sup>d</sup>	<u>3,407,563,576</u>	<u>604,169,185</u>	17.73%	<u>510,065,000</u>	<u>90,435,746</u>
Total Overlapping	14,645,161,187	2,199,330,364		<u>510,065,000</u>	<u>90,435,746</u>
Total Direct and Overlapping				<u><u>600,032,590</u></u>	<u><u>180,403,336</u></u>
As it applies to a resident of the city of Broken Arrow:					
Direct:					
Union Public Schools	796,678,396	796,678,396	100.00%	89,967,590	89,967,590
Overlapping:					
Tulsa County (unincorporated)	15,901,735	1,804,387	11.35%	-	-
Tulsa Technology Center #18	5,610,847,938	796,678,396	14.20%	-	-
Tulsa Community College	5,610,847,938	796,678,396	14.20%	-	-
City of Broken Arrow <sup>e</sup>	<u>700,223,772</u>	<u>190,441,474</u>	27.20%	<u>113,450,000</u>	<u>30,855,258</u>
Total Overlapping	11,937,821,383	1,785,602,653		<u>113,450,000</u>	<u>30,855,258</u>
Total Direct and Overlapping				<u><u>203,417,590</u></u>	<u><u>120,822,848</u></u>

<sup>a</sup>2016-17 net assessed valuations as certified by the Tulsa County Assessor.

<sup>b</sup>Estimated 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.

<sup>c</sup>Net general obligation bonded debt outstanding reflects the full amount of the liability for "bonds payable" for the governmental activities

<sup>d</sup>The City of Tulsa had judgments totaling \$24,690,390 as of 6/30/2017 that are reported on the tax rolls but not included as a component of net general obligation bonded debt outstanding.

<sup>e</sup>The City of Broken Arrow had judgments totaling \$578,423 as of 6/30/2017 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, 2017

### Legal Debt Margin Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year 2017:**

10% of FY 2016-17 Net Assessed Valuation		79,667,840
Debt Applicable to Limitation	89,967,590	
Current Sinking Fund Balance	(14,301,301)	75,666,289
Legal Debt Margin		4,001,551

Fiscal Year Ended June 30,	Net Assessed Valuation <sup>a</sup>	Legal Debt Limit 10% of Net Assessed Valuation <sup>b</sup>	Outstanding GO Bonded Indebtedness	Less Sinking Fund Balance <sup>c</sup>	Total Net Debt Subject to Legal Limit	Legal Debt Margin <sup>d</sup>	Percent of Net Debt to Debt Limit
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	85,897,257	13,511,291	72,385,966	4,093,199	94.65%
2017	796,678,396	79,667,840	89,967,590	14,301,301	75,666,289	4,001,551	94.98%

<sup>a</sup>Net assessed valuation is taken from the table, *Assessed and Estimated Actual Value of Taxable Property*.

<sup>b</sup>The general obligation indebtedness of the District is limited by Oklahoma law to 10% of the net assessed value of the taxable property in the District.

<sup>c</sup>Premiums received on issuance of debt are transferred to sinking fund, therefore, the net bonded debt outstanding is net of premiums and related discounts

<sup>d</sup>The 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, 2017**

**Demographic and Economic Statistics<sup>a</sup>**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Official State October 1 Enrollment <sup>b</sup>	Average Membership Year End <sup>b</sup>	% Change in Average Daily Membership	Net Assessed Valuation (NAV) <sup>c</sup>	Per Student NAV <sup>d</sup>	Average Attendance Year End <sup>b</sup>	Student Attendance Percentage	Expenditure Appropriation Approved by County Excise Board <sup>e</sup>
2008	14,519	15,360	-	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	15,826	15,700	1.38%	745,019,687	47,453	14,776	94.11%	121,132,642
2016	16,006	15,919	1.39%	764,791,646	48,043	15,151	95.18%	123,025,936
2017	15,960	15,800	-0.75%	796,678,396	50,423	14,865	94.08%	123,455,923

<sup>a</sup>Union Public Schools district specific demographic data

<sup>b</sup>Obtained from the Oklahoma State Department of Education

<sup>c</sup>Obtained from the Tulsa County Assessor

<sup>d</sup>Since 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.

<sup>e</sup>Obtained from Estimate of Needs - General Fund

## Union Public Schools - Statistical Section Year Ended June 30, 2017

### Demographic and Economic Statistics<sup>ab</sup> Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Total Personal Income (in thousands) <sup>c</sup>	Real Per Capita Personal Income <sup>d</sup>	Labor Force	Unemployment Rate
2008	916,525	39,612,211	43,220	441,775	3.7%
2009	929,824	35,668,049	38,360	441,376	6.8%
2010	939,858	37,028,525	39,398	462,873	7.3%
2011	945,927	40,885,803	43,223	458,911	6.2%
2012	952,836	44,545,083	46,750	466,927	5.4%
2013	962,944	45,544,362	47,297	468,063	5.3%
2014	969,224	47,726,528	49,242	465,969	4.5%
2015	975,096	50,060,454	51,339	476,569	4.2%
2016 <sup>d</sup>	978,707	49,830,867	50,915	476,812	5.0%
2017 <sup>e</sup>	989,856	53,314,634	53,861	478,871	4.0%

<sup>a</sup>Tulsa MSA specific demographic data

<sup>b</sup>Data obtained from the Tulsa Metro Chamber 2017 Economic Profile

<sup>c</sup>Calculation based on the 2017 Tulsa Chamber of Commerce Economic Profile MSA population projection multiplied by 2017 projected per capita income

<sup>d</sup>Estimate based on data obtained from the Tulsa Metro Chamber

<sup>e</sup>Projection 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, 2017**

**Tulsa Area Principal Employers<sup>a</sup>**  
**Current Year and Nine Years Ago**

Employer <sup>a</sup>	2017			2008		
	Employees <sup>b</sup>	Rank	Percentage of Tulsa County Employment <sup>c</sup>	Employees <sup>d</sup>	Rank	Percentage of Tulsa County Employment <sup>e</sup>
Saint Francis Healthcare System	8,500	1	1.78%	7,504	2	1.70%
Wal-Mart/Sam's Club	7,000	2	1.46%	7,257	3	1.64%
Tulsa Public Schools	5,500	3	1.15%	7,825	1	1.77%
Hillcrest Healthcare System	5,500	4	1.15%	4,125	6	0.93%
St. John Medical Center	5,500	5	1.15%	5,500	5	1.24%
American Airlines Maintenance Base	4,000	6	0.84%	6,850	4	1.55%
City of Tulsa	2,500	7	0.52%	3,862	7	0.87%
Reasors	2,500	8	0.52%	2,138	10	0.48%
Cherokee Hard Rock Hotel and Casino	2,500	9	0.52%	2,500	8	0.57%
Quik Trip	2,500	10	0.52%			
U.S. Postal Service				2,154	9	0.49%
	46,000		9.61%	49,715		11.25%

<sup>a</sup>Tulsa MSA specific demographic data

<sup>b</sup>Based on the estimated labor force from District records

<sup>c</sup>Based on the projected total labor force from the Tulsa Metro Chamber 2017 Economic Profile of 478,871

<sup>d</sup>Based on the actual labor force from District records

<sup>e</sup>Based on the total labor force count from the Tulsa Metro Chamber 2017 Economic Profile of 441,775

*This page is intentionally left blank.*

**Union Public Schools - Statistical Section**  
**Year Ended June 30, 2017**

**Capital Assets by Function and Activity**  
**Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016 <sup>a</sup>	2017
<b>Governmental Activities</b>										
Instruction	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	331,698,027
Student	138,246	182,267	358,280	446,547	515,152	576,445	588,574	624,949	648,950	617,627
Instructional support	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	3,713,132
General administration	185,210	196,372	336,722	339,917	335,573	278,228	311,319	339,206	345,537	338,059
School administration	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	1,503,959
Business	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	6,813,096
Operations and maintenance	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	7,954,571
Transportation	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	10,808,134
Support services - Central	2,809,449	2,719,248	3,272,656	5,093,473	-	4,856,513	4,856,513	4,856,513	4,821,501	4,821,501
Other Support Services	-	-	-	-	-	-	-	-	35,012	35,012
Non-instructional	383,766	450,251	-	5,156	2,119	107,979	117,114	122,278	86,024	4,444,231
Other-unclassified	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	1,834,238
<b>Total Governmental Activities</b>	<b>230,213,559</b>	<b>246,086,317</b>	<b>258,111,480</b>	<b>272,331,355</b>	<b>285,934,211</b>	<b>306,198,657</b>	<b>319,837,016</b>	<b>334,487,970</b>	<b>351,449,200</b>	<b>374,581,587</b>
<b>Business-Type Activities</b>										
Child nutrition services	2,068,246	2,123,088	2,172,502	2,254,484	2,244,273	2,301,652	2,779,165	3,317,346	-	-
<b>Total Capital Assets</b>	<b>232,281,805</b>	<b>248,209,405</b>	<b>260,283,982</b>	<b>274,585,839</b>	<b>288,178,484</b>	<b>308,500,309</b>	<b>322,616,181</b>	<b>337,805,316</b>	<b>351,449,200</b>	<b>374,581,587</b>

Source: District records

<sup>a</sup>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, 2017**

**Employee Information**  
**Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Certified Personnel</b>										
Bachelor's										
Minimum Salary	31,600	31,600	31,600	31,600	31,600	31,600	31,600	32,050	32,150	32,350
Maximum Salary	48,799	48,799	49,287	49,287	49,829	50,576	51,461	52,461	53,248	53,780
Average Salary	36,514	36,301	36,186	35,980	36,106	35,812	35,754	36,152	36,495	36,478
Number of Teachers	593	635	663	629	622	617	642	674	653	646
Master's										
Minimum Salary	32,800	32,800	32,800	32,800	32,800	32,800	32,800	33,250	33,400	33,600
Maximum Salary	52,913	53,479	54,014	54,014	54,608	55,427	56,397	57,397	58,258	58,841
Average Salary	43,048	42,604	42,409	41,865	42,287	40,961	40,946	41,103	41,017	40,856
Number of Teachers	308	309	320	310	303	322	318	315	326	321
Doctor's										
Minimum Salary	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,450	34,600	34,800
Maximum Salary	55,279	55,870	56,429	56,429	57,049	57,905	58,918	59,918	60,817	61,425
Average Salary	46,640	43,612	43,871	43,681	46,822	45,857	44,678	47,407	47,259	48,809
Number of Teachers	15	16	15	14	12	10	15	15	12	11
<b>Total Certified Personnel</b>	<b>916</b>	<b>960</b>	<b>998</b>	<b>953</b>	<b>936</b>	<b>949</b>	<b>975</b>	<b>1,004</b>	<b>991</b>	<b>980</b>
<b>Support Personnel</b>										
Number of Support	712	769	785	753	784	866	855	887	907	920
<b>Administrative Personnel</b>										
Number of Administrators	72	71	72	71	72	72	81	80	76	78

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.

Note: 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, 2017

### Operating Statistics Last Ten Fiscal Years

Fiscal Year Ended June 30,	Average Daily Membership (ADM) <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff <sup>d</sup>	Pupil/ Teacher Ratio	Number of Graduates <sup>e</sup>
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	141,848,815	8,911	2.62%	991	16:1	1,063
2017	15,800	150,726,245	9,540	7.06%	920	17:1	1,059

<sup>a</sup>Final audited average daily membership (ADM) obtained from the Oklahoma State Department of Education.

<sup>b</sup>Operating expenditures are the total expenses of the 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.

<sup>c</sup>Cost per pupil is calculated by dividing operating expenditures by the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education.

<sup>d</sup>Teaching staff includes all certified personnel whose pay is based on the Union Classroom Teacher's Association (UCTA)

<sup>e</sup>Number of graduates obtained from District records maintained by the Union High School Registrar.



## Union Public Schools - Statistical Section Year Ended June 30, 2017

### Support Services Statistics Last Ten Fiscal Years

Fiscal Year Ended June 30,	Average Daily Membership (ADM) <sup>a</sup>	Child Nutrition				Transportation		
		Free and Reduced Count <sup>b</sup>	Free and Reduced Percentage	Number of Breakfasts Served <sup>b</sup>	Number of Lunches Served <sup>b</sup>	Number of Buses Operated <sup>b</sup>	Estimated Number of Miles Driven <sup>b</sup>	Average Daily Haul (ADH) <sup>ac</sup>
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
2017	15,800	11,101	70.26%	982,190	1,681,613	112	1,073,008	9,655

<sup>a</sup>Final audited average daily membership (ADM) and average daily haul (ADH) obtained from the Oklahoma State Department of Education

<sup>b</sup>Obtained from District records

<sup>c</sup>Average daily haul (ADH) includes both bus route and bus activity miles

## Union Public Schools - Statistical Section Year Ended June 30, 2017

### School Building Information Last Ten Fiscal Years

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	505	475	477	458	469	463	477	466	463	429
Percentage of Capacity Used	84.17%	79.17%	79.50%	76.33%	78.17%	77.17%	79.50%	77.67%	77.17%	71.50%
Boevers Elementary (1975)										
Square Feet	59,773	59,773	59,773	59,773	59,773	59,773	59,773	59,773	59,773	59,773
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	442	481	552	562	539	555	558	592	580	575
Percentage of Capacity Used	73.67%	80.17%	92.00%	93.67%	89.83%	92.50%	93.00%	98.67%	96.67%	95.83%
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	589	538	542	541	517	525	553	600	620	612
Percentage of Capacity Used	98.17%	89.67%	90.33%	90.17%	86.17%	87.50%	92.17%	100.00%	103.33%	102.00%
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	566	591	564	551	575	548	518	504	500	482
Percentage of Capacity Used	94.33%	98.50%	94.00%	91.83%	95.83%	91.33%	86.33%	84.00%	83.33%	80.33%
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	776	556	604	603	564	623	638	609	659	672
Percentage of Capacity Used	129.33%	92.67%	100.67%	100.50%	94.00%	103.83%	106.33%	101.50%	109.83%	112.00%
Darnaby Elementary (1979)										
Square Feet	73,458	73,458	73,458	73,458	73,458	73,458	73,458	73,458	73,458	73,458
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	538	571	572	533	638	667	647	622	610	640
Percentage of Capacity Used	89.67%	95.17%	95.33%	88.83%	106.33%	111.17%	107.83%	103.67%	101.67%	106.67%
Grove Elementary (1974) <sup>a</sup>										
Square Feet	60,777	60,777	60,777	60,777	77,028	77,028	77,028	77,028	77,028	77,028
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	621	575	628	606	582	602	611	625	636	581
Percentage of Capacity Used	103.50%	95.83%	104.67%	101.00%	97.00%	100.33%	101.83%	104.17%	106.00%	96.83%
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	606	559	520	556	584	582	601	600	591	591
Percentage of Capacity Used	101.00%	93.17%	86.67%	92.67%	97.33%	97.00%	100.17%	100.00%	98.50%	98.50%

## Union Public Schools - Statistical Section Year Ended June 30, 2017

### School Building Information Last Ten Fiscal Years

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>McAuliffe Elementary (1987)</b>										
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	630	518	557	630	648	666	705	593	621	655
Percentage of Capacity Used	105.00%	86.33%	92.83%	105.00%	108.00%	111.00%	117.50%	98.83%	103.50%	109.17%
<b>Moore Elementary (2000)</b>										
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	596	470	488	506	538	488	482	588	597	568
Percentage of Capacity Used	99.33%	78.33%	81.33%	84.33%	89.67%	81.33%	80.33%	98.00%	99.50%	94.67%
<b>Peters Elementary (1978)</b>										
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	587	574	567	543	526	512	500	528	496	455
Percentage of Capacity Used	97.83%	95.67%	94.50%	90.50%	87.67%	85.33%	83.33%	88.00%	82.67%	75.83%
<b>Rosa Parks (2006)<sup>f</sup></b>										
Square Feet	71,300	71,300	71,300	71,300	71,300	71,300	71,300	87,550	87,550	87,550
Capacity (students)	600	600	600	600	600	600	600	900	900	900
Enrollment	479	612	621	607	631	669	709	771	794	833
Percentage of Capacity Used	79.83%	102.00%	103.50%	101.17%	105.17%	111.50%	118.17%	85.67%	88.22%	92.56%
<b>Thomas Jefferson (2008)</b>										
Square Feet	-	69,356	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	600
Enrollment	-	473	515	535	547	526	576	558	554	568
Percentage of Capacity Used	-	78.83%	85.83%	89.17%	91.17%	87.67%	96.00%	93.00%	92.33%	94.67%
<b>Secondary:</b>										
<b>6th/7th Grade Center (1993)<sup>a</sup></b>										
Square Feet	276,126	276,126	276,126	276,126	276,126	292,416	292,416	292,416	292,416	292,416
Capacity (students)	2,200	2,200	2,200	2,200	2,200	2,440	2,440	2,440	2,440	2,440
Enrollment	2,137	2,121	2,248	2,240	2,197	2,266	2,272	2,226	2,322	2,306
Percentage of Capacity Used	97.14%	96.41%	102.18%	101.82%	99.86%	92.87%	93.11%	91.23%	95.16%	94.51%
<b>8th Grade Center (1982)<sup>b</sup></b>										
Square Feet	165,620	165,620	165,620	165,620	165,620	165,620	165,620	165,620	263,309	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	1,139	1,137	1,054	1,101	1,092	1,168	1,126	1,205	1,173	1,174
Percentage of Capacity Used	87.62%	87.46%	81.08%	84.69%	84.00%	89.85%	86.62%	92.69%	90.23%	90.31%
<b>9th Grade Center (1987)<sup>c</sup></b>										
Square Feet	432,564	432,564	458,590	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	2,264	2,325	2,343	2,213	2,178	1,201	1,217	1,236	1,301	1,229
Percentage of Capacity Used	102.91%	105.68%	106.50%	100.59%	99.00%	54.59%	55.32%	56.18%	59.14%	55.86%

**Union Public Schools - Statistical Section**  
**Year Ended June 30, 2017**

**School Building Information**  
**Last Ten Fiscal Years**

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Senior High School (1972) <sup>c</sup>										
Square Feet	611,119	611,119	611,119	611,119	611,119	728,119	728,119	728,119	728,119	728,119
Capacity (students)	2,200	2,200	2,200	2,200	2,200	3,490	3,490	3,490	3,490	3,490
Enrollment	2,044	2,082	2,163	2,146	2,165	3,238	3,336	3,500	3,489	3,378
Percentage of Capacity Used	92.91%	94.64%	98.32%	97.55%	98.41%	92.78%	95.59%	100.29%	99.97%	96.79%
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) <sup>d</sup>										
Square Feet		32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Union Welcome and Enrollment Center (2013) <sup>e</sup>										
Square Feet						2,783	2,783	2,783	2,783	2,783
Math & Science (STEM) Building <sup>g</sup>										
Square Feet	-	-	-	-	-	-	-	-	-	24,428

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.

<sup>a</sup>Fine Arts wing opened in FY 2013.

<sup>b</sup>8th Grade Center expansion project phase one completed and opened in SY 2016

<sup>c</sup>In FY 2013, the 10th grade moved to the High School

<sup>d</sup>Building owned by Tulsa Community Action Project; operated by Union Public Schools. The facility currently houses a 3-year old program.

<sup>e</sup>Building purchased and renovated in FY 2013

<sup>f</sup>Expansion completed FY 2015

<sup>g</sup>Building purchased in FY 2017

**Union Public Schools - Statistical Section**  
**Year Ended June 30, 2017**

**Insurance Schedule**  
**June 30, 2017**

Effective 7/1/2016 - 6/30/2017	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 7/1/2016-6/30/2017	1,000,000 by Disease -Policy Limit	
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 2016-2017 SY

Source: International Insurance Brokers

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

Compliance Report  
June 30, 2017

## Contents

---

Independent auditor's report on:	
Internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
Compliance for each major federal program and report on internal control over compliance and report on schedule of expenditures of federal awards required by Uniform Guidance	3-4

---

Schedule of expenditures of federal awards	5-6
Notes to the schedule of expenditures of federal awards	7
Summary schedule of prior audit findings	8
Schedule of findings and questioned costs	9-11

---



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, 2017, 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 11, 2017.

**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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2017-001 that we consider to be a significant deficiency.



**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 Finding**

The District's response to the finding identified in our audit is described above. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 11, 2017



RSM US LLP

**Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on  
Schedule of Expenditures of Federal Awards  
Required by the 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 programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the District as of and for the year ended June 30, 2017, and have issued our report thereon dated December 11, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Oklahoma City, Oklahoma  
January 29, 2018, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 11, 2017

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

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017**

**Federal Grantor**

Pass Through Agency Program Title	Federal CFDA #	Grantor's Number	Expenditures
<b>U.S. Department of Agriculture:</b>			
Passed through Oklahoma State Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	763	\$ 4,507,236
National School Breakfast Program	10.553	764	1,598,059
Summer Food Service Program	10.559	766	119,215
Passed-Through Oklahoma Department of Human Services			
Commodities (Non-Cash)	10.555	763	<u>536,964</u>
<b>Total Child Nutrition Cluster</b>			<u>6,761,474</u>
Passed through Oklahoma State Department of Education			
Fresh Fruit / Vegetable Program	10.582	768	207,079
Child and Adult Care Food Program	10.558	769	<u>267,703</u>
<b>Total U.S. Department of Agriculture</b>			<u>7,236,256</u>
<b>U.S. Department of Education:</b>			
Direct Program			
Indian Education Grants to Local Educational Agencies—Title VII			
	84.060	561	270,076
Passed through Oklahoma State Department of Education			
Special Education Cluster			
IDEA Flow Thru	84.027	621	2,427,324
IDEA Early Intervening	84.027	623	347,319
IDEA—Preschool	84.173	641	<u>62,716</u>
<b>Total Special Education Cluster</b>			<u>2,837,359</u>
Grants to Local Educational Agencies—Title I	84.010	511	2,469,428
Title I—School Improvement	84.010	515	<u>70,156</u>
			2,539,584
Title III LEP	84.365	572	267,136
Improving Teacher Quality State Grants— Title II, Part A	84.367	541	254,041
Title X Part C, Homeless	84.196	596	47,835

(Continued)

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

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2017**

Federal Grantor Pass Through Agency Program Title	Federal CFDA #	Grantor's Number	Expenditures
<b>U.S. Department of Education (Continued):</b>			
Passed-Through Oklahoma Department of Career and Technolgy Education:			
Adult Education State Grant Program—Corrections	84.002	733	\$ 20,748
Adult Education State Grant Program—English Literature / Civics	84.002	732	215,600
Adult Education State Grant Program	84.002	731	<u>915,678</u>
			1,152,026
 Vocational Education Basic Grants to States— Carl Perkins—Title I	 84.048	 421	 <u>90,021</u>
<b>Total U.S. Department of Education</b>			<u><u>7,458,078</u></u>
<b>U.S. Department of Interior</b>			
Passed-Through Muscogee Creek Nation Indian Education Assistance to Schools— Johnson O'Malley			
	15.130	563	<u>41,223</u>
<b>Total U.S. Department of Interior</b>			41,223
<b>U.S. Department of Health and Human Services</b>			
Passed-Through Oklahoma Health Care Authority Medicaid Resources			
	93.778	698	36,324
 Passed-Through Oklahoma Department of Human Services Temporary Assistance for Needy Families (TANF)	 93.558	 735	 <u>238,670</u>
<b>Total U.S. Department of Health and Human Services</b>			<u><u>274,994</u></u>
<b>Total Federal Assistance</b>			<u><u>\$ 15,010,551</u></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, 2017**

---

**Note 1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the District for the year ended June 30, 2017 and is presented on the modified 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 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 are recognized following the modified accrual basis of accounting. Such expenditures are reported following the cost principles contained in 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. Noncash Assistance**

The Schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$536,964 related to USDA Commodities grants (CFDA Number 10.555) 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, 2017, 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, 2017**

Findings	Status	Corrective Action Plan or Other Explanation
<b>Findings Related to Financial Statements:</b>		
<b>Significant Deficiency in Internal Controls over Financial Reporting Finding 2016-001</b>		
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 2017-001
<b>Significant Deficiency in Internal Controls over Financial Reporting Finding 2016-002</b>		
The District does not have sufficient procedures in place to ensure the liability for incurred medical claims is properly recorded in the financial statements.	Corrected	N/A
<b>Significant Deficiency in Internal Controls over Financial Reporting Finding 2016-003</b>		
The District does not have sufficient procedures in place to ensure accounts payable is properly recorded in the financial statements.	Corrected	N/A
<b>Findings Related to Federal Awards:</b>		
None		

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

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

---

**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:**

CFDA Number	Name of Federal Program
84.010	Title I
84.002	Adult Education Grant
84.060	Title VII Indian Education

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, 2017**

---

**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 2017-001.

**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.

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

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2017**

---

**Finding 2017-001  
Significant deficiency in internal control over financial reporting**

Finding: The District does not have sufficient procedures in place to ensure that journal entries necessary to prepare financial statements in accordance with generally accepted accounting principles (GAAP) are properly reflected 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 and context: The District utilizes excel spreadsheets to post top level GAAP journal entries and 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. 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. In the current year, certain top level GAAP journal entries were posted in the financial statements incorrectly resulting in:

- (1) An imbalance in the preliminary general fund financial statements (of approximately \$46,000) and governmental activities financial statements (of approximately \$406,000) and
- (2) An understatement of accrued liabilities in the preliminary governmental activities financial statements (of approximately \$1.2 million), general fund financial statements (of approximately \$748,000), bond fund financial statements (of approximately \$25,000), and non-major fund financial statements (of approximately \$460,000).

Adjustments were posted to correct the errors in the fund financial statements and governmental activities financial statements.

Cause: The District does not believe its current financial reporting system will allow for recording top-level financial statement journal entries. The District purchased separate financial reporting software, but has not fully implemented the software. Current year GAAP financial statements were produced by posting manual top level journal entries in excel and adequate controls were not put in place to prevent or detect misstatements on a timely basis.

Effect: Preliminary fund financial statements and governmental activities financial statements did not balance and contained errors.

Recommendation: We recommend that the District implement procedures to ensure GAAP entries are properly accounted for, reviewed, and recorded in the financial statements. This could potentially be accomplished through utilizing the financial reporting module of its Munis system or similar software such as Caseware. This could include using separate funds or accounts 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.

District's response and Corrective Action Plan:

The District is implementing the Caseware audit software which will allow for better procedures to ensure GAAP entries are properly accounted for, reviewed, and recorded in the financial statements. The implementation was delayed this fiscal year but will be complete and fully implemented for the 2018 audit. This software will allow for a smoother transition from the Munis financial system to the final CAFR product.



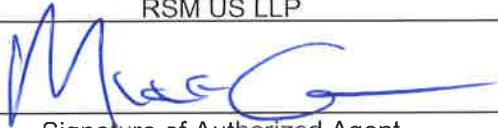
UNION PUBLIC SCHOOLS INDEPENDENT SCHOOL DISTRICT NO. I-9  
TULSA COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT

Year Ended June 30, 2017

STATE OF OKLAHOMA  
COUNTY OF OKLAHOMA

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm did have, in full force and effect, Accountant's Professional Liability Insurance, in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with Union Public Schools Independent School District No. I-9 for the audit year ended June 30, 2017.

RSM US LLP



Signature of Authorized Agent

Michael J. Gibson

Printed Name of Authorized Agent

Subscribed and sworn to before me on this

4<sup>th</sup> Day of January, 2018



NOTARY PUBLIC

My commission expires on:

18<sup>th</sup> Day of September, 2021

Commission No. 17008665

