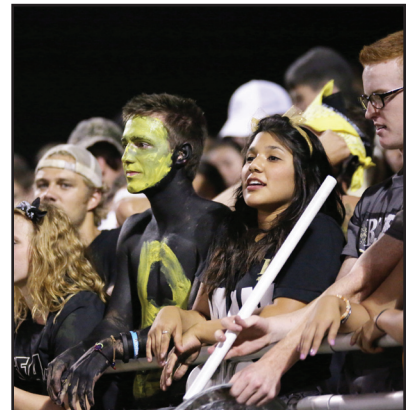




COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2013





COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended

June 30, 2013

Broken Arrow Public Schools, District No. I-003

701 S. Main Street

Broken Arrow, Oklahoma 74012

Prepared by:

Department of Finance

Dwayne Thompson

Chief Financial Officer

Donna Dollahon

District Treasurer

Natalie Eneff

Director of Budget

Cathy Mitchem

Director of Accounting

This page is intentionally left blank.



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal & District Profile	2
School Officials	19
Organizational Chart	20
FINANCIAL SECTION	
Independent Auditor's Report	22
Management's Discussion & Analysis	24
Basic Financial Statements:	37
Government-Wide Financial Statements	
Statement of Net Position	38
Statement of Activities	39
Fund Financial Statements	
Balance Sheet – Governmental Funds	41
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	43
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	44
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Building Fund	45
Statement of Net Position – Proprietary Funds	46
Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Funds	47
Statement of Cash Flows – Proprietary Funds	48
Statement of Net Position – Fiduciary Funds	49
Statement of Changes in Net Position – Fiduciary Funds	50
Notes to Financial Statements	51
Combining and Capital Asset Statements and Schedules:	77
Combining Statement of Changes in Assets and Liabilities – Agency Funds	78



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS – Continued

FINANCIAL SECTION (Cont'd)	Page
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Sources	79
Schedule by Function and Activity	80
Schedule of Changes by Function and Activity	81
STATISTICAL SECTION	
Table of Contents	84
Financial Trends	
District-Wide Net Position by Component	86
District-Wide Changes in Net Assets/Position	87
Fund Balances of Governmental Funds	89
Changes in Fund Balances of Governmental Funds	90
Revenue Capacity	
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
Debt Capacity	
Ratios of Outstanding Debt by Type	98
Ratios of Net General Bonded Debt Outstanding	99
Direct and Overlapping Governmental Activities Debt	100
Legal Debt Margin	101
Demographic & Economic Information	
Demographic and Economic Statistics	103
Broken Arrow Area Principal Employers	104
Full-Time Equivalent District Employees by Type	105
Operating Information	
Capital Assets by Function and Activity	107
Employee Information	108
Operating Statistics	109
School Building Information	110



Introductory Section





December 9, 2013

Citizens and Governing Board of Education
Broken Arrow Public Schools, District I-003
701 S. Main Street
Broken Arrow, OK 74012

Management hereby presents the Comprehensive Annual Financial Report (“CAFR”) of Broken Arrow Public Schools, Broken Arrow, Oklahoma for the year ended June 30, 2013. This report was prepared by the District’s Office of Finance. State law mandates that school districts undergo an annual single audit and publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with auditing standards (GAAS) by a firm of licensed certified public accountants.

Management of the School District assumes full responsibility for the completeness and reliability of all of the information presented in this report and provides reasonable assurance that its financial statements are free of any material misstatements.

To provide a reasonable basis for making these representations, the District has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft, or misuse and to gather sufficient reliable information for the preparation of the District’s financial statements. The cost of internal controls should not outweigh their benefits; consequently, the District’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Internal offices of the School District, namely the offices of Accounting, Budget, and Accounts Payable, regularly review expenditures of School District funds and perform selective and random reviews of operations and controls further ensuring that this report is complete and reliable in all material respects and in conformity with GAAP.

The District’s Management Discussion and Analysis (MD&A) immediately follows the independent auditors’ report and provides a required narrative introduction, overview, and analysis of the basic financial statements to be read in conjunction with this letter of transmittal.

The District’s financial statements have been audited by Sanders, Bledsoe & Hewett, LLP. As part of the federally mandated “Single Audit” requirement, Sanders, Bledsoe & Hewett, LLP, also performs an annual audit of the School District’s internal controls and compliance thereto with legal requirements involving the administration of federal awards and grants. The Single Audit is designed to meet the needs of federal grantor agencies. These reports are available in the School District’s separately issued Single Audit Report.

District Profile

Local Economy & History

Broken Arrow is a city located in the northeastern part of the U.S. state of Oklahoma, primarily in Tulsa County but also with a small section of the city in western Wagoner County. It is the largest suburb of Tulsa. According to the 2010 census, Broken Arrow has a population of 98,850 residents and is the fourth largest city in the state. Broken Arrow is a city with a wide variety of industry including utilities, telecommunications, real-estate, and retail. Unemployment was higher during the recession in 2009, but job opportunities are increasing for residents as businesses continue to grow. Unemployment is currently 3.4%. The District has 15 elementary schools, five middle schools, two intermediate schools, and one senior high school, all of which combine to serve more than 17,000 students. Students in grades kindergarten through fifth attend elementary schools. 13 of the 15 elementary schools are K-5th grade, one is configured to serve students in grades K-2 and one of the elementary schools houses students in 3rd-5th grades. Middle schools serve grades six, seven and eight. The high school is composed of three sites - two intermediate high schools for students in grades 9 and 10 and the senior high school for grades 11 and 12. All three campuses are fully accredited by the state of Oklahoma and the North Central Association of Secondary Schools and Colleges.



OUR MISSION

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

Relationship to Other Governments



W.S. Fears of the Arkansas Valley Townsite Company selected the town’s location as a stop on the pending Katy Railroad. Towns were every 10 to 15 miles along the proposed railroad. The original town site was platted in 1902 on land acquired through the U.S. Secretary of the Interior, transferring ownership from two Creek citizens to the Townsite Company. The next year, Broken Arrow became an incorporated city in U.S. Court.

The District, the City, and the Chamber exchange representation on board and committees so that all entities are cohesive in expanding the quality of life in the city of Broken Arrow. That is reflected by Broken Arrow being named one of the top 100 cities in the country and the top city to live in the state of Oklahoma by *Money Magazine* in 2012. The community enjoys vast acres of land with some of the finest parks in the area. Thirty-four parks and a comprehensive youth sports complex are designed specifically to meet the diverse needs and activities of citizens and visitors.

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. At the beginning of the fiscal year, Broken Arrow Public Schools completes an Estimate of Needs report. The County Excise Board then approves the appropriated funds for the legal budget. The Board of Education is required to approve the budget within 45 days after the County Excise Board approves the Estimate of Needs. Once the Board of Education approves the operating budget, any changes to appropriations must be approved by the Board of Education. The annual budget serves three purposes: (1) it is the financial plan for the District for the fiscal year, reflecting goals and priorities at the individual, departmental, and District level, (2) it is a management tool for the administrative staff and provides primary control to direct and limit expenditures, and (3) it represents planned fiscal activities of the District to the employees, students, and patrons of the District. The level of budgetary control is maintained by fund and by project. Individual line items may be adjusted without Board action, but total budgeted expenditures may not exceed appropriations at the major fund level without Board approval. The District utilizes an encumbrance system as a technique of budgetary control with encumbered appropriations lapsing at year end. Overall responsibility for the budget rests with the Chief Financial Officer, at the direction of the Superintendent. The Chief Financial Officer will develop procedures for budget control and reporting in accordance with State and Federal laws and regulations, Board policy, and proper internal controls. During the 2012-13 budgeting process, one of the critical goals was to maintain a well established fund balance. This fund balance helped to combat inflationary items such as insurance, utilities, and fuel. It helped to protect the District against uncertain State and Federal funding.



Long-Term Financial Planning & Major Initiatives



The District utilizes four community wide committees for planning; Long Range, Bond Oversight, Budget, and Strategic Planning Committees. These committees review the financial condition and establish the budget for operation, review the student growth to determine long-term needs and develop programmatic solutions to make the District more efficient and effective in serving the students. In addition to all of these committees reviewing the long term District plan, during the 2011-12 fiscal year the District completed its first Comprehensive Annual Financial Report. The Comprehensive Annual Financial Report served as a valuable tool to provide transparency for the District's patrons, employees, and community.



Administration

The administration of Broken Arrow Public Schools is separated into seven divisions, and different departments are contained within each division:

- The Administrative Division is responsible for the every day educational operations at elementary and secondary levels.
- The Student Services Division is responsible for managing the services, resources, and extracurricular activities that support and enhance instruction.
- The Instructional Services Division is responsible for ensuring academic accountability at the State and Federal levels, while at the same time implementing initiatives and support services that enhance academic performance.
- The Financial Services Division is responsible for managing district financial resources to ensure fiscal stability. This division also includes the administration of those departments that offer auxiliary services to support education.
- The Operating Services Division is responsible for overseeing District construction and technology implementation, as well as facility use, upkeep and daily operations.
- The Human Resource Services Division is responsible for recruitment, retention and management of human capital, as well as ensuring employer accountability at the State & Federal levels.
- The Communication Services Division is responsible for managing the numerous messages and tools for communicating with both internal and external audiences.

Strategic Plan

Strategic planning is a process the District has used to accomplish its vision and mission while establishing plans for the future. Community members, parents, faculty and staff were part of this intensive, year-long process of developing a district-wide Strategic Plan. The first step was for the Board of Education members to determine the beliefs, vision and categories that would drive the process, which took place at a special board meeting in January 2012. The second step was a two-day retreat for the 41 members of the Strategic Planning Committee, which included parents, staff members and patrons of the community. Their task was to develop the mission, objectives and strategies in the spring of 2012. By July, it was time to train the 12 Action Team Leaders, each of whom would lead a group of stakeholders through the next step of the process. On August 30, approximately 150 individuals were gathered at a Special Board Meeting at Central on Main and assigned to one of the 12 Action Teams. Each Action Team had one leader and at least nine other individuals on the team. These small groups were assigned the responsibility of meeting throughout the months of September and November to create Action Plans that accomplished each of the objectives. In November of 2012, the members of the Strategic Planning Committee reconvened to modify and approve the 23 Action Plans that had been created by the members of the Action Teams. These plans were presented to the Board of Education for a first reading at their January 2013 regular meeting. Once it had been approved, the Superintendent assigned each Action Plan to a specific group of staff members for implementation over the next three to five years.

- Strategic Objectives and Strategies

Teaching and Learning: Create engaging, relevant and rigorous learning experiences for all students.

- 1.1 Develop collaborative relationships that lead to student success.
- 1.2 Define student engagement and identify engaging learning experiences.
- 1.3 Implement reflective instruction through authentic assessments for and of learning.

Human Resources: The District will develop and support a dynamic workforce which will enable all students to be successful.

- 2.1 Recruit a diverse and quality staff.
- 2.2 Retain a diverse and quality staff.

Finance: All stakeholders will responsibly utilize financial resources to optimize student success.

- 3.1 Influence factors that impact revenue streams at the local, state and federal levels.
- 3.2 Implement best fiscal practices to bring about transparency, equity and visionary progress.

Facilities: Create a proactive approach that results in equitable facilities throughout the District.

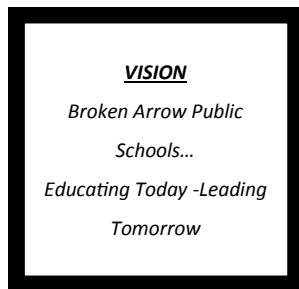
- 4.1 Develop best-in-class 21st Century, technology-based facilities.
- 4.2 Implement a process to continually assess the future facility needs of the District.

Co-curricular: Create comprehensive co-curricular offerings for every student.

- 5.1 Analyze the current structure of the school day in order to integrate time for co-curricular opportunities.
- 5.2 Develop and implement a systematic plan that addresses the co-curricular needs of each student.

Communication: All communication should reflect the vision and mission of the District.

- 6.1 Identify, design and develop a communication process that is relevant to all stakeholders.



- Beliefs

We Believe...

- In utilizing 21st Century technology in achieving academic success.
- All students will be college or career ready.
- Community beliefs and values are paramount to the development of our children.
- In a culture of collaboration and respect for internal and external stakeholders.
- In fostering an atmosphere of employee engagement and open communication.



- In community partnerships.
- In a culture of excellence that demonstrates trust, professionalism, integrity and character.
- In providing quality student opportunities.
- In promoting an environment which recognizes and celebrates successes.
- Diversity enriches our learning environment.
- We are responsible for building upon the rich history we have inherited.

Common Core State Standards

The Common Core State Standards provide a consistent, clear understanding of what students are expected to learn as well as allowing teachers and parents to know what they need to do to help the students. The standards are designed to be robust and relevant to the real world, reflecting the knowledge and skills that young people need for success in college and careers. With American students fully prepared for the future communities will be best positioned to compete successfully in the global economy. Establishing common education standards is one way to address the disparity between standards to ensure that all children, regardless of geography, socioeconomic status, or life history, receive an education that values their potential.

The positive impacts of Common Core State Standards on students are:

- They help prepare students with the knowledge and skills they need to succeed in college and careers.

S.T.E.M.

STEM stands for Science, Technology, Engineering, and Mathematics. At Rhoades Elementary, school students K-5 get to experience the STEM Pilot enrichment lab as part of their weekly curriculum.

The goal of the STEM program is to help create critical thinkers and increase science literacy by engaging students in exciting yet meaningful activities encompassing the four components of STEM.

The District is preparing today's students for tomorrow's jobs, allowing them to be competitive in an increasingly global economy.



- They help make transitions smoother for students moving to different states or districts because the learning goals remain consistent.

- Clearer standards help students understand what is expected of them and allow them to engage in more self directed learning.

Common standards are good for parents because:

- They help parents understand exactly what students need to know and what they need to do at each step in their education.

- They help facilitate conversation between parents and teachers about how to help their children reach those education goals.

- They assure parents that their children have access to the same high-quality education other students receive in other parts of the country.



Some of Mrs. Sagely's students having a 'Slime Party'

Reading Recovery® and Literacy First™

The Reading Recovery® program started in Broken Arrow during the 2011-12 school year. The 2012-13 school year marks the second year of the program. Broken Arrow is currently only the second school district in the state of Oklahoma to offer this program to students. The District currently has 16 active Reading Recovery® trained teachers, plus a Teacher Leader. Over the past two years, the District has served 150 students, with 81% of the students receiving complete interventions and being successfully discontinued from the program. Thanks to a partnership with Texas Woman's University, the District has received approximately \$127,000 in funding for the program that includes 6 hours of graduate credit for each teacher, books, and supplies for their classrooms.

In 2011, the District implemented Literacy First™, a research based literacy process that has proven most effective in increasing literacy rates among all students. The 2012-13 school year marks the second year the District has committed to the program. The program encompasses Pre-K through 8th grade as a comprehensive, cumulative method for bringing all students to a high level of reading and writing achievement.

What is Reading Recovery®?

Reading Recovery® is a short-term intervention for first graders having difficulty with early reading and writing. Specially trained teachers work individually with students in daily 30-minute lessons lasting 12 to 20 weeks. After a full series of lessons, about 75% of these formerly lowest students reach grade-level standard.

Gifted & Talented Program

Gifted & Talented Mission Statement:

To develop independence of thought and study by providing varied opportunities for becoming efficient and productive thinkers, and to foster within each gifted student a realistic awareness of self and comprehension of the significance of his/her potential role in society.

The Broken Arrow School District is committed to providing opportunities which promote the growth of skills, knowledge and understanding necessary for students to reach their full potential. Through this commitment, the best possible student outcomes are achieved. There are students in Broken Arrow schools whose abilities require differentiated programs for the full development of their general intellectual ability, specific academic ability, thinking skills, leadership ability and performance or productive ability.

Kaleidoscope (Grades 1-5)

Kaleidoscope is a broad-based program which consists of a variety of options for elementary school gifted students. A resource room "send out" program gives students in grades two through five the opportunity to work with a teacher trained in the education of the gifted. Students in this class are involved in activities designed to increase their knowledge in a variety of subject areas, develop thinking, decision making, and problem solving skills, and develop research skills while applying them to units of study. Formal identification and placement of gifted students does not take place until second grade.



Middle School & High School Gifted Program (Grades 6-12)

Unique patterns of individual characteristics, interest, aptitudes, abilities and values indicate that secondary schools should offer the intellectually gifted many choices.

Students identified as gifted at the middle school may select from a variety of Pre-AP courses. These classes emphasize strategic reasoning, creative and critical thinking skills and cooperative learning strategies. Advanced course work will differ in pace, breadth and depth.

At the intermediate high school and high school level students identified as gifted will select from a variety of options. Their course work may include Pre-AP classes and/or Advanced Placement classes. Both Pre-AP and AP classes will emphasize strategic reasoning, creative and critical thinking skill and cooperative learning strategies. Advanced course work will differ in pace, breadth and depth.



Tera Landrum Named 2013 District Teacher of the Year

On the evening of April 4th, the District’s annual Teacher of the Year Gala was held in the ballroom at Central on Main. Each of the 25 Site Teachers of the Year were honored throughout the evening, and amidst cheers from her friends and family in the audience, Oak Crest fifth grade teacher Tera Landrum was named the 2013 Broken Arrow Public School Teacher of the Year. “My initial reaction was complete shock, which I’m sure was obvious by the look on my face!” Landrum said. “I never expected to make it into the Top 10, let alone be the one selected. I’m still shocked, to be honest, but I’m also honored to represent a great district like Broken Arrow.” Landrum was one of ten finalists selected from the pool of 25 Site Teacher of the Year Candidates. Joining Landrum on stage were: Kelli Collins of Liberty, Kayte Weinacht of Indian Springs, Greg James of Haskell, Kendra Dose of Arrowhead, Jenny Smith of Oliver, Debbie Pettus of the High School, Staci Durbin of Highland Park, Mendy Schanck of Leisure Park and Kelley O’Brien of Sequoyah.

Landrum has been teaching at Oak Crest Elementary for two years and is quick to brag on her Oak Crest family. “The people at Oak Crest are so amazing! Friday morning after the gala, I would have gone about my day as usual, but oh no, they weren’t going to let that happen,” said Landrum. “A few teachers came back to my room and decorated the whole thing with streamers and banners and balloons everywhere. All the kids knew something was up because of the state of the room, and they all

asked if I was competing for the Teacher of the World next.” After being nominated as the Oak Crest Site Teacher of the Year by her peers, Landrum and the other 24 candidates went through an evaluation and interview process to determine the 2013 District Teacher of the Year.

The Professional Development Committee, a group composed of teachers, administrators and both current and previous Teachers of the Year, met to evaluate each candidate’s portfolio and conduct an interview. Each candidate was scored on the various portions of the process, and after all the scores were tallied, Landrum was the winner. “Aside from the fact that Tera has a very compelling life story, she is a fantastic educator,” said Diana Beaulieu, Director of Elementary Education. “She does more science experiments and hands-on activities than we could count – things like making rockets out of glue sticks and throwing raw eggs at sheets to talk about force and mo-

tion – and she allows her students to learn in unconventional ways. She incorporates menus to allow students an opportunity to self-select their learning and she is masterful in her use of differentiated small group work.”

As the 2013 District Teacher of the Year, Landrum received several gifts, including a \$2,500 check from the Broken Arrow Public School Foundation, and the opportunity to drive the Teacher of the Year car – a black Ford Escape provided by Matthews Ford. Landrum will represent Broken Arrow Public Schools in the State Teacher of the Year competition, the results of which are announced in October 2013. Broken Arrow has produced several State Teachers of the Year, and Landrum is looking to bring that honor back to BA. “My main hope is to reach more people and share about what it truly means to be an educator to young people,” Landrum said. “I hope to inspire the people I come in contact with and show them how important kids really are, and I also look forward to learning new things along the way.”

“My main hope is to reach more people and share about what it truly means to be an educator to young people”
-Tera Landrum



Broken Arrow Performing Arts Center



With a professional and exciting atmosphere, the Broken Arrow Performing Arts Center (“PAC”) is the cornerstone of the arts district in downtown Broken Arrow, Oklahoma, and continues to be the premier venue for major performances from across the nation. With its doors opened in the summer of 2009, the PAC started on the right track in bringing Broadway tours, pop concerts, specialty shows and various other events to the area, while also acting as the official location for Broken Arrow Public Schools fine arts programs. In the 2012-13 school year, some productions put on were “Shrek,” “Sound of Music,” “Elvis Lives,” and “BLAST!” In addition to hosting award-winning shows, the PAC is also home to the administrative offices of Broken Arrow Public Schools. From Human Resources and Payroll to Instruction and the Superintendent’s Office. Each of the District’s administrative offices can be found along the east wing of the PAC.



Theatre renamed in honor of BA Graduate, Kristin Chenoweth

Emmy and Tony Award winner Kristin Chenoweth concluded her recent world tour in her hometown of Broken Arrow, Oklahoma on Sunday, June 24th, 2013. In a rare concert appearance, Sony Recording Artist Chenoweth performed songs from her latest album, "Some Lessons Learned," as well as an array of her most memorable songs and Broadway show tunes, including music from "Wicked," "Promises, Promises," and "GLEE." Chenoweth has had an extraordinarily diverse career. In November 2010, she was inducted into the Oklahoma Hall of Fame for her achievements. She won a Tony Award for her role as Sally Brown in the Broadway musical, "You're A Good Man, Charlie Brown." She is also celebrated for originating the role of Glinda in “Wicked,” which also earned her a Tony Award nomination. In 2010, she appeared as Fran Kubelik in, "Promises, Promises," alongside Sean Hayes. She won an Emmy Award for her performance as Olive Snook in the television dramedy "Pushing Daisies." Chenoweth is also known on TV for playing Annabeth Schott in,



"The West Wing," and most recently as April Rhodes in "GLEE," a role for which she was Emmy-nominated in 2010 and 2011. She also had her own TV series, "Kristin." Her film credits includes "Bewitched," "The Pink Panther," "Running With Scissors," and "Stranger." In part of what was an event-filled weekend, the Broken Arrow Performing Arts Center also hosted a special ceremony to celebrate the renaming of the theatre in Chenoweth’s honor. “Kristin is an extraordinary artist as well as a Broken Arrow graduate, and we are thrilled to have the privilege of being home to the Kristin Chenoweth Theater at the Broken Arrow Performing Arts Center," said Mark Frie, Performing Arts Center Executive Director. “This event and renaming has been discussed since the facility’s opening, and the community members and business partners that serve on the PAC Foundation Board are ecstatic to have this finally become a reality.”

Visual Arts

The Arts prepare students for school, work, and life. As this county works to strengthen our foothold in the global economy, the arts equip students with a creative, competitive edge. To succeed in today's economy of ideas, students must masterfully use words, images, sounds, and motion to communicate. The arts provide the skills and knowledge students need to develop the creativity and determination necessary for success in today's global information age. Art education creates solution seekers that

can see more than a world of black or white choices. We are not regurgitating facts, but creating synapses of critical thinking. Few of us will become artists; each of us, however, must problem solve daily in whatever career we choose. Today's digital learners carry an information highway in their pocket. They will need to be able to discern what information is relevant and reliable as building blocks for creating solutions. Here in Broken Arrow, students are offered a variety of arts choices, beginning in elementary school where every child experiences art through a

specials time each week. Through middle school, choices expand to include opportunities in sculpture, painting, pottery, ceramics, drawing, and stained glass. At the high school level, Pre-AP offers a path into Advanced Placement art where college credit is offered in both studio and drawing portfolios. Many students from Broken Arrow have ranked nationally in our AP program.



Richard Hight of 'Visual Mpack!' created a beautiful tiger for Broken Arrow staff

Band

The Broken Arrow Band program was founded in 1929 and over the many years has developed a tradition of musical excellence. Under the current structure, the Broken Arrow Band program consists of five middle schools, two intermediate high schools (9th and 10th grades) and one senior high school. The senior high and intermediate schools each have three concert bands that meet daily and focus only on concert repertoire. The marching band ("Pride") is a volunteer organization that is open for audition to anyone in the 9th through the 12th grades. The "Pride" meets after school for rehearsal and performs at home and away football games as well as various state, regional and national marching band contests. The "Pride" was named the recipient of the John Phillip Sousa Foundations' Sudler Shield in 1999. The band has also been a finalist and Grand Champion at several Bands of America regional Championships. The concert bands in Broken Arrow have long been a driving force of the program. With more than 50 Oklahoma Secondary School Activity Association Sweepstakes awards, they are recognized as some of the top Wind bands in the State. The various concert bands have performed at the Oklahoma Music Educators Convention on several different occasions. The school band program also has produced several State champion Jazz Ensembles, Winter Guards, Percussion Ensembles and numerous District and State superior rated solos and small ensembles. The band performed in the Pasadena Rose Bowl as well in 2013.

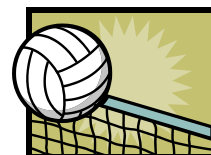
Athletics



We are very proud of our Tigers and are excited about the future of our programs. Athletics is one of the most important elements in the overall education of our students. Sports provide an opportunity to extend the learning process through interscholastic competition. The Broken Arrow athletic program is consistent with the school's overall philosophy and objectives. We provide a vigorous and diverse athletic program, offering opportunities to all of our students. Broken Arrow offers Baseball, Basket-

ball, Cheer, Cross Country, Football, Golf, Soccer, Softball, Swim, Tennis, Tigettes, Track, Volleyball, and Wrestling.

Broken Arrow Varsity Wrestling achieved the State Championship Runner Up. Several of our teams made it to State to play, including Boys & Girls Basketball, Volleyball, Baseball, Softball, Football and Boys & Girls Golf. The Boys Varsity Track team won as State Champions. Varsity Cheer also won as State Champions.



Technology



The vision of the technology team is to make BAPS a choice destination for education by creating an infrastructure to support and enhance the capabilities technology provides to students, staff members, and the community. We strive to facilitate learning and creativity through innovative technology, providing students with access to modern state of the art equipment that enhances their ability to succeed in tomorrow's world. We promote substantial increases in student achievement motivated by interactive technology resources. The technology staff members ensure that every project or task that we engage in supports Broken Arrow Public Schools in providing superior customer service, support, training, and innovative research and implementation of the needs of all of our student, staff, department, and community stakeholders. Technology services supports close to 17,000 students, over 2,000 district staff, 6,000 computers in a mixed platform environment, over 100 servers split between domain controllers and application, data, web and print servers. The

fiber optic network serves all 30 district sites spanning over more than 115 square miles. Technology is most proud of the district data center. The data center is a level 3 structure, meaning it can withstand up to an F4 tornado and beyond and is independently powered by generators in case of a power outage. It has its own fire detection system and dry chemical extinguishing system. It also has its own independent cooling system to maintain a constant temperature to offset the intense heat produced by the hardware. Technology also has a data disaster recovery site housed at Country Lane Intermediate School with 30,000 GB of storage where all District data is replicated as a back up in case of the destruction of the data center at the Performing Arts Center. The data center has been built for the ability to expand to meet the demands of future technology. Gradually, all district servers will be moved in from our sites to this new facility.

Transportation, Child Nutrition & Maintenance

The Transportation Department services 115 square miles twice daily. Currently there are 153 buses in the fleet. There are 203 regular bus routes and 36 special needs bus routes. The BAPS Transportation Department also houses the Auto/Diesel Mechanic Garages that service all the school district fleet.

The Child Nutrition Department has a vision to serve the best quality meals to the students and staff of Broken Arrow Public Schools, to promote healthy and nutritious choices in a fun and friendly atmosphere, to provide support, education and information to the students, staff, parents and the community of Broken Arrow. Broken Arrow High School will join a growing number of U.S. public schools maintaining a Subway® franchise on campus. Broken Arrow will be the only school in the state to offer this as a meal choice. A survey of students indicated sufficient interest in this program, for the school board to unanimously approve the Subway® franchise, at their January 2013 meeting. Subway® waives initial franchise fees for schools and trains workers for free, with the District paying Subway a percentage of sales. The Director of Child Nutrition for Broken Arrow Schools, Luanne Gooda-



cre, sees this as a way to increase student lunch participation at the high school in an effort to help with the entire school district totals for meals sold. This exciting new opportunity qualifies as a 'reimbursable' meal under the federal school lunch program. The students will have a choice of 5-6 healthy sandwich selections and will be served with milk, fruit and vegetables. No chips or sodas will be sold with the sandwiches.

The Maintenance Department takes pride in the operation of our schools, and plays a large part in supporting education by providing the best environment conducive to learning. The maintenance employees provide routine, preventive, and corrective maintenance to the over the millions of square feet and hundreds of acres of school property. They are familiar with the design of our sites which increases their familiarity with buildings and site specific issues allowing them to become true members of the Broken Arrow Public Schools community. They are



invested in daily operations and are an advocate for the needs of each site.

Construction

In October of 2011, the patrons of Broken Arrow passed a \$73.5 million bond issue that reallocated part of the funds originally approved in the 2009 bond. We are pleased to announce that eight elementary schools and two middle schools have been completed. The elementary schools completed were Arrowhead, Lynn Wood, Leisure Park, Vandever, Rhoades, Spring Creek, Wolf Creek, Country Lane Primary. The middle schools completed were Centennial and Clarence G. Oliver who all received additions and/or renovations. Another noteworthy completion includes the grand opening of the new Highland Park Elementary in 2013, which is serving as the new home for Park Lane Elementary while it is repurposed. Similarly, South Intermediate High School opened their new Fine Arts Wing in January 2013. Work cur-



Leisure Park's new Media Center

Ground Breaking

Oneta Ridge Middle School is another large construction project in the 2012-13 fiscal year. Oneta Ridge Middle School will be opening for the 2014 school year along with the early childhood centers. The single building will have 34 classrooms, 6 science labs and a state of the art technology engineering classroom spread throughout two main floors. The new school includes large facilities for the athletic and fine arts programs. Band, art, orchestra, choir and theatre arts will enjoy adequate space for practice, performance and storage. At the top of the grand stairway, students will find a spacious media center that has a comfortable reading lounge for all readers.

A majority of the classrooms will have windows that provide plenty of solar light and amazing views of the surrounding landscape. The cafeteria will have a seating capacity that will allow all students plenty of elbow room to eat and enjoy time with friends.

The three early childhood centers will be completed in time for the 2014 school year. Aspen Creek Early Childhood Center will be located next to the new elementary school, Aspen Creek Elementary, which will be built to replace Indian Springs Elementary, which closed in 2013. Creekwood Early Childhood Center will be located next to the new elementary school, Creekwood Elementary; which, is being built to replace Westwood Elemen-

tary that closed in 2013. Park Lane Early Childhood Center is being repurposed by having the 12 modular buildings removed and the original building remodeled to accommodate the changes needed for the Pre-K Center. Aspen Creek Elementary is being built on land purchased at Florence (111th) between Aspen and Olive (145th and 129th) to accommodate the closing of Indian Springs Elementary in 2013. This school will include 36 classrooms, a science lab, an art room, a music room, library, cafeteria and a full-size gymnasium. Creekwood Elementary is being built on purchased property just west of the High School to accommodate the closing of Westwood Elementary. This school will include 36 classrooms, a science lab, an art room, a music room, library, cafeteria and a full-size gymnasium.



Oneta Ridge in Progress



New Art Room at Spring Creek

More for Moore

Led by the students of Broken Arrow Senior High, the Broken Arrow Public School District undertook an effort to do “More for Moore.” By collecting items and supplies as well as monetary donations, the students and staff of Broken Arrow wanted to let Moore know that BA cares. In May of 2013, the city of Moore, Oklahoma was hit by a F-5 tornado. “We are fortunate to have been spared the devastation that our friends and neighbors in Moore are currently dealing with, and I am so proud of our students who are leading this effort to positively impact the people of Moore,” said Superintendent Dr. Jarod Mendenhall. “These students have organized themselves well, and have devised a plan in which every student—from Pre-K to the Senior High—can participate.” Each of the 25 school sites collected items for Moore which were taken to the High School stadium to be sorted and packed into district vehicles by students volunteering their time to the cause. In addition to these supplies, students are also encouraged to collect



monetary donations from the community. Each school site had donation buckets for the purpose of collecting donations to aid Moore Public Schools. “Our district goal is to raise \$22,672—one dollar for each student who attends Moore Public Schools,” Mendenhall said. “The High School students felt like this was a reasonable goal for our community, and they did not flinch at the idea of volunteering their time and creativity to assist in reaching this goal.” Many students donated birthday money, allowance, and one student even had a birthday party where she requested gifts in the form of items that would benefit the Moore victims. After all donations were collected, the District wrote one very large check to Moore Public Schools. All monetary donations added up to \$30,911.36.



BAPS Foundation delivers grants to Teachers

In the spring of 2013, the Broken Arrow Public Schools Foundation delivered 46 grants totaling \$21,828.96 to Broken Arrow teachers at sites across the District. “The Foundation plays a very important role within the District and directly impacts student learning with their grant program,” said Broken Arrow Public Schools Superintendent Dr. Jarod Mendenhall. “Every spring, teachers across our District are surprised with checks that fund their grant requests, and these grants are used to give our students a more enriched educational experience.” The funding for the special classroom projects that will be provided by the grants will help the students of 37 teachers – some teachers received more than one grant, while some individual grants benefited more than one teacher. The Broken Arrow Public Schools Foundation, started in 1992, has positively influenced education in Broken Arrow by providing funds for incentive grants to teachers. A Board of Directors, representing a variety of businesses, the PTA, the teaching and administrative staff and individual citizens, is elected annually to serve as trustees of the Foundation. The Foundation has only one fundraiser – an annual golf tournament held at Forest Ridge Golf Club (which is open to the public) and the proceeds of that tournament go toward funding

classroom grants. Every year, teachers in the Broken Arrow School District submit applications for grants that will impact the education of Broken Arrow students. A sub-committee of the Foundation, plus educational personnel not involved in the grant writing or submission process, chooses those grants for projects it considers most exemplary. Members of the Foundation then award the checks to the teachers in the spring by paying a surprise visit to the teachers in their classroom.



Students at Vandever Elementary cheer on their teacher after receiving a grant.

Partners in Education



The Broken Arrow Public Schools Partners in Education (PIE) Program celebrated its 18th year of excellence during the 2012-2013 school year.

This program, which is dedicated to bringing together BAPS with the business community, helps provide community support to the school system and encourages communication between the community and the schools. Business partners provided more than \$140,000 worth of financial contributions and in-kind services to the District, individual school sites and the Broken Arrow Public Schools Foundation during 2012-13. Business Partners provided financial support for such things as field trips, classroom supplies and equipment, student school supplies, student incentive programs encouraging citizenship and leadership skills, and assistance

for students to attend state and national school activities. The PIE program has provided financial support for district items or functions, such as Adopt a Tiger, Above and Beyond, Teacher of the Year and the Broken Arrow Schools Foundation. The PIE Program has provided community pride and recognition for the Districts' teachers by sponsoring the city-wide National "Teacher Appreciation Week" project and "Celebrating the Arts."

The Broken Arrow High School Leadership class received the PIE Leadership Award for providing mentoring services to Westwood

Elementary.

Bethany Freewill Baptist Church, partnering with the Margaret Hudson Program received the PIE non-profit Service award.

Kumon Math and Reading Center received the PIE Site Based Award working with Spring Creek Elementary.

Kay's Flowers and Gifts of Broken Arrow received the PIE District Award for her partnership with district programs such as Project Graduation, Teacher of the Year, along with working with Highland Park and Oneta Ridge Middle School.



United Way



The United Way campaign offered the employees of Broken Arrow Public Schools a variety of opportunities to support the organization. "Last year, our district was one of the largest contributors to the United Way Campaign, and I could not have been more proud of our efforts" said Superintendent Dr. Jarod

Mendenhall. "People may not realize that a good portion of the funds raised stay right here in Broken Arrow supporting both the Margaret Hudson Program and Broken Arrow Neighbors." The district raised more than \$100,000 through fund raising efforts at the school sites and Service Center. Employees enjoyed a cookout, basket auction, and other entertaining events where proceeds were donated to the United Way. The Day of Caring event in September was another opportunity for District employees to give back to the community directly.

*'Dream Big (And Then)
 Dream Bigger' for the
 United Way*

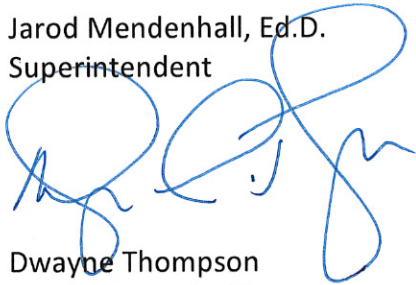
Closing

In closing, without the leadership and support of the Broken Arrow Public Schools' Board of Education, preparation of this report would not have been possible.

Sincerely,

Jarod Mendenhall, Ed.D.

Jarod Mendenhall, Ed.D.
Superintendent



Dwayne Thompson
Chief Financial Officer

Donna A. Dollahon

Donna Dollahon
District Treasurer

Natalie Eneff

Natalie Eneff
Director of Budget

Cathy A. Mitchem

Cathy Mitchem
Director of Accounting

**This Certificate of Excellence in
Financial Reporting**

is presented to

**Broken Arrow
Public Schools, I-003**



**For its Comprehensive Annual
Financial Report
(CAFR)**

For the Fiscal Year Ended

June 30, 2012





Broken Arrow Public Schools

School Officials

Board of Education

2012-2013

Name	Title
Cheryl Kelly	President
Steve Allen	Vice President
Jerry Denton	Board Clerk
Steve Majors	Board Deputy Clerk
Dr. Theresa Williamson	Member

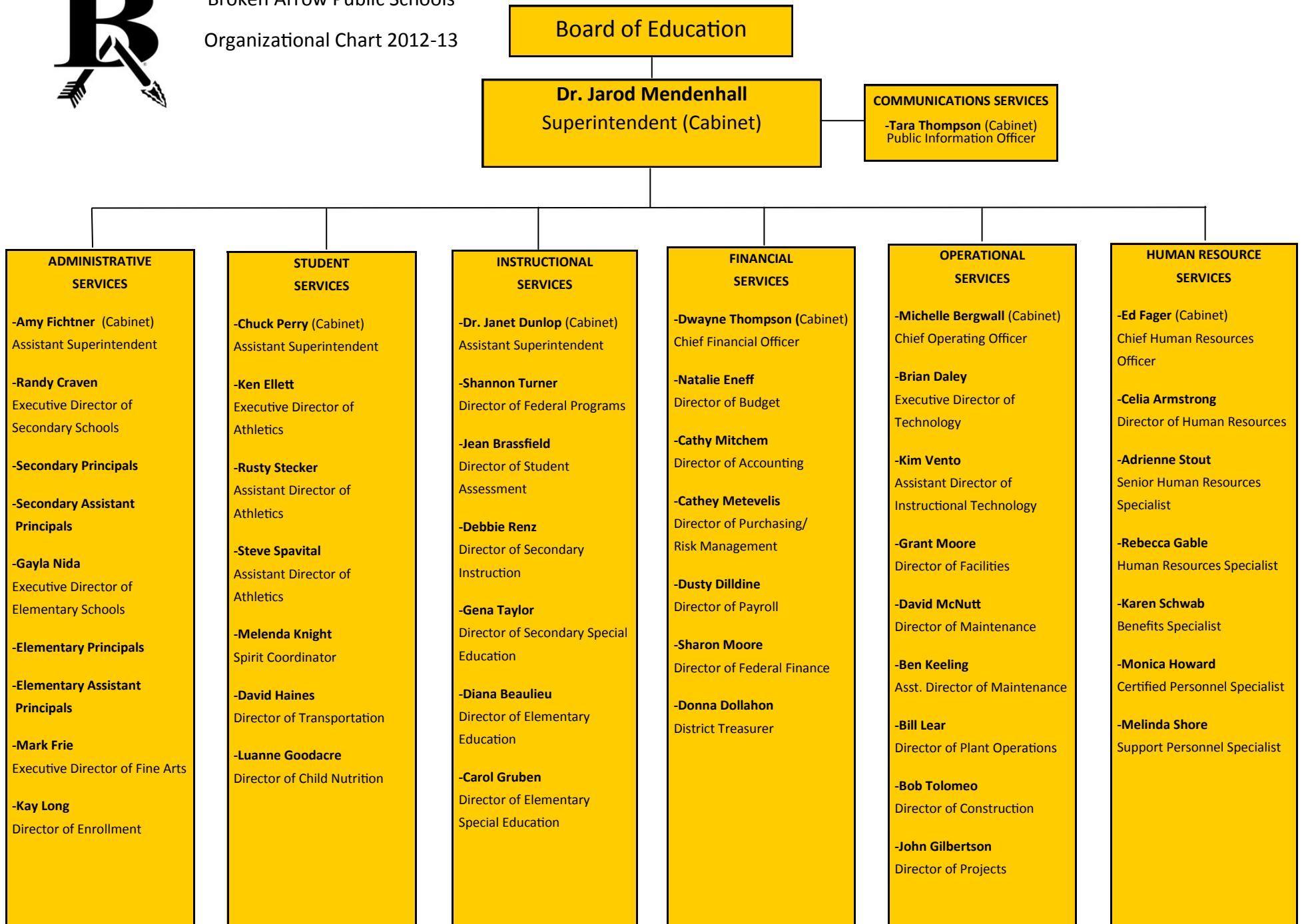
Executive Administration

2012-2013

Dr. Jarod Mendenhall	Superintendent
Tara Thompson	Public Information Officer
Amy Fichtner	Assistant Superintendent
Dr. Janet Dunlop	Assistant Superintendent
Chuck Perry	Assistant Superintendent
Dwayne Thompson	Chief Financial Officer
Michelle Bergwall	Chief Operations Officer
Ed Fager	Chief Human Resources Officer



Broken Arrow Public Schools
Organizational Chart 2012-13





Financial Section





INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Independent Broken Arrow School District No. 3
Broken Arrow, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Independent Broken Arrow School District No. 3 (the District), Tulsa County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 24-36 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 introductory section, combining statement, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report (under a separate cover) dated November 14, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

November 14, 2013



Broken Arrow Public Schools Management's Discussion & Analysis

In this section of the Comprehensive Annual Financial Report, Broken Arrow Public School District (the "District") discusses and analyzes its financial performance for the year ended June 30, 2013. Readers should review this section in conjunction with the transmittal letter, the independent auditors' report, and the District's Basic Financial Statements.

The Management's Discussion & Analysis (MD&A) is a required element of the annual financial report under the Governmental Accounting Standards Board (GASB) Statement No. 34 reporting model. Under this model, entities are required to adhere to certain standards of presentation for the financial statements, notes, and required supplementary information (RSI) that must be included within the annual financial report. The intent of the MD&A is to present an objective and simple analysis of the District's financial activities and enhanced knowledge of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's financial status improved substantially for the second year in a row. Financial highlights of fiscal year 2013 include:

- The District ended the year with a General Fund total fund balance of \$19,936,710, which is \$1.9 million less than the previous year-end. The unassigned portion of the General Fund balance intentionally decreased, primarily due to a 4.0% one-time stipend for all returning employees, which totaled \$2.75 million.
- Government-wide net position totaled \$157.6 million as of June 30, 2013, representing a 4.6% increase from 2012 to 2013. The net position of only governmental activities grew more than 4.6% from \$147.0 million at June 30, 2012 to \$153.7 million at June 30, 2013. These increases are primarily due to the decrease in long-term liabilities and increase in the net investment of capital assets. Building a solid net position ensures long-term financial health and fiscal sustainability.
- The net position of our business-type activities, food services, also increased by 7.2% to \$3.9 million from the previous year. This increase was due to adding modernized equipment and furniture to enhance new Subway® franchise services.
- The District's long term liabilities decreased as principal payments on bonded debt decreased the amount outstanding. Furthermore, the District's investment in capital assets increased as the District continued to renovate and construct new buildings as part of its bond program.
- The District reduced its outstanding non-current portion of long-term debt by \$9.1 million or 15.8%.



**Broken Arrow Public Schools
Management's Discussion & Analysis**

OVERVIEW OF FINANCIAL STATEMENTS

Both the discussion and analysis presented are intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of two kinds of statements that present different views of the District; 1) government-wide financial statements, 2) fund financial statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to present both long-term and short-term broad overviews of the District's financial status.

The *statement of net position*, presents information on all the District's assets and liabilities, with the difference between the two reported as the net position. Over time, changes in the statement of net position will give an overall indication of growth (increases) or decline (decreases). Of course, other factors beyond the District's control should also be considered in assessing growth or decline over time.

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

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

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

The government-wide financial statements can be found on pages 38, 39 and 40 of this report.

Fund Financial Statements. Fund financial statements provide detailed information about the various funds, or grouping of related accounts used to maintain control over resources



Broken Arrow Public Schools Management's Discussion & Analysis

segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

- **Governmental Funds.** These funds include most of the District's activities, which provide a short-term analysis of the District operations and services. Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Governmental Funds include the General Fund, the Special Revenue Funds, the Debt Service (Sinking) Fund, and the Capital Projects (Bond) Funds. The basic Governmental Fund financial statements can be found on pages 41 and 42 of this report.

Both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities. These reconciliations can be found on pages 41, 42 and 43 of this report.

- **Budgetary Comparison.** In addition to the basic financial statements, this report also presents certain budgetary reporting comparisons that governments must present. The District has presented this information as part of the basic financial statements rather than required supplemental information. These reports are statements rather than schedules as directed by Governmental Accounting Auditing, and Financial Reporting ("GAAFR") and GASB Statement No. 34. The District adopts an annual expenditure budget for all Governmental Funds. A budget-to-actual comparison for the General Fund has been provided on page 44 and a budget-to-actual comparison for the Building Fund has been provided on page 45.
- **Proprietary Funds.** These funds report activities generally financed and operated like businesses. They provide services for which the District charges a fee and are generally reported in the same manner as the government-wide statements, only in more detail. These funds are one of the only areas the District compares the sources of cash during the year to the purposes for which cash was used. The Child Nutrition Fund, which is the District's Proprietary Fund, also called an Enterprise Fund, is used to account for any activity that charges a fee to users. This fund is legally required to cover its cost with fees and charges rather than taxes and similar revenues. The basic Proprietary Fund financial statements can be found on pages 46, 47, and 48.



**Broken Arrow Public Schools
Management's Discussion & Analysis**

- ***Fiduciary Fund.*** Fiduciary Funds are those over which the District serves as a trustee, or fiduciary, but are actually owned by others. The responsibility of the District is to make sure the funds are used for their intended purpose, and by those to whom they belong. These assets are excluded from District-wide financial statements because they cannot be used to fund operations. Fiduciary Funds include the Expendable Trust Funds (Gift and Endowment Funds) and Agency (Student Activity) Funds. All of the District's fiduciary activities are reported on pages 49 and 50.

Notes to the financial statements. The notes to the financial statements provide narrative additional information that is essential to full disclosure in the government-wide or fund financial statements. The notes to financial statements can be found on pages 51 through 76 of this report.

Combining Statements and Comparative Schedules. These statements are prepared in connection with Agency funds and are presented immediately following the required supplementary information. Agency Funds are used to account for assets held by the District as an agent for certain individuals and organizations. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Combining statements can be found on page 78, and comparative schedules are found on pages 79, 80, and 81.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. This analysis emphasizes the governmental-wide net position (Table 1). Net Position, the residual of all other financial statement elements presented in a statement of financial position, may serve as a useful indicator of a government's financial position over time. Table 1 provides a summary comparison of the District's combined net position, as well as two separate activity columns for governmental and business-type activities.



Broken Arrow Public Schools Management's Discussion & Analysis

Net Position
As of June 30, 2013
(Dollars in Millions)

Table 1

	Governmental Activities		Business-Type Activities		Government-Wide Totals		Increase/ Decrease	Total Percentage Change
	2013	2012	2013	2012	2013	2012		
Assets								
Current and Other Assets	\$ 72.7	\$ 77.9	\$ 3.7	\$ 3.6	\$ 76.4	81.5	\$ (5.2)	-6%
Capital Assets	157.5	148.7	0.7	0.4	158.2	149.1	9.2	6%
Total Assets	230.2	226.6	4.4	4.0	234.6	230.6	4.0	2%
Liabilities								
Other Liabilities	27.8	21.9	0.5	0.4	28.3	22.2	6.1	27%
Long Term Liabilities	48.7	57.8	-	-	48.7	57.8	(9.1)	-16%
Total Liabilities	76.5	79.6	0.5	0.4	77.0	80.0	(3.0)	-4%
Net Position								
Invested in Capital Assets, Net of Related Debt	82.9	73.0	0.7	0.4	83.6	73.3	10.3	14%
Restricted	51.3	52.7	0.2	0.3	51.5	53.0	(1.5)	-3%
Unrestricted	19.5	21.4	3.0	2.9	22.5	24.3	(1.8)	-7%
Total Net Position	\$ 153.7	\$ 147.0	\$ 3.9	\$ 3.6	\$ 157.6	\$ 150.6	\$ 7.0	5%

The majority of improvement to the District's financial position came from its governmental activities, the net position of which grew \$6.7 million to \$153.7 million.

The District's business-type activities net position increased \$.3 million to \$3.9 million; while this dollar growth is smaller, it nonetheless represented an increase of more than 7.2%. This growth is primarily due to a decrease in liabilities, and a new Subway® franchise addition which increased local collections in the 2012-2013 fiscal year. Child Nutrition Fund activities continue to be stable and self-supporting.

The District experienced a decrease in governmental activities long-term debt payable or liabilities in the fiscal year 2013 over fiscal year 2012 by \$9.1 million or 15.7%.

Government-wide current assets decreased as cash and investments were used to pay vendors and employees while capital assets increased from prior year due to continued construction in the bond program.

Government-wide investment in capital assets, net of related debt, increased \$10.3 million or 14.0% over the prior fiscal year, represent significant progress in the completion of school building renovations. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's



Broken Arrow Public Schools Management's Discussion & Analysis

investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion (approximately 33%) of the District's government-wide net position represents resources that are subject to external restrictions on how they may be used.

The remaining balance of government-wide unrestricted net position, \$22.5 million, may be used to meet the District's ongoing obligations to citizens and creditors. The District will maintain unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations and to maintain the District's Aaa/AAA bond ratings.

Changes in Net Position. Changes in governmental activities net position are presented in Table 2 on the following page. Governmental activities increased the District's net assets by \$6.7 million. The total cost of all governmental activities programs and services was \$111.0 million. The amount our taxpayers paid for these activities through property taxes was \$46.5 million or 41.9%. The Statement of Activities presents a district-wide summary of revenues and expenditures for the fiscal year. District-wide, the net assets increased by \$6,993,503 during 2012-13. The format of the presentation identifies expenditures by program areas (functions), and identifies to what extent those expenditures are offset by charges for services, operating grants, and contributions.

The District's total government-wide revenues were \$125.4 million. The major contributor to the decrease in revenue of \$11.6 million is the reduction in other funding, as well as the decrease in operating grants and contributions. Over the two year period, a number of shifts can be observed, such as a slight decrease in property taxes, an increase in State Aid revenue, and an increase in charges for services that reflects continuing valuation growth. Business-type activities, consisting of child nutrition services, had total revenues of \$7.7 million, and expenses of \$7.4 million for fiscal year 2013. The final result is an increase in governmental-wide activities net assets of 5.0%.

This consistent increase in net assets reflects the District's philosophy of managing ongoing growth while maintaining financial stability through strong budgetary and spending controls.

The expenses of all government-wide programs and services increased slightly. The District's expenses are predominantly related to instruction of students (53%). Another significant contributor to the higher costs was operation and maintenance expenses, which increased 5.0% due primarily to salary increases for custodial personnel and higher fuel costs. The 1.0% increase in instruction-related costs is also largely from salary increases for teachers and other educational staff.



Broken Arrow Public Schools Management's Discussion & Analysis

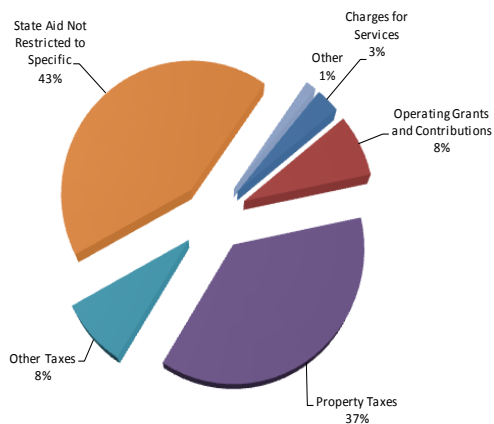
The total government-wide revenues surpassed expenses, which increased the net position by \$7.0 million over last year. Both the governmental and business-type activities contributed to the District's healthier fiscal status.

The following table presents a summary of the change in net position for the fiscal years ended June 30, 2013, and 2012:

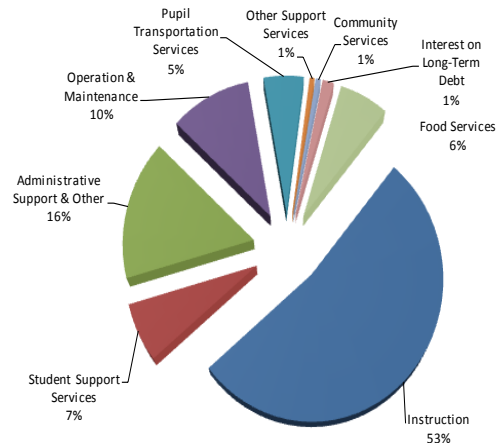
**Changes in Net Position
As of June 30, 2013
(Dollars in Millions)
Table 2**

	Governmental Activities		Business-Type Activities		Total		Change	Total Percentage Change
	2013	2012	2013	2012	2013	2012		
Revenues								
Program Revenues:								
Charges for Services	\$ 0.4	\$ 0.4	\$ 3.5	\$ 3.3	\$ 3.9	\$ 3.7	\$ 0.1	3%
Operating Grants and Contributions	5.9	10.7	3.6	3.5	9.5	14.2	(4.7)	-33%
General Revenues:								
Property Taxes	46.5	49.3	-	-	46.5	49.3	(2.9)	-6%
Other Taxes	10.3	9.5	-	-	10.3	9.5	0.8	9%
State Aid Not Restricted to Specific	53.0	52.6	0.5	0.5	53.6	53.1	0.5	1%
Other	1.7	7.1	0.0	0.1	1.7	7.2	(5.5)	-76%
Total Revenues	\$ 117.7	\$ 129.6	\$ 7.7	\$ 6.8	\$ 125.4	\$ 137.0	\$ (11.6)	-8%
Expenses								
Instruction	62.5	61.9	-	-	62.5	61.9	0.6	1%
Student Support Services	8.0	8.2	-	-	8.0	8.2	(0.2)	-2%
Administrative Support & Other	19.1	19.0	-	-	19.1	19.0	0.1	1%
Operation & Maintenance	12.2	11.6	-	-	12.2	11.6	0.6	5%
Pupil Transportation Services	6.0	6.6	-	-	6.0	6.6	(0.5)	-8%
Other Support Services	0.7	0.7	-	-	0.7	0.7	(0.0)	-3%
Community Services	0.7	0.6	-	-	0.7	0.6	0.1	22%
Interest on Long-Term Debt	1.7	2.9	-	-	1.7	2.9	(1.2)	-41%
Food Services	-	-	7.4	6.6	7.4	6.6	0.8	12%
Total Expenses	\$ 111.0	\$ 111.5	\$ 7.4	\$ 6.6	\$ 118.4	\$ 118.1	\$ 0.3	0%
Change in Net Position	6.7	18.2	0.3	0.8	7.0	19.0	(12.0)	-63%
Net Assets, Beginning	147.0	128.8	3.6	2.8	150.6	131.7	19.0	14%
Net Assets, Ending	\$ 153.7	\$ 147.0	\$ 3.9	\$ 3.6	\$ 157.6	\$ 150.6	\$ 7.0	5%

Broken Arrow Public School's Government - Wide Revenues for Fiscal Year 2013



Broken Arrow Public School's Government - Wide Expenses for Fiscal Year 2013





**Broken Arrow Public Schools
Management's Discussion & Analysis**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As discussed earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental Funds. Under the District's fund accounting system, *Governmental Funds* focus is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's Governmental Funds reported combined ending total fund balances of \$70,848,350, a decrease of \$3.2 million over last year. This decrease was primarily due to the unrestricted General Fund unassigned fund balance providing funds for a one-time stipend to all District employees. Below is a summary of the Governmental Funds total fund balance comparison:

GOVERNMENTAL FUNDS FUND BALANCES	2013		2012	
Nonspendable:				
Inventory	\$ 284,978	0.4%	\$ 161,964	0.2%
Permanent fund principal	-		-	
Restricted for:				
Capital projects	32,924,660	46.5%	32,698,624	44.2%
Operations	2,762,215	3.9%	3,144,045	4.2%
Arbitrage	143,945	0.2%	143,945	0.2%
Debt service	15,080,820	21.3%	16,216,368	21.9%
Committed to:				
Other Committed Fund Balance	-	0.0%	-	0.0%
Assigned to:				
Worker's Compensation	117,317	0.2%	291,828	0.4%
Unassigned	19,534,415	27.6%	21,383,129	28.9%
	\$ 70,848,350	100.0%	\$ 74,039,903	100.0%

Fund balance classifications as shown in the governmental funds Balance Sheet can be found on page 60 of the Notes to the Basic Financial Statements.

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the General Fund's unassigned fund balance was \$19.5 million. As a measure of the



Broken Arrow Public Schools Management's Discussion & Analysis

General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total General Fund actual expenditures. General Fund unassigned fund balance represents 19.6% of the total General Fund actual expenditures, which total \$99,865,741, while the General Fund total fund balance of \$19,936,710 represents 20.0% of that same amount. The General Fund's total fund balance decreased \$1.9 million during the current fiscal year. This is the result of a reduction in Federal allocations from the prior year, and increased expenditures in transportation, operations and maintenance.

The Debt Service Fund (Sinking Fund) had a total fund balance of \$15.1 million, all of which is restricted for the payment of debt service. The net decrease in the Debt Service Fund balance was \$1.1 million. Millage rates for Sinking Fund levies are not controlled by the District but are set annually by the Tulsa County Excise Board after a thorough review of property valuations and the District's debt service needs.

Proprietary Funds. The District's proprietary's funds consist of the Child Nutrition Fund and provide the same type of information found in the government-wide financial statements but in more detail. The Proprietary Funds have operating revenues of \$3.5 million and non-operating revenues of \$4.1 million. Operating expenses were \$7.4 million. The *statement of revenues, expenditures, and changes in fund net position* for Proprietary Funds can be found on page 47.

Fiduciary Funds. The District's Fiduciary Funds include the Gifts Fund, the Endowments Fund, and School Activity Funds. The Gifts Fund and Endowments Fund both receive revenues from donations made by individuals or organizations. These funds are used for purposes specified by the donor. School site activity funds are used to account for funds raised at the individual sites through fundraising efforts and the District's vending contract. The administration is responsible for collecting and disbursing these funds under the authorization of the Board of Education. The Fiduciary Funds financial statements can be found on page 49 and 50.

BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Oklahoma law and is based on accounting for certain transactions in appropriated funds on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For FY 2012-13, the District budgeted original General Fund revenues of \$96.3 million and budgeted original expenditures of \$101.7 million. The Board of Education approved an amended final revenue General Fund budget of \$97.2 million and an amended final expenditure budget of \$102.7. The General Fund final expenditure budget approved by the Board of Education represents an increase of 2.7%, or \$2,698,997 from the previous year.



Broken Arrow Public Schools Management's Discussion & Analysis

Actual revenue collected, at \$97.8 million, for the General Fund, was \$.6 million more than final budget projection.

Actual expenditures for the General Fund were \$2.8 million below the final budget at \$99.9 million.

During the course of the year, the Board of Education approved several revisions to the budgeted revenue and expenditures original appropriations. These revisions resulted from the following circumstances:

- Amendments during the year for changes in programs.
- Amendments to revise estimates for Local and State revenue based on the latest information on official student count numbers and tax collections.
- Amendments to revise estimates for Federal grant collections based on budget revisions.

Differences between the original and final amended budget are summarized below:

General Fund Revenues

- \$929,872 increase in State and Federal revenues to align budget with estimated year end totals. This includes a \$563,228 increase in Foundation and Incentive Aid (State sources) due to an increase in student count.

General Fund Expenditures

- \$968,048 total increase in expenditure budgets to align budget with estimated year end totals. This includes Federal grant notifications the District received throughout the year that were not known at the time of the budget adoption. This also includes increases in State and Federal grant expenditure budgets based on increased allocation notices.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2013, the District had \$158.2 million in government-wide capital assets (net of depreciation), of which \$157.5 million was in governmental activities. Table 3, on the next page, displays a comparison of fiscal years 2012 and 2013 balances.



**Broken Arrow Public Schools
Management's Discussion & Analysis**

Broken Arrow Public School's Capital Assets
(Net of depreciation, in Millions)

Table 3

	Governmental		Business - Type				Total		Total Percentage Change
	Activities		Activities		Total				
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>			
Land	\$ 16.1	\$ 16.1	\$ -	\$ -	\$ 16.1	\$ 16.1			0.0%
Construction in progress	18.7	10.7	-	-	18.7	10.7			75%
Buildings/Improvements, net	110.5	114.3	-	-	110.5	114.3			-3%
Equipment, net	12.3	7.6	0.7	0.4	13.0	8.0			63%
Total:	<u>\$ 157.5</u>	<u>\$ 148.7</u>	<u>\$ 0.7</u>	<u>\$ 0.4</u>	<u>\$ 158.2</u>	<u>\$ 149.1</u>			6%

Government-wide capital assets represent a capitalization level of \$2,500, consistent with State accounting regulations. The majority of the Construction in Progress consists of the construction of new early childhood centers, elementary schools, additions and remodeling to seven elementary campuses, addition to the current high school and various other construction projects. The District continues to grow in a broad range of capital assets, including facilities and equipment for instruction, transportation vehicles, athletic facilities, computer and audio visual equipment, administrative offices, maintenance, and construction in progress. These facilities and tools will enable the District's staff to produce quality education and products. The District's student population continues to grow to just under 18,000, therefore, equipment purchases, classroom space, and improvements on land and/or buildings are necessary to provide that growth.

Additional information on the District's capital assets may be found in Note 4, Notes to the Basic Financial Statements beginning on page 66.

Bonded debt outstanding as of June 30, 2013 was \$72,875,000, a decrease of \$2,875,000 from the prior fiscal year, and \$2.5 million due with one year. Table 4, on the next page, summarizes bonds outstanding for fiscal years 2012 and 2013. Detailed information on the long-term debt activity can be found in Note 5, pages 67, 68, and 69, of the Notes to the Financial Statements.



**Broken Arrow Public Schools
Management's Discussion & Analysis**

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

	2013	2012
General Obligation Bonds:		
Series 2004B	2.40	3.60
Series 2005B	2.35	3.13
Series 2007B	0.00	2.90
Series 2008A	0.00	2.88
Series 2009A	2.50	5.00
Series 2010A&B	9.50	14.25
Series 2010C	7.50	10.00
Series 2011D	10.13	13.50
Series 2012E	20.50	20.50
Series 2013F	18.00	0.00
Total	\$72.88	\$75.75

Economic Factors and Next Year's Budgets and Rates. During the fiscal year the District experienced revenue collection in excess of budgeted projections of three major State sources. First, the State approved a supplemental appropriation to fully fund the flexible benefit allowance for all employees which resulted in additional payments of \$838,258. Second, as the economy of Oklahoma has recovered, taxes on the sale of motor vehicles increased by \$260,595 and the distribution of lease earnings on State owned land increased by \$242,308. Finally, other revenue in the amount of \$238,255 was the result of prior year outstanding liabilities that were voided or reduced. Due to the District's conservative approach to budgeting and tight controls on expenses, the District under spent the final amended budget by 2.7%, or \$2,791,542. Despite continued increases in State revenue collections, the District continues to maintain a conservative budget. The District also continued the tradition of preserving a strong year-end fund balance.

Local sources of revenue consist primarily of ad valorem revenue, which is based on an annual levy of 36 mills (one mill is equal to \$1 per \$1,000 of net assessed valuation). For 2012-13, the District's net assessed valuation grew by 2.9% primarily due to an increase in personal real property within the boundaries of the District. Additional information on the District's net assessed valuation can be found in the Statistical Section of this report. Other local sources of revenue include fees from before and after school care, community education classes, and interest earnings. Intermediate sources of revenue include the county 4-mill ad valorem levy and county mortgage apportionment. The largest source of revenue, received from the State, includes Foundation & Salary Incentive Aid, the State Health Insurance Allowance, Motor Vehicle Collections, and State School Land Earnings. Federal sources of revenue include IDEA, all No Child Left Behind programs, and other Federal programs.



Broken Arrow Public Schools Management's Discussion & Analysis

Expenditures for the General Fund are classified by the Oklahoma Cost Accounting System Function Code, which identifies the purpose for which an expense is incurred. For the 2012-13 fiscal year, 59% of the General Fund is dedicated to instruction. This category includes salaries and benefits for all classroom teachers.

The operation and maintenance of plant services and support services students is the next largest area of budget. These functions represent a total budget allocation of 18%. These areas include not only salaries and benefits for the maintenance and custodial staff, utility costs for all District facilities, but also salaries and benefits for special education related personnel, attendance services, social work services, and guidance for students.

The District continues to provide reciprocal benefit to the community and schools, therefore continually experiencing positive citizen support. Bond dollars passed by the community provide the necessary funding for facilities, renovations, technology, textbooks, instructional equipment and uniforms. It is these annual bond dollars and strong patronage that allow the District the opportunity and commitment to maintain facilities and to maximize the use of instructional technology and equipment. State law limits a school district's bonding capacity to ten percent of its net assessed valuation.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the District's financial position, and to demonstrate the District's accountability for the resources it receives. If you have questions about this report, or would like additional information, contact Mr. Dwayne Thompson, Chief Financial Officer, Broken Arrow Public Schools, 701 S. Main Street, Broken Arrow, Oklahoma, 74012. The District's web page is located at <http://www.baschools.org>.



Basic Financial Statements





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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 6,833,631	\$ 1,198,556	\$ 8,032,187
Investments	62,201,580	2,300,000	64,501,580
Receivables:			
Property taxes-delinquent	345,419	-	345,419
Due from other governments	2,987,345	3,900	2,991,245
Due from other funds	365	-	365
Accrued interest	2,942	18	2,960
Other receivables	31,676	-	31,676
Inventories	284,978	194,475	479,453
TOTAL CURRENT ASSETS	<u>72,687,936</u>	<u>3,696,949</u>	<u>76,384,885</u>
NON-CURRENT ASSETS			
Land and construction-in-progress	34,765,172	-	34,765,172
Capital assets being depreciated, net	122,738,094	719,273	123,457,367
TOTAL NON-CURRENT ASSETS	<u>157,503,266</u>	<u>719,273</u>	<u>158,222,539</u>
TOTAL ASSETS	<u>230,191,202</u>	<u>4,416,222</u>	<u>234,607,424</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	1,158,560	514,457	1,673,017
Accrued wages payable	332,412	33,431	365,843
Accrued interest payable	2,831	-	2,831
Deferred Revenue	345,784	-	345,784
Current portion of long-term obligations	25,952,036	-	25,952,036
TOTAL CURRENT LIABILITIES	<u>27,791,624</u>	<u>547,888</u>	<u>28,339,512</u>
NON-CURRENT LIABILITIES			
Non-current portion of long-term obligations	48,663,468	-	48,663,468
TOTAL NON-CURRENT LIABILITIES	<u>48,663,468</u>	<u>-</u>	<u>48,663,468</u>
TOTAL LIABILITIES	<u>76,455,092</u>	<u>547,888</u>	<u>77,002,980</u>
NET POSITION			
Invested in capital assets, net of related debt	82,887,760	719,273	83,607,033
Restricted for:			
Debt service	15,080,820	-	15,080,820
Capital projects	32,924,660	-	32,924,660
Arbitrage	143,945	-	143,945
Operations	2,762,215	-	2,762,215
Worker's compensation	117,317	3,878	121,195
Inventories	284,978	194,475	479,454
Unrestricted	19,534,415	2,950,707	22,485,122
TOTAL NET POSITION	<u>\$ 153,736,110</u>	<u>\$ 3,868,334</u>	<u>\$ 157,604,444</u>

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



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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 62,525,817	\$ 333,432	\$ 3,996,863	\$ (58,195,522)	\$ -	\$ (58,195,522)
Support services - Students and staff	7,969,055	25,946	806,791	(7,136,318)	-	(7,136,318)
Instructional and school leadership	5,979,648	-	786,027	(5,193,621)	-	(5,193,621)
Administrative support services	13,129,637	-	252,808	(12,876,829)	-	(12,876,829)
Operation and maintenance of plant services	12,196,703	-	-	(12,196,703)	-	(12,196,703)
Student transportation services	6,041,779	-	21,409	(6,020,370)	-	(6,020,370)
Operation of non-instructional services	714,727	-	-	(714,727)	-	(714,727)
Other outlays and uses	733,838	-	54,640	(679,199)	-	(679,199)
Interest on long-term debt	1,703,318	-	-	(1,703,318)	-	(1,703,318)
TOTAL GOVERNMENTAL ACTIVITIES	110,994,523	359,378	5,918,539	(104,716,607)	-	(104,716,607)
BUSINESS-TYPE ACTIVITIES						
Food services	7,390,973	3,494,344	3,596,662	-	(299,967)	(299,967)
TOTAL BUSINESS-TYPE ACTIVITIES	7,390,973	3,494,344	3,596,662	-	(299,967)	(299,967)
TOTAL SCHOOL DISTRICT	\$ 118,385,496	\$ 3,853,722	\$ 9,515,201	\$ (104,716,607)	\$ (299,967)	\$ (105,016,573)



**Broken Arrow Public Schools
Statement of Activities - Continued
Year Ended June 30, 2013**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
GENERAL REVENUES						
Taxes						
Property tax, levied for general purposes				\$ 25,814,046	\$ 25,814,046	
Property tax, levied for debt services				20,656,717	20,656,717	
County taxes				4,220,581	4,220,581	
State taxes				6,068,393	6,068,393	
State aid not restricted to specific programs				53,022,412	528,414	
Interest and investment earnings				90,436	3,331	
Gain on disposal of capital assets				16,050	-	
Other sources				1,560,942	28,755	
				<u>111,449,577</u>	<u>560,500</u>	<u>112,010,077</u>
TOTAL GENERAL REVENUES				<u>111,449,577</u>	<u>560,500</u>	<u>112,010,077</u>
CHANGES IN NET POSITION				6,732,970	260,533	6,993,503
NET POSITION AT BEGINNING OF YEAR				<u>147,003,140</u>	<u>3,607,801</u>	<u>150,610,941</u>
NET POSITION AT END OF YEAR				<u>\$ 153,736,110</u>	<u>\$ 3,868,334</u>	<u>\$ 157,604,444</u>

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



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

	General Fund	Building Fund	Sinking Fund	Bond Fund	Other Governmental Funds - Arbitrage	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,211,471	\$ 7,087	\$ 730,820	\$ 3,740,308	\$ 143,945	\$ 6,833,631
Investments	14,999,814	3,060,000	14,350,000	29,791,766	-	62,201,580
Property taxes-delinquent	178,751	25,521	141,147	-	-	345,419
Due from other governments	2,987,345	-	-	-	-	2,987,345
Due from other funds	365	-	-	-	-	365
Other receivables	30,579	1,097	-	-	-	31,676
Accrued interest	2,889	53	-	-	-	2,942
Inventories	284,978	-	-	-	-	284,978
TOTAL ASSETS	\$ 20,696,192	\$ 3,093,758	\$ 15,221,967	\$ 33,532,075	\$ 143,945	\$ 72,687,937
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 254,161	\$ 299,815	\$ -	\$ 607,415	\$ -	\$ 1,161,391
Accrued wages payable	326,205	6,207	-	-	-	332,412
Due to other funds	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Deferred revenues	179,116	25,521	141,147	-	-	345,784
TOTAL LIABILITIES	\$ 759,482	\$ 331,543	\$ 141,147	\$ 607,415	\$ -	\$ 1,839,587
FUND BALANCES						
Nonspendable:						
Inventory	284,978	-	-	-	-	284,978
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Capital projects	-	-	-	32,924,660	-	32,924,660
Operations	-	2,762,215	-	-	-	2,762,215
Arbitrage	-	-	-	-	143,945	143,945
Debt service	-	-	15,080,820	-	-	15,080,820
Committed to:						
Other Committed Fund Balance	-	-	-	-	-	-
Assigned to:						
Worker's Compensation	117,317	-	-	-	-	117,317
Unassigned	19,534,415	-	-	-	-	19,534,415
TOTAL FUND BALANCES	19,936,710	2,762,215	15,080,820	32,924,660	143,945	70,848,350
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,696,192	\$ 3,093,758	\$ 15,221,967	\$ 33,532,075	\$ 143,945	

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	\$ 208,641,127	
Accumulated depreciation	(51,137,862)	
		157,503,266

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Interest payable on debt and other long-term obligations are also not recorded in the governmental funds but is reported in the Statement of Net Position. Long-term liabilities at year-end consist of:

Bonds, capital leases, and contracts	(74,615,506)	
		(74,615,506)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 153,736,110**

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



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

	General Fund	Building Fund	Sinking Fund	Bond Fund	Other Governmental Funds - Arbitrage	Total Governmental Funds
REVENUES						
Local sources	28,226,518	4,125,313	20,672,716	-	-	53,024,547
Intermediate sources	4,220,581	-	-	-	-	4,220,581
State sources	59,039,877	50,928	-	-	-	59,090,805
Federal sources	5,918,539	-	-	-	-	5,918,539
Other sources	470,533	11,875	-	2,623	-	485,031
TOTAL REVENUES	97,876,047	4,188,116	20,672,716	2,623	-	122,739,503
EXPENDITURES						
Current						
Instruction	58,987,138	57,852	-	1,759,645	-	60,804,635
Student	8,293,302	-	-	48,428	-	8,341,730
Instructional staff	4,883,335	-	-	1,117,343	-	6,000,678
Administration	12,454,725	250	-	916,129	-	13,371,104
Operations and maintenance	8,798,844	3,590,557	-	2,459,272	-	14,848,673
Student transportation	5,602,013	-	-	998,036	-	6,600,049
Non-instruction expenditures						
Child nutrition operations	-	-	-	-	-	-
Community service operations	707,020	-	-	5,119	-	712,139
Other	49,881	-	-	-	-	49,881
Capital outlay	-	394,566	-	10,472,615	-	10,867,181
Debt service						
Principal	-	-	20,875,000	-	-	20,875,000
Judgments	-	-	-	-	-	-
Interest	-	40,069	1,660,419	-	-	1,700,488
TOTAL EXPENDITURES	99,776,259	4,083,294	22,535,419	17,776,587	-	144,171,559
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	(1,900,212)	104,822	(1,862,703)	(17,773,964)	-	(21,432,057)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	18,000,000	-	18,000,000
Capital Leases	-	(486,652)	-	-	-	(486,652)
Premium on new issuance of debt	-	-	727,155	-	-	727,155
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(486,652)	727,155	18,000,000	-	18,240,503
NET CHANGE IN FUND BALANCE	(1,900,212)	(381,830)	(1,135,548)	226,036	-	(3,191,553)
FUND BALANCE AT BEGINNING OF YEAR	21,836,922	3,144,045	16,216,368	32,698,624	143,945	74,039,903
FUND BALANCE AT END OF YEAR	\$ 19,936,710	\$ 2,762,215	\$ 15,080,820	\$ 32,924,660	\$ 143,945	\$ 70,848,350

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



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

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS \$ (3,191,553)

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and are allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceed depreciation for the period.

Capital outlays	16,487,881	
Depreciation expense	(3,195,337)	
Retirements and adjustments	<u>(4,502,515)</u>	8,790,028

Payments made on capital leases are reported as expenditures in the governmental funds, but the amount of the lease payments attributable to principal reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This is the principal portion of the lease payments made during the period.

486,652

Proceeds from sales of bonds and related premiums are reported in the governmental funds as a source of financing but are recorded as long-term liabilities in the Statement of Net Position.

(18,000,000)

Repayment of bond principal and bond premium is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Principal payments	20,875,000	
Premium on issuance of bonds	<u>(727,155)</u>	20,147,845

Proceeds from lease purchase agreement are reported in the governmental funds as a source of financing but are recorded as long-term liabilities in the Statement of Net Position.

(1,500,000)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 6,732,970

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



Broken Arrow Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
Budgeted Governmental Fund Types - General Fund
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
REVENUES				
Local sources	\$ 28,517,167	\$ 28,517,167	\$ 28,226,518	\$ (290,649)
Intermediate sources	3,962,925	3,962,925	4,220,581	257,656
State sources	57,748,310	58,658,182	59,039,877	381,695
Federal sources	6,038,887	6,058,887	5,918,539	(140,348)
Other sources	-	-	347,519	347,519
TOTAL REVENUES	96,267,289	97,197,161	97,753,034	555,873
EXPENDITURES				
Instruction	59,647,265	60,334,009	59,241,301	1,092,708
Support services				
Student	8,958,919	9,158,833	8,293,302	865,531
Instructional staff	4,364,940	4,380,103	4,883,335	(503,232)
Administration	12,983,002	13,049,230	12,454,725	594,505
Operation and maintenance	8,883,199	8,883,199	8,634,164	249,035
Student transportation	6,060,066	6,060,066	5,602,013	458,053
Non-instructional services				
Child nutrition operations	-	-	-	-
Community services operations	586,805	586,805	707,020	(120,215)
Other	205,039	205,039	49,881	155,158
TOTAL EXPENDITURES	101,689,235	102,657,283	99,865,741	2,791,542
EXCESS REVENUES (EXPENDITURES)	(5,421,946)	(5,460,122)	(2,112,707)	3,347,415
FUND BALANCE AT BEGINNING OF YEAR	21,836,922	21,836,922	21,836,922	-
FUND BALANCE AT END OF YEAR	\$ 16,414,976	\$ 16,376,800	19,724,215	\$ 3,347,415
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at end of year			254,161	
Wages Payable			(164,680)	
Inventory			123,014	
Investments, change in market value			-	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			\$ 19,936,710	

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



Broken Arrow Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
Budgeted Governmental Fund Types - Building Fund
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
REVENUES				
Local sources	\$ 3,967,413	\$ 3,966,328	\$ 4,125,313	\$ 158,985
Intermediate sources			-	-
State sources	45,000	45,000	50,928	5,928
Federal sources	-	-	-	-
Other sources	20,000	20,000	11,875	(8,125)
TOTAL REVENUES	4,032,413	4,031,328	4,188,116	156,788
EXPENDITURES				
Instruction	57,852	57,852	57,852	-
Support services				
Student	-	-	486,652	(486,652)
Instructional staff	-	-	-	-
Administration	250	250	250	-
Operation and maintenance	4,304,770	4,304,770	3,590,860	713,910
Student transportation	-	-	-	-
Non-instructional services				
Child nutrition operations	-	-	-	-
Community services operations	-	-	-	-
Other	1,078,701	1,078,701	434,635	644,066
TOTAL EXPENDITURES	5,441,573	5,441,573	4,570,249	871,324
EXCESS REVENUES (EXPENDITURES)	(1,409,160)	(1,410,245)	(382,133)	1,028,112
FUND BALANCE AT BEGINNING OF YEAR	3,144,045	3,144,045	3,144,045	-
FUND BALANCE AT END OF YEAR	\$ 1,734,885	\$ 1,733,800	\$ 2,761,912	\$ 1,028,112
ADJUSTMENTS TO CONFORM WITH GAAP				
Receivables at end of year			1,083	
Wages Payable			(780)	
Inventories			-	
Investments, change in market value			-	
FUND BALANCE AT END OF YEAR (GAAP BASIS)			\$ 2,762,215	

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



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

	Business-Type Activities Enterprise Fund: <u>Child Nutrition Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and equivalents	\$ 1,198,556
Investments	2,300,000
Due from other governments	3,900
Accrued interest receivable	18
Inventories	<u>194,475</u>
TOTAL CURRENT ASSETS	<u><u>3,696,949</u></u>
NON-CURRENT ASSETS	
Capital net assets	<u>719,273</u>
TOTAL NON-CURRENT ASSETS	<u><u>719,273</u></u>
TOTAL ASSETS	<u><u>\$ 4,416,222</u></u>
 LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 514,457
Accrued wages payable	<u>33,431</u>
TOTAL CURRENT LIABILITIES	<u><u>547,888</u></u>
 NET POSITION	
Invested in capital assets	719,273
Restricted for Inventory	194,475
Restricted for Worker's compensation	3,878
Unrestricted	<u>2,950,707</u>
TOTAL NET POSITION	<u><u>3,868,334</u></u>
TOTAL LIABILITIES AND NET POSTION	<u><u>\$ 4,416,222</u></u>

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



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

	Business-Type Activities Enterprise Fund: <u>Child Nutrition Fund</u>
OPERATING REVENUES	
Meals	\$ 3,494,344
Reimbursements	<u>28,755</u>
	<u>3,523,099</u>
TOTAL OPERATING REVENUES	
OPERATING EXPENSES	
Salaries and wages	3,009,351
Purchase and contracted services	123,577
Supplies and materials	4,073,329
Depreciation	4,417
Medical claims	35,237
Other operating expenses	<u>145,062</u>
	<u>7,390,973</u>
TOTAL OPERATING EXPENSES	
	<u>(3,867,874)</u>
OPERATING INCOME (LOSS)	
NON-OPERATING REVENUES	
Interest income	3,331
Federal and state grants	4,125,076
Disposal of assets	<u>-</u>
	<u>4,128,407</u>
TOTAL NON-OPERATING REVENUES	
CHANGES IN NET POSITION	<u>260,533</u>
NET POSITION AT BEGINNING OF YEAR	<u>3,607,801</u>
NET POSITION AT END OF YEAR	<u><u>\$ 3,868,334</u></u>

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



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

	Business-Type Activities Enterprise Fund: Child Nutrition Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from user charges	\$ 3,494,330
Cash payment for insurance claims	(35,237)
Cash payments to suppliers for goods and services	(4,364,281)
Cash payments to employees for services	(2,974,114)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,879,302)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Disposal of assets	-
Capital assets purchased	(27,600)
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(27,600)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Non-operating grants received	3,907,162
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	3,907,162
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	2,550,000
Purchases of investments	(2,300,000)
Investment Income	3,335
NET CASH PROVIDED BY INVESTING ACTIVITIES	253,335
NET INCREASE IN CASH AND CASH EQUIVALENTS	253,595
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	944,961
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,198,556
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating loss	(3,867,874)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	4,417
Effect of increases and decreases in current assets and liabilities:	
Decrease (Increase) in Receivables	-
Decrease (Increase) in Inventories	(108,726)
Decrease (Increase) in Due from other governments	-
Decrease (Increase) in Due from other funds	-
Increase (decrease) in Accounts payable	156,634
Increase (decrease) in Unearned revenues	14
Increase (decrease) in Accrued wages payable	29,631
Increase (decrease) in Accrued expenses	-
Increase (decrease) in Workers' comp payable	(93,398)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (3,879,302)
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES	
Commodities received from Department of Human Services	432,403
Commodities consumed	356,683

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



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

	Private- Purpose Trust Fund	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	43,403	2,265,047
Investments	90,000	
TOTAL ASSETS	<u><u>\$ 133,403</u></u>	<u><u>\$ 2,265,047</u></u>
LIABILITIES		
Accounts Payable	16,500	\$ 3,222
Due to student groups	-	2,261,824
TOTAL LIABILITIES	<u><u>16,500</u></u>	<u><u>\$ 2,265,047</u></u>
NET POSITION		
Held for scholarships	116,903	
TOTAL NET POSITION	<u><u>\$ 116,903</u></u>	

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



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

	<u>Private-Purpose Trust Fund</u>
ADDITIONS	
Contributions	\$ 15,900
Interest income	550
TOTAL ADDITIONS	<u>16,450</u>
DEDUCTIONS	
Scholarships awarded	<u>24,500</u>
TOTAL DEDUCTIONS	<u>24,500</u>
 CHANGE IN NET ASSETS	 (8,050)
 NET POSITION AT BEGINNING OF YEAR	 <u>124,953</u>
 NET POSITION AT END OF YEAR	 <u><u>\$ 116,903</u></u>

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



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Broken Arrow Public Schools Independent District No. 3 (the "District") has been prepared in conformity with generally accepted accounting principles ("GAAP") promulgated by The Government Accounting Standards Board ("GASB"). The District also complies with any contracts and grants of agencies from which it receives funds. The more significant of the District's accounting policies are described below.

Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes. The governing body of the District is the Board of Education composed of five elected members. The appointed Superintendent is the executive officer of the District.

The Board has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public, has authority to make decisions, appoint administrators, significantly influence operations, and has primary accountability for fiscal matters. As such, the District is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 61, which modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. There are no component units included within the reporting entity. The District receives funding from Local, State, and Federal government sources and must comply with the requirements of these funding source entities.

Further, the Broken Arrow Education Foundation and the Broken Arrow Performing Arts Center Foundation are not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over these Foundations.



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

Government-wide and Fund Financial Statements

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. These activities are reported separately from business-type activities, which rely to a substantial extent on fees and charges for support.

The Statement of Net Position reports the District's financial and capital resources. Liabilities are segregated between current liabilities (those that are due within one year) and long-term liabilities (those that are due in more than one year).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include tuition or fees paid by students or citizens of the District and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items including Foundation Incentive Aid which are not properly included among program revenues are reported as general revenues. Interest on general long-term debt is considered an indirect expense and is reported on the Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories: Governmental, Proprietary, and Fiduciary. Since the resources in the Fiduciary Funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operation. All other revenues and expenses are non-operating.



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use economic resources measurement focus and the accrual basis of accounting, as do the Fiduciary Fund financial statements. The economic resources measurement focus is not applicable to the Agency Funds (which comprise the entire Fiduciary Fund category) 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 in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Fund Accounting

The District reports its financial activities through the use of fund accounting. This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements. There are three categories of funds: Governmental, Proprietary, and Fiduciary.

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). Government Fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as the fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include State and Local property taxes and State funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The General Fund includes Federal and State restricted monies that must be expended for specific programs.

Building Fund - The Building Fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Sinking Fund - The District's Sinking Fund is a debt service and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Fund - The Bond Fund 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.

Other Funds – The other fund category includes the following non-major funds:

Arbitrage Rebate Fund - The Arbitrage Rebate Fund holds arbitrage earnings (investment earnings on bond proceeds and certain related funds that exceed the bond yield) in order to make arbitrage rebate payments to the federal government under the Internal Revenue Code. Arbitrage is considered a non-major governmental fund.



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

Proprietary Fund Types

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is useful to financial administration. Goods and/or services can be provided to both outside parties or to other departments or agencies primarily within the District. Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District reports the following major Proprietary Funds:

Child Nutrition Fund – The Child Nutrition Fund consists of monies derived from Federal and State financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms "non-expendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency Funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Private - Purpose Trust Funds - Expendable Trust Funds include the Gifts and Endowments Fund and Arbitrage Rebate Fund. The Gifts and Endowments Fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District. The Endowment Fund receives its assets by way of gifts from philanthropic foundations, individuals or private organizations for which no repayment or special service to the contributor is expected. The income derived from the investment of these assets is used to promote the general welfare of the District; however, the principal must remain intact.

Agency Funds - The Agency Funds is the school activities fund which is used to account for monies collected principally through the fundraising efforts of students and District-sponsored



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Budgetary Data

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education 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 first 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 voters reject 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, the Building Fund, and the Child Nutrition Fund that includes revenues and expenditures. These budgets are prepared on a cash basis for revenues and the modified accrual basis for expenditures.

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

Other Accounting Policies

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

Investments – Investments consist of United States Treasury securities and agencies and certificates of deposit. All investments are recorded at cost which approximates fair value.

Property Tax – The District records its property taxes receivable as levied. Taxes are levied by the County annually on October 1 and are due one-half by December 31 and one-half by March 31. Major tax payments are received from the County in the months of January through May, and are recognized as revenue in the year received. Lien dates for personal and real property are in June and October, respectively. Governmental funds report deferred



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

revenues in connection with receivable for revenues that are not considered to be available to liquidate liabilities for the current period. Revenues received within 60 days of year-end are considered to be available.

Inventories - Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories are accounted for using the purchase method where materials and supplies are recorded as expenditures when consumed on the fund financial statements and as expenses when consumed on the government-wide financial statements. Inventories for Proprietary Funds are stated at the lower of cost or market on a first-in, first-out method. Inventory is not considered to be material to the basic financial statements - regulatory basis.

Capital Assets - Capital assets, which include land, building, building improvements, and equipment, are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for buildings and improvements, and equipment and fixtures is \$2,500, respectively. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Building and building improvements of the District are depreciated using the straight-line method beginning in the year they are placed in service. Equipment is depreciated using the straight-line method beginning in the month acquired. The District's capital assets have the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment and fixtures	5-15
Vehicles	8

Revenue – All sources of revenue other than federal revenue are recognized as soon as they are both measurable and available. Federal revenue is considered earned in the same period the associated reimbursable expense is recognized. Revenues are considered to be available when they are collected within the current period or soon



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

enough thereafter to pay liabilities in the current period. For this purpose, the District considered revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Deferred Revenue – Revenue that has been earned but is not available to finance expenditures of the current fiscal period is classified as deferred revenue in the governmental funds. The District reports deferred revenue related to expenditures made for federal reimbursable grants during the fiscal year, but reimbursed more than sixty days following the close of the fiscal year.

Compensated Absences - The District's policies regarding accumulated unpaid leave applies only to unused vacation and accumulated sick leave for employees of ten years or more of consecutive employment upon retirement only. The government-wide financial statements do not include any liability for any rights to receive vacation, sick leave or other employee benefits.

Encumbrances - Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. Expenditures are recorded and liabilities are recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

Funds Held for School Organizations - Funds held for school organizations represent the funds received or collected from students or other co-curricular and extracurricular activities conducted in the District, control over which is exercised by the Board of Education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Liabilities - Long-term liabilities are recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount. Bond premium or discounts on debt qualifying as capital-related debt, is included in calculating the amount that is reported as the net investment in capital assets. Beginning with the fiscal year ending June 30, 2014, the District will defer and amortize bond premiums and discounts over the life of the



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

Bonds using the straight line interest method. Bond issuance costs are not significant and are reported as current year expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as administrative support service expenditures.

Fund Balances and Equity - Fund balance refers to the difference between assets and liabilities in the governmental funds balance sheet. The District has a minimum annual General Fund balance Board of Education policy of 5 percent of annual revenue. Fund balance consists of five categories, defined in Governmental Accounting Standards Board Statement No. 54, as follows:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items, and long-term receivables.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs, and other federal and state grants.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action at the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Education. This classification includes campus activity funds and local special revenue funds.

Assigned – includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board of Education, the Superintendent, or the Chief Financial Officer.



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

Unassigned – includes residual positive fund balances within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

It is the District’s policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The District’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following table shows the fund balance classifications as shown in the governmental funds balance sheet as of June 30, 2013:

	Major Funds				Non Major	Total Governmental Funds
	General Fund	Building Fund	Sinking Fund	Bond Fund	Governmental Funds - Arbitrage	
FUND BALANCES						
Nonspendable:						
Inventory	284,978	-	-	-	-	284,978
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Capital projects	-	-	-	32,924,660	-	32,924,660
Operations	-	2,762,215	-	-	-	2,762,215
Arbitrage	-	-	-	-	143,945	143,945
Debt service	-	-	15,080,820	-	-	15,080,820
Committed to:						
Other Committed Fund Balance	-	-	-	-	-	-
Assigned to:						
Worker's Compensation	117,317	-	-	-	-	117,317
Unassigned	19,534,415	-	-	-	-	19,534,415
TOTAL FUND BALANCES	\$ 19,936,710	\$ 2,762,215	\$ 15,080,820	\$ 32,924,660	\$ 143,945	\$ 70,848,350



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

REVENUES AND EXPENDITURES

Local Revenues - Revenue from Local sources is the monies generated from within the boundaries of the District and available to the District for its use. The District is authorized by State law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's General, Building and Sinking Funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax rolls for submission to the County Treasurer prior to October 1. The County Treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

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

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

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

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

The District receives revenue from the State to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the General Fund. The aforementioned state revenues are apportioned to the District's General Fund.

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

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the General Fund. The District maintains a separate Child Nutrition Fund and the federal revenues received for the child nutrition programs are apportioned there.

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

Other sources and Non-Revenue Receipts - Non-revenue receipts represent receipts deposited into a fund that is not new revenues to the District, but the return of assets and adjustments to prior year encumbrances. The total other sources representing \$6.1 million is comprised primarily of prior year lapsed encumbrances for bond funds and prior year adjustments due to the Districts' first year of applying all GASB pronouncements.

Expenditures

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

who teach for any portion of time are included here. Tuition/transfer fees paid to other local education agencies would be included here.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves. These services are designed to assess and improve student well-being and to supplement the teaching process.

Operation of Non-Instructional Services Expenditures - Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures - Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures - A number of outlays of governmental funds are not properly classified as expenditures but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures - This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures - Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

and transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no residual equity transfers during the 2012-13 fiscal year.

Note 2. - CASH AND INVESTMENTS

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; warrants, bonds or judgments of the District. Income from investments reported in one fund can be assigned directly to another fund.

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

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

Cash - The District's bank balance of deposits, cash pools (sweep accounts) and high balance savings at June 30, 2013, was \$15,200,888, of which \$7,132,332 is obligated for outstanding checks.

Investments - At June 30, 2013, the District's investments consisted of treasury bills, and certificates of deposits with an approximate fair market value of \$64,591,580.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit risk - Investments - Credit risk is the risk that the issuer or other counterparty to an investment that will not fulfill its obligations. Investments held by the District in investment



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

Note 2. - CASH AND INVESTMENTS – cont’d

pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with Arvest Bank and Bancfirst, and are rated AAA by Standard and Poor's. The District does not have a formal policy limiting its exposure arising from concentration of investments.

Note 3. – RECEIVABLES

Receivables at June 30, 2013, all due within one year, for both the District’s individual major funds and Enterprise Fund, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Sinking Fund</u>	<u>Bond Fund</u>	<u>Other Government Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
Receivables:							
Interest	\$ 2,889	\$ 53	\$ -	\$ -	\$ -	\$ 18	\$ 2,960
Property taxes-delinquent	178,751	25,521	141,147	-	-	-	345,419
Due from other governments	2,987,345	-	-	-	-	3,900	2,991,245
Due from other funds	365	-	-	-	-	-	365
Other receivables	30,579	1,097	-	-	-	-	31,676
	<u>\$ 3,199,929</u>	<u>\$ 26,671</u>	<u>\$ 141,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,918</u>	<u>\$ 3,371,665</u>

The majority of the receivable balance is attributable to Due from Other Governments. The District participates in a variety of Federal and State programs which it receives grants to partially or fully finance certain activities. Amounts due from Federal and State governments as of June 30, 2013 are presented within the above table.

Receivables for the District’s proprietary-type fund in the aggregate, as of June 30, 2013, were \$3,918.

There were no interfund receivables or payables at June 30, 2013.



Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013

Note 4. - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance 6/30/2012	Increases	Transfers	Decreases	Ending Balance June 30, 2013
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 16,051,247	\$ -	\$ -	\$ -	\$ 16,051,247
Construction in progress	10,692,808	10,859,701	(2,838,585)	-	18,713,924
Total capital assets not being depreciated:	<u>26,744,055</u>	<u>10,859,701</u>	<u>(2,838,585)</u>	<u>-</u>	<u>34,765,171</u>
Capital assets being depreciated:					
Buildings and improvements	148,439,336	555,772	2,838,585	(4,283,465)	147,550,227
Furniture and equipment	21,472,371	5,072,408	-	(219,050)	26,325,729
Total capital assets being depreciated	<u>169,911,707</u>	<u>5,628,180</u>	<u>2,838,585</u>	<u>(4,502,515)</u>	<u>173,875,957</u>
Total assets	<u>196,655,762</u>	<u>16,487,882</u>	<u>-</u>	<u>(4,502,515)</u>	<u>208,641,127</u>
Less: Accumulated depreciation for:					
Buildings and improvements	(36,778,754)	(2,995,774)	-	-	(39,774,527)
Furniture and equipment	(11,163,772)	(2,882,763)	-	-	(14,046,535)
Total accumulated depreciation	<u>(47,942,526)</u>	<u>(5,878,536)</u>	<u>-</u>	<u>2,683,199</u>	<u>(51,137,863)</u>
Governmental activities capital assets, net	<u>\$ 148,713,235</u>	<u>\$ 10,609,346</u>	<u>\$ -</u>	<u>\$ (1,819,316)</u>	<u>\$ 157,503,266</u>
<u>Business-Type Activities</u>					
Capital assets being depreciated:					
Furniture and equipment	\$ 354,727	\$ 371,048	\$ -	\$ -	\$ 725,774
Total capital assets being depreciated	<u>354,727</u>	<u>371,048</u>	<u>-</u>	<u>-</u>	<u>725,774</u>
Less: Accumulated depreciation for:					
Furniture and equipment	(2,085)	(4,417)	-	-	(6,502)
Business-Type activities capital assets, net	<u>\$ 352,642</u>	<u>\$ 366,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719,273</u>
Net Assets All Funds:					

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:		Business-Type Activities:	
Instruction	\$ 4,353,879	Child Nutrition Fund	\$ 4,417
Support services - Students and staff	17,234		
Instructional support services	73,563	Total Depreciation:	<u>\$ 4,417</u>
Administrative support services	497,738		
Operations and maintenance of plant services	370,599		
Transportation	462,269		
Non-instructional	26,089		
Other-unclassified	77,165		
Total Depreciation:	<u>\$ 5,878,536</u>		

(Figures may be different due to rounding)



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

Note 5. - GENERAL LONG-TERM DEBT

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue, however, the District typically pays all bonds within 5 to 10 years of the date of issue.

General long-term debt of the District consists of building bonds payable and a capital lease-purchase agreement. Debt service requirements for bonds are paid solely from the fund balance and the future revenues of the debt service fund.

The District records lease agreements that qualify as capital leases for accounting purposes at the present value of their future minimum lease payments at their inception date. The present value is calculated based on the District's incremental borrowing rate at time of inception unless the lessor's implicit rate is known and lower, as provided by FASB 13, *Accounting for Leases*.

For the year ended June 30, 2013, the District entered into an agreement between Bank of Oklahoma Financial Equipment Finance, Inc. of Tulsa for the purchase, acquisition, and lease of an electronic display board and structure at the High School.

The following is a summary of the long-term debt transactions, with retirements, which includes premium on bonds sold of \$727,155, for the District for the year ended June 30, 2013:

	<u>2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>2013</u>	<u>Due in One Year</u>
Governmental activities					
Bonds payable	\$ 75,750,000	\$ 18,000,000	\$ (20,875,000)	\$ 72,875,000	\$ 24,725,000
Premium on debt issuance	-	727,155	-	727,155	727,155
Capital lease	-	1,500,000	(486,652)	1,013,348	499,881
Total	<u>\$ 75,750,000</u>	<u>\$ 20,227,155</u>	<u>\$ (21,361,652)</u>	<u>\$ 74,615,503</u>	<u>\$ 25,952,036</u>

In compliance with GASB Statement No.62-187, the District will begin an amortization of all premiums on bonds sold in the 2013-14 fiscal year.



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

A brief description of the outstanding long-term debt at June 30, 2013, is set forth below:

	<u>Amount Outstanding</u>
Building Bonds, Series 2004B, original issue \$10,800,000 dated 11-01-04, interest rates of 3.00% to 3.50%, due in an initial installment of \$1,200,000, annual installments of \$1,200,000, final payment due 11-01-2014	\$ 2,400,000
Building Bonds, Series 2005B, original issue \$7,000,000 dated 12-01-05, interest rates of 3.25% to 5.00%, due in annual installments of \$775,000, final payment of \$800,000, due 12-01-2015	\$ 2,350,000
Combined Purpose Bonds, Series 2009A, original issue \$10,000,000 dated 4-01-09, interest rates of 3.00% to 3.25%, due in annual installments of \$2,500,000, final payment of \$2,500,000, due 4-01-2014	\$ 2,500,000
General Obligation Bonds, Series 2010A&B, original issue \$19,000,000 dated 4-01-10, interest rate of 5.00%, due in annual installments of \$4,750,000, final payment of \$4,750,000, due 4-01-2015	\$ 9,500,000
Building Bonds, Series 2010C, original issue \$10,000,000 dated 12-01-10, interest rate of 1.2% to 1.45%, due in annual installments of \$2,500,000, final payment of \$2,500,000, due 12-01-2015	\$ 7,500,000
General Obligation Bonds, Series 2011D, original issue \$13,500,000 dated 6-01-11, interest rate of 2.00% to 3.00%, due in annual installments of \$3,375,000, final payment of \$3,375,000, due 6-01-2016	\$ 10,125,000
General Obligation Bonds, Series 2012E, original issue \$20,500,000 Dated 4-01-2012, interest rate of 2.00%, due in annual Installments of \$5,125,000, final payment of \$5,125,000, due 4-01-2017	\$ 20,500,000
General Obligation Bonds, Series 2013F, original issue \$18,000,000 Dated 4-01-2013, interest rate of 2.00%, due in annual Installments of \$4,500,000, final payment of \$4,500,000, due 4-01-2018	<u>\$ 18,000,000</u>
TOTAL	<u><u>\$ 72,875,000</u></u>



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

The annual debt service requirements, including the payment of principal and interest outstanding are as follows:

<u>Fiscal Year Outstanding</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013-2014	\$ 20,225,000	\$ 448,808	\$ 20,673,808
2014-2015	22,225,000	624,938	22,849,938
2015-2016	16,300,000	358,750	16,658,750
2016-2017	9,625,000	215,000	9,840,000
2017-2018	4,500,000	112,500	4,612,500
Total	<u>\$ 72,875,000</u>	<u>\$ 1,759,996</u>	<u>\$ 74,634,996</u>

Interest paid on general long-term debt during the 2012-13 fiscal year totaled \$2,104,418.

Note 6. - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2012-13 fiscal year, the District contributed 9.5% (which increased from 9.0% to 9.5% on January 1, 2011) and the State of Oklahoma contributed the remaining amount during this year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's total contributions for 2013, 2012, 2011 and 2010 are \$9,624,500, \$9,202,802, \$8,719,732, and \$9,275,273, respectively.



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

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

Ten-year historical trend information and schedule of funding progress is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

Note 7. - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. The District is self-insured for its workers compensation coverage.

The District utilizes Consolidated Benefits Resources, LLC (CBR), to provide services for workers' compensation claims and administration. CBR will operate a claims management program for the prevention, investigation, processing, accounting and payment of workers' compensation claims. The District's General Fund pays for claims as they are incurred. As of June 30, 2013, CBR has reported an outstanding reserve for the District to be \$1,648,705.70. In order to mitigate the risk associated with this program, the District reserves and restricts a percentage of the fund balance. For 2012-13, this amount was \$121,195 for both general activities and business-type activities.

The District has purchased specific excess and aggregate excess workers' compensation and employers' liability insurance so the District's liability for claim loss is limited.

Note 8. - CONTINGENCIES

Federal Grants

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



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

Note 8. – CONTINGENCIES – cont'd

Litigation

The District is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's Sinking Fund over a three year period pursuant to state law.

Note 9. - LEASE REVENUE BONDS

May 1, 2011, the Tulsa County Industrial Authority issued \$72,845,000 of Educational Facilities Lease Revenue Bonds (Broken Arrow Public School Project) Series 2011, to provide funds required for the constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites for the benefit of the Broken Arrow School District. Also on May 1, 2011, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Tulsa County Industrial Authority. In addition, the District entered into a sublease, as lessee, with the Tulsa County Industrial Authority. The sublease calls for eight (8) annual payments starting September 1, 2012. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of \$285,000,000, on December 8, 2009. In June 2012, the Tulsa County Industrial Authority issued \$67,300,000 of additional Educational Facilities Lease Revenue Bonds, Series 2012, to provide for additional construction, equipment, repairs and remodeling projects for the District. Broken Arrow Public Schools will gain ownership to the capital improvements incrementally as each payment is made.



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

Note 9. - LEASE REVENUE BONDS- cont'd

The lease payments will be as follows:

2011 Series		2012 Series	
Fiscal Year	Payment	Fiscal Year	Payment
2012-13	\$ 5,170,190	2012-13	\$ 2,044,823
2013-14	6,656,552	2013-14	2,769,462
2014-15	9,015,483	2014-15	5,188,621
2015-16	16,891,269	2015-16	3,459,038
2016-17	11,260,272	2016-17	13,114,000
2017-18	2,806,168	2017-18	2,395,000
2018-19	9,753,600	2018-19	265,000
2019-20	27,597,772	2019-20	5,174,000
		2021-22	21,890,000
		2022-23	31,811,145
Total Obligation:	89,151,306	Total Obligation:	88,111,089
Less amounts representing interest:	<u>(16,306,306)</u>	Less amounts representing interest:	<u>(20,811,089)</u>
Lease Revenue Bonds Payable:	<u>\$ 72,845,000</u>	Lease Revenue Bonds Payable:	<u>\$ 67,300,000</u>

Note 10. - 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 establish a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District believes such amounts, if any, to be immaterial.



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

Note 10. - COMMITMENTS AND CONTINGENCIES – cont'd

As of June 30, 2013, the District had outstanding commitments (contracts and purchase orders), of approximately \$1,673,017 primarily for supplies and equipment.

In certain circumstances and occasions, the District is party to legal proceedings which arise in the normal event of operations. Any liability resulting from these accounts is not believed, by management, to have a material effect on the financial statements.

Note 11. - NOTES ON STATISTICAL INFORMATION

Trend Information

Consultation with the Government Finance Officers Association was initiated in the 2011-12 reporting period, which was the first year the District prepared a Comprehensive Annual Financial Report. For consistency purposes, and due to record retention policies, the District chose to present five years of data on all statistical information during the 2011-12 reporting period. Only five years of data is maintained by our independent auditors, State auditor, and State Department of Education.

This is the second year the District has produced a Comprehensive Annual Financial Report. Going forward, the District will be able to add an additional year of data in order to achieve the ten-year requirement. Therefore, six years of information is presented in the trend information of the Statistical Section.

The District retains all records relating to property until the period of limitations expires for the year in which the property is disposed or sold.

Note 12. - NEW PRONOUNCEMENTS

The GASB has issued several new accounting pronouncements, which will be effective to the District in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the District's consideration of the impact of these pronouncements are described below:

Fiscal Year Ended June 30, 2013

- ✓ Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements - GASB No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The District will only be required to adopt the provisions of GASB No. 60 if it enters into an SCA, and it currently has not entered into any such arrangements.



Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013

Note 12. - NEW PRONOUNCEMENTS- cont'd

- ✓ Statement No. 61, The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Earlier application is encouraged. The District does not believe that the adoption of GASB No. 61 will have a significant impact on its financial statement presentation.
- ✓ Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The District does not believe that the adoption GASB No. 62 will have a significant impact on its financial position, activities or cash flows, or its financial statement presentation.
- ✓ Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Adoption of this statement will require the District to make changes in its financial statement presentation.

Fiscal Year Ended June 30, 2014:

- ✓ Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. The District has not quantified the effects of adoption of GASB No. 65 on its net position.

Fiscal Year Ended June 30, 2015

- ✓ Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements



**Broken Arrow Public Schools
Notes to the Basic Financial Statements
For the Period June 30, 2013**

Note 12. - NEW PRONOUNCEMENTS- cont'd

for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and the District is in the process of determining what impact the implementation of GASB No. 68 will have on its net position.



Combining and Capital Asset Statements and Schedules





Broken Arrow Public Schools
Other Supplementary Information
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Adjustments	Balance June 30, 2013
HIGH SCHOOL TOTAL	482,037	1,655,378	1,657,630	138	479,923
INTERMEDIATE HIGH SCHOOLS TOTAL	85,808	126,744	121,530	5	91,026
ALTERNATIVE SCHOOL TOTAL	17,701	12,596	10,402	-	19,895
MIDDLE SCHOOLS TOTAL	235,891	499,121	504,424	316	230,904
ELEMENTARY SCHOOLS TOTAL	212,430	323,951	350,524	1,400	187,257
STUDENT CLUBS TOTAL	642,270	2,487,934	2,379,188	2,462	753,478
ADMINISTRATIVE TOTAL	<u>553,275</u>	<u>267,730</u>	<u>321,663</u>	<u>-</u>	<u>499,341</u>
TOTAL FUNDS HELD FOR					
STUDENT ACTIVITIES	<u>\$ 2,229,413</u>	<u>\$ 5,373,454</u>	<u>\$ (5,345,362)</u>	<u>\$ 4,320</u>	<u>\$ 2,261,824</u>
SUMMARY - ACTIVITY FUNDS					
ASSETS					
Cash	<u>\$ 2,229,413</u>	<u>\$ 5,376,676</u>	<u>\$ (5,345,362)</u>	<u>\$ 4,320</u>	<u>\$ 2,265,047</u>
LIABILITIES					
Accounts payable and accrued liabilities	-	3,222.41	-	-	3,222.41
Funds held for student activities	<u>\$ 2,229,413</u>	<u>\$ 5,373,454</u>	<u>\$ (5,345,362)</u>	<u>\$ 4,320</u>	<u>\$ 2,261,824</u>
TOTAL LIABILITIES	<u>\$ 2,255,724</u>	<u>\$ 5,376,676</u>	<u>\$ (5,345,362)</u>	<u>\$ 4,320</u>	<u>\$ 2,265,047</u>

The accompanying notes to the financial statements are an integral part of this statement.
See independent auditors report



Broken Arrow Public Schools
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Sources
Year Ended June 30, 2013

	<u>2013</u>	<u>2012</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 15,673,869	\$ 15,673,869
Buildings	147,302,374	148,421,582
Improvements other than buildings	625,231	395,131
Machinery and equipment	26,325,728	21,472,370
Construction-in-progress	<u>18,713,924</u>	<u>10,692,808</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 208,641,127</u>	<u>\$ 196,655,762</u>
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
General fund	\$ 1,905,542	\$ 1,747,718
Special revenue fund	3,337,135	1,108,460
Capital projects fund	203,157,743	193,558,877
Donations	-	-
Other sources	<u>240,707</u>	<u>240,707</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 208,641,127</u>	<u>\$ 196,655,762</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Business-Type Activities are excluded from the above amounts.

See independent auditors' report.



Broken Arrow Public Schools
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
Year Ended June 30, 2013

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction In-Progress	Total
GENERAL GOVERNMENT						
Instruction	\$ 15,673,869	\$ 140,654,591	\$ 625,231	\$ 9,708,848	\$ 18,713,924	\$ 185,376,462
Support services - Students and staff				2,457,892		\$ 2,457,892
Instructional support services		1,304,427		1,003,200		\$ 2,307,628
Administrative support services		4,222,653		5,579,896		\$ 9,802,549
Operations and maintenance of plant services		360,486		3,025,784		\$ 3,386,270
Transportation				4,121,614		\$ 4,121,614
Non-instructional		760,218		341,984		\$ 1,102,203
Other-unclassified				86,509		\$ 86,509
TOTAL GOVERNMENTAL FUNDS						
CAPITAL ASSETS	<u>\$ 15,673,869</u>	<u>\$ 147,302,375</u>	<u>\$ 625,231</u>	<u>\$ 26,325,728</u>	<u>\$ 18,713,924</u>	<u>\$ 208,641,127</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Business-Type Activities are excluded from the above amounts.

See independent auditors' report.



Broken Arrow Public Schools
Capital Assets Used in the Operation of Governmental Funds
Schedule by Changes by Function and Activity
Year Ended June 30, 2013

	Governmental Funds Capital Assets June 30, 2012	Additions	Reclassifications & Adjustments	Deductions	Governmental Funds Capital Assets June 30, 2013
GENERAL GOVERNMENT					
Instruction	\$ 177,962,564	\$ 14,535,948	\$ (2,838,585)	\$ (4,283,465)	\$ 185,376,462
Support services - Students and staff	957,892	1,500,000	-	-	2,457,892
Instructional support services	1,902,987	404,640	-	-	2,307,628
Administrative support services	9,195,567	630,430	-	(23,448)	9,802,549
Operations and maintenance of plant services	2,188,376	1,252,292	-	(54,398)	3,386,270
Transportation	3,264,782	998,036	-	(141,204)	4,121,614
Support services-central	1,097,086	5,119	-	-	1,102,203
Other support services	86,509	-	-	-	86,509
Non-instructional	-	-	-	-	-
Other-unclassified	-	-	-	-	-
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 196,655,762	\$ 19,326,464	\$ (2,838,585)	\$ (4,502,515)	\$ 208,641,127

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Business-Type Activities are excluded from the above amounts.

See independent auditors' report.

This page is intentionally left blank.



Statistical Section





Statistical Section
Fiscal Year Ended June 30, 2013
TABLE OF CONTENTS

This part of the District's Comprehensive Annual Financial Report presents detailed information as a framework in understanding what the information within the financial statements, note disclosures, and required supplementary information says about the District's overall financial condition.

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u>	85
These schedules compile trend information and report how the District's financial position has changed over time.	
<u>Revenue Capacity</u>	92
These schedules provide information regarding the District's major revenue sources; property taxes, and the stability/growth of revenue.	
<u>Debt Capacity</u>	97
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and their ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	102
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<u>Operating Information</u>	106
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year. The District implemented GASB Statement No. 34 in the fiscal year ended June 30, 2012. Schedules presenting district-wide information include information beginning in that year.



Financial Trends





Broken Arrow Public Schools
District-Wide Net Position by Component
Last Six Fiscal Years

	2008	2009	2010	2011	2012	2013
Governmental activities						
Invested in capital assets, net of related debt	\$ 58,653,278	\$ 63,653,655	\$ 65,696,780	\$ 64,777,360	\$ 72,963,235	\$ 82,887,760
Restricted for inventories	-	-	-	-	161,964	284,978
Restricted for debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820
Restricted for capital projects	11,670,497	13,529,823	16,741,243	26,233,999	32,698,625	32,924,660
Restricted for arbitrage	-	-	-	-	143,945	143,945
Restricted for operations	-	-	-	-	3,144,045	2,762,215
Restricted for worker's compensation	-	-	-	-	291,828	117,317
Unrestricted	7,402,375	11,352,959	12,127,691	21,412,088	21,383,129	19,534,415
Total Governmental activities net assets	87,735,408	101,809,907	110,777,572	129,201,027	147,003,139	153,736,110
Business-type activities						
Invested in capital assets, net of related debt	68,007	-	259,130	25,966	352,642	719,273
Restricted for inventories	-	-	-	-	244,147	194,475
Restricted for debt service	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Assigned to worker's compensation	-	-	-	-	97,276	3,878
Unrestricted	1,308,354	1,676,733	2,327,646	2,280,412	2,913,736	2,950,707
Total business-type activities net assets	1,376,361	1,676,733	2,586,776	2,306,378	3,607,801	3,868,334
District-wide						
Invested in capital assets, net of related debt	58,721,285	63,653,655	65,955,910	64,803,326	73,315,877	83,607,033
Restricted for inventories	-	-	-	-	406,110	479,453
Restricted for debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820
Restricted for capital projects	11,670,497	13,529,823	16,741,243	26,233,999	32,698,625	32,924,660
Restricted for arbitrage	-	-	-	-	143,945	143,945
Restricted for operations	-	-	-	-	3,144,045	2,762,215
Assigned to worker's compensation	-	-	-	-	389,104	121,195
Unrestricted	8,710,729	13,029,692	14,455,337	23,692,500	24,296,865	22,485,122
Total district-wide net position	\$ 89,111,769	\$ 103,486,640	\$ 113,364,348	\$ 131,507,405	\$ 150,610,940	\$ 157,604,444

Note: The district began to report net position in lieu of net assets in conformity with GASB Statement 63 beginning in 2012. Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.



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

Fiscal Year Ending June 30,

	2008	2009	2010	2011	2012	2013
Expenses						
Governmental activities						
Instruction	\$ 59,911,169	\$ 60,916,792	\$ 59,698,004	\$ 56,915,460	\$ 59,271,138	\$ 58,117,540
Support services - Students	10,433,338	12,845,772	20,727,734	8,169,317	8,166,385	7,951,821
Support services - Instructional Staff	4,619,108	3,898,555	4,904,472	6,569,980	5,051,994	5,906,085
Support services - Administration	17,321,656	15,594,220	13,503,518	12,890,477	11,749,833	12,608,451
Operations and maintenance services	6,932,236	6,713,008	7,467,547	12,437,218	11,337,283	10,225,839
Student transportation services	5,806,382	6,177,841	4,698,556	6,994,021	6,563,236	5,438,306
Other support services	1,264,295	249,408	792,110	487,251	659,417	656,673
Child Nutrition	-	-	-	-	80,352	-
Community services	315,802	471,260	398,450	580,860	603,868	688,638
Loss on disposal of assets	-	-	416,831	319,186	1,726,999	4,502,515
Judgement Paid	-	-	-	-	35,641	-
Depreciation	2,715,345	2,808,662	3,217,457	3,785,208	3,333,496	3,195,337
Interest on long-term debt	1,911,725	2,542,069	2,174,625	2,550,031	2,902,285	1,703,318
Total governmental-type activities expense	111,231,056	112,217,588	117,999,304	111,699,009	111,481,927	110,994,523
Business-type activities						
Food service	6,514,487	6,387,455	7,063,688	6,478,194	6,581,268	7,390,973
Total business-type activities expense	6,514,487	6,387,455	7,063,688	6,478,194	6,581,268	7,390,973
Total district expenses	117,745,543	118,605,043	125,062,992	118,177,203	118,063,195	118,385,496
Program Revenues						
Governmental activities						
Charges for services						
Regular instruction	504,386	479,780	466,790	418,886	340,885	333,432
Operations and maintenance services	5,052,459	5,050,996	3,713,585	3,445,445	46,530	25,946
Pupil transportation services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Other support services	151,704	37,126	480,131	-	21,430	-
Operating grants and contributions	10,633,076	11,079,609	16,232,214	24,076,886	10,696,486	5,918,539
Capital grants and contributions	-	-	-	-	-	-
Total governmental activities program revenues	16,341,625	16,647,511	20,892,720	27,941,217	11,105,330	6,277,917
Business-type activities						
Charges for services						
Food service	4,033,621	3,905,658	3,714,167	3,467,887	3,320,643	3,494,344
Operating grants and contributions	2,337,167	2,954,151	2,897,445	3,047,490	3,472,757	3,596,662
Capital grants and contributions	-	-	-	-	-	-
Total business-type activities revenues	6,370,788	6,859,809	6,611,612	6,515,377	6,793,400	7,091,006
Total district program revenues	\$ 22,712,413	\$ 23,507,320	\$ 27,504,332	\$ 34,456,594	\$ 17,898,730	\$ 13,368,923



Broken Arrow Public Schools
District-Wide Changes in Net Assets/Position - Continued
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue						
Governmental activities	\$ (94,889,431)	\$ (95,570,077)	\$ (97,106,584)	\$ (83,757,792)	\$ (100,376,597)	\$ (104,716,606)
Business-type activities	(143,699)	472,354	(452,076)	37,183	212,132	(299,967)
Total district net expense	<u>(95,033,130)</u>	<u>(95,097,723)</u>	<u>(97,558,660)</u>	<u>(83,720,609)</u>	<u>(100,164,465)</u>	<u>(105,016,573)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities						
Taxes						
Property tax, levied for general purposes	23,604,816	25,319,852	26,900,743	28,204,650	29,039,761	25,814,046
Property tax, levied for debt services	15,009,798	17,992,301	18,234,448	18,799,415	20,294,054	20,656,717
Other taxes	6,827,847	7,055,450	7,641,379	7,933,296	9,464,365	10,288,974
State aid not restricted to specific programs	49,797,710	51,893,632	44,984,063	38,567,628	52,638,985	53,022,412
Interest and investment earnings	2,219,124	757,577	247,515	367,898	907,841	90,436
Gain on disposal of capital assets	(4,494)	(182,736)	(218,002)	-	9,834	16,050
Other	4,936,708	8,209,392	9,194,146	7,465,731	6,187,239	1,560,942
Total governmental activities	<u>102,391,509</u>	<u>111,045,468</u>	<u>106,984,292</u>	<u>101,338,618</u>	<u>118,542,079</u>	<u>111,449,577</u>
Business-type activities						
State aid not restricted to specific programs	377,222	38,004	310,695	362,871	460,329	528,414
Interest and investment earnings	4,705	15,827	20,884	8,344	4,753	3,331
Gain on disposal of capital assets	-	-	4,425	39,431	2,302	-
Other	-	-	-	-	114,592	28,755
Total business-type activities	<u>381,927</u>	<u>53,831</u>	<u>336,004</u>	<u>410,646</u>	<u>581,976</u>	<u>560,500</u>
Total district-wide	<u>102,773,436</u>	<u>111,099,299</u>	<u>107,320,296</u>	<u>101,749,264</u>	<u>119,124,055</u>	<u>112,010,077</u>
Changes in Net Assets/Position						
Governmental activities	7,502,078	15,475,391	9,877,708	17,580,826	18,165,482	6,732,971
Business-type activities	238,228	526,185	(116,072)	447,829	794,108	260,533
Total district	<u>\$ 7,740,306</u>	<u>\$ 16,001,576</u>	<u>\$ 9,761,636</u>	<u>\$ 18,028,655</u>	<u>\$ 18,959,590</u>	<u>\$ 6,993,503</u>

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.



Broken Arrow Public Schools
Fund Balances of Governmental Funds
Last Six Fiscal Years

(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013
General Fund						
Reserved						
Unreserved	\$ 5,925,936	\$ 9,410,693	\$ 10,878,215	\$ 18,541,950		
Nonspendable					\$ 161,964	\$ 284,978
Restricted					-	-
Committed					-	-
Assigned					291,828	117,317
Unassigned					21,383,129	19,534,415
Total general fund	\$ 5,925,936	\$ 9,410,693	\$ 10,878,215	\$ 18,541,950	\$ 21,836,922	\$ 19,936,710
All Other Governmental Funds						
Reserved, reported in:						
Sinking fund						
Reserved for debt service	\$ 10,009,258	\$ 13,273,470	\$ 16,211,858	\$ 16,777,580		
Bond funds						
Reserved for capital projects	11,670,497	13,529,823	16,741,243	26,233,999		
Other governmental funds	-	-	-	-		
Unreserved, reported in:						
Building fund	1,108,060	1,291,353	1,858,942	2,336,858		
Other governmental funds	1,676,733	2,327,646	2,280,411	2,813,692		
Nonspendable					-	-
Restricted					\$ 52,202,982	\$ 50,911,640
Committed					-	-
Assigned					-	-
Total all other governmental funds	\$ 24,464,548	\$ 30,422,292	\$ 37,092,454	\$ 48,162,129	\$ 52,202,982	\$ 50,911,640

Note: The district implemented GASB Statement No. 54 in 2012, resulting in the change in fund balance categories. Only 6 years of data is presented in the statistical section. See Note 11 in the Financial section for full disclosure.



Broken Arrow Public Schools
Changes in Fund Balances of Governmental Funds
Last Six Fiscal Years

(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013
Revenues						
Local sources	\$ 47,289,398	\$ 50,434,186	\$ 54,182,832	\$ 53,928,541	\$ 55,819,300	\$ 53,024,547
Intermediate sources	3,409,448	3,433,650	3,760,192	3,891,556	3,905,726	4,220,581
State sources	59,151,291	61,426,418	54,511,499	54,927,548	58,197,625	59,090,805
Federal sources	8,114,763	10,607,155	14,339,571	15,650,262	10,696,486	5,918,539
Other sources	-	-	-	-	238,255	485,031
Total Revenue	117,964,900	125,901,409	126,794,094	128,397,907	128,857,392	122,739,503
Expenditures						
Current						
Instruction	60,095,117	61,074,372	59,698,004	57,153,774	60,531,381	60,804,635
Student	39,252,896	39,903,005	45,161,172	41,200,435	8,166,385	8,341,730
Instructional staff	-	-	-	-	5,051,994	6,000,678
Administration	-	-	-	-	13,926,174	13,371,104
Operations and maintenance	3,717	2,098	657,891	1,956,323	13,374,600	14,848,672
Student transportation	6,932,236	6,713,008	7,467,547	4,956,839	6,229,887	6,600,049
Non-Instruction expenditures						
Child Nutrition operations	-	-	-	-	80,352	-
Community service operations	327,458	249,409	134,219	401,379	603,868	712,139
Other	-	-	-	3,510	623,777	49,881
Capital outlay	16,864,227	5,618,198	8,238,872	10,005,932	9,880,802	10,867,181
Debt service						
Principal	13,825,000	12,275,000	15,425,000	15,925,000	18,750,000	20,875,000
Interest	1,911,725	2,542,069	2,174,625	2,550,031	35,641	1,700,488
Other	-	-	-	-	2,886,978	-
Total expenditures	\$ 139,212,376	\$ 128,377,159	\$ 138,957,330	\$ 134,153,223	\$ 140,141,839	\$ 144,171,559
Excess (deficiency) of revenues over (under) expenditures	(21,247,476)	(2,475,750)	(12,163,236)	(5,755,316)	(11,284,447)	(21,432,056)



Broken Arrow Public Schools
Changes in Fund Balances of Governmental Funds
Last Six Fiscal Years (con't)
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013
Other financing sources (uses)						
Issuance of debt	\$ 23,100,000	\$ 10,000,000	\$ 19,000,000	\$ 23,500,000	\$ 20,500,000	\$ 18,000,000
Capital Leases	-	-	-	-	-	(486,652)
Premium on new issuance of debt	-	-	-	-	790,019	727,155
Transfers in	744,310	1,918,251	1,300,920	988,726	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>23,844,310</u>	<u>11,918,251</u>	<u>20,300,920</u>	<u>24,488,726</u>	<u>21,290,019</u>	<u>18,240,503</u>
Net changes in fund balances	<u>\$ 2,596,834</u>	<u>\$ 9,442,501</u>	<u>\$ 8,137,684</u>	<u>\$ 18,733,410</u>	<u>\$ 10,005,572</u>	<u>\$ (3,191,553)</u>
Debt service as a percentage of noncapital expenditures ^a	12.86%	12.07%	13.46%	14.88%	14.74%	17.68%

^aNoncapital expenditures debt service percentage calculations 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.

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.



Revenue Capacity





Broken Arrow Public Schools
Assessed and Estimated Actual Value of Taxable Property
Last Six Fiscal Years

Fiscal Year Ended June 30th	Real Property Assessed Value ^a	Personal Property Net Assessed Value ^a	Public Service Property Assessed Value ^b	Total Net Assessed Value	Total Estimated Actual Value ^c	Ratio of Net Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate ^d
2008	\$ 484,420,732	\$ 53,927,308	\$ 34,859,642	\$ 573,207,682	\$ 5,592,219,497	10.25%	\$ 68.00
2009	522,717,574	56,988,436	35,199,606	614,905,616	5,960,056,518	10.32%	71.16
2010	555,513,840	60,148,019	37,125,687	652,787,546	6,213,429,439	10.51%	69.72
2011	580,956,754	61,731,452	38,280,454	680,968,660	6,403,085,486	10.64%	69.25
2012	601,588,555	62,450,345	36,694,573	700,733,473	6,602,257,029	10.61%	70.60
2013	615,160,586	67,790,732	38,357,583	721,308,901	6,891,876,682	10.47%	70.22

^a Assessed value is defined as the taxable value of real personal property and is subject to an assessment rate set by the County Assessor to calculate the amount of tax liability.

^b Public service property is centrally assessed by the Oklahoma State Board of Equalization. The assessment rates on public service property, airlines and railroads are included in this category.

^c 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.

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

Note: Only 6 years of data is presented in the statistical section. See Note 11 in the Financial section for full disclosure.

Source: Tulsa & Wagoner County Assessors



**Broken Arrow Public Schools
Direct and Overlapping Property Tax Rates
Last Six Fiscal Years**

Fiscal Year	Direct Rates Broken Arrow School District			Rates for Taxpayers in the City of Broken Arrow Overlapping Rates					Total Direct & Overlapping Rates
	General	Building	Sinking	Total Direct Rates	Tulsa County	Tulsa Community College	Tulsa Vo-Tech	City of Broken Arrow	
2008	\$ 36.40	\$ 5.20	\$ 26.40	\$ 68.00	\$ 22.21	\$ 7.21	\$ 13.33	\$ 15.30	\$ 194.05
2009	36.40	5.20	29.56	71.16	22.21	7.21	13.33	15.72	200.79
2010	36.40	5.20	28.12	69.72	22.21	7.21	13.33	15.98	198.17
2011	36.40	5.20	27.65	69.25	22.21	7.21	13.33	16.44	197.69
2012	36.40	5.20	29.00	70.60	22.24	7.21	13.33	17.13	206.11
2013	36.40	5.20	28.62	70.22	22.24	7.21	13.33	16.50	199.72
Six-Year Average								\$	199.42

Note: A mill is the equivalent of \$1 per \$1,000 of net assessed value. The District's millage rate levy is pursuant to provisions of the Constitution of the State of Oklahoma contained in Article X. The County Excise Board certifies the Estimate of Needs submitted by the District annually and computes the rate of mill levy necessary for General Fund, Building Fund, and Sinking Fund purposes.

Only 6 years of data is presented in the statistical section. See Note 11 in the Financial section for full disclosure.

Source: Notice of Sale and Official Statement prepared by Stephen L. Smith Corp. and Tulsa and Wagoner County Assessors



**Broken Arrow Public Schools
Principal Property Taxpayers
Current Year and Five Years Ago**

Taxpayer	2013		2008	
	Net Assessed Valuation	Percentage of District's Net Assessed Valuation ^a	Net Assessed Valuation	Percentage of District's Net Assessed Valuation ^b
Public Service Company of Oklahoma	\$ 7,887,844	1.09%	\$ 11,910,491	2.08%
Flight Safety International	6,552,332	0.91%	-	-
Wal-Mart Stores	5,172,907	0.72%	4,714,887	0.82%
Valor Communication of Oklahoma	4,237,124	0.59%	8,326,538	1.45%
Oklahoma Natural Gas	3,804,862	0.53%	4,243,347	0.74%
Auburndale Halifax Broken Arrow LLC	3,097,313	0.43%	-	-
Greens at Broken Arrow	3,049,544	0.42%	2,317,632	0.40%
Cox Communications	2,979,901	0.41%	2,901,844	0.51%
Park at Misson Hills	2,730,519	0.38%	-	-
AT&T Companies/Services	2,364,487	0.33%	-	-
Villas At Aspen Park LLC	1,804,957	0.25%	-	-
SJS Hospitality	1,607,287	0.22%	-	-
Lowes Home Center	1,568,855	0.22%	1,695,571	0.30%
Orix Battle Creek I LLC	1,561,043	0.22%	-	-
Target Corporation	1,429,172	0.20%	-	-
Total	\$ 49,848,147	6.91%	\$ 36,110,310	6.30%

^a Based on FY12-13 District Net Assessed Valuation of 721,308,901

^b Based on FY07-08 District Net Assessed Valuation of 573,207,682

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.

Source: Tulsa and Wagoner County Assessors



**Broken Arrow Public Schools
Property Tax Levies and Collections
Last Six Fiscal Years**

Fiscal Year Ended June 30th	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a			Total Collections to Date	
		Amount	Percentage of Levy	Collected in Subsequent Years ^b	Amount	Percentage of Levy
2008	\$ 38,922,705	\$ 37,776,917	97.06%	\$ 835,853	\$ 38,612,770	99.20%
2009	43,699,361	42,415,079	97.06%	897,075	43,312,154	99.11%
2010	45,448,521	44,180,722	97.21%	951,925	45,132,647	99.30%
2011	47,093,194	45,916,477	97.50%	1,087,587	47,004,064	99.81%
2012	49,406,126	48,237,658	97.63%	1,096,157	49,333,815	99.85%
2013	50,582,304	49,326,775	97.52%	998,599	50,325,374	99.49%

^a 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.

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

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.

Source: Tulsa and Wagoner County Treasurer's records.



Debt Capacity





**Broken Arrow Public Schools
Ratios of Outstanding Debt by Type
Last Six Years**

Fiscal Year Ended June 30th	Governmental Activities General Obligation Bonds	Governmental Activities Capital Leases	Business-Type Activities General Obligation Bonds	Total District	Total Estimated Actual Value ^a	Ratio of Outstanding Debt to Estimated Actual Value ^a	Total Personal Income	Ratio of Outstanding Debt Per Personal Income	Average Daily Membership (ADM) ^b	Ratio of Outstanding Debt Per Student ^b
2008	\$ 65,125,000	-	-	\$ 65,125,000	\$ 5,592,219,497	1.16%	\$ 138,297,718	47.09%	15,919	\$ 4,091
2009	62,850,000	-	-	\$ 62,850,000	5,960,056,518	1.05%	126,704,010	49.60%	16,087	3,907
2010	66,425,000	-	-	\$ 66,425,000	6,213,429,439	1.07%	133,616,459	49.71%	16,460	4,036
2011	74,000,000	-	-	\$ 74,000,000	6,403,085,486	1.16%	142,861,660	51.80%	16,629	4,450
2012	75,750,000	-	-	\$ 75,750,000	6,602,257,029	1.15%	148,227,000	51.10%	16,836	4,499
2013	72,875,000	1,013,348	-	\$ 73,888,348	6,891,879,682	1.07%	154,958,271	47.68%	17,145	4,310

^a Estimated actual valuation is taken from the table, Assessed and Estimated Actual Value of Taxable Property.

^b Per capita calculations are based on the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education.

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.

Sources:

District records

Oklahoma State Department of Education



Broken Arrow Public Schools
Ratios of Net General Bonded Debt Outstanding
Last Six Fiscal Years

Fiscal Year Ended June 30th	General Obligation Bonds	Less Sinking Fund Balance	Net General Bonded Debt Outstanding	Total Estimated Actual Value ^a	Ratio of Net Debt to Estimated Actual Valuation ^a	Average Daily Membership (ADM) ^b	Ratio of Net Debt Per Student ^b
2008	\$ 65,125,000	\$ 10,009,258	\$ 55,115,742	\$ 5,592,219,497	0.99%	15,919	\$ 3,462
2009	62,850,000	13,273,470	49,576,530	5,960,056,518	0.83%	16,087	3,082
2010	66,425,000	16,211,858	50,213,142	6,213,429,439	0.81%	16,460	3,051
2011	74,000,000	16,774,232	57,225,768	6,403,085,486	0.89%	16,629	3,441
2012	75,750,000	16,216,368	59,533,632	6,602,257,029	0.90%	16,836	3,536
2013	72,875,000	15,080,820	57,794,180	6,891,879,682	0.84%	17,145	3,371

^a Estimated actual valuation is taken from the table, Assessed and Estimated Actual Value of Taxable Property.

^b Per capital calculations are based on the final audited average daily membership (ADM) certified by the Oklahoma State Department of Education .

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.

Sources:

District records

Oklahoma State Department of Education



Broken Arrow Public Schools
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to School District ^a	Overlapping Debt to School District ^b
Tulsa County	\$ 550,000	13.89%	\$ 76,395
Wagoner County	-	54.53%	-
Tulsa Community College	-	8.90%	-
Tulsa Vo-Tech #18	-	12.15%	-
City of Broken Arrow	98,048,168	95.86%	93,988,974
City of Tulsa	448,994,861	0.68%	3,053,165
City of Coweta	-	48.22%	-
Subtotal, overlapping debt			97,118,534
District direct debt^c			73,888,348
Total direct and overlapping debt			\$ 171,006,882

^a The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the District's boundaries and dividing it by the County's total taxable assessed value.

^b Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments.

^c This direct debt amount is the sum of the governmental activities debt in the Statistical section schedule of debt ratios.

Source: Official Statement and Notice prepared by Stephen L. Smith Corporation



**Broken Arrow Public Schools
Legal Debt Margin
Last Six Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2013:

Secondary assessed valuation		\$	721,308,901
Debt Limit (10% of assessed value)			72,130,890
Debt applicable to limit	73,888,348		
Current sinking fund balance	(15,080,820)		58,807,528
Legal debt margin		<u>\$</u>	<u>13,323,362</u>

Fiscal Year Ended June 30th	Net Assessed Valuation ^a	Legal Debt Limit 10% of Net Assessed Valuation ^b	Outstanding District Indebtedness	Less Sinking Fund Balance	Total Net Debt Subject to Legal Limit	Legal Debt Margin ^c	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2008	\$ 573,207,682	\$ 57,320,768	\$ 65,125,000	\$ 10,009,258	\$ 55,115,742	\$ 2,205,026	96.15%
2009	614,905,616	61,490,562	62,850,000	13,273,470	49,576,530	11,914,032	80.62%
2010	652,787,546	65,278,755	66,425,000	16,211,858	50,213,142	15,065,613	76.92%
2011	680,968,660	68,096,866	74,000,000	16,774,232	57,225,768	10,871,098	84.04%
2012	700,733,473	70,073,347	75,750,000	16,216,368	59,533,632	10,539,715	84.96%
2013	721,308,901	72,130,890	73,888,348	15,080,820	58,807,528	13,323,362	81.53%

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

^b 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.

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

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.

Sources:

District financial records
Tulsa and Wagoner County Assessors



Demographic & Economic Information





**Broken Arrow Public Schools
Demographic and Economic Statistics
Last Six Fiscal Years**

Fiscal Year Ended June 30th	Population ^a	Total Personal Income ^c	Real Per Capita Personal Income ^a	Unemployment Rate ^b	District Student Population ^d
2008	98,354	\$ 138,297,718	\$ 28,985	3.40%	15,919
2009	101,431	126,704,010	27,238	6.90%	16,087
2010	98,850	133,616,459	28,810	7.00%	16,460
2011	100,073	142,861,660	27,239	6.10%	16,629
2012	103,118	148,227,000	24,267	4.70%	16,836
2013	103,808	154,978,271	29,141	3.40%	17,145

^a US Census Bureau

^b Oklahoma Employment Security Commission

^c US Bureau of Economic Analysis

^d District records average daily membership

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.



**Broken Arrow Public Schools
Broken Arrow Area Principal Employers
Current Year and Five Years Ago**

Employer	2013		2008	
	Employees ^a	Percentage of Total Employment ^b	Employees ^a	Percentage of Total Employment ^c
Broken Arrow Public Schools	2,090	2.01%	2,034	2.07%
Walmart	900	0.87%	1,323	1.35%
Northeastern State University	800	0.77%	-	-
Flight Safety International	715	0.69%	650	0.66%
City of Broken Arrow	675	0.65%	746	0.76%
Zeeco	487	0.47%	-	-
Oklahoma Healthcare Services	460	0.44%	-	-
Exterran Inc.	350	0.34%	-	-
MicahTek, Inc.	350	0.34%	375	0.38%
McDaniel Technical Services	325	0.31%	-	-
A G Equipment Co	322	0.31%	-	-
Rhema Bible Church	287	0.28%	-	-
Davis H. Elliot/Oklahoma Inc.	275	0.26%	-	-
Baker Hughes Oilfield Ops	270	0.26%	-	-
St. John Broken Arrow	250	0.24%	-	-
	8,556	8.24%	5,128	5.21%

Sources:

^a Broken Arrow Chamber of Commerce

^b Based on US Census Bureau population of 103,808

^c Based on US Census Bureau population of 98,354



Broken Arrow Public Schools
Full-Time Equivalent District Employees by Type
Last Six Fiscal Years

	Full-Time Equivalent Employees by Type						Percentage Change
	2008	2009	2010	2011	2012	2013	2008-2013
Supervisory							
Principals	26	27	27	27	25	25	-3.85%
Assistant Principals	23	23	20	22	26	26	13.04%
Total supervisory	49	50	47	49	51	51	4.08%
Instruction							
Teachers	837	806	785	858	875	873	4.30%
Other professionals	200	198	193	149	146	150	-25.00%
Aides	94	110	102	102	98	95	1.06%
Total instruction	1,131	1,114	1,080	1,109	1,119	1,118	-1.15%
Student Services							
Librarians	23	24	24	24	24	24	4.35%
Technicians	36	44	41	35	34	44	22.22%
Social Workers/ Counselors	40	56	54	70	73	76	90.00%
Total student services	99	124	119	129	131	144	45.45%
Support and Administration							
Office	259	281	276	281	277	246	-5.02%
Maintenance	165	146	134	153	150	146	-11.52%
Food Service	111	121	114	113	114	141	27.03%
Transportation	136	147	143	171	170	175	28.68%
Total support and administration	671	695	667	718	711	708	5.51%
Total	1,950	1,983	1,913	2,005	2,012	2,021	3.64%

Source: State Department of Education

Total Support and Administration does not include instructional support personnel or principals/assistant principals.

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.



Operating Information





Broken Arrow Public Schools
Capital Assets by Function and Activity
Last Six Fiscal Years

	Fiscal Year Ending June 30th,					
	2008	2009	2010	2011	2012	2013
Governmental Activities						
Instruction	\$ 151,819,800	\$ 156,398,025	\$ 157,122,239	\$ 167,357,145	\$ 177,962,564	\$ 185,376,462
Student	872,796	898,219	908,414	941,142	957,892	2,457,892
Instructional support	1,788,640	1,788,640	1,788,639	1,799,376	1,902,988	2,307,628
General administration	121,053	121,053	121,053	121,053	163,032	163,032
School administration	726,320	726,320	747,575	747,575	747,575	747,575
Business	800,627	1,117,041	6,821,682	6,919,619	8,284,960	8,891,941
Operations and maintenance	1,242,654	1,388,662	1,614,769	1,677,952	2,188,376	3,386,270
Transportation	906,167	1,207,067	3,173,817	3,173,817	3,264,782	4,121,614
Non-instructional	731,607	731,607	1,071,120	1,097,086	1,097,086	1,102,205
Other-unclassified	47,811	47,810	47,810	86,508	86,508	86,508
Total Governmental Activities	159,057,474	164,424,443	173,417,118	183,921,273	196,655,762	208,641,127
Business-Type Activities^a						
Child nutrition services	-	-	-	-	352,642	725,774
Total Capital Assets	\$ 159,057,474	\$ 164,424,443	\$ 173,417,118	\$ 183,921,273	\$ 197,008,404	\$ 209,366,901

^aPrior to 2011-12, Business-Type Activities are included in Governmental Activities. See notes to financial statements. Beginning with 2011-12, the District changed the presentation of information to conform with GASB Statement No.34.

Note: See Note 4 in the Financial section for full details on capital assets.

Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.

Source: District Records



**Broken Arrow Public Schools
Employee Information
Last Six Fiscal Years**

	2013	2012	2011	2010	2009	2008
Certified Personnel						
Bachelor's						
Minimum Salary	\$ 29,525	\$ 29,525	\$ 29,525	\$ 29,525	\$ 30,686	\$ 30,686
Maximum Salary	43,022	42,422	42,422	42,422	42,322	42,122
Average Salary	38,166	35,973	35,973	35,973	36,504	36,404
Number of Teachers	824	792	745	777	704	778
Master's						
Minimum Salary	30,806	30,806	30,806	30,806	31,967	31,967
Maximum Salary	46,703	46,028	46,028	46,028	45,928	45,703
Average Salary	38,206	38,417	38,417	38,417	38,947	38,835
Number of Teachers	323	328	322	331	304	361
Doctor's						
Minimum Salary	35,009	32,137	32,137	32,137	33,298	33,298
Maximum Salary	44,359	47,284	47,284	47,284	47,184	46,959
Average Salary	35,361	39,710	39,710	39,710	40,241	40,128
Number of Teachers	5	9	7	7	5	4
Total Certified Personnel ^a	1,152	1,129	1,074	1,115	1,013	1,143
Support Personnel						
Number of Support	977	734	700	725	848	827
Administrative Personnel						
Number of Administrators	96	88	84	88	85	90

^a Certified personnel is defined as any employee paid from the certified salary schedule who are required to have certification for their position, per the Oklahoma State Department of Education.

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.

Source: District records



**Broken Arrow Public Schools
Operating Statistics
Last Six Fiscal Years**

Fiscal Year Ended June 30th	Average Daily Membership (ADM) ^a	Operating Expenditures ^b	Cost per Pupil ^c	Percentage Change	Teaching Staff ^d	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced - Price Meals ^e
2008	15,919	\$ 111,231,056	\$ 6,987	N/A	837	22:1	33.00%
2009	16,087	112,217,588	6,976	-1.39%	806	23:1	31.80%
2010	16,460	117,999,304	7,169	4.08%	785	25:1	38.00%
2011	16,629	111,699,009	6,717	-6.50%	858	24:1	39.80%
2012	16,836	119,769,371	7,114	5.37%	875	23:1	38.40%
2013	17,145	118,385,496	6,905	3.03%	873	21:1	41.00%

^a Final Audited average daily membership (ADM) obtained from the Oklahoma State Department of Education.

^b Operating expenditures are the total expenses of the school district as reported in the Government-Wide Statement of Activities.

^c 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.

^d Teaching staff included all certified personnel whose pay is based on the Broken Arrow Education Association's contract.

^e Percentage of free or reduced students obtained from District records maintained by the Child Nutrition Department.

Note: Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure.



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

School	Fiscal Year Ending June 30,					
	2008	2009	2010	2011	2012	2013
Elementary						
Arrow Springs (1981)						
Square feet	38,783	38,783	38,783	38,783	38,783	38,783
Capacity	648	648	648	648	432	432
Enrollment	393	407	410	379	367	337
Arrowhead (1970)						
Square feet	70,813	70,813	70,813	70,813	68,960	68,960
Capacity	696	696	696	696	480	408
Enrollment	487	460	442	432	437	485
Country Lane (1993)						
Square feet	75,148	187,286	187,286	187,286	90,226	90,226
Capacity	984	984	984	984	864	864
Enrollment	984	984	817	940	845	924
Country Lane Int. (2007)						
Square feet	-	97,330	97,330	97,330	97,330	97,330
Capacity	-	1,176	1,176	1,176	912	912
Enrollment	-	610	672	811	697	708
Indian Springs (1974)						
Square feet	42,066	42,066	42,066	42,066	42,066	42,066
Capacity	696	696	696	696	552	552
Enrollment	475	501	517	517	490	483
Highland Park (2012)						
Square feet	-	-	-	-	-	92,539
Capacity	-	-	-	-	-	792
Enrollment	-	-	-	-	-	784
Leisure Park (1983)						
Square feet	70,364	70,364	70,364	70,364	72,530	72,530
Capacity	768	768	768	768	528	528
Enrollment	603	545	543	539	566	578
Liberty (2004)						
Square feet	70,561	70,561	70,561	70,561	81,446	81,446
Capacity	768	768	768	768	864	864
Enrollment	744	855	677	672	775	829
Lynn Wood (1980)						
Square feet	46,328	46,328	46,328	46,328	65,395	65,395
Capacity	744	744	744	744	576	552
Enrollment	522	515	506	516	518	533
Oak Crest (1964)						
Square feet	66,462	66,462	66,462	66,462	66,462	66,462
Capacity	816	816	816	816	576	552
Enrollment	497	550	531	540	522	514
Park Lane (1978)						
Square feet	46,752	46,752	46,752	46,752	46,752	46,752
Capacity	768	768	768	768	768	-
Enrollment	686	674	694	696	717	-
Rhoades (1958)						
Square feet	54,365	54,365	54,365	54,365	68,461	68,461
Capacity	720	720	720	720	648	576
Enrollment	531	533	547	532	523	508



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

School	Fiscal Year Ending June 30,					
	2008	2009	2010	2011	2012	2013
Spring Creek (1987)						
Square feet	66,178	66,178	66,178	66,178	68,314	68,314
Capacity	672	672	672	672	456	504
Enrollment		455	425	409	405	589
Vandever (1974)						
Square feet	44,144	44,144	44,144	44,144	64,180	64,180
Capacity	720	720	720	720	504	504
Enrollment	443	448	488	461	450	483
Westwood (1986)						
Square feet	39,448	39,448	39,448	39,448	39,448	39,448
Capacity	720	720	720	720	552	552
Enrollment	498	484	494	495	508	487
Wolf Creek (1991)						
Square feet	62,984	62,984	62,984	62,984	87,584	87,584
Capacity	864	864	864	864	624	624
Enrollment	597	592	572	569	596	414
Middle						
Centennial (2003)						
Square feet	142,200	142,200	142,200	142,200	142,200	142,200
Capacity	1,400	1,400	1,400	1,400	1,400	1,400
Enrollment	876	898	916	938	1,014	1,085
Childers (1986)						
Square feet	120,395	120,395	120,395	120,395	118,216	118,216
Capacity	1,050	1,050	1,050	1,050	1,036	1,036
Enrollment	608	578	562	567	564	549
Haskell (1958)						
Square feet	120,092	120,092	120,092	120,092	120,092	120,092
Capacity	1,224	1,224	1,224	1,224	1,316	1,316
Enrollment	865	860	870	868	889	857
Oliver (1992)						
Square feet	141,305	141,305	141,305	141,305	141,305	141,305
Capacity	1,150	1,150	1,150	1,150	1,176	1,176
Enrollment	764	740	722	740	780	734
Sequoyah (1967)						
Square feet	106,336	106,336	106,336	106,336	106,336	106,336
Capacity	1,025	1,025	1,025	1,025	896	896
Enrollment	546	551	550	550	532	556



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

School	Fiscal Year Ending June 30,					
	2008	2009	2010	2011	2012	2013
High						
Senior High (1982)						
Square feet	400,255	400,255	400,255	400,255	503,562	503,562
Capacity	4,050	4,050	4,050	4,050	4,648	4,648
Enrollment	2,063	2,096	2,136	2,153	2,197	2,160
North Intermediate (1952)						
Square feet	185,347	185,347	185,347	185,347	183,715	183,715
Capacity	1,890	1,890	1,890	1,890	1,820	1,820
Enrollment	1,246	1,235	1,296	1,301	1,300	1,242
South Intermediate (1976)						
Square feet	152,636	152,636	152,636	152,636	186,636	186,636
Capacity	2,130	2,130	2,130	2,130	1,960	1,960
Enrollment	1,144	1,116	1,172	1,143	1,066	1,077
Alternative Academy (1954)						
Square feet	18,180	18,180	18,180	18,180	16,548	16,548
Capacity	300	300	300	300	280	280
Enrollment	114	116	118	104	111	105
Other						
Central on Main (1925)						
Square feet	60,807	60,807	60,807	60,807	60,807	60,807
Southside (1955)						
Square feet	47,252	47,252	-	-	-	-
Education Service Center (1973) ^a						
Square feet	24,612	24,612	24,612	-	-	-
Education Service Center (2009)						
Square feet	-	-	-	86,230	86,230	86,230
Warehouse (1974)						
Square feet	59,217	59,217	59,217	59,217	59,217	59,217
Transportation (1974)						
Square feet	22,380	22,380	22,380	22,380	22,380	22,380
Maintenance (1974)						
Square feet	7,488	7,488	7,488	7,488	7,488	7,488
Special Services (1974)						
Square feet	6,900	6,900	6,900	-	-	-

^a New Education Service Center built in 2009, old Education Service Center demolished in 2011

Notes: Enrollment is based on the annual October 1 District child count required by the Oklahoma State Department of Education. Only increases for regular instructional classroom space square footage additions are shown. Renovated/rebuilt schools include information only after renovations/rebuilding

Only 6 years of data is presented in the Statistical section. See Note 11 in the Financial section for full disclosure

Source: District records