

**BROKEN ARROW  
PUBLIC SCHOOLS**

DISTRICT NO. 1-003  
701 SOUTH MAIN STREET  
BROKEN ARROW, OK 74012



**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

FISCAL YEAR ENDED  
JUNE 30, 2017



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2017

Broken Arrow Public Schools, District No. I-003

701 S. Main Street

Broken Arrow, Oklahoma 74012

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDING JUNE 30, 2017**

**Table of Contents**

<b>INTRODUCTORY SECTION</b> .....	<b>1</b>
Letter of Transmittal & District Profile .....	2-19
GFOA Certificate of Achievement .....	20
ASBO Certificate of Excellence .....	21
School Officials .....	22
Organizational Chart.....	23
<b>FINANCIAL SECTION</b> .....	<b>24</b>
Independent Auditor’s Report .....	25-26
Management’s Discussion & Analysis .....	27-39
Basic Financial Statements .....	40
Government-Wide Financial Statements.....	
Statement of Net Position .....	41
Statement of Activities.....	42-43
Fund Financial Statements.....	
Balance Sheet.....	44
Reconciliation of the Governmental Funds Balance Sheet to the Statement Of Net Position .....	45
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	46-47
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds with the District-Wide Statement of Activities .....	48
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) – General Fund.....	49
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) – Building Fund .....	50
Statement of Net Position – Proprietary Funds.....	51
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	52
Statement of Cash Flows – Proprietary Funds.....	53
Statement of Net Position – Fiduciary Funds .....	54



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDING JUNE 30, 2017**

**Table of Contents – Continued**

<b>FINANCIAL SECTION (Cont'd)</b> .....	
Statement of Changes in Net Position – Fiduciary Funds .....	55
Notes to The Financial Statements .....	56-89
<b>REQUIRED SUPPLEMENTARY INFORMATION</b> .....	<b>90</b>
Schedule of Proportionate Share of the Net Pension Liability .....	91
Schedule of District’s Pension Plan Contributions .....	92
<b>OTHER SUPPLEMENTARY INFORMATION</b> .....	<b>94</b>
Budgetary Comparison Schedule – Child Nutrition Fund .....	95
Combining Statement of changes in Assets and Liabilities – Agency Funds.....	96
<b>STATISTICAL SECTION</b> .....	<b>98</b>
Statistical Table of Contents.....	99
Financial Trends.....	100
Government-Wide Net Position by Component.....	101
Government-Wide Changes in Net Position .....	102-103
Fund Balances of Governmental Funds .....	104
Changes in Fund Balances of Governmental Funds.....	105
Revenue Capacity .....	106
Assessed and Estimated Actual Value of Taxable Property.....	107
Direct and Overlapping Property Tax Rates.....	108
Principal Property Taxpayers .....	109
Property Tax Levies and Collections .....	110
Debt Capacity .....	112
Ratios of Outstanding Debt by Type .....	113
Ratios of Net General Bond Debt Outstanding.....	114
Direct and Overlapping Governmental Activities Debt .....	115
Legal Debt Margin.....	116
Demographic & Economic Information.....	118
Demographic and Economic Statistics.....	119
Broken Arrow Area Principal Employers.....	120
Full-Time Equivalent District Employees by Type .....	121
Operating Information .....	122

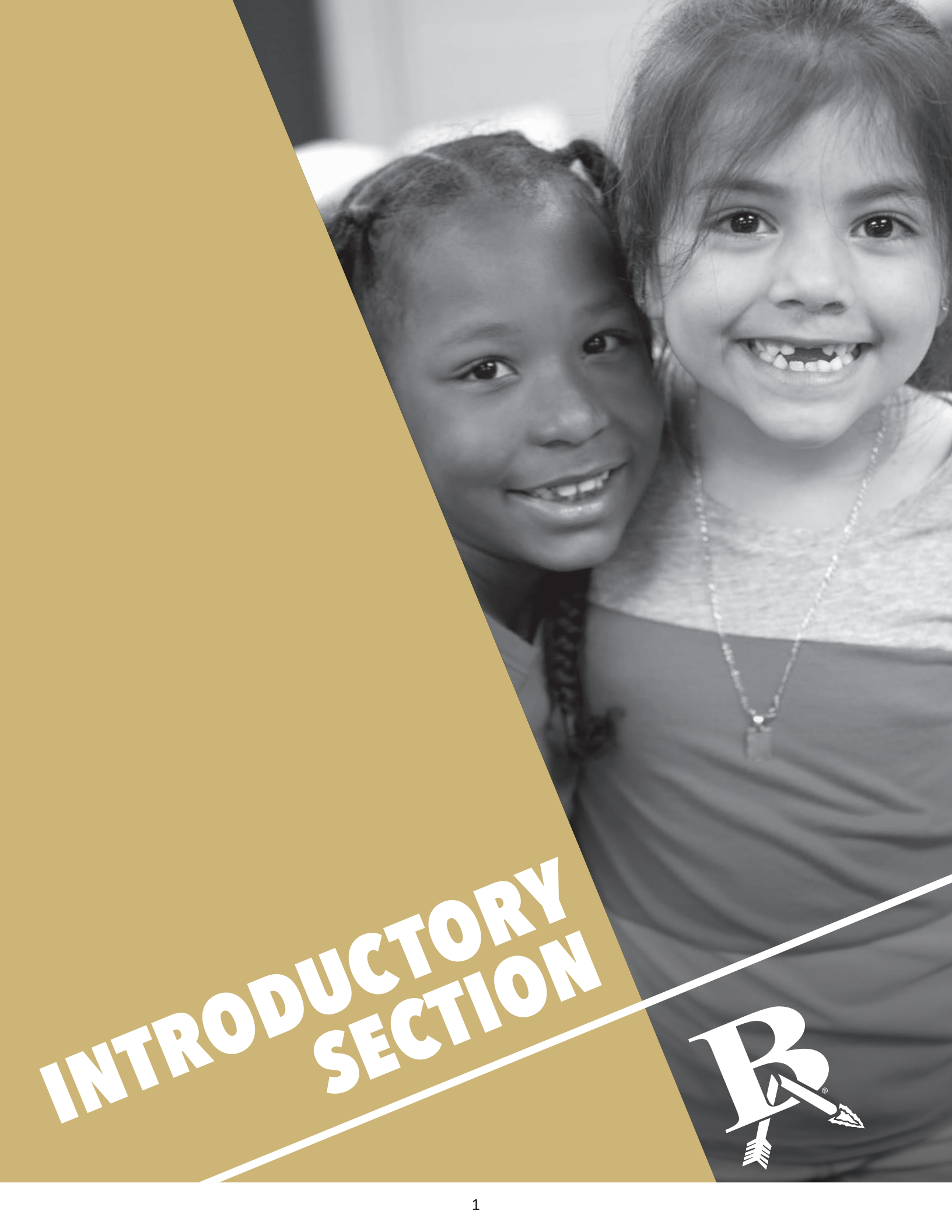


**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDING JUNE 30, 2017**

**Table of Contents – Continued**

<b>STATISTICAL SECTION (Cont'd)</b> .....	
Capital Assets by Function and Activity .....	123
Employee Information .....	124
Operating Statistics .....	125
School Building Information .....	126-129

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# INTRODUCTORY SECTION







December 11, 2017

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, 2017. 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 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 District, namely the offices of Accounting, Budget, and Accounts Payable, regularly review expenditures of 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 Jenkins & Kemper CPAs, P.C. As part of the federally mandated “Single Audit” requirement, Jenkins & Kemper CPAs, P.C., also performs an annual audit of the 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 District’s separately issued Single Audit Report.

# DISTRICT PROFILE

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## LOCAL ECONOMY & HISTORY

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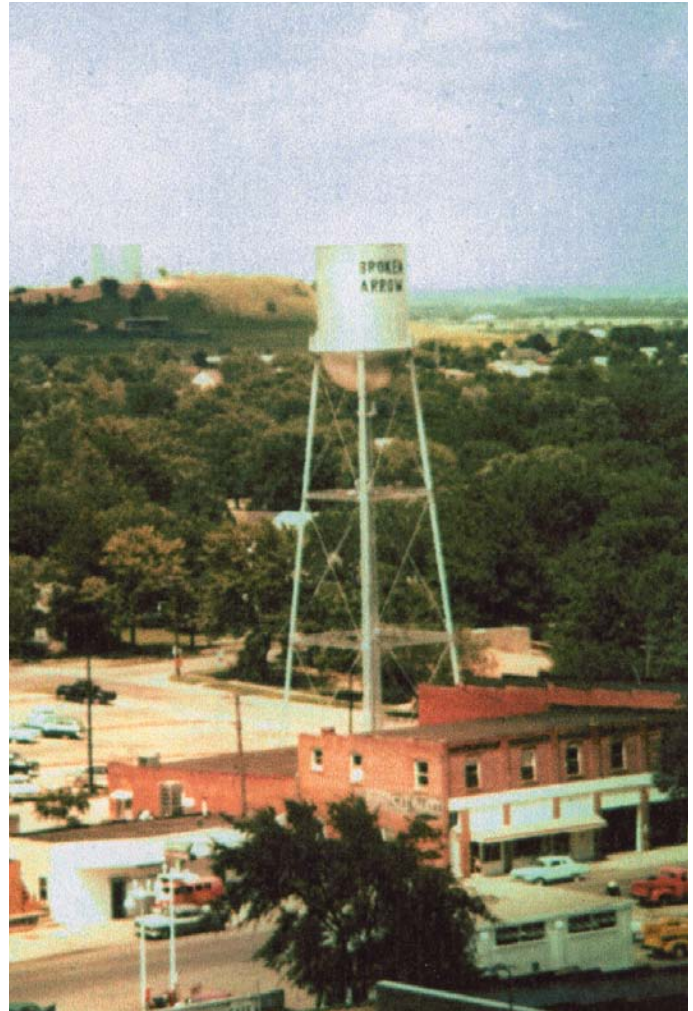
The city of Broken Arrow is a suburban community located in northeastern Oklahoma, primarily in Tulsa County with a small section of the city in western Wagoner County. It is the largest suburb of Tulsa. According to the U.S. Census Bureau in 2013, Broken Arrow has a population of more than 100,000 residents and is the fourth largest city in the state. It is one of the fastest city in the state, doubling its population since the 1980s. Census projections estimate a population of more than 110,000 residents by 2018.

Broken Arrow is a city with a wide variety of industries, including utilities, health care, education, telecommunications, real estate and retail. Unemployment is currently between 3 and 4 percent and continues to improve. The median household income is nearly \$77,000, and with a low cost of living, more disposable income is available to residents to reinvest in the community. This is evident by the sales tax trend, as gross sales that are subject to tax have nearly doubled in the past 10 years, from \$525 million in 2000 to \$1.3 billion in 2014.

Broken Arrow continues to attract new businesses due to the low cost of doing business. It has the lowest sales tax rate in the Tulsa Metro area at 8.35 percent, the lowest utility costs in the region and low property tax rates averaging 1.35 percent, compared to the U.S. average of 2.14 percent.

In addition, the City of Broken Arrow has redeveloped and rebranded the downtown area into the “Rose District,” increasing business occupancy from 70 to 90 percent. The Rose District added upscale living accommodations along with arts, entertainment, retail and dining venues. Already home to several restaurants and boutiques, a Farmer’s Market pavilion and a 1,500-seat Performing Arts Center, the Rose District is primed for specialty restaurants and local retail. With the establishment of tax increment financing incentives, entrepreneurs and developers are realizing their vision through renovation of main street venues.

Broken Arrow has been repeatedly recognized on a national level, recently ranking as the 15th best “booming”



suburb by Coldwell Banker in 2013 and as one of the top 100 cities in which to live and retire by Money Magazine in 2011 and 2012. Broken Arrow has been repeatedly recognized on the national level as a desirable place to live, work and retire. In addition to being named the best city for first time homebuyers by Wallethub, in 2016, Yelp! named Broken Arrow in its top ten most customer friendly cities in the nation. The low unemployment rate, affordable housing, low crime rate and access to major retail outlets all combine to make Broken Arrow a highly desirable suburb of Northeast Oklahoma. In addition, the

school system in Broken Arrow is seen as one of the premier school districts in the state.

The school district, Broken Arrow Public Schools (BAPS), has four early childhood centers, 14 elementary schools, five middle schools, two alternative academies that serve secondary students, one ninth grade academy and one senior high school – all of which combine to provide services to more than 19,000 students. Students in grades

K-5 attend elementary schools. Of the 14 elementary schools, 12 are grades K-5, one is configured to serve students in grades K-2 and one houses students in grades 3-5. Middle schools serve grades 6-8. The high school is composed of two sites – one freshman academy for students in ninth grade and the senior high school for students in grades 10-12. All campuses are fully accredited by the state of Oklahoma and the North Central Association of Secondary Schools and Colleges.

## RELATIONSHIP TO OTHER GOVERNMENTS

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Broken Arrow Public Schools values its relationship with other governmental entities. The City of Broken Arrow, Chamber of Commerce and BAPS exchange representation on boards and committees to promote communication and collaboration between entities to improve the quality of life in Broken Arrow. Further, BAPS is represented on the Broken Arrow Economic Development

Corporation Board (BAEDC). Focusing on creating wealth, jobs and economic growth in the community through attraction and retention of businesses, workforce development, education and collaboration with regional partners, the BAEDC is governed by directors that serve as representatives of the business community, the City of Broken Arrow and the school system.

## BUDGETARY CONTROLS

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Broken Arrow Public Schools 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 each fiscal year, BAPS 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 under the direction of the superintendent. The chief financial officer develops procedures for budget control and reporting in accordance with state and federal laws and regulations, board policy, and proper internal controls.

During the 2016-17 budgeting process, one of the critical goals was to maintain a well-established fund balance. This fund balance helped combat inflationary items such as insurance, utilities and fuel. Additionally, it helped protect the District against uncertain state and federal funding.

## LONG-TERM FINANCIAL PLANNING & MAJOR INITIATIVES

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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 student growth to determine long-term needs, and develop programmatic solutions to make the

District more efficient and effective in serving students. In addition, the District completes a Comprehensive Annual Financial Report. The Comprehensive Annual Financial

Report serves 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 eight divisions with different departments in each division:

- » The Superintendent Services Division is responsible for the everyday educational operations at elementary and secondary levels, while also coordinating District functions and overseeing the District's strategic plan.
- » The Communication Services Division handles media and community relations, as well as open records requests and requests to distribute information. Along with managing district publications, the website and social media, Communications Services also includes ArrowVision and the Tiger Threads spirit store.
- » The Instructional Services Division is responsible for ensuring academic accountability at the state and federal level, while also implementing initiatives and support services that enhance academic performance. Instructional Services also oversees the administration of all school sites, as well as special services, federal programs and assessment.
- » The Student Services Division provides opportunities for student engagement and ensures student health and well-being. The Student Services Division includes fine arts, athletics and other co-curricular activities, as well as child nutrition and health services.
- » The Business Services Division is responsible for managing district financial services and human resources. Business Services oversees bids, vendors and purchasing, as well as human resources and risk management.
- » The Operations Services Division is responsible for the district's facilities and vehicle fleets. The Operations Services Division manages capital improvements, the maintenance of buildings, facility use, plant operations and warehouse, as well as transportation services.
- » The Technology Services Division is charged with managing the district's network and all instructional technology, including the 1:1 computer initiative. Technology Services also oversees student data management, enrollment and B&A Connections.
- » The Human Resources Division is responsible for recruitment, retention and management of human capital, as well as ensuring employer accountability at the State and Federal levels.

## BOARD OF EDUCATION

The Broken Arrow Board of Education is an elected board and enjoys an excellent reputation for selfless service to the community. Board members tackle the enormous job of governing the school district while preserving the core of our democratic values.

The Board is responsible for establishing policies under which the school system operates, adhering to Oklahoma and federal laws, and balancing the unique needs of the community. As citizen leaders, individual school board members face complex and demanding challenges, contributing hundreds of hours each year to effectively lead the District.



The Board of Education is comprised of five board members, each representing one of the five zones within the District. Each Board member serves a five-year term in office, and annual elections are held each February.

The Board of Education plays an invaluable role by promoting and supporting the mission and vision of the District.

## PROJECTED ENROLLMENT

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Broken Arrow Public Schools has seen relatively steady enrollment growth over the past decade. In fact, BAPS' population grew more than three times the national rate between 2000 and 2010. Since 2000, the population in Broken Arrow has increased by 2,281 a year – the strongest in the region.

Based on independent research of birthrates, the resulting prediction model of BAPS projects an enrollment of 20,298 students by 2024. This, of course, would be based on the same rate of growth during the next 10 years as has occurred during the last 10 years. Low-end projections call for a gain of 1,527 new students in the next decade, indicating that BAPS' school-age population will grow more aggressively during the next decade than it has during the last decade.

The prediction model indicates that the 0-4 year-old population in the district should grow about 0.7 percent annually from 2013 through 2018, increasing single year of

age cohorts from an average of 1,545 children today to 1,633 in 2023. The 5-14 year-old population is estimated to average 1,397 per cohort currently and is projected to grow by 1.4 percent annually through 2018 and then 0.5 percent annually through 2023, increasing cohort sizes to 1,494 in 2018 and 1,531 in 2023. Finally, the 15-18 year-old population is projected to grow by 1.8 percent through 2018 and 1.1 percent for the years 2018 through 2023. Thus, these projections imply that growth could taper off in a decade, as the higher growth rates are for older children (due to the boom in the mid-2000s to present) and the lower and slowing growth rates are for the elementary and preschool-age children.

Districtwide, school-age populations are projected to grow by about 1.5 percent annually through 2018 and less than half that rate, 0.7 percent, from 2018 to 2023. The 2016-17 school year saw an increase in student population of approximately 1.5 percent with a student gain of more than 250 from the previous school year.

## LITERACY, ENGAGEMENT, GRADUATION-THE DISTRICT'S MANTRA

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At Broken Arrow Public Schools, the equation for student success is simple: Literacy + Engagement = Graduation.

With ongoing plans to reallocate resources and streamline efforts to support these three goals and enhance

instruction, Broken Arrow's instructional specialists and administrative staff are providing educators with a number of high-quality professional development opportunities.

### LITERACY

In 2010, Broken Arrow Public Schools began a journey of improving literacy among its students. Years later, the work is paying off with improved literacy rates throughout the district.

“Literacy is the key to opening doors to everything else. It is the gatekeeper for success which is why we've set a goal of 100 percent literacy in our district,” said BAPS Superintendent Dr. Janet Dunlop. “With more than 19,000 students in our district who each have unique needs when it comes to literacy, we have to be very strategic in our approach.”

With this in mind, the district utilizes a strong core curriculum in conjunction with a tiered instructional approach where struggling learners are identified and provided intervention. The instructional team has aligned interventions vertically so there are no gaps from Pre-K to graduation. This model allows not only for continuous monitoring throughout a student's academic career but also for intervention whenever a student enters the district.

Known as Response to Intervention (RtI), this research-based technique develops equity in effective literacy programming at each school site. Therefore, no matter which Broken Arrow school a student attends,

he or she is getting the same highly effective curriculum and the same targeted interventions. Decisions about the intensity and duration of the intervention are based on a student's response to instruction and the ongoing mini-assessments given by the classroom teacher. The results of these assessments provide data for a school's RTI team to study and prescribe additional support.

### **Intervention at Every Level**

Now in its fifth year at BAPS, Reading Recovery is designed for the bottom 20 percent of first grade students who are experiencing difficulty in reading. Broken Arrow is only one of two districts in the state to offer this program to its students and was able to do so through a funded grant partnership with Texas Women's University, one of 22 Reading Recovery training centers in the U.S.

"If a first grader is struggling with the most fundamental skill we use throughout our educational system, it often causes the child to feel inadequate and disenfranchised, putting them at risk later in upper grades," said Reading Recovery teacher leader Jan Grisham. "Early intervention is key so that children never get a psychological block that they can't read well or are 'less than' their peers."

At the middle school level, Broken Arrow utilizes AMP Reading System, an intervention curriculum proven to increase a student's reading skills by focusing on seven strategies: summarizing, questioning, previewing, text structure, visualizing, inferencing and metacognition. The program incorporates vocabulary, fluency and comprehension into each exercise.

"Often times, reading issues are not apparent until middle school because students are able to 'word call,' or read words vocally, but they never reach the point of reading fluency where comprehension takes place," Dunlop said. "With almost all learning taking place through reading, comprehension in middle school and high school is paramount."

At Broken Arrow High School, Read 180 is utilized and is the equivalent of Reading Recovery for secondary students. The program is rich in technology and provides students with personalized, rigorous instruction for college, careers and beyond.

"In general, it is expected that students grow 100 Lexile points, which is the scientific approach to reading measurement, per academic year," said Mark Officer, BAPS executive director of secondary education. "On average,

Read 180 students grow 67 points in one semester, nearly two grade levels per school year."

### **Model for Success**

BAPS has not only paved the way for student success at home, but many surrounding school districts are looking toward BAPS as a model for their own literacy programs, creating a unique opportunity to set the trend for future learning.

Oklahoma educators regularly tour Broken Arrow's Reading Recovery lab to learn how they can achieve similar success in their own district.

"The work of our instructional team will not only have an impact on the students in our district but also open doors for countless numbers of students across the country," said Dunlop. "It's exciting to know we are creating a legacy of literacy and learning that reaches far beyond the boundaries of Broken Arrow."

### **ENGAGEMENT**

Two years ago, Broken Arrow Public Schools' Director of Student Life and Activities Jason Jedamski said, "I'm confident that as participation in student activities becomes the 'new normal' for our students, a renewed energy will overtake Broken Arrow."

As Tiger pride reaches an all-time high, this statement couldn't be more accurate.

From fine arts opportunities to athletic events and from extracurricular activities to increased student involvement, BAPS is taking its mantra, "Literacy, Engagement and Graduation – every student, every day" to heart.

"Research proves that school connectedness is one of most influential factors for success both inside and outside of the classroom," Jedamski said. "From the elementary level to the secondary level, it is important to create an environment in which every student has a niche."

### **Starting at Square One**

At Broken Arrow's 14 elementary schools, students become engaged through a variety of activities.

"Early school engagement jumpstarts our students' love for learning, not only academically but also socially and mentally," said Jennifer Peterson, director of elementary instruction.

Classes such as physical education, music and art are required for every student in grades 1-5. Students can

also participate in various clubs and groups, including safety patrol, yearbook, honor choirs and bands, and many others.

“It is our hope that if we can engage students at a young age, then they will eventually find and continue their passions at the secondary level and beyond,” Peterson said.

### Opportunity Knocks

At the middle school and high school levels, there are a number of activities, clubs, athletics and fine arts opportunities in which students can engage before, during and after school.

“Engagement occurs when students make an emotional investment in learning, whether through routine classroom requirements, athletics, fine arts or through the many opportunities that BAPS offers its students to become involved,” said Chuck Perry, associate superintendent of student services. “The skills they learn by being active participants in their schools lay the foundation for success after high school.”

Broken Arrow High School student Abril Aguirre believes her involvement on the high school campus has provided her with unlimited opportunities this year.

“It’s been incredible to work with other students who have the same goals as me, and together, I believe we have completely transformed the high school’s culture,” Abril said. “When people ask what school I go to, I’m so proud to say I attend Broken Arrow High School.”

Jedamski, who teaches Abril’s Student Council Officer Leadership class, believes his students recognize they are in control of their experience at Broken Arrow High School.

“Students are craving opportunities to be creative and be part of something bigger than themselves,” he said. “I believe the increased involvement is directly related to students embracing the opportunities to invest in making themselves and their school better.”

### A Long Engagement

Having meaningful relationships with peers is a key factor, and parents play a crucial role in keeping their children engaged in school. Because students spend a large portion of their day at school, educators and district employees are in a unique position to help students stay engaged.

“We truly believe it is every employee’s responsibility to keep students engaged through simple kindness and having a heart for kids,” said Perry. “We want every student



to have a connection with at least one adult in our district, whether that is a teacher, bus driver or coach.”

Superintendent Dr. Janet Dunlop agrees that the three principles of success – literacy, engagement and graduation – are pertinent to every student in the district.

“The journey to reach that ultimate goal of graduation begins the moment they enter the district,” he said. “If students are literate and engaged, graduation for each and every student at the high school becomes possible, and when our students have diplomas in their hands, success is sure to follow.”

## ***6,492 secondary students participated in fine arts during the 2016-17 school year***

- » The Pride of Broken Arrow won its 10th consecutive title at the Bands of America Super Regional held in St. Louis and marched in the 2017 Tournament of Roses Parade. They also won their 15th consecutive state championship at the Oklahoma Bandmasters Association Marching Championship. In addition, the BAHS Percussion Ensemble performed in Chicago at the 70th annual Midwest Band Orchestra Clinic.
- » The Broken Arrow High School vocal music program had the largest number of All-State participants in Broken Arrow history and more than any other high school in the state. In addition, the Jazz Choir had the opportunity to perform during Kristin Chenoweth's concert at the Broken Arrow Performing Arts Center.
- » The theater department held an all-school musical production of "Beauty and the Beast" at the PAC for four performances in February. Complete with special effects and flying, the musical showcased the talents of 88 high school actors and crew as well as 22 high school orchestra and band students. Additionally, 11 elementary school students, who were Belle's Book Buddies reading challenge winners, were included in the show.
- » The BAHS art department hosted the annual Empty Bowls event, which raised more than \$5,200 for Broken Arrow Neighbors and BA Food for Kids. This event provides attendees with a simple soup dinner and an empty ceramic bowl made by the students, which is a reminder of all of the empty bowls in the world.
- » The annual BAPS District Art Show featured art from all grade levels.
- » The 2017 fine arts seniors earned \$1 million in scholarship monies.

## ***1,940 secondary students participated in Broken Arrow athletics during the 2016-17 school year***

- » 48 Broken Arrow High School students signed national letters of intent officially announcing where they will continue to showcase their athletic talents beyond high school

- » Varsity Cheer won its unprecedented fifth straight state championship
- » 80-pound eighth grader Allison Hynes became the first female champion ever at the Ted Anderson Memorial Junior High Tournament, the region's top junior high tournament. She was also the first Tiger to be named the tournament's Outstanding Wrestler.
- » Skylar Haynes and Zach Marcheselli were two-time state champion wrestlers, and Gavin Potter and Trenton Lieurance were first-time champions.
- » JV Cheer and JV Tigettes came home with national titles. Cheer won Game Day and Competitive Routine National Championships at NCA in Dallas. The Tigettes won the ASC National Championship in OKC.
- » Athletes, coaches and volunteers traveled to Stillwater, Okla., for the 48th annual Special Olympics Summer Games. After three days of exciting Olympic-style competitions and ceremonies, 85 Broken Arrow Special Olympians in grades 3-12 took the games by storm and brought home 19 gold medals, 23 silver and 17 bronze.
- » Freezin' for a Reason exceeded the \$6,000 goal, by raising nearly \$7,400 for Special Olympics' uniforms and warm-up outfits for the Summer Games.
- » Softball Coach Randall King won the 400th game of his BA softball head coaching career that started in 2004.
- » Boys soccer beat Stillwater to win its first state title since 2011 under first-year head coach and BA grad Shane Schwab.

## **GRADUATION**

Amidst a number of achievements both inside and outside the classroom, Broken Arrow Public Schools' Class of 2017 proved themselves to be one of a kind. On May 15, more than 1,000 students celebrated their commencement and together accepted more than \$8.7 million in scholarships, the largest total to date reported to Broken Arrow High School's College and Career Center.

Broken Arrow seniors received scholarships from universities located across the nation, including the University of Pennsylvania, University of Texas, William Penn University, Indiana University and Creighton University.



Many also received scholarships from universities across the state, including Oklahoma State University, the University of Oklahoma, Northeastern State University, Oklahoma City University, the University of Tulsa and many others.

“Our students continue to exceed expectations, and we must provide them with the support they need to reach their full potential,” said BAPS Superintendent Dr. Janet Dunlop. “BeyondBA, which is our college and career center, is a one-stop resource to help prepare students for life after high school, ensuring their success continues after they graduate.”

Located within Broken Arrow High School, BeyondBA is equipped with trained counselors who provide students with personal and academic guidance regarding college and career preparations. Also housed within BeyondBA’s walls is information about off-campus learning opportunities available to students, including programs at Tulsa Technology Center, concurrent enrollment, online classes and internships through the Career Exploration Program (CEP) at BAPS.

Throughout the year, BeyondBA hosted college fairs, career fairs, and informative sessions on student loans and scholarship opportunities.

“Our mission is to increase awareness of all the possibilities that exist after graduation by placing information at the students’ fingertips,” Lead College and Career Counselor Kristin Carr said. “We strive to hone the talents, goals and interests of our students as they move forward in their academic and professional careers.”

In addition BeyondBA utilizes a readiness platform called Naviance, which connects academic achievements to post-secondary goals, allowing students to explore college and career options based on their individual learning styles.

This web-based resource includes support for a broad range of topics, including developing success skills, exploring career options and planning for college—academically, socially, emotionally and financially. This blended learning solution for students in grades 10-12 helps develop critical non-cognitive skills and college knowledge. BAPS staff are able to measure students’ readiness grade level with a pre- and post-assessment of college knowledge. These assessments allow counselors and teachers to effectively target students who are in need of additional support. Naviance also provides students with an electronic college tool, allowing student applications,

recommendations, transcripts and school profiles to be easily sent electronically to more than 3,000 colleges and universities.

“The continued success of our students is proof of the incredible learning environment we have created at the high school, and I couldn’t be more proud of our students and staff,” Dunlop said.

## Academics

National Merit Finalists – Three Broken Arrow High School students were recently honored as this year’s National Merit Finalists for their prestigious academic accomplishments. Maia Cruse, Madeline Pratt and Jacob Taylor are among approximately 15,000 students from across the nation who qualified and are some of the highest scoring students in the state of Oklahoma.

Academic All-State Scholars – Based on his academic achievements, extracurricular activities and community involvement, Broken Arrow High School senior Jacob Taylor is the recipient of the Oklahoma Foundation for Excellence Academic All-State Award. This prestigious honor is given to the top 100 public high school seniors



from 75 schools in 68 Oklahoma school districts. This year's seniors were selected from 661 nominations statewide.

U.S. Presidential Scholars Program Finalist – Broken Arrow High School senior Jada Holliday was named as a finalist in the 2017 U.S. Presidential Scholars Program. Inclusion in the U.S. Presidential Scholars Program, now in its 53rd year, is one of the highest honors bestowed upon graduating high school seniors. Established in 1964 by executive order of the President, this program recognizes and honors some of the nation's most distinguished graduating high school seniors for their accomplishments in academic success, leadership and service to their

community and school. Holliday is one of three finalists from Oklahoma who were selected from nearly 5,100 candidates.

Congressional Institute National Art Winner – Broken Arrow freshman Kaylee Neighbors won first place in the Congressional Art Competition, a nationwide high school visual art competition recognizes and encourages artistic talent. Students submit entries to their representative's office, and panels of district artists select winning entries. Winners are recognized at an annual awards ceremony in Washington, DC.

## STRATEGIC PLAN

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Strategic planning is a process the District uses to accomplish its vision and mission while establishing plans for the future. Community members, parents, faculty and staff are part of this intensive process to develop objectives and strategies for district priorities which will influence the decisions we make as a district for the next three years. This will be the district's second strategic plan.

### *At BAPS, 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 of 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

### *Our Vision:*

Educating Today – Leading Tomorrow

### *Our Mantra:*

100% Literacy, Engagement and Graduation

### *Our Mission:*

The mission of Broken Arrow Public Schools is to educate, equip and empower a community of learners by providing dynamic learning opportunities which enable all students to be successful.

# STRATEGIC PLAN 2.0

---

## ACADEMIC ACHIEVEMENT

**Define and address academic achievement focused on college and career pathways**

### *Strategies:*

- » Provide every student an individualized academic plan of study
- » Ensure we have academic programming, career advisement, and professional development to support pathway choices
- » Develop a systematic approach for building high academic achievers

## ENGAGEMENT

**Create a culture that fosters personal relationships between students, staff, parents and the community**

### *Strategies:*

- » Establish a plan to connect every student to a co-curricular, extracurricular or student mentoring program
- » Identify, secure, and develop staff and resources to expand student engagement opportunities.
- » Develop a plan to integrate families and the community into the school and district culture.

## INSTRUCTIONAL TECHNOLOGY

**Create an individualized learning culture and environment that is supported by sustainable technology**

### *Strategies:*

- » Develop a districtwide systematic approach to technology professional development

- » Formulate a plan to obtain sustainable funding and support for district-wide technology and digital curriculum.

## HUMAN RESOURCES

**Develop a comprehensive plan to improve district culture**

### *Strategies:*

- » Utilize data to evaluate and enhance employee engagement, satisfaction and retention for the purpose of developing a culture of wellness
- » Identify and develop programs that grow and retain a talented and diverse workforce

## FINANCE

**Develop opportunities to generate revenue**

### *Strategies:*

- » Identify non-chargeable revenue streams
- » Educate the community on school finance

## DISTRICT DEVELOPMENT & CONFIGURATION

**Create a roadmap and plan to accomplish the configuration decision**

### *Strategies:*

- » Modify capital improvement plan to support configuration decision and still accommodate growth
- » Develop a sustainable and evolving communication plan to support the decision

# DONNA GRADEL: DISTRICT TEACHER OF THE YEAR

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It wasn't how Donna Gradel thought her teaching career would begin in 1986. She aspired to become a high school biology teacher and a basketball coach, however, the demand for special education teachers far outweighed her dreams after she graduated from West Virginia University.

There she stood, in an old trailer in the foothills of the Appalachian Mountains, staring at 19 students who needed her just as much as she needed them. The class consisted of students in grades 5-8 who had disabilities



ranging from cerebral palsy to different levels of cognitive impairments.

“From the outside, anyone could see the poverty and limitations. How and what could I ever teach them?” she asked herself as she approached the class. “At that moment, I forgot their limitations and what they couldn’t do. All I could see was their importance.

It was in that trailer where I learned what teaching was all about. That every life matters. That every student has a dream. That all students want to learn and succeed regardless of their starting point.”

Since then, Gradel, who was recently announced as Broken Arrow Public Schools’ 2017 District Teacher of the Year, has continued to utilize differentiated instruction to teach biology, environmental science and advanced placement courses at Broken Arrow High School.

It is in those classes that she integrates real-world problems into yearlong projects for her students. The most recent project aimed at supplying clean water and food for orphans in Kenya.

In 2014, Gradel and a group of students gained national attention when they were awarded a \$10,000 grant through the Lemelson Foundation and Massachusetts Institute of Technology (MIT) for creating a low-cost, sustainable fish food for developing countries. Her team was

the first in Oklahoma to receive this grant, which was established in 2002, and was one of only 15 in the nation.

“In addition to collaborating with engineering experts and prestigious inventors, my students applied curricular content, research, critical thinking skills and innovative design,” Gradel said. “They are discovering they can make a difference in the lives of those half-way around the world by utilizing their knowledge to solve a problem.”

In the summer of 2016, a group of Broken Arrow students traveled to Kenya to train the residents at a local orphanage on how to produce their own tilapia fish food, which was a protein-rich formula of indigenous, all-natural fish food made of a mealworm and algae mixture. One of those students who traveled alongside Gradel was BAHS senior Jacob Taylor, who is also a National Merit Semifinalist and Presidential Scholar Semi-Finalist this year.

“Mrs. Gradel gave me direction and confidence in my abilities as a student, leader and servant in the world,” Taylor said as he proudly presented his teacher with the District Teacher of the Year award during the annual Star Awards Gala. “I love sharing about how she has impacted my life in particular, but it is important to note that I can think of 30 other kids who could stand in the same place with more incredible stories to tell about her. She is truly a vanguard of education in this school and in the world.”

Gradel approached the podium with happy tears in her eyes and thanked her students, colleagues and district administration.

As the District Teacher of the Year, she received a monetary gift from the Broken Arrow Public Schools Foundation and the opportunity to drive the Teacher of the Year SUV, a Ford Escape generously provided by Matthews Ford in Broken Arrow. She goes on to represent the district in the State Teacher of the Year competition this summer.

“Donna Gradel is not only an amazing teacher in her classroom, but she is also a positive example to students and adults alike. She truly believes that everyone can make a difference in the world,” BAHS Principal Liz Burns said. “It is an honor to work alongside her, watching as she ignites a passion within her students for science and service.

## DEBBIE JORDAN: SUPPORT EMPLOYEE OF THE YEAR

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Known as the Beyond and Above Award, Broken Arrow's support staff recognition program honors five employees who consistently demonstrate excellence, going that extra mile for the district's goals and objectives. Nominations were made by teachers, administrators, supervisors and coworkers. For the 2016-17 school year, transportation dispatcher Debbie Jordan was named Support Employee of the Year.



## HISTORY OF BAPS BUILDINGS

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Even though Oklahoma would not become a state until 1907, Broken Arrow residents were ahead of their time and valued education for their children. In 1904, a two-story school building was constructed on Main Street Broken Arrow from a 2 percent sales tax initiated by the community. The first Broken Arrow High School senior class graduated in 1908 with only three students.

In 1924, Broken Arrow's first school building was damaged by a fire, and because of the damage, the structure was razed. The facility was later rebuilt on the same

site and utilized for decades to educate children living in the community.

In the early 2000s, the building was repurposed and called Central on Main. Today it serves as the home to the district's enrollment center, administrative offices and a community ballroom. It is also listed on the National Register of Historic Places, serving as a reminder of Broken Arrow's rich educational history to all who pass through the doors.

Since then, Broken Arrow Public Schools has given generations of students an excellent education at 27 school sites.

## NET ASSESSED VALUE

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The district's net assessed valuation (NAV) refers to the local property wealth. For 2016-17 school year, the NAV was \$839,936,514. Since 2000, the district has seen a steady increase in the NAV, which has grown at a rate of 3 to 4 percent each year. The NAV determines the bonding

capacity of a district and has been critical for BAPS as it passed school bonds for capital improvements needed to serve its growing student population. This has been a key figure as a sign of the district's positive economic position.

## HERE WE GROW UPDATE OF BOND ISSUE 2015 PHASE ONE PROJECTS

---

In February 2015, Broken Arrow patrons passed the 2015 Broken Arrow Public Schools bond proposal, allowing the district to begin its next phase of transformation to meet the needs of a district that is growing at a rate of 3 percent per year.

The 2015 bond issue projects total \$370 million and will be completed over the course of 12 years. Phase one of the four-part project has begun and includes a new elementary school, Sequoyah Middle School expansions

and renovations, Broken Arrow High School additions and Kirkland Field Activity Complex construction.

Timber Ridge: With over half of our growth at the elementary school level, Timber Ridge will be one of three new elementary schools built during this bond issue and will become the district's fifteenth elementary school when it opens. The school will be located in the north east section of the district to alleviate overcrowding issues. Amenities would include a media center, full-size gymnasium, music

room, art room and science room as well as hardened areas of refuge for storm safety.

Sequoyah: At Sequoyah, the oldest parts of the building will be updated and a new, larger cafeteria will be added. The old cafeteria will be converted to a new media center and additional classrooms will be created along with a new space for fine arts. The project will also include the addition of an elevator to the two-story section of the building along with other upgrades to meet ADA accessibility requirements. The new addition would also provide a hardened area of refuge for storm safety.

## TECHNOLOGY

The vision of the technology team is to make BAPS a choice destination for education by creating an environment that supports and enhances the technological capabilities provided to students, staff members and the community. BAPS facilitates 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. The District promotes substantial increases in student achievement motivated by interactive technology resources.

In the fall of 2016, the district began implementation of a one-to-one computer initiative by providing personal computing devices to each student at the Freshman Academy.

Classroom additions to the high school: 10 new classrooms will be added to the high school campus to alleviate overcrowding issues.

Kirkland Field Activity Complex: The site formerly used as North Intermediate High School will be repurposed with special recognition given to its historical significance in the district. Plans include renovations to the current auditorium and gymnasium. Kirkland Field will be repurposed as the Kirkland Soccer Complex which will feature a full-size competition soccer field.

By providing students with increased access to technology, the classroom becomes more interactive, assignments are more collaborative and students are more engaged in school. Parents also benefit by having online access to the same information as their children, enabling them to better track student progress. Additionally, students will be better prepared for post-secondary education and the workforce because they are learning to use the same cloud-based technologies utilized by colleges and employers.

During the 2016-17 school year, the one-to-one computer initiative was fully implemented to include students in grades 9-12 totaling more than 5,000 students.



## TRANSPORTATION, MAINTENANCE AND CUSTODIAL SERVICES

The transportation department services 115 square miles twice daily. During the 2016-17 school year, there were 172 buses in the fleet, which included 123 regular buses, 41 special needs buses and eight activity buses. The BAPS transportation department runs 75 regular education bus routes (34 high school, 35 Freshman Academy, 54 middle school, 57 elementary and five Tulsa Technology routes), as well as 35 special education bus routes. The transportation department is self-contained, housing the auto/diesel mechanic garages which service the entire BAPS fleet. Over the course of the year, there were 1,815,419 route miles driven, 262,842 gallons of diesel fuel used for buses and approximately 12,000 students eligible to be transported daily on buses.

The maintenance and custodial services department takes pride in the operation of schools, supporting education by providing the best possible environment conducive to learning. Maintenance and plant operations employees provide routine, preventative and corrective service

to the millions of square feet and hundreds of acres of school property. More than 3.3 million square feet and 619 acres were maintained daily by the custodial services staff during the 2016-17 school year.

## CHILD NUTRITION

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The child nutrition department has a vision to serve quality meals to Broken Arrow Public Schools' students and staff. It also strives to promote healthy and nutritious choices in a fun and friendly atmosphere while also providing support, education and information to the students, staff, parents, and community of Broken Arrow. There were 2,593,225 meals served during the 2016-17 school year.

In addition, the child nutrition food truck, dubbed BA's Curbside Café, continue its success by serving more than

3,500 Broken Arrow High School students with healthy and eclectic meal options in an innovative way. It also provides Broken Arrow Public Schools with another avenue for its Summer Feeding Program, serving children ages 1-18 and also providing parents and caregivers with low cost meals. The Curbside Cafe menu changes daily and features street tacos, chicken and waffles, salads and more. All meals meet U.S. Department of Agriculture guidelines and are prepared with a number of locally-sourced ingredients.

## TEACHER GRANTS

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BAPS was honored through Cox Communications' employee funded foundation, Cox Charities, and four grants totaling \$6,000 were awarded during the 2016-17 school year. Before spring break, the BAPS Foundation provided funds to teachers for incentive grants, supporting innovative projects that increase interest and achievement

among students, graciously hand delivering 44 grants totaling \$29,300 to teachers across the district.

In addition, more than \$25,000 was reported from teachers who applied for local, state and national grants. Together, Broken Arrow teachers earned more than \$60,300 for the 2016-17 school year.

## UNITED WAY DISTRICT CAMPAIGN

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As a longtime supporter of the Tulsa Area United Way, the employees of Broken Arrow Public Schools raised more than \$117,000. In addition to monetary donations, district employees participated in various community

service projects benefiting local organizations, such as Broken Arrow Neighbors, the Margaret Hudson Program and A New Leaf.

## DISTRICTWIDE FOOD DRIVE

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To help reduce hunger in Broken Arrow, Broken Arrow Public Schools (BAPS) once again partnered with Move For Hunger and Accent Moving and Storage for the fifth annual districtwide food drive. For five days in March, students and staff from 27 school sites donated non-perishable food items in support of Broken Arrow Neighbors, a nonprofit that provides basic needs and emergency assistance to Broken Arrow families.

The effort resulted in 12,891 pounds of food, over 1,500 pounds more than last year. Nationwide, the BAPS event

is the largest school-related drive for Move For Hunger, and the district's assistance throughout the school year makes it the top contributor of food donations to Broken Arrow Neighbors.

"The goal this year was to beat last years, and I'm thrilled to announce that our students and staff joined together to not only meet that goal but also surpass it," BAPS Superintendent Dr. Janet Dunlop said. "Witnessing the effort put forth during this food drive has served as a



reminder of what we can accomplish when we work together to make a difference in our community.”

The districtwide drive began with an idea generated by Candy Lievsay, teacher at Sequoyah Middle School. In January 2012, her classroom read an article about Move For Hunger, a nonprofit organization that teams up with relocation companies across the nation to deliver non-perishable food items to local food banks. In the fall of 2012, Sequoyah held a food drive that collected more than 3,500 pounds of food.

“I thought that if one school was capable of so much, the possibilities of an entire district coming together are endless,” Lievsay said.

Broken Arrow’s Accent Moving and Storage supplied the muscle to get the food delivered to Broken Arrow Neighbors. As a local Broken Arrow business since 1987, it is our way to give back to our city and to the citizens who are in need,” said Accent Moving and Storage’s Jody Davis. “This food drive has such a significant impact on our community, and it is an honor to serve the district, BA Neighbors and our city through this heartwarming effort.”

According to a report by Feeding America, 17.2 percent of people in Oklahoma suffer from food insecurity. In Tulsa County alone, more than 102,000 struggle with hunger and nearly 37,000 of those are children. The summer months can be especially difficult for many.

“When the academic year ends, many parents are faced with the challenge of providing daily meals that their children normally receive at school, and you can imagine that this level of fiscal responsibility can upset even the most well-balanced budgets,” said Kim Goddard, executive director of Broken Arrow Neighbors. “This is why the districtwide food drive is so important to our mission – it comes at the right time, and I stand in awe at the accomplishment of collecting more than 12,000 pounds of food.”

Since August, BAPS students and staff have donated more than 24,525 pounds of food in support of BA Neighbors throughout various food drives.

“I am always amazed at the depth of the partnership we share with BAPS,” Goddard said. “It truly reflects and supports our mission statement of ‘providing basic needs assistance with dignity and compassion to neighbors in need through a cooperative community effort.’”



## FINANCE DEPARTMENT RECEIVES HONORS FOR SUPERIOR FINANCIAL REPORTING

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Broken Arrow Public Schools was awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the fiscal year ended June 30, 2016. This marks the fourth consecutive year the district received the award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must satisfy both accounting principles generally

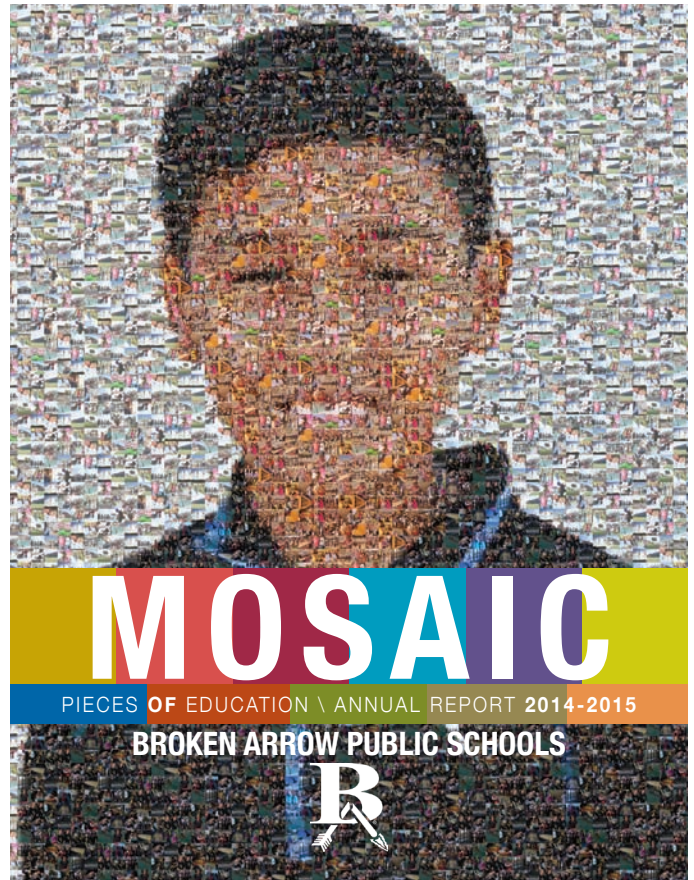
accepted in the United States of America and applicable legal requirements.

Additionally, the District was awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its Comprehensive Annual Financial Report for the year ended June 30, 2016. The District believes the Comprehensive Annual Financial Report continues to conform to the standards for which this award was granted.

## COMMUNICATIONS SERVICES DIVISION RECEIVES HONORS FOR DISTRICTWIDE PROJECTS

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The BAPS communications division earned several honors from the National School Public Relations Association and Public Relations Society of America – Tulsa Chapter for its annual report and ongoing social media campaigns – both of which demonstrate what it means to be a Broken Arrow Tiger.



**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,



Janet Dunlop, Ph.D.  
Superintendent



Natalie Eneff  
Chief Financial Officer



Donna Dollahon  
Director of Treasury



Cathy Mitchem  
Executive Director of Financial Reporting



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The 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, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

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

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



## Broken Arrow Public Schools

### School Officials

#### Board of Education

**2016-2017**

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

#### Executive Administration

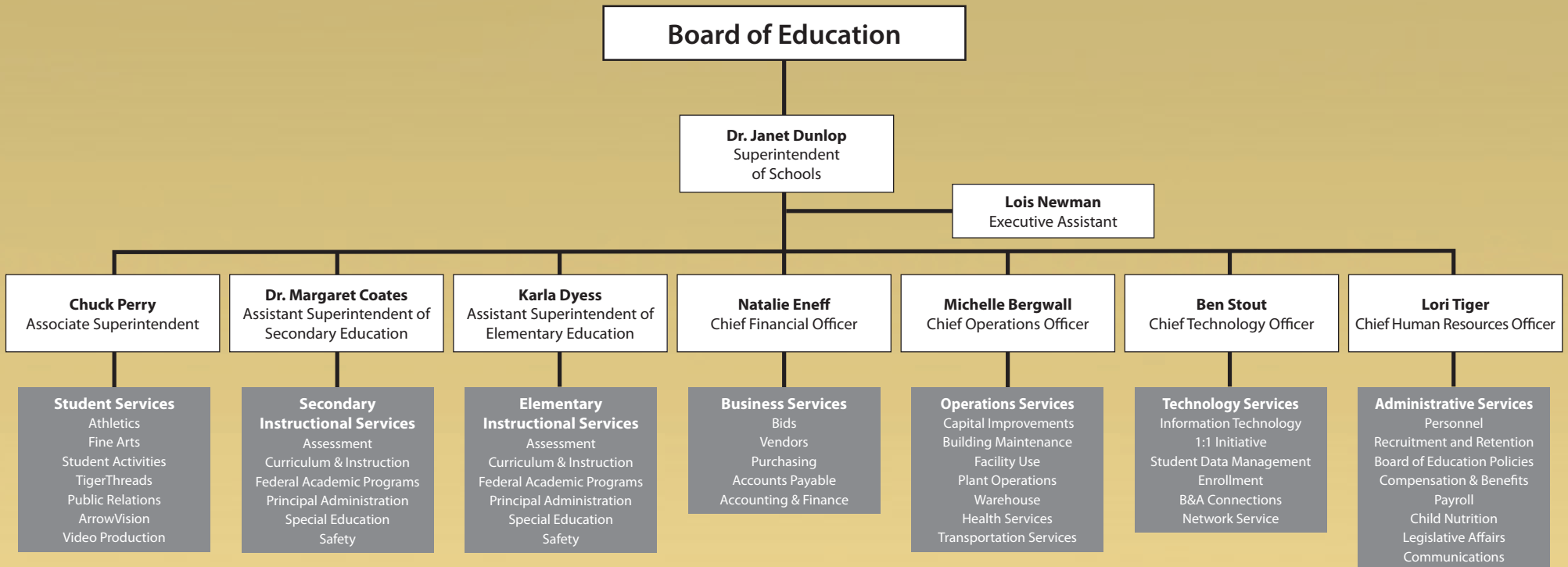
**2016-2017**

Dr. Janet Dunlop	Superintendent
Chuck Perry	Assistant Superintendent
Karla Dyess	Assistant Superintendent
Dr. Margaret Coates	Assistant Superintendent
Natalie Eneff	Chief Financial Officer
Michelle Bergwall	Chief Operations Officer
Lori Tiger	Chief Human Resources Officer
Amanda Summers	Chief Communications Officer
Ben Stout	Chief Information Officer

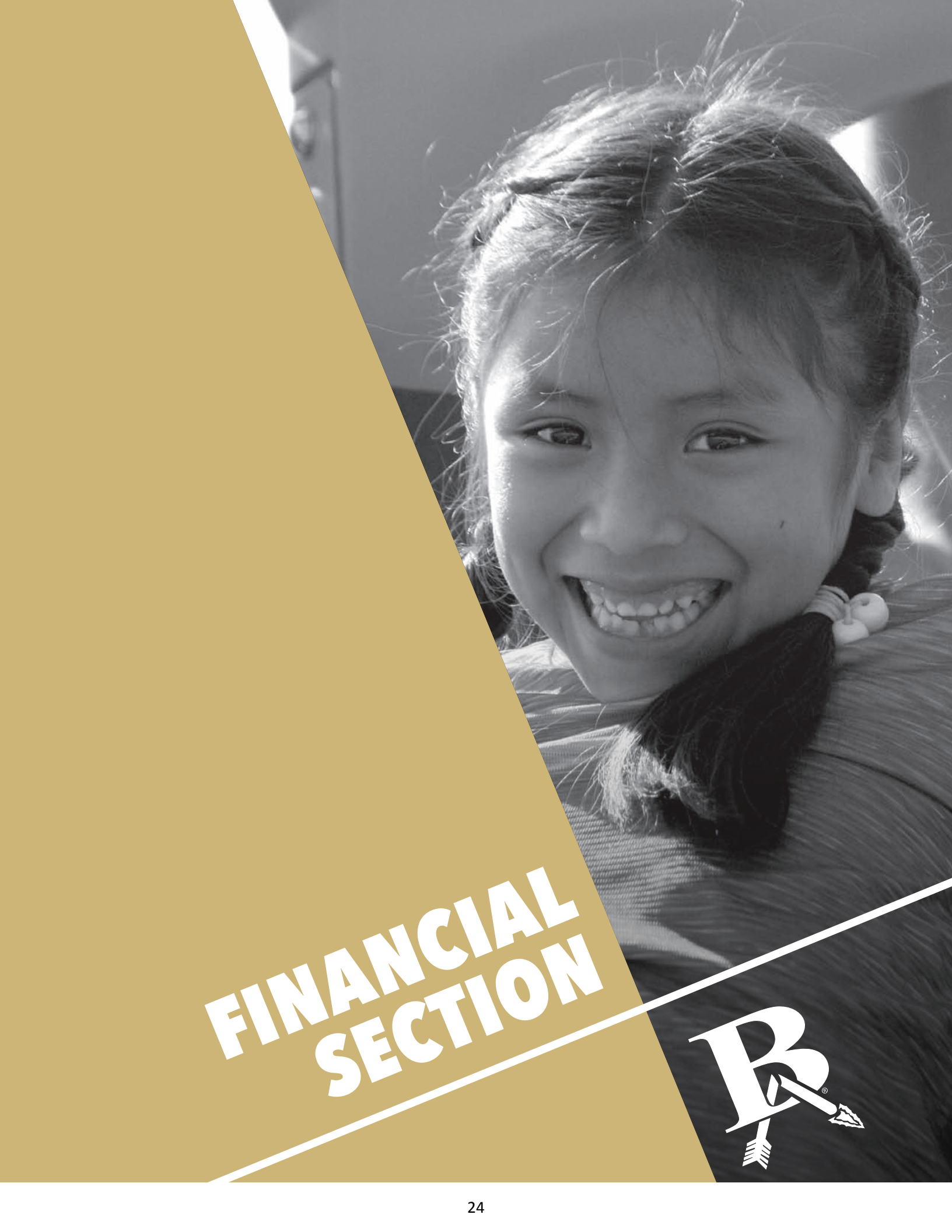


# BROKEN ARROW PUBLIC SCHOOLS

## 2016-2017 Organizational Chart



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# FINANCIAL SECTION







**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Broken Arrow School District No. I-003  
Broken Arrow, Oklahoma 74012

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Broken Arrow School District No. I-003, Broken Arrow, Oklahoma (the "School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Broken Arrow School District No. I-003, Tulsa County, Oklahoma as of June 30, 2017, and the respective changes in its financial position 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 27-39, budgetary comparison information on pages 49, 50 and 95, Schedule of Proportionate Share of the Net Pension Liability on page 91 and Schedule of Contributions on page 92 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 method 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 an opinion on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the 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 a report (under a separate cover) dated November 7, 2017, on our consideration of the School District's internal control over financial reporting and 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 School District's internal control over financial reporting and compliance.

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

November 7, 2017



## MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2017

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, 2017. 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 a fourth consecutive year. Financial highlights of fiscal year 2017 include:

- The District ended the year with an unassigned fund balance for the general fund of \$12.4 million, or 11.1% of the total general fund expenditures. The District's governmental funds reported combined ending fund balance of \$54.1 million, an increase of \$2.8 million from June 30, 2016. Increases were the result of late spring fiscal year bond sales for capital projects. The building fund increased in fund balance due to higher current year ad valorem tax collected, recovery of damaged school property, and a conservative cash forward balance. 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.
- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the period ended June 30, 2017 resulting in a government-wide total net position of \$100.9 million. Government-wide net position increased \$27.4 million from June 30, 2016.
- The governmental activities net investment in capital assets increased by \$12.9 million as the District continues to renovate and construct new buildings as part of its capital projects program. During fiscal year 2017, the District completed the renovation and construction of six school sites projects.
- The net position of business-type activities, food services, increased by 9.8% to \$5.1 million from the previous year. This growth was due to the increase in net investment in capital assets and an increase in federal funding for school lunch, breakfasts, and summer food for the fiscal year ending June 30, 2017. In addition, higher operating revenues and additional modernized equipment and furniture were added to the District which led to this increase.
- During the year, the District's expenses were \$27.4 million less than the \$157.2 million generated in taxes and other revenues for governmental-wide activities. Expenses totaled \$114.3 million after



## MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2017

charges for services and operating grants and contributions (revenue). Total revenue from property taxes, state aid, investment income, and miscellaneous revenues is \$141.8 million.

- The District issued \$23.5 million in bonds during the fiscal year 2016-2017, and ended the year with \$88.7 million outstanding in commercial paper.

### **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 plus deferred outflows of resources and liabilities plus deferred inflows of resources, 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.

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



**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2017**

- *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, all of which are considered to be major funds. Data from other government funds, or non-major funds are combined in a single, aggregated presentation column. The District's non-major fund is the Permanent Fund (Endowment). 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.

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.

The requirement for budgetary reporting applies only to governmental funds. Governments are not required to present a budgetary comparison for enterprise funds, even if the District legally adopts an annual or biennial budget for its enterprise fund. The District voluntarily presents a budgetary comparison schedule as other supplementary information.

- *Proprietary Funds* - These funds report two types of funds; enterprise and internal service. These funds are generally reported in the same manner as the government-wide financial statements, only in more detail. Enterprise fund activities are generally financed and operated like businesses. 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 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. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the Internal Service Fund to report activities for its self-insured workers' compensation fund.
- *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 Private-Purpose Trust Fund (Gift Fund), and Agency Funds (Student Activity).



## MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2017

**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.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information. The Schedule of the District's Proportionate Share of the Net Position Liability, and the Schedule of the District's Contributions which concern the Districts' cost-sharing pension liability, mandated by GASB, Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Other Supplementary Information – Budgetary Comparison Schedule and Combining Statements.** This section immediately follows the required supplementary information and includes a budgetary comparison schedule for the Enterprise Fund. This information, as previously stated, is not required of the district but voluntary for detailed comparisons of expenditures, original budgets, and final budget information. The combining statements are prepared in connection with Fiduciary Funds. 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.

### 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.

The District's financial position is the product of several types of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The largest portion of the District's government-wide net position reflects its investment in capital assets (e.g. land, buildings, vehicles, furniture and equipment, and construction in progress), net of accumulated depreciation plus deferred inflows/outflows of resources (if applicable) less any related debt used to acquire those assets still outstanding.

The District experienced an increase in governmental activities long-term debt payable or non-current liabilities in the fiscal year 2017 primarily due to the reporting of the net pension liability with implementation of GASB Statements 68 and 71, which became effective for fiscal years beginning after June 15, 2014 and significantly changed pension accounting and financial reporting for governmental employees who participate in a pension plan, such as the state-administered Oklahoma Teachers' Retirement System. The amount of calculated pension liability for the District ending June 30, 2017 was \$138.9 million compared to \$100.5 million at June 30, 2016, an increase of \$38.5 million. Deferred pension plan outflows were \$42.6 million at June 30, 2017 compared to \$7.1 million at June 30, 2016, an increase of \$35.5 million. This increase was due to the Changes in Assumptions for the measurement



**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2017**

period. Deferred pension plan inflows were \$3.2 million at June 30, 2017 compared to \$19.6 million at June 30, 2016, a decrease of \$16.4 million.

The following table presents a summary of the change in net position for the fiscal years ended June 30, 2017, and 2016:

**Net Position**  
**As of June 30, 2017**  
**(Dollars in Millions)**  
**Table 1**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-Wide Totals</u>		<u>Total Increase/ Decrease</u>	<u>Percentage Change</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>		
<b>Assets</b>								
Current and Other Assets	\$ 56.9	\$ 52.6	\$ 2.5	\$ 2.1	\$ 59.4	\$ 54.7	\$ 4.7	9%
Capital Assets	231.3	222.2	2.8	2.6	234.0	224.8	9.2	4%
Total Assets	<u>288.2</u>	<u>274.8</u>	<u>5.3</u>	<u>4.7</u>	<u>293.4</u>	<u>279.5</u>	<u>13.9</u>	<u>5%</u>
Deferred Outflows of Resources	42.6	7.1	-	-	42.6	7.1	35.5	100%
<b>Liabilities</b>								
Other Liabilities	27.5	26.3	0.2	0.1	27.7	26.4	1.3	5%
Long Term Liabilities	204.2	167.1	-	-	204.2	167.1	37.1	22.2%
Total Liabilities	<u>231.7</u>	<u>193.4</u>	<u>0.2</u>	<u>0.1</u>	<u>231.9</u>	<u>193.5</u>	<u>38.5</u>	<u>20%</u>
Deferred Inflows of Resources	3.2	19.6	-	0.1	3.2	19.7	(16.5)	100%
<b>Net Position</b>								
Net Investment in								
Capital Assets	163.5	150.6	2.8	2.6	166.3	153.2	13.1	9%
Restricted	18.7	18.2	-	-	18.7	18.2	0.4	2%
Unrestricted	<u>(86.3)</u>	<u>(99.9)</u>	<u>2.3</u>	<u>2.0</u>	<u>(84.0)</u>	<u>(97.9)</u>	<u>13.9</u>	<u>14%</u>
Total Net Position	<u>\$ 95.9</u>	<u>\$ 68.9</u>	<u>\$ 5.1</u>	<u>\$ 4.6</u>	<u>\$ 100.9</u>	<u>\$ 73.5</u>	<u>\$ 27.4</u>	<u>37%</u>

*(figures may be different due to rounding)*

Government-wide net investment in capital assets increased \$13.1 million or 8.5% over the prior fiscal year, representing significant progress in the completion of major projects, which include; school building renovations, special education upgrades, and the completion of a new elementary school. The District uses these capital assets to provide services to its students and programs for the students; consequently, these assets are not available for future spending.

Although the District's investment in its capital assets is reported net of depreciation, 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.

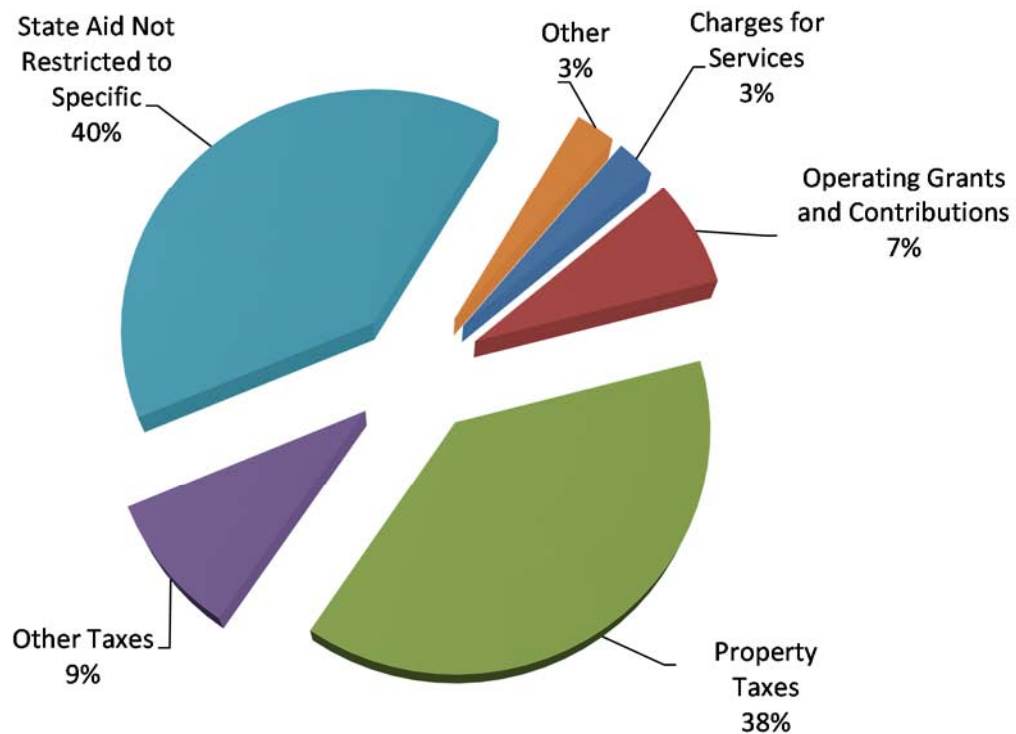
The government-wide total net position of \$100.9 million, which represents resources that are unrestricted, \$(84.0) million, which consists of \$2.3 million unrestricted Business-Type Activities and \$(86.3) million unrestricted governmental activities, may be used to meet the District's ongoing obligations to citizens and creditors.



MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2017

**Changes in Net Position.** The District's government-wide total revenues were \$157.2 million, an increase of \$7.1 million from the prior fiscal year total of \$150.1 million. A significant portion, 38%, of the District's revenue comes from property taxes; 40% comes from state aid formula grants, 9% from other taxes, while 7% is related to other operating grants and contributions; the remaining 6% comes from charges for services and other sources.

**District Government- Wide Revenues for Year Ended June 30, 2017**



Governmental activities increased in District net position by \$27.0 million. The total cost of all governmental activities programs and services was \$121.0 million. The amount our taxpayers paid for these activities through property taxes was \$60.5 million or 50.0%. Government-wide, our taxpayers paid for the total programs and services of \$129.8 million through property taxes of \$60.5 million or 46.6%.

Business-type activities, consisting of child nutrition services, had total revenues of \$9.3 million, an increase of 0.7%. Expenses for Business-type activities were \$8.8 million for fiscal year 2017, a decrease of \$0.1 million from fiscal year 2016. The final result is an increase in business-type activities net position of 10.9%.

Changes in governmental activities net position are presented in the following Table 2:





**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2017**

Changes in Net Position  
As of June 30, 2017  
(Dollars in Millions)  
Table 2

	Governmental Activities		Business-Type Activities		Total		Change	Total Percentage Change
	2017	2016	2017	2016	2017	2016		
<b>Revenues</b>								
Program Revenues:								
Charges for Services	\$ 0.4	\$ 0.4	\$ 3.8	\$ 4.0	\$ 4.2	\$ 4.3	\$ (0.1)	-2.33%
Operating Grants and Contributions	6.7	6.2	4.6	4.4	11.3	10.6	0.7	6.35%
Property Taxes	60.5	56.1	-	-	60.5	56.1	4.4	7.83%
Other Taxes	14.5	11.5	-	-	14.5	11.5	3.0	26.09%
State Aid Not Restricted to Specific	61.7	63.0	0.9	0.7	62.7	63.7	(1.0)	-1.54%
Other	4.1	3.8	0.0	0.1	4.1	3.9	0.2	5.13%
Total Revenues	\$ 148.0	\$ 141.0	\$ 9.3	\$ 9.2	\$ 157.2	\$ 150.1	\$ 7.1	4.75%
<b>Expenses</b>								
Instruction	68.3	78.9	-	-	68.3	78.9	(10.6)	-13.41%
Student Support Services	9.7	10.1	-	-	9.7	10.1	(0.4)	-3.95%
Instructional and School Leadership	6.7	7.3	-	-	6.7	7.3	(0.6)	-7.97%
Administrative Support & Other	11.3	17.9	-	-	11.3	17.9	(6.7)	-37.26%
Operation & Maintenance	13.3	12.3	-	-	13.3	12.3	1.0	7.96%
Pupil Transportation Services	6.6	7.1	-	-	6.6	7.1	(0.5)	-6.40%
Operation of Non-instructional Services	1.3	1.0	-	-	1.3	1.0	0.3	32.81%
Other Outlay and uses	2.8	1.6	-	-	2.8	1.6	1.2	74.56%
Interest on Long-Term Debt	1.0	1.2	-	-	1.0	1.2	(0.2)	-15.63%
Food Services	-	-	8.8	8.9	8.8	8.9	(0.1)	-0.94%
Total Expenses	\$ 121.0	\$ 137.3	\$ 8.8	\$ 8.9	\$ 129.8	\$ 146.2	\$ (16.5)	-11.25%
Change in Net Position	27.0	3.6	0.4	0.3	27.4	3.9	23.5	16.81%
Net Position, Beginning	68.9	65.3	4.6	4.3	73.5	69.6		
Net Position, Ending	\$ 95.9	\$ 68.9	\$ 5.1	\$ 4.6	\$ 100.9	\$ 73.5	\$ 27.4	37.25%

(figures may be different due to rounding)

The Statement of Activities presents a district-wide summary of revenues and expenses for the fiscal year. The format of the presentation identifies expenses by program areas (functions), and identifies to what extent those expenses are offset by charges for services, operating grants, and contributions. The District reports its activities in the following functional categories: instruction and instruction-related services, support services, operation and maintenance, pupil transportation services, other support services, community services, interest on long-term debt and food services.

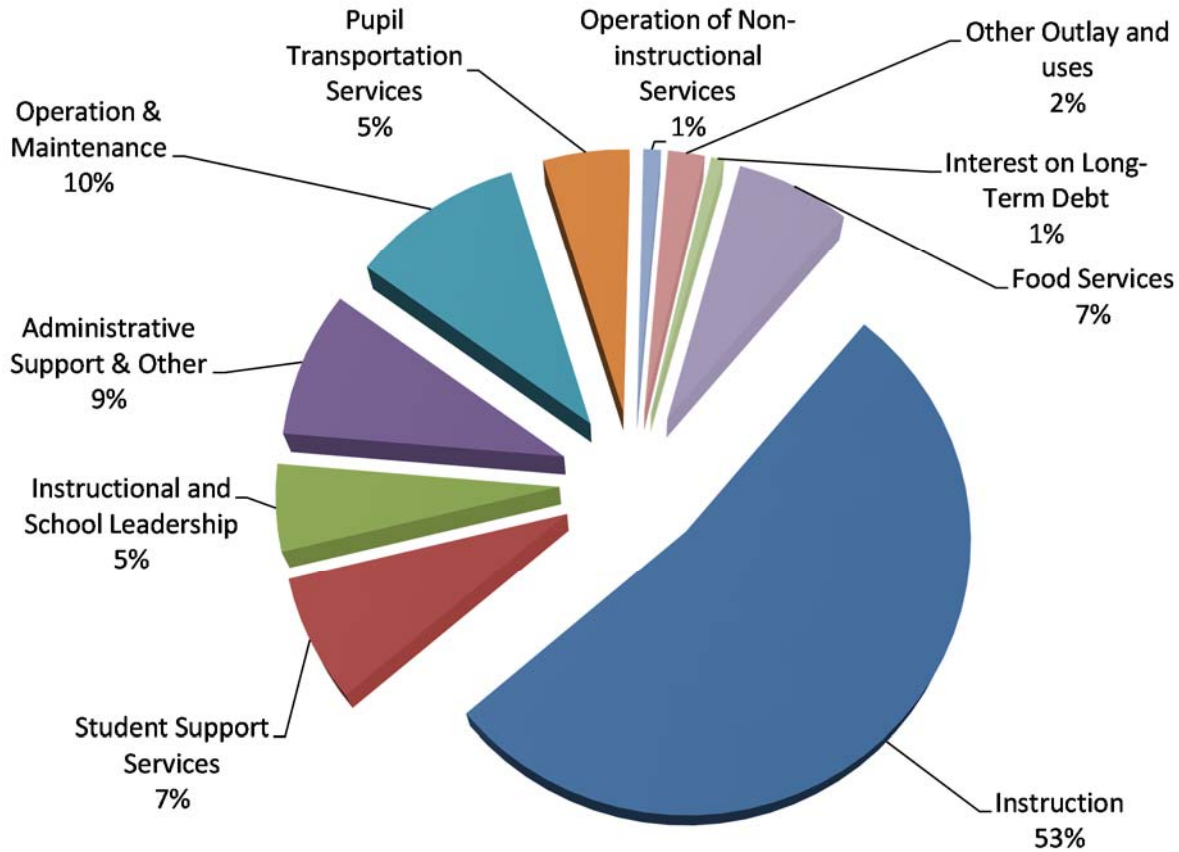
Over the two year period, a number of shifts can be observed, such as an increase in property taxes, an increase in operating grants and contributions, and an increase in other taxes that reflects continuing growth in areas where the District pioneers new revenue streams while surviving the shortages in the revenue categories which normally produce stable proceeds.

The expenses of all government-wide programs and services decreased slightly including Business-Type Activities, which decreased 1.0%. The District's expenses are predominantly related to instruction of students (53.0%).



MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2017

District Government - Wide Expenses for Year Ended June 30, 2017



The consistent positive net position and the common annual revenues exceeding ordinary expenses reflects the District's philosophy of managing ongoing growth while maintaining financial stability through strong budgetary and spending controls.

**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.



**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2017**

Below is a summary of the Governmental Funds total fund balance comparison:

GOVERNMENTAL FUNDS

FUND BALANCES	2017		2016	
Nonspendable:				
Inventory	\$ 284,852	0.5%	\$ 306,257	0.6%
Permanent fund principal	40,000	0.1%	40,000	0.1%
Restricted for:				
Capital projects	22,896,512	42.4%	19,903,804	38.8%
Building	2,724,918	5.0%	1,866,206	3.6%
Debt service	15,717,771	29.1%	16,234,351	31.7%
Assigned to:				
Endowment - Scholarships	3,422	0.0%	3,316	0.0%
Unassigned	12,385,812	22.9%	12,886,722	25.1%
	\$ 54,053,287	100.0%	\$ 51,240,656	100.0%

As of the end of the current fiscal year, the District's Governmental Funds reported combined ending total fund balances of \$54.1 million, an increase of \$2.8 million over last year. This increase was primarily due to an increase in capital projects fund balance. Funding provided by the new bond sale, from fiscal year 2016, provided the means to increase capital assets and finish multiple capital projects.

The General Fund is the primary operating fund of the District. At June 30, 2017, the General Fund's unassigned fund balance was \$12.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total General Fund actual expenditures. General Fund unassigned fund balance represents 11.1% of the total General Fund actual expenditures, which total \$112.1 million while the General Fund total fund balance of \$12.7 million represents 11.3% of that same amount. Of this General Fund total fund balance, \$0.3 million is nonspendable for investment in inventories. The General Fund's total fund balance decreased \$0.5 million during the current fiscal year. This is the result of a 2.0% one-time stipend to all employees.

The Building Fund balance had an increase of \$0.8 million mainly due to an increase in rental of facilities and higher State sources as well as conservative spending in the fund. This increased the Building Fund balance to \$2.7 million in 2017 from \$1.9 million in 2016. The District continues to address higher utility costs in the Building Fund with analysis and rebate programs.

The Debt Service Fund (Sinking Fund) had a total fund balance of \$15.7 million, all of which is restricted for the payment of debt service requirements. 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.



## MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2017

The Capital Projects Fund accounts for the construction of school buildings and improvements. At the end of the current fiscal year, the fund balance was \$22.9 million balance which increased by \$3.0 million from the 2016 fiscal year. This increase was primarily due to reduced capital outlay expenditures. More information regarding capital project funds and millage levies may be found in the Statistical Section.

**Proprietary Funds.** The District's proprietary's funds consist of the Enterprise Fund (Child Nutrition Fund) and the Internal Service Fund (Workers' Compensation 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 \$4.4 million and non-operating revenues of \$5.4 million. This represents an increase in total proprietary fund revenue of \$0.1 million primarily due to an increase in federal and state grant revenue. Operating expenses were \$9.4 million, which decreased slightly due to a decrease in workers' compensation claims for the District.

**Fiduciary Funds.** The District's Fiduciary Funds consist of the Gift Fund and School Activity Funds. The Gift Fund (Private Purpose Trust Fund) receives revenues from donations made by individuals or organizations. These funds are used for purposes specified by the donor. School site activity funds (Agency 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.

### **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 2016-17, the District budgeted original General Fund revenues of \$110.5 million and budgeted original expenditures of \$112.5 million. The Board of Education approved a final revenue General Fund budget of \$111.0 million and an amended final expenditure budget of \$114.3 million. The General Fund final expenditure budget approved by the Board of Education represents a decrease of 1.8%, or \$2.1 million from the previous year. Actual expenditures for the General Fund of \$112.1 million were \$2.2 million below the final expenditure budget.

Actual revenue collected, at \$113.0 million, for the General Fund, experienced a slight increase from the final budget projection due to \$1.4 million in federal funding sources and higher local sources of revenue.

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 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 and amendments to revise estimates for Federal grant collections based on budget revisions.

Differences between the final general operating fund budget and the actual amounts are explained as follows:



**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2017**

*General Fund Revenues:*

- *A net favorable variance of almost \$2.0 million in total revenues was due to the following variances:*
  - Local property tax collections, including current year, prior year, and penalty and interest, were \$2.3 million or 7.6% higher than anticipated.
  - State revenue including the Foundation school Program were \$2.3 million less than anticipated.
  - Federal and grant sources were \$1.4 million or 25.8% higher than anticipated.

*General Fund Expenditures:*

- *A net favorable variance of almost \$2.2 million in expenditures was due to the following variances:*
  - Employee payroll, payroll taxes, and benefits, including the related TRS on behalf payments, were \$0.3 million less than budgeted.
  - Professional and contracted services were \$0.1 million less than estimated
  - The District spent \$1.2 million less on instructional employee travel and supplies and materials than budgeted. This includes software, equipment, and general supplies.

The Building Fund had a net favorable variance of \$3.8 million due to the following variances:

- \$1.1 million less spent on operating costs. Expenditures for maintenance related services, repair services, and utilities were lower than budgeted.
- \$2.3 million increase in local sources of revenue. Local property tax collections were higher than anticipated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2017, the District had invested \$234.0 million, net of accumulated depreciation, in a broad range of government-wide capital assets including school buildings, athletic facilities, buses and other operational vehicles, computers, and other equipment. This represented a net increase of \$9.2 million, or 4.1%. Table 3, below, displays a comparison of fiscal years 2017 and 2016 balances:

**Capital Assets**  
(Net of depreciation, in Millions)  
Table 3

	Governmental		Business - Type		Total		Total Percentage Change
	Activities		Activities				
	2017	2016	2017	2016	2017	2016	
Land	\$ 15.2	\$ 15.2	\$ 0.0	\$ 0.0	\$ 15.2	\$ 15.2	0.0%
Construction in progress	1.3	0.6	0.3	-	1.7	0.6	181.1%
Land Improvements, net	8.1	8.2	-	0.0	8.1	8.2	-1.0%
Buildings/Improvements, net	195.6	181.8	1.1	1.1	196.7	182.9	7.5%
Equipment, net	11.1	16.5	1.3	1.4	12.4	17.9	-30.8%
<b>Total:</b>	<b>\$ 231.3</b>	<b>\$ 222.2</b>	<b>\$ 2.8</b>	<b>\$ 2.6</b>	<b>\$ 234.0</b>	<b>\$ 224.8</b>	<b>4.1%</b>

*(figures may be different due to rounding)*



**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**JUNE 30, 2017**

Government-wide capital assets represent a capitalization level of \$5,000, consistent with State accounting regulations. The majority of the Construction in Progress consists of the construction of the start of a new elementary school, special education room additions, elementary school remodeling projects, additions and remodeling to middle schools, secondary classroom additions, 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 with over 19,000 students, 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.

Bonded debt outstanding as of June 30, 2017 was \$88.7 million, a decrease of less than \$0.1 million from the prior fiscal year, and \$25.4 million due with one year. Detailed information on the long-term debt activity can be found in Note 5 of the Notes to the Financial Statements.

Table 4, below, summarizes bonds outstanding for fiscal years 2016 and 2017.

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

	<u>2017</u>	<u>2016</u>
General Obligation Bonds:		
Series 2012E	0.0	5.1
Series 2013F	4.5	9.0
Series 2014G	10.8	16.1
Series 2014B	4.3	5.7
Series 2015A	21.8	29.0
Series 2015B	3.0	3.0
Series 2016	20.9	20.9
Series 2017	23.5	0.0
<b>Total</b>	<b>\$88.7</b>	<b>\$88.8</b>

**Economic Factors and Next Year's Budgets and Rates.**

Budgetary resource allocations are distributed to campuses and central organizations that support the programs of the District. The District's budget process begins with the development of enrollment projections by the District's Budget Committee. Enrollment projections are then used to determine initial



## MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2017

campus allocations through the use of Board level approval. The District uses line-item and site-based budgetary approaches to provide campuses with a standard allocation based on student enrollment. Enrollment projections also drive general operating staffing levels and non-position allocations. Staffing ratios adhere to the Oklahoma legislature mandated by House Bill 1017. Enrollment projections for the year ended June 30, 2017, show enrollment numbers to increase slightly due to the growing population of the District.

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 2016-17, the District's net assessed valuation grew by 5.0% 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, donations, 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.

The District Finance office uses a zero-based budgetary approach for allocation based on historical expenditures and services provided. 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.

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 Mrs. Natalie Eneff, 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**  
**June 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 7,110,351	\$ 1,389,226	\$ 8,499,577
Investments	46,040,000	1,000,000	47,040,000
Receivables net of allowance for uncollectibles	3,504,310	976	3,505,286
Inventories	284,852	164,336	449,188
TOTAL CURRENT ASSETS	<u>56,939,513</u>	<u>2,554,538</u>	<u>59,494,051</u>
<b>NON-CURRENT ASSETS</b>			
Land and construction-in-progress	16,466,992	348,734	16,815,726
Capital assets being depreciated, net	214,800,528	2,432,779	217,233,307
TOTAL NON-CURRENT ASSETS	<u>231,267,520</u>	<u>2,781,513</u>	<u>234,049,033</u>
TOTAL ASSETS	<u>288,207,033</u>	<u>5,336,051</u>	<u>293,543,084</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>42,611,549</u>	<u>-</u>	<u>42,611,549</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current	1,364,939	114,667	1,479,606
Accrued wages and benefits payable	373,832	11,748	385,580
Accrued interest payable	364,375	-	364,375
Unearned Revenues	-	132,078	132,078
Special termination benefits and compensated absences	8,295	-	8,295
Current portion of long-term obligations	25,397,806	-	25,397,806
TOTAL CURRENT LIABILITIES	<u>27,509,247</u>	<u>258,493</u>	<u>27,767,740</u>
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of long-term obligations	65,295,988	-	65,295,988
Net pension liability	138,929,572	-	138,929,572
TOTAL NON-CURRENT LIABILITIES	<u>204,225,560</u>	<u>-</u>	<u>204,225,560</u>
TOTAL LIABILITIES	<u>231,734,807</u>	<u>258,493</u>	<u>231,993,300</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,225,369</u>	<u>-</u>	<u>3,225,369</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	163,470,238	2,781,513	166,251,751
Restricted for:			
Debt Service	15,825,923	-	15,825,923
Building	2,808,231	-	2,808,231
Endowment	43,422	-	43,422
Unrestricted	(86,289,408)	2,296,046	(83,993,362)
TOTAL NET POSITION	<u>\$ 95,858,406</u>	<u>\$ 5,077,559</u>	<u>\$ 100,935,965</u>

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



**Broken Arrow Public Schools  
Statement of Activities  
For the Year Ended June 30, 2017**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction	\$ 68,337,682	\$ 410,372	\$ 5,270,513	\$ (62,656,797)	\$ -	\$ (62,656,797)
Support services - Students and staff	9,666,891	27,110	612,363	(9,027,417)	-	(9,027,417)
Instructional and school leadership	6,695,239	-	373,671	(6,321,568)	-	(6,321,568)
Administrative support services	11,259,587	-	193,277	(11,066,310)	-	(11,066,310)
Operation and maintenance of plant services	13,304,815	-	36,589	(13,268,227)	-	(13,268,227)
Student transportation services	6,619,686	-	9,173	(6,610,513)	-	(6,610,513)
Operation of non-instructional services	1,330,767	-	-	(1,330,767)	-	(1,330,767)
Other outlays and uses	2,842,198	-	186,074	(2,656,124)	-	(2,656,124)
Interest on long-term debt	1,003,215	-	-	(1,003,215)	-	(1,003,215)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>121,060,080</b>	<b>437,482</b>	<b>6,681,660</b>	<b>(113,940,938)</b>	<b>-</b>	<b>(113,940,938)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Food services	8,807,997	3,821,960	4,581,035	-	(405,002)	(405,002)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>8,807,997</b>	<b>3,821,960</b>	<b>4,581,035</b>	<b>-</b>	<b>(405,002)</b>	<b>(405,002)</b>
<b>TOTAL SCHOOL DISTRICT</b>	<b>\$ 129,868,077</b>	<b>\$ 4,259,442</b>	<b>\$ 11,262,695</b>	<b>\$ (113,940,938)</b>	<b>\$ (405,002)</b>	<b>\$ (114,345,941)</b>



**Broken Arrow Public Schools  
Statement of Activities  
For the Year Ended June 30, 2017**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
GENERAL REVENUES						
Taxes						
Property tax, levied for general purposes				\$ 35,931,361	\$ -	\$ 35,931,361
Property tax, levied for debt services				24,634,668	-	24,634,668
County taxes				4,761,319	-	4,761,319
State taxes				9,710,260	-	9,710,260
State aid not restricted to specific programs				61,725,150	839,442	62,564,592
Interest and investment earnings				231,258	5,300	236,558
Gain on sale of capital assets				695	-	695
Other sources				3,913,483	15,286	3,928,769
TOTAL GENERAL REVENUES				<u>140,908,194</u>	<u>860,028</u>	<u>141,768,222</u>
CHANGES IN NET POSITION				<u>26,967,255</u>	<u>455,026</u>	<u>27,422,281</u>
NET POSITION - BEGINNING				68,891,151	4,622,533	73,513,684
NET POSITION AT END OF YEAR				<u>\$ 95,858,406</u>	<u>\$ 5,077,559</u>	<u>\$ 100,935,965</u>

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



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

	Major Funds				Non Major	Total Governmental Funds
	General Fund	Building Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	
<b>ASSET</b>						
Cash and cash equivalents	\$ 4,498,308	\$ 539,361	\$ 633,688	\$ 1,396,501	\$ 3,408	\$ 7,071,265
Investments	7,000,000	2,500,000	15,000,000	21,500,000	40,000	46,040,000
Receivables net of allowance for uncollectibles	2,849,335	98,339	556,610	11	15	3,504,310
Inventories	284,852	-	-	-	-	284,852
<b>TOTAL ASSETS</b>	<b>14,632,495</b>	<b>3,137,700</b>	<b>16,190,298</b>	<b>22,896,512</b>	<b>43,422</b>	<b>56,900,427</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	1,022,163	303,690	-	-	-	1,325,853
Accrued wages payable	348,053	25,779	-	-	-	373,832
Due to other funds	-	-	-	-	-	-
Other liabilities	8,296	-	-	-	-	8,296
<b>TOTAL LIABILITIES</b>	<b>1,378,512</b>	<b>329,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,707,981</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - delinquent property taxes	583,319	83,313	472,527	-	-	1,139,159
<b>FUND BALANCES</b>						
<b>Nonspendable:</b>						
Inventory	284,852	-	-	-	-	284,852
Permanent fund principal	-	-	-	-	40,000	40,000
<b>Restricted for:</b>						
Capital projects	-	-	-	22,896,512	-	22,896,512
Debt service	-	-	15,717,771	-	-	15,717,771
Building	-	2,724,918	-	-	-	2,724,918
<b>Committed to:</b>						
Other Committed Fund Balance	-	-	-	-	-	-
<b>Assigned to:</b>						
Endowment	-	-	-	-	3,422	3,422
Unassigned	12,385,812	-	-	-	-	12,385,812
<b>TOTAL FUND BALANCES</b>	<b>12,670,664</b>	<b>2,724,918</b>	<b>15,717,771</b>	<b>22,896,512</b>	<b>43,422</b>	<b>54,053,287</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 14,632,495</b>	<b>\$ 3,137,700</b>	<b>\$ 16,190,298</b>	<b>\$ 22,896,512</b>	<b>\$ 43,422</b>	

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



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

Total fund balances - Governmental Funds \$ 54,053,288

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The Statement of Net Position includes those capital assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds:

Cost of assets	\$ 308,735,562	
Accumulated depreciation	<u>(77,468,042)</u>	231,267,520

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 are reported in the Statement of Net Position.

Long-term liabilities at year-end consist of:

Bonds, capital leases, and contracts	(90,693,794)	
Interest Payable	<u>(364,375)</u>	(91,058,169)

Receivables recorded but the related revenues not available soon enough after year-end were reported as deferred inflows of resources in the governmental funds in accordance with GASB, Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

1,139,159

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability		(138,929,572)
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Pension related deferred outflows and inflows are not due and payable in the current period, therefore, they are not reported in governmental funds.

Deferred pension plan outflows		42,611,549
Deferred pension plan inflows		<u>(3,225,369)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 95,858,406</u>
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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**  
**For the Year Ended June 30, 2017**

	Major Funds				Non Major	Total Governmental Funds
	General Fund	Building Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	
<b>REVENUES</b>						
Local sources	\$ 32,114,131	\$ 4,835,421	\$ 24,727,564	\$ -	\$ -	\$ 61,677,116
Intermediate sources	4,761,319	-	-	-	-	4,761,319
State sources	66,107,233	73,146	-	-	-	66,180,379
Federal sources	6,200,370	-	-	-	-	6,200,370
Other sources	2,355,719	13,199	-	59,251	106	2,428,275
<b>TOTAL REVENUES</b>	<b>111,538,772</b>	<b>4,921,767</b>	<b>24,727,564</b>	<b>59,251</b>	<b>106</b>	<b>141,247,459</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
Instruction	65,710,069	-	-	1,506,451	-	67,216,520
Student	9,055,380	3,270	-	43,604	-	9,102,254
Instructional staff	5,223,949	738	-	1,426,693	-	6,651,380
Administration	14,965,135	14,295	-	493,360	-	15,472,790
Operations and maintenance	9,470,080	4,032,994	-	1,083,966	-	14,587,040
Student transportation	5,688,493	-	-	791,372	-	6,479,865
Community service operations	1,103,343	-	-	-	-	1,103,343
Other	845,333	769	2,149	62,241	-	910,492
Capital outlay	-	10,988	-	15,158,856	-	15,169,844
Debt service						-
Principal	-	-	23,665,000	-	-	23,665,000
Interest	-	-	2,118,963	-	-	2,118,963
<b>TOTAL EXPENDITURES</b>	<b>112,061,783</b>	<b>4,063,054</b>	<b>25,786,112</b>	<b>20,566,543</b>	<b>-</b>	<b>162,477,491</b>



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

	Major Funds				Non Major	Total Governmental Funds
	General Fund	Building Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(523,011)	858,713	(1,058,548)	(20,507,292)	106	(21,230,032)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	23,500,000	-	23,500,000
Premium on new issuance of debt	-	-	541,969	-	-	541,969
Sales of capital assets	695	-	-	-	-	695
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	695	-	541,969	23,500,000	-	24,042,664
NET CHANGE IN FUND BALANCE	(522,316)	858,713	(516,579)	2,992,708	106	2,812,632
FUND BALANCE AT BEGINNING OF YEAR	13,192,980	1,866,205	16,234,350	19,903,804	43,316	51,240,655
FUND BALANCE AT END OF YEAR	<u>\$ 12,670,664</u>	<u>\$ 2,724,918</u>	<u>\$ 15,717,771</u>	<u>\$ 22,896,512</u>	<u>\$ 43,422</u>	<u>\$ 54,053,287</u>

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



**Broken Arrow Public Schools**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures, and Changes in Fund Balance with the**  
**District-Wide Statement of Activities**  
**For the Year Ended June 30, 2017**

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS \$ 2,812,632

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	\$ 18,511,645	
Depreciation expense	(8,921,608)	
Retirements and adjustments	<u>(523,518)</u>	9,066,519

Receivables recorded but the related revenues not available soon enough after year-end were reported as deferred inflows of resources in the governmental funds in accordance with GASB Statement No. 65. This is the net change between 2016 and 2017.

928,924

Bond and noncurrent loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and noncurrent loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of principal exceeded loan proceeds.

Repayments of Principal	23,665,000	
Loan Proceeds	<u>(23,500,000)</u>	165,000

Premium received on bonds is amortized over the life of the bond. This is the amount by which the current year bond premium was exceeded by amortization.

Current Year Bond Premium	(541,969)	
Amortization of Bond Premium	<u>1,178,224</u>	636,255

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest cost is recognized as the interest accrues, regardless of when it is due. This is the net change in amount of interest payable.

(62,474)

The District uses Internal Service Funds to charge the costs of certain activities, such as self insurance, to appropriate function in other funds. The net income (loss) of Internal Service Funds are reported with governmental activities. The net effect of this consolidation is to increase the change in net position.

(17,936)

Some expenses (compensated absences, insurance claims, and pension expense) reported in the Statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

13,438,335

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 26,967,255

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**  
**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 31,683,642	\$ 29,783,753	\$ 32,049,826	\$ 2,266,073
Intermediate sources	4,648,974	4,573,947	4,761,319	187,372
State sources	65,814,612	69,126,172	66,784,880	(2,341,291)
Federal sources	6,416,145	5,602,480	7,047,192	1,444,713
Other sources	1,919,654	1,919,654	2,355,719	436,065
<b>TOTAL REVENUES</b>	<b>110,483,027</b>	<b>111,006,005</b>	<b>112,998,935</b>	<b>1,992,931</b>
<b>EXPENDITURES</b>				
Instruction	67,706,477	66,886,538	65,704,412	1,182,125
Support services				
Student	7,784,786	9,323,330	9,068,940	254,390
Instructional staff	4,988,969	5,517,842	5,225,373	292,469
Administration	15,466,396	15,308,955	14,994,316	314,638
Operation and maintenance	9,401,540	9,474,738	9,474,738	(0)
Student transportation	5,339,296	5,781,228	5,697,936	83,292
Non-instructional services				
Child nutrition operations	-	-	-	-
Community services operations	1,037,802	1,111,635	1,111,635	-
Other	810,358	895,286	845,333	49,953
<b>TOTAL EXPENDITURES</b>	<b>112,535,624</b>	<b>114,299,551</b>	<b>112,122,684</b>	<b>2,176,867</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(2,052,597)</b>	<b>(3,293,546)</b>	<b>876,252</b>	<b>4,169,798</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>13,192,980</b>	<b>13,192,980</b>	<b>13,192,980</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 11,140,383</b>	<b>\$ 9,899,433</b>	<b>\$ 14,069,232</b>	<b>\$ 4,169,798</b>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year			(1,438,063)	
Wages Payable			29,497	
Inventory			(21,405)	
Investments, change in market value, adjustments			31,404	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<b>\$ 12,670,664</b>	

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**  
**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual	Variances - Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 2,129,861	\$ 2,129,861	\$ 4,820,395	\$ 2,690,535
State sources	80,338	80,338	73,146	(7,192)
Other sources	1,773	1,773	13,259	11,486
<b>TOTAL REVENUES</b>	<b>2,211,972</b>	<b>2,211,972</b>	<b>4,906,800</b>	<b>2,694,828</b>
<b>EXPENDITURES</b>				
Support services				
Student	3,270	3,270	3,270	-
Instructional staff	1,000	1,476	738	738
Administration	23,600	16,661	14,295	2,367
Operation and maintenance	5,171,130	5,159,782	4,023,803	1,135,979
Non-instructional services				
Other	1,000	18,811	11,757	7,054
<b>TOTAL EXPENDITURES</b>	<b>5,200,000</b>	<b>5,200,000</b>	<b>4,053,862</b>	<b>1,146,138</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(2,988,028)</b>	<b>(2,988,028)</b>	<b>852,938</b>	<b>3,840,967</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>1,866,206</b>	<b>1,866,206</b>	<b>1,866,206</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (1,121,823)</b>	<b>\$ (1,121,823)</b>	<b>\$ 2,719,144</b>	<b>\$ 3,840,967</b>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year			14,966	
Wages Payable			(9,192)	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<b>\$ 2,724,918</b>	

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



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

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities - Internal Service Fund: Workers' Compensation Fund
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 1,389,226	\$ 39,086
Investments	1,000,000	-
Receivables net of allowance for uncollectibles	640	-
Accrued interest receivable	336	-
Inventories	164,336	-
<b>TOTAL CURRENT ASSETS</b>	<b>2,554,539</b>	<b>39,086</b>
<b>NON-CURRENT ASSETS</b>		
Capital assets being depreciated, net	2,781,513	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,781,513</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>5,336,052</b>	<b>39,086</b>
 <b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	114,667	12,893
Liability for incurred claims	-	26,193
Unearned Revenue	132,078	-
Accrued wages payable	11,748	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>258,493</b>	<b>39,086</b>
 <b>NET POSITION</b>		
Investment in capital assets	2,781,513	-
Unrestricted	2,296,046	-
<b>TOTAL NET POSITION</b>	<b>5,077,559</b>	<b>-</b>
<b>TOTAL LIABILITIES AND NET POSTION</b>	<b>\$ 5,336,052</b>	<b>\$ 39,086</b>

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



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

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities - Internal Service Fund: Workers' Compensation Fund
OPERATING REVENUES		
Meals	\$ 3,821,960	\$ -
Reimbursements	15,286	610,616
TOTAL OPERATING REVENUES	3,837,246	610,616
OPERATING EXPENSES		
Salaries and wages	3,930,253	-
Purchase and contracted services	434,082	35,000
Supplies and materials	4,091,209	-
Depreciation	180,795	-
Management Fees	38,414	1,000
Medical claims	58,450	592,552
Other operating expenses	74,794	-
TOTAL OPERATING EXPENSES	8,807,997	628,552
OPERATING INCOME (LOSS)	(4,970,751)	(17,936)
NON-OPERATING REVENUES		
Interest income	5,300	-
Federal and state grants	5,420,477	-
TOTAL NON-OPERATING REVENUES	5,425,777	-
CHANGES IN NET POSITION	455,026	(17,936)
NET POSITION AT BEGINNING OF YEAR	4,622,533	17,936
NET POSITION AT END OF YEAR	\$ 5,077,559	\$ -

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



**Broken Arrow Public Schools**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2017**

	Business-Type Activities Enterprise Fund: Child Nutrition Fund	Governmental Activities - Internal Service Fund: Workers' Compensation Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from user charges	\$ 3,882,492	\$ -
Interfund services provided	-	595,225
Cash payment for insurance claims	(58,450)	(600,001)
Cash payments to suppliers for goods and services	(4,523,833)	(36,000)
Cash payments to employees for services	(3,937,635)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4,637,426)	(40,776)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital assets purchased	(372,952)	-
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(372,952)	-
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Non-operating grants received	5,420,477	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	5,420,477	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(300,000)	-
Investment Income	5,249	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	(294,751)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	115,348	(40,776)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,273,878	79,862
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,389,226	39,086
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating Income (loss)	(4,970,751)	(17,936)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	180,795	-
Change in assets, deferred outflows, liabilities, and deferred inflows:		
Decrease (Increase) in Receivables	(129)	-
Decrease (Increase) in Inventories	28,110	-
Increase (decrease) in Accounts payable	105,535	(33,643)
Increase (decrease) in Unearned revenue	26,397	-
Increase (decrease) in Accrued wages payable	(7,382)	-
Increase (decrease) in Workers' comp payable	-	10,803
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (4,637,426)	\$ (40,776)
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>		
Commodities received from Department of Human Services	600,635	
Commodities consumed	556,891	

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



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

	Private- Purpose Trust Fund	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$    35,513	\$  2,765,451
Investments	<u>          50,000</u>	<u>                  -</u>
<b>TOTAL ASSETS</b>	<u>          85,513</u>	<u>          2,765,451</u>
<b>LIABILITIES</b>		
Due to student groups	<u>                  -</u>	<u>          2,765,451</u>
<b>TOTAL LIABILITIES</b>	<u>          \$          -</u>	<u>          \$  2,765,451</u>
<b>NET POSITION</b>		
Held for scholarships	<u>          85,513</u>	
<b>TOTAL NET POSITION</b>	<u>          \$    85,513</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**  
**For the Year Ended June 30, 2017**

	<u>Private-Purpose Trust Fund - Gift Fund</u>
ADDITIONS	
Contributions	\$ 15,800
Interest income	<u>124</u>
TOTAL ADDITIONS	<u>15,924</u>
DEDUCTIONS	
Scholarships awarded	<u>18,500</u>
TOTAL DEDUCTIONS	<u>18,500</u>
CHANGE IN NET POSITION	(2,576)
NET POSITION AT BEGINNING OF YEAR	<u>88,088</u>
NET POSITION AT END OF YEAR	<u><u>\$ 85,513</u></u>

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



## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

### **Note 1. Summary of Significant Accounting Policies**

The basic financial statements of the Broken Arrow Public Schools Independent District No. 3 (the "District") have 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 District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. 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 District receives funding from Local, State, and Federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. There are no component units included within the reporting entity. The District is a governmental entity exempt from federal income taxation under Internal Revenue Code Section 115.

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.

#### **Government-wide and Fund Financial Statements**

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.





**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies - cont'd**

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 are 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 (also referred to as State Aid), which are not properly included among program revenues, are reported as general revenues. Interest on general long-term debt, adjusted by the amortization of bond premiums, 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.

**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 Proprietary and Fiduciary Fund financial statements. The economic resources measurement focus is not applicable to the Agency Funds and therefore has 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, when they are susceptible to accrual, 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



## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

### **Note 1. Summary of Significant Accounting Policies - cont'd**

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. Property taxes, interest and amounts due from other governments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

### **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 Project 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 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. Federal and State restricted monies that must be expended for specific programs and compensated absences incurred by the District are also included in the General Fund.

*Cooperative Fund* - The Cooperative Fund, a Special Revenue Fund, is used to establish the Title II Part B Mathematics and Science Partnership Grant from the government to collect money that must be used for a specific project. This special revenue fund provides an extra level of accountability and transparency to taxpayers that their tax dollars will go toward an intended purpose.



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies - cont'd**

*Building Fund* - The Building Fund, a Special Revenue Fund, consists mainly of monies derived from specific revenue sources. These sources include property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and purposes other than debt services or capital projects.

*Debt Service Fund* - The District's Debt Service Fund 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 Project Funds* - The Capital Project Funds are 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 fund:

*Permanent Fund (Endowment)* - The Permanent Fund (Endowment Fund), is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used to support the reporting government's programs and as per the Endowment terms. The Endowment Fund receives its assets through contributions from philanthropic foundations, individuals or private organizations for which no repayment or special service to the contributor is expected.

**Proprietary Funds**

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is 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.

*Internal Service Fund* – The District has established an Internal Service Fund to account for the transactions of its self-insured workers' compensation plan. Income from this fund is derived primarily from charges to governmental funds based on usage. Accrued liabilities include provisions from claims reported and claims incurred but not reported for workers' compensation insurance.



## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

### **Note 1. Summary of Significant Accounting Policies - cont'd**

The provision for reported claims is determined by estimating the amount that will ultimately be paid to each claimant.

#### **Fiduciary Funds**

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. Private-Purpose Trust Funds are used to report other arrangements under which principal and income benefit individuals and use the terms “expendable” or “nonexpendable” (requirement to maintain invested resources intact). 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 Fund* – This fund is an expendable trust fund and is also called the Gift Fund. The Gift 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. These assets are held for the benefit of others and cannot be used to address activities or obligations of the government. The District maintains a meaningful degree of ongoing responsibility for the resources once they have been contributed.

*Agency Funds* – The Agency Funds report resources held by the District in a purely custodial capacity. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds. The District’s Agency Funds account for monies collected principally through fundraising efforts of the students and District sponsored groups.

Fiduciary Funds are not incorporated into the government-wide financial statements.

#### **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 (Enterprise Fund) that includes revenues and expenditures. These budgets are prepared on a cash basis for revenues and the modified accrual basis for expenditures. Governments that issue a Comprehensive Annual Financial Report are not required to present a budgetary comparison for enterprise funds, even if the government legally adopts an annual or biennial budget for its enterprise funds. The District voluntarily presents a comparison for the enterprise fund as supplementary information.



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies - cont'd**

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 fair value generally based on quoted market prices or estimated fair values provided by brokerage statements. The net change in fair value of investments is recognized and reported as earnings (loss) on investments.

*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.

Uncollected taxes assessed on valuations made each year are recorded in the District's governmental fund financial statements. The delinquent property taxes which are not collected within 60 days of the year end are recorded in the governmental fund financial statements as deferred inflows of resources, as per GASB Statement No. 65. Uncollectible personal and real property taxes are deemed to be immaterial because the real property can be sold for the amount of the taxes due.

*Inventories* – The District uses the consumption method to account for inventories of supplies and materials. Under this method, these items are carried in an inventory account of the respective fund at cost, using the weighted average method of accounting and are subsequently charged to expenditures when consumed or requisitioned. Although food commodities are received at no cost, their fair value is supplied by the Oklahoma Department of Human Services and is recorded as inventory on the date received. In governmental funds, inventories are reported as non-spendable fund balance.

*Capital Assets* - Capital assets, which include land, land improvements, building, building improvements, furniture and equipment, are reported in the government-wide financial statements. Land, land improvements, 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 \$5,000, respectively. Donated capital assets, as well as,



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies - cont'd**

capital assets received in a service concession arrangement, are recorded at acquisition value (an entry price) as implemented in GASB Statement No. 72, Fair Value Measurement and Application. 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.

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	10-50
Improvements other than buildings	10-50
Equipment, vehicles & fixtures	5-15

*Compensated Absences* – A liability for compensated absences attributable to the District's governmental funds is recorded in the government-wide financial statements. It is the District's policy to provide payment to the employee for sick leave, upon retirement or severance of employment. The District policy provides payment to eligible employees for accumulated sick days. This liability is intended to accommodate these payments.

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

*Deferred Outflows of Resources* – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources until that period. The District reports pension employer contributions that qualify for this category as of June 30, 2017, with implementation of GASB 68, Accounting and Financial Reporting for Pensions.

*Deferred Inflows of Resources* – Material revenues received prior to normal time of receipt should be recorded as liabilities, unless the revenues are a result of a non-exchange transaction and all eligibility requirements, excluding time requirements, have been met. The governmental fund balance sheet includes deferred inflows of resources related to unavailable property taxes receivable; such amounts received in advance should be recorded as a deferred inflow of resources and recognized as revenue of



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies - cont'd**

the period to which they apply. At June 30, 2017, the government-wide financial statements reflect deferred inflows of resources related to pensions.

*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. The District defers and amortizes bond premiums and discounts over the life of the 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources in the governmental funds balance sheet. The District has a minimum annual General Fund balance Board of Education policy of 5.0% 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, permanent fund principal, 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



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies - cont'd**

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 pursuant to the District’s Board of Education Policy 6090. This policy dictates that in order to meet the District’s financial obligations and provide a contingency for emergencies or unexpected expenditures, the Board of Education establishes an acceptable range for the General Fund year end fund balance. Based on an analysis of the District’s cash flow and the need for a contingency, the targeted minimum annual fund balance for the General Fund is 5.0% of annual revenue. For purposes of this policy, the term “annual revenue” refers to the total amount of annual General Fund collections, excluding the previous year’s fund balance, as of June 30. The fund balance can be assigned by the District’s Board of Education, the Superintendent, or the Chief Financial Officer.

All other funds will be based on an analysis of cash flow requirements as may be established by state law or regulations.

*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. The District’s policy for the application of net position for which both restricted and unrestricted net position is available, restricted net position is considered to have been spent first.

Net position on the Statement of Net Position include the following:

*Net Investment in Capital Assets* – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

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.





**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies - cont'd**

The following information provides the fund balance classifications as shown in the governmental funds balance sheet as of June 30, 2017:

	Major Funds			Non Major		Total Governmental Funds
	General Fund	Building Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Fund	
FUND BALANCES						
Nonspendable:						
Inventory	284,852	-	-	-	-	284,852
Permanent fund principal	-	-	-	-	40,000	40,000
Restricted for:						-
Capital projects	-	-	-	22,896,512	-	22,896,512
Debt service	-	-	15,717,771	-	-	15,717,771
Building	-	2,724,918	-	-	-	2,724,918
Assigned to:						-
Arbitrage	-	-	-	-	-	-
Endowment	-	-	-	-	3,422	3,422
Unassigned	12,385,812	-	-	-	-	12,385,812
TOTAL FUND BALANCES	<u>\$ 12,670,664</u>	<u>\$ 2,724,918</u>	<u>\$ 15,717,771</u>	<u>\$ 22,896,512</u>	<u>\$ 43,422</u>	<u>\$ 54,053,287</u>

**Revenues**

*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 Debt Service 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.



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies - cont'd**

*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 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* – Other sources represent primarily prior year lapsed encumbrances from Capital Project Funds and prior year adjustments. Non-revenue receipts represent receipts deposited into a fund that is not new revenues to the District, but the return of assets.

**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.



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 1. Summary of Significant Accounting Policies - cont'd**

The activities of tutors, translators and interpreters would be recorded here. Department chairpersons 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), and 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* - Interfund services provided and used 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 interfund services provided and used or reimbursements, are reported as transfers. All other interfund transfers are reported as operating transfers.

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 2. – Cash, Cash Equivalents, 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. Investments are measured at fair value as defined in GASB Statement No. 72, *Fair Value Measurement and Application*.

*Credit risk* - Credit risk refers to the risk that a borrower will default on any type of debt by failing to make required payments. The risk is primarily that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. Fixed-income securities are subject to credit risk. Credit quality ratings are one method of assessing the ability of the issuer to meet its obligation. There is no District policy related to the limitations on credit rating risk. Due to the unfavorable economic climate and extremely low available interest rates for investing, investments were purchased to obtain the highest possible interest rate.

*Custodial credit risk - deposits* – 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 6130 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. As of June 30, 2017 all of the District's deposits were either covered by federal deposit insurance or were collateralized at 110% of the investment principal.

*Custodial credit risk - investments* – This is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of out outside party. The District's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2017, all of the District's investments were either covered by federal deposit insurance or were fully collateralized. Further, all of the District's investments are held by its agent in the District's name. Accordingly, no investments are subject to custodial credit risk.

*Concentration of credit risk* – The District's investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments. The District's policy 6130 states the District's investment strategy should be based on the following guidelines: safety of principal, liquidity, yield, diversification, maturity, and quality of the investment instrument.

*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 but monitors



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 2. – Cash, Cash Equivalents, and Investments – cont’d**

investment performance on an ongoing basis to limit the District’s interest rate risk. Maturities of investments as of June 30, 2017 are as follows (000’s):

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>		
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-3</u>
Certificates of deposit	\$ 47,090	\$ 47,090	\$ -
Total	<u>\$ 47,090</u>	<u>\$ 47,090</u>	<u>\$ -</u>

*Foreign Currency Risk* – As of June 30, 2017, the District does not hold any foreign currency investments in the investment portfolio.

*Cash* - The District's bank balance of deposits, cash pools (sweep accounts) and high balance savings at June 30, 2017, was \$17,360,144, of which \$6,059,603 is obligated for outstanding checks.

*Investments & Investment Authority* – The District Treasurer is required by the Board to invest District monies in the custody of the Treasurer in those investments permitted by law. The Treasurer shall, to the extent practicable, use competitive bids when purchasing direct obligation of the United States Government or other obligations of the United States Government, its agencies or instrumentalities.

The District Treasurer shall limit investments to:

- Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged; provided the District Treasurer, after completion of an investment education program in compliance with applicable law, may invest funds in the investment account in other obligations of the United States Government, its agencies or instrumentalities;
- Obligations to the payment of which the full faith and credit of this state is pledged;
- Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;
- Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation;
- Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 above, including obligations of the United States, its agencies and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;
- County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 2. – Cash, Cash Equivalents, and Investments – cont'd**

anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value;

- Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in paragraphs 1 through 6 above;
- Warrants, bonds, or judgments of the District;
- Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investment of which consist of those items specified in paragraphs 1 through 8 above, as well as obligations of the United States, its agencies and instrumentalities; or
- Any other investment that is authorized by law

At June 30, 2017, the District's investments consisted of certificates of deposits with an approximate fair market value of \$47.1 million.

**Note 3. – Receivables**

The major receivables for governmental activities are federal revenue and taxes receivables. Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for governmental funds.

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.

At June 30, 2017, \$1,139,159 of receivables were considered to be unavailable and were recorded as deferred inflows of resources in governmental funds.

Amounts due from Federal and State governments as of June 30, 2017 are presented in the table above. Other receivables were the result of transportation and building rental amounts not received as of June 30, 2017. These amounts are expected to be collected within the next fiscal year.

*Interfund Receivables, Payables and Transfers* – Interfund activities among governmental funds and between governmental funds and proprietary funds, which are due within one year, appear as due to/due from other funds on the Governmental Fund Balance Sheet.

They also appear on the Proprietary Fund Statement of Net Position and as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund balance as well as the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. These amounts, except for amounts from Fiduciary Funds, are eliminated from



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 3. – Receivables – cont’d**

the government wide and business–type activities columns of the Statement of Net Position.

Interfund receivables and payables represent amounts involving both reciprocal interfund activity and interfund reimbursements for repayment of expenditures or expenses to the fund that initially paid for them.

Any unpaid balance at the end of the fiscal year is reported as an interfund receivable and/or payable. Any outstanding balances between funds results mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. There were no outstanding interfund receivables or payables as of June 30, 2017.

The District transfers remaining Capital Project Funds to the debt service fund after all projects related to a bond issue have been completed.

Receivables at June 30, 2017, all due within one year, for the District’s governmental and proprietary funds, in detail, are as follows:

	Major Funds			Non Major Funds		Total	
	General Fund	Building Fund	Debt Service Fund	Capital Projects Fund	Other Government Fund		Business-Type Activities
Receivables:							
Interest	\$ 2,681	\$ 126	\$ -	\$ 11	\$ 15	\$ 336	\$ 3,168
Property taxes - current	\$ 104,346	\$ 14,900	\$ 84,083				\$ 203,330
Property taxes-delinquent	583,319	83,313	472,527	-	-	-	1,139,159
Due from other governments							
State	179,681	-	-	-	-	-	179,681
Federal	1,964,611	-	-	-	-	-	1,964,611
Other receivables	14,697	-	-	-	-	640	15,337
Total	<u>\$ 2,849,335</u>	<u>\$ 98,339</u>	<u>\$ 556,610</u>	<u>\$ 11</u>	<u>\$ 15</u>	<u>\$ 976</u>	<u>\$ 3,505,286</u>

**Note 4. – Capital Assets**

Capital asset activity for the year ended June 30, 2017, was as follows:



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 4. – Capital Assets –cont’d**

	Beginning Balance				Ending Balance
	June 30, 2016	Increases	Transfers	Adjustments **	June 30, 2017
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 15,163,837	\$ -	\$ -	\$ -	\$ 15,163,837
Construction in progress	587,604	15,515,078	(14,799,526)	-	1,303,155
Total capital assets not being depreciated:	<u>15,751,441</u>	<u>15,515,078</u>	<u>(14,799,526)</u>	<u>-</u>	<u>16,466,992</u>
Capital assets being depreciated:					
Land Improvements	8,633,634	18,492	-	-	8,652,126
Buildings and Building Improvements	231,365,890	518,777	14,799,526	-	246,684,194
Furniture and Equipment	34,996,470	2,459,298	-	(523,518)	36,932,250
Total capital assets being depreciated:	<u>274,995,994</u>	<u>2,996,567</u>	<u>14,799,526</u>	<u>(523,518)</u>	<u>292,268,569</u>
Total assets	<u>290,747,435</u>	<u>18,511,645</u>	<u>-</u>	<u>(523,518)</u>	<u>308,735,562</u>
Less: Accumulated depreciation for:					
Land Improvements	(457,930)	(49,679)	-	-	(507,608)
Buildings and Building Improvements	(49,577,018)	(1,509,429)	-	-	(51,086,447)
Furniture and Equipment	(18,511,486)	(7,886,018)	-	523,518	(25,873,987)
Total accumulated depreciation :	<u>(68,546,434)</u>	<u>(9,445,126)</u>	<u>-</u>	<u>523,518</u>	<u>(77,468,042)</u>
	<u>\$ 222,201,001</u>	<u>\$ 9,066,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,267,520</u>
	Beginning Balance				Ending Balance
	June 30, 2015	Increases	Transfers	Adjustments **	June 30, 2016
<b>Business-Type Activities</b>					
Capital assets, not being depreciated:					
Land	-	-	-	-	-
Construction in progress	-	348,734	-	-	348,734
Total capital assets not being depreciated:	<u>-</u>	<u>348,734</u>	<u>-</u>	<u>-</u>	<u>348,734</u>
Capital assets being depreciated:					
Land Improvements	23,837	-	-	-	23,837
Buildings and improvements	1,153,610	-	-	-	1,153,610
Furniture and equipment	3,063,140	41,107	-	(16,889)	3,087,358
Total capital assets being depreciated	<u>4,240,587</u>	<u>41,107</u>	<u>-</u>	<u>(16,889)</u>	<u>4,264,805</u>
Total assets	<u>4,240,587</u>	<u>389,841</u>	<u>-</u>	<u>(16,889)</u>	<u>4,613,539</u>
Less: Accumulated depreciation for:					
Land Improvements	(354)	(2,483)	-	-	(2,837)
Buildings and improvements	(24,995)	(28,338)	-	-	(53,333)
Furniture and equipment	(1,625,882)	(166,863)	-	16,889	(1,775,855)
Total accumulated depreciation :	<u>(1,651,231)</u>	<u>(197,684)</u>	<u>-</u>	<u>16,889</u>	<u>(1,832,025)</u>
Business-Type activities capital assets, net	<u>2,589,356</u>	<u>192,157</u>	<u>-</u>	<u>-</u>	<u>2,781,513</u>
Net Assets All Funds:	<u>\$ 224,790,357</u>	<u>\$ 9,258,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,049,033</u>





**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 4. – Capital Assets –cont’d**

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities:</u>	Depreciation			<u>Business-Type Activities:</u>
	Expense:	Adjustments:	Balance:	
Instruction	\$ 5,818,764	-	\$ 5,818,764	Child Nutrition Fund \$ (180,795)
Support services - Students and staff	191,842	-	191,842	
Instructional support services	660,533	-	660,533	
Administrative support services	785,061	-	785,061	
Operations and maintenance of plant services	915,133	(84,900)	830,233	
Transportation	879,483	(438,618)	440,865	
Non-instructional	194,309	-	194,309	
Other-unclassified	-	-	-	
Total Depreciation:	<u>\$ 9,445,126</u>	<u>\$ (523,518)</u>	<u>\$ 8,921,608</u>	Total Depreciation: <u>\$ (180,795)</u>

\*\* Adjustments: Retirements/Disposals/Corrections within classification of assets.

*(figures may be different due to rounding)*

**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 net pension liability. Debt service requirements for bonds are paid solely from the fund balance and the future revenues of the debt service fund. The District primarily liquidates debt through the Debt Service Fund. The net pension liability will be liquidated in future years by the General Fund.

The following is a summary of the long-term debt transactions, with deductions, which includes premium on bonds sold of \$0.5 million for the District for the year ended June 30, 2017:

	2016	Additions	Deductions	2017	Due in One Year
Governmental activities					
Bonds payable	\$ 88,840,000	\$ 23,500,000	\$ (23,665,000)	\$ 88,675,000	\$ 24,370,000
Premium on debt issuance	2,655,050	541,969	(1,178,224)	2,018,794	1,027,806
Total	<u>\$ 91,495,050</u>	<u>\$ 24,041,969</u>	<u>\$ (24,843,224)</u>	<u>\$ 90,693,794</u>	<u>\$ 25,397,806</u>

In compliance with GASB Statement No. 62–187, the District amortizes all premiums on bonds sold. The amortization for the 2016-17 fiscal year was \$1,178,224, which reduces long-term interest expense.



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 5. – General Long-Term Debt – cont’d**

The District issued \$23.5 million in General Obligation Bonds Series 2017, in April 2017, to purchase GPS transportation equipment, computer upgrades, and equip the new elementary school. The District also issued \$18.0 million in General Obligation Bonds Series 2013F, In April 2013, to purchase radio security communications, renovate the High School, purchase uniforms and instruments, and equip the new Early Childhood Centers. The District also issued, In April 2014, \$21.5 million in General Obligation bonds to be used for district vehicles, remodel elementary facilities, and technology upgrades, \$5.6 million in Building Bonds Series 2014B, in August 2014, used for media and technology developments and \$29.0 million in General Obligation Bonds Series 2015A, in May 2015, to be used for the 1:1 computer initiative expansion as well as copiers, technology safety and security upgrades, and a newly constructed elementary school. The District also issued \$3.0 million in Building Bonds Series 2015B, In December 2015, to acquire and install equipment, and further enhance our technology, \$20.9 million in Combined Purpose Bonds Series 2016, in April 2016, to be used for costs of the construction or rehabilitation of public school facilities and the acquisition of equipment.

Bonds sold at discounts decrease the carrying value of the bond, and bonds sold at a premium increase the carrying value. The discount or premium is then amortized as an increase or decrease, respectively, to the coupon interest payment in reporting interest expense. Interest expense on general long-term debt during the 2016-17 fiscal year totaled \$2.1 million. Amortization on bond premiums for the year ended June 30, 2017 decreased long-term interest expense per GASB, Statement No. 23.

A brief description of the outstanding long-term debt at June 30, 2017, is set forth below:

	<u>Amount Outstanding</u>
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	\$ 4,500,000
General Obligation Bonds, Series 2014G, original issue \$21,500,000 Dated 4-01-2014, interest rate of 2.00%, due in annual Installments of \$5,375,000, final payment of \$5,375,000, due 4-01-2019	\$ 10,750,000
Building Bonds, Series 2014B, original issue \$5,665,000 Dated 8-01-2014, interest rate of .050% to 2.00%, due in annual Installments of \$1,415,000, final payment of \$1,420,000, due 8-01-2019	\$ 4,250,000
General Obligation Bonds, Series 2015A, original issue \$29,000,000 Dated 5-01-2015, interest rate of 2.00% to 4.00%, due in annual Installments of \$7,250,000, final payment of \$7,250,000, due 5-01-2020	\$ 21,750,000
Building Bonds, Series 2015B, original issue \$3,000,000 Dated 12-01-2015, interest rate of 2.00%, due in annual Installments of \$600,000, final payment of \$600,000, due 12-01-2021	\$ 3,000,000
General Obligation Bonds, Series 2016, original issue \$20,925,000 Dated 4-01-2016, interest rate of 3.00%, due in annual Installments of \$5,230,000, final payment of \$5,235,000, due 4-01-2021	\$ 20,925,000
General Obligation Bonds, Series 2017, original issue \$23,500,000 Dated 4-01-2017, interest rate of 2.00%, due in annual Installments of \$5,875,000, final payment of \$5,875,000, due 4-01-2022	\$ 23,500,000
<b>TOTAL</b>	<u><u>\$ 88,675,000</u></u>



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 5. – General Long-Term Debt – cont’d**

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

Fiscal Year Outstanding	Principal	Interest	Total
2017-2018	24,370,000	392,813	\$ 24,762,813
2018-2019	25,745,000	596,575	\$ 26,341,575
2019-2020	20,375,000	634,175	\$ 21,009,175
2020-2021	11,710,000	315,925	\$ 12,025,925
2021-2022	6,475,000	232,313	\$ 6,707,313
<b>Total</b>	<b>\$ 88,675,000</b>	<b>\$ 2,171,801</b>	<b>\$ 90,846,801</b>

**Note 6. – Employee Retirement System and Plan**

**General Information about the Pension Plan**

*Description of Plan* - The District participates in the state-administered Oklahoma Teachers' Retirement System (TRS), a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), 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. Statutory authority for the Board of Trustees is Title 70, Oklahoma Section 17-106 [70 O.S. 17-106]. These statutes 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 as well as actuarial reports at [www.ok.gov/TRS](http://www.ok.gov/TRS). That report may also be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

*Benefits Provided* - TRS provides retirement, disability, and death benefits. Retirement benefits are determined as 2.0 percent of final average salary times the employee's years of service. Combination 80 clients (joined prior to 7/1/92) use their highest three salaries in the average salary calculation. Combination 90 and Combination 90/Minimum Age 60 clients use their highest consecutive five salaries in the average salary calculation. Employees with 5 years of continuous service are eligible to retire at age 62.

- Employees are eligible for service-related disability when they have at least 10 years of Oklahoma Contributory Service. The same rules apply to nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction.



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 6. – Employee Retirement System and Plan- cont’d**

- The retirement plan provides a lifetime benefit to client in addition to a \$5,000 death benefit paid to the surviving beneficiary(ies).

*Employees Covered* – At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	Governmental Funds
Inactive employees or beneficiaries currently receiving benefits	52
Active employees participating in the plan	1763
Total	1815

*Contributions* - Per Article 17 of the State Statutes, contribution requirement of the active employees and the District are established and may be amended by the TRS Board. Employees are required to contribute 7.0% of their annual pay. The District’s contractually required contribution rate for the year ended June 30, 2017, was 9.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District total contribution to OTRS in 2017 was \$9.7 million.

The State makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS year of service credit). The State is also required to contribute to the System on behalf of the participating employers. For 2016, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a contribution rate provided to the District.

For the year ended June 30, 2017, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$5.3 million. In accordance with generally accepted accounting practices, District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements. These on-behalf payments do not meet the definition of a special funding situation.

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

At June 30, 2017, the District reported a net pension liability of \$138.9 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2016. Based upon this information, the District’s proportion was 1.66471250 percent.



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 6. – Employee Retirement System and Plan- cont’d**

For the period ended June 30, 2017, the District recognized pension expense of \$14.6 million. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,225,369
Changes in Assumptions	16,729,077	
Net difference between projected and actual investment earnings on pension plan investments	16,218,100	-
Total deferred amount to be recognized in pension expense in future periods	<u>32,947,177</u>	<u>3,225,369</u>
District contributions subsequent to the measurement date	9,664,373	-
Totals	<u>\$ 42,611,549</u>	<u>\$ 3,225,369</u>

Deferred pension outflows totaling approximately \$9.7 million resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The net deferred pension inflows totaling approximately \$3.2 million resulting from the difference between expected and actual experience, deferred outflows totaling \$16.7 million resulting from changes in assumptions, and deferred outflows of \$16.2 million resulting from the net difference between projected and actual investment earnings on pension plan investments will be recognized in pension expense using the average expected remaining life of the Plan. The average expected remaining life of the Plan is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the Plan are estimated at 5.71 years at June 30, 2016 and are determined using the mortality, termination, retirement, and disability assumptions associated with the Plan. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ 6,380,344
2018	\$ 6,380,344
2019	\$ 11,799,063
2020	\$ 9,638,233
2021	\$ 3,577,469
thereafter	\$ 1,610,728
Total	<u>\$ 39,386,180</u>



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 6. – Employee Retirement System and Plan- cont'd**

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

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial Cost Method		- Entry Age Normal
Amortization Method		- Level Percentage of Payroll
Amortization Period		- Amortization over an open 30-year period
Asset Valuation Method		- 5-year smooth market
Inflation	2.50%	
Salary increases		- Composed of 3.00 percent inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
Investment rate of return	7.50%	- net of expenses and compounded annually
Retirement Age		- Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014
Payroll Growth Rate	2.75%	- per year. This increase rate has no allowance for future membership growth

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study, dated May 13, 2015, for the period July 1, 2009- June 30, 2014 and in conjunction with the five year experience study for the period ending June 30, 2014.

Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 6. – Employee Retirement System and Plan- cont'd**

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of the June 30, 2016 actuarial, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.2%
Domestic Large Cap Equity	10.0%	5.8%
Domestic Mid Cap Equity	13.0%	6.3%
Domestic Small Cap Equity	10.0%	7.0%
International Large Cap Equity	11.5%	6.6%
International Small Cap Equity	6.0%	6.6%
Core Plus Fixed Income	17.5%	1.6%
High-yield Fixed Income	6.0%	4.9%
Private Equity	5.0%	8.3%
Real Estate**	7.0%	4.5%
Master Limited Partnerships	7.0%	7.7%
Total	100.0%	

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

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

*Discount rate* - The discount rate used to measure the total pension liability was 7.50%. The single discount rate was based solely on the expected investment rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine the discount rate assumed the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

*Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption* - The following table provides the sensitivity of the net pension liability to changes in the discount rate as of the June 30, 2016 actuarial report. In particular, the table presents the plan's net pension liability, if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate:



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 6. – Employee Retirement System and Plan- cont’d**

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	\$ 182,612,547	\$ 138,929,572	\$ 103,394,706

*Pension plan fiduciary net position* - Detailed information about the pension plan’s fiduciary net position and changes in net pension liability is available in the separately issued TRS financial report.

**Other Post-Employment Benefits (OPEB)**

The Oklahoma Teachers Retirement System pays between \$100 and \$105 per month, depending on the members' years of service, to the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB), for each retiree who elects to obtain health insurance coverage through OSEEGIB. The District retains no obligation for this benefit and performs no administrative functions related to the health insurance coverage provided through OSEEGIB.

**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, 2017, CBR has reported an outstanding reserve for the District to be \$2.3 million. In order to mitigate the risk associated with this program, the District reserves and restricts a percentage of the fund balance. For 2016-17, this amount was \$39,086 for both general activities and business-type activities.

Commercial policies in force during the year contained the following deductibles:

Property, Fire and Extended Coverage	\$	25,000
Flood & Earthquake	\$	50,000
Wind/Hail	\$	100,000
Automotive & General	\$	0
School Leader Legal	\$	25,000

Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.





**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 7. - Risk Management – cont'd**

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. – Commitments and Contingencies**

Encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances represent commitments related to unperformed contracts for goods or services. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 1,022,163
Building Fund	303,690
Other Funds	127,560
Total	<u>\$ 1,453,413</u>

*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.

*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 Debt Service Fund over a three year period pursuant to state law. 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.

As of June 30, 2017, the District had outstanding commitments (contracts and purchase orders), of approximately \$1.5 million primarily for supplies and equipment. Construction in progress had \$1.3 million in outstanding projects not completed. These projects consist of renovations to five school buildings, a transportation fuel tank project, a new elementary school, and a new community facility.

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.

*Arbitrage* – Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earning on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on bond issue. The



**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8. – Commitments and Contingencies – cont'd**

rebtable arbitrage must be paid to the federal government. State agencies and institutions of higher education responsible for investment from bond proceeds carefully monitor their investments to restrict earnings to a yield less than the bond issue, and, therefore, limit any arbitrage liability. The District estimates that rebtable arbitrage liability, if any, will be immaterial to its overall financial condition.

**Note 9. - Lease Revenue Bonds**

Lease Revenue Bonds (lease purchase financing) is an important and popular method for the District to address immediate needs for capital acquisitions while improving the management of cash flow. Ownership of any property constructed with these Lease Revenue Bonds does not occur until the agreed lease payments have been made. The requirement for annual appropriations of Lease Revenue Bonds payments allows these bonds not to be treated as debt.

On May 1, 2011, the Tulsa County Industrial Authority issued \$72.8 million 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. 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 the Capital Project Funds, pursuant to the issuance of series bonds in the amount of \$285.0 million, on December 8, 2009. In June 2012, the Tulsa County Industrial Authority issued \$67.3 million of additional Educational Facilities Lease Revenue Bonds, Series 2012, to provide for additional construction, equipment, repairs and remodeling projects for the District.

On March 1, 2016, the Tulsa County Industrial Authority issued \$65.3 million of additional Educational Facilities Lease Revenue Bonds (Broken Arrow Public School Project) Series 2016, to provide additional funds required for constructing, equipping, repairing and remodeling school buildings. Broken Arrow Public Schools will gain ownership to the capital improvements incrementally as each payment is made.

The lease revenue bond payments will be as follows:



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 9. - Lease Revenue Bonds – cont'd**

2011 Series		2012 Series		2016 Series	
Fiscal Year	Payment	Fiscal Year	Payment	Fiscal Year	Payment
2017-18	\$ 2,800,681	2017-18	\$ 11,205,263	2017-18	\$ 3,211,913
2018-19	9,751,516	2018-19	2,276,700	2018-19	3,211,913
2019-20	27,600,250	2019-20	2,276,700	2019-20	5,113,163
		2020-21	5,174,988	2020-21	3,114,413
		2021-22	21,883,888	2021-22	3,114,413
		2022-23	31,817,250	2022-23	9,383,663
				2023-24	16,852,413
				2024-25	3,935,706
				2025-26	19,857,375
				2026-27	22,862,625
Total Obligation:	40,152,447	Total Obligation:	74,634,788	Total Obligation:	90,657,594
Less amounts representing interest:	(5,482,328)	Less amounts representing interest:	(14,096,513)	Less amounts representing interest:	(28,451,755)
Lease Revenue Bonds Payable:	\$ 34,670,119	Lease Revenue Bonds Payable:	\$ 60,538,275	Lease Revenue Bonds Payable:	\$ 62,205,839

**Note 10. - Tax Abatements**

Tax abatements are reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. The District is subject to tax abatements granted by other governments only.

For the fiscal year ended June 30, 2017, the District is subject to tax abatements granted by the State of Oklahoma - Oklahoma Tax Commission (Tulsa County). Ad valorem exemptions are available for capital investments made by certain types of companies provided that qualified investment exceeds \$250,000 within the calendar year, and the company complies with certain payroll thresholds; qualifications are sometimes industry specific. County property taxes were reduced under the agreements entered into by the State of Oklahoma – Oklahoma Tax Commission.

All information within the records of the State of Oklahoma Tax Commission is considered confidential unless public disclosure is provided for by law. The Tax Commission provides only those data sources which they deemed were authorized for release under state law. The Tax Commission declines to provide any information about the breakdown of the exemption by value or type of investment made.



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 10. - Tax Abatements – cont’d**

Information relevant to disclosure of these programs includes the following:

Fiscal Year Ended June 30, 2017	Number of Abatements during the Fiscal Year	Amount of Abatements during the Fiscal Year
<u>Tax Abatement Program</u>		
<b>State of Oklahoma Tax Commission:</b>		
Tax Exemptions and Credits for Ad Valorem Exemptions	37	\$ 1,960,042

The District also is subject to tax abatements granted by the City of Broken Arrow through its Retail Incentive Policy with the stated purpose of stabilizing and enhancing the City’s sales tax base and to incentivize the eligible retail businesses that are included in a mixed use development.

The forms of incentive are to provide infrastructure improvements, assistance with public processes, site acquisition of property for public infrastructure, sales tax rebates on a limited basis, and participation in the State of Oklahoma’s Quality Jobs Program. Incentives are based on the estimated amount of new City sales taxes generated that can be reasonably defined and determined to result from new development.

There is no Tax Incentive District (TID) in Broken Arrow City or school district. Broken Arrow Public Schools has only one Tax Increment Financing District, which is Broken Arrow FlightSafety and Downtown Economic Development District No. One.

The following table relevant to disclosure of these programs includes the following:

Fiscal Year Ended June 30, 2017	Base Value Of Assets during the Fiscal Year	Amount of Abatements during the Fiscal Year
<u>Tax Abatement Program (TIF)</u>		
<b>City of Broken Arrow:</b>		
Broken Arrow FlightSafety and Downtown Economic Development District No. One	\$ 4,857,612	\$ 5,260,033
Indian Housing Authority Owned Properties	390,454	27,722
Total	\$ 5,248,066	\$ 5,287,755

**Note 11. - New/Adopted Pronouncements**

The GASB has issued several new accounting pronouncements, which will be effective to the District in both the reported and 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:



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11. - New/Adopted Pronouncements – cont'd**

**Adopted: Fiscal Year Ended June 30, 2017**

- ✓ GASB, Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Statement was to be effective for the District beginning with its fiscal year ending June 30, 2016 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the District beginning with its fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68, which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The District's pension plan is administered through a trust, all assets are held in this trust, and is within the scope of Statement No. 68.
  
- ✓ GASB, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB No. 74 was issued in June 2015 and will be effective for the District beginning with its fiscal year ending June 30, 2017. The Statement replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position but requires more extensive note disclosures and Required Supplementary Information related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. The Statement also sets forth note disclosure requirement of defined contribution OPEB plans. The District does not currently participate or sponsor postemployment benefits plans other than pensions held in trusts.
  
- ✓ GASB, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB No. 75 was issued in June 2015 and will be effective for the District beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments.



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11. - New/Adopted Pronouncements – cont'd**

**Adopted: Fiscal Year Ended June 30, 2017 – cont'd**

The District does not currently participate or sponsor postemployment benefits plans other than pensions held in trusts.

- ✓ GASB, Statement No. 77, *Tax Abatement Disclosures*. This Statement was issued August 2015, and requires governments that enter into tax abatement agreements to disclose certain information about these agreements. Disclosures include; Descriptive information, gross dollar amounts during the period, and commitments made by the government, other than to abate taxes, as part of a tax abatement agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015, earlier application is encouraged.

The District early implemented this Statement in the period ending June 30, 2016. Tax abatement disclosures are included in the Notes to the Financials, Note 10, and includes disclosure of two counties applicable to the District. The District discloses agreements of others that reduce the government's revenue but does not have agreements of the government itself. The agreements of others are organized by government and specific tax abated. The requirements of this Statement improves the District's reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public in prior years. As a result, users will be better equipped to understand tax abatements and the impact on the District's financial position and economic condition.

- ✓ GASB, Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting certain criteria. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District has reviewed the criteria; where some governmental employers participate in cost-sharing plans, where neither the plan itself, nor most participating employers, are governmental entities, of which we do not qualify. Our District is part of a cost-sharing multi-employer state defined benefit pension plan providing pensions to only employees of state or local governmental employers.
- ✓ GASB, Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement is to address certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions reference by previous accounting and financial reporting standards. The requirements of this Statement are effective for the financial statement for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District currently does not participate in external investment pools. The District, however,



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11. -New/Adopted Pronouncements – cont’d**

**Adopted: Fiscal Year Ended June 30, 2017 – cont’d**

recognizes any participation in these types of investment pools would permit measurement at amortized cost for financial reporting purposes.

- ✓ GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The District does not currently have certain component units incorporated as not-for-profit corporations.
- ✓ GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016. The District does not currently receive resources pursuant to an irrevocable split-interest agreement. The District will continue to evaluate the impact this new standard may have on future financial statements.
- ✓ GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements 67, 68, and 73. The requirements of this Statement are effective for reporting periods after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Our District implemented this pronouncement which reports the measurement and ratios of payroll presented in schedules of required supplementary information along with required covered payroll. Covered payroll is reported as the payroll on which contribution to a pension plan are based. Payments, for certain employees, are made by the district to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements. GASB Statement No. 82 clarified that an employer’s expenses and expenditures for those amounts should be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The District



**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11. -New/Adopted Pronouncements – cont'd**

**New Accounting Pronouncements Issued Not Yet Adopted**

has classified these employer's expenses and expenditures for those amounts in the period for which the contribution is assessed and classified them correctly from the first reporting year of accounting and financial reporting for pensions issued by GASB.

- ✓ GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement No. 83 requires the measurement and recognition of a legally enforceable liability for retirement of an asset. Also requires the measurement of an Asset Retirement Obligation (ARO) be based on the best estimate of the current value of outlays to be incurred. This estimate should include the probability weighting of all potential outcomes, when the information is available or can be obtained at a reasonable cost. The Statement pertains to certain kinds of assets, i.e., sewage treatment plants, magnetic resonance imaging machines, research facilities owned by public universities like nuclear research reactors, and retirement of x-ray machines. These kinds of assets may have to be disposed in a certain way due to regulations. The effective date of the Statement is for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District currently does not have any asset retirement obligations which fit the criteria for this Statement. The District will continue to evaluate this Statement for future disclosure requirements.
- ✓ GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement addresses the categorization of fiduciary activities for financial reporting, how fiduciary activities are to be reported, and when liabilities to beneficiaries must be disclosed. The requirements for the Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District currently has fiduciary activities and will evaluate the fiduciary activities that meet the criteria state in Statement No. 84 and prepare disclosures under fiduciary funds in basic financial statements. The District will report agency funds as custodial funds as specified in the Statement. In addition, the District will continue to evaluate the effects of this Statement on future financial reporting.
- ✓ GASB issued Statement No. 85, *Omnibus 2017*. The object of Statement No. 85 is to address practice issues that have been identified during implementation and application of certain GASB Statements. The topics are related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). The ten topics addressed in the Statement are as follows, 1) Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation, 2) Reporting amounts previously reported as goodwill and "negative" goodwill, 3)



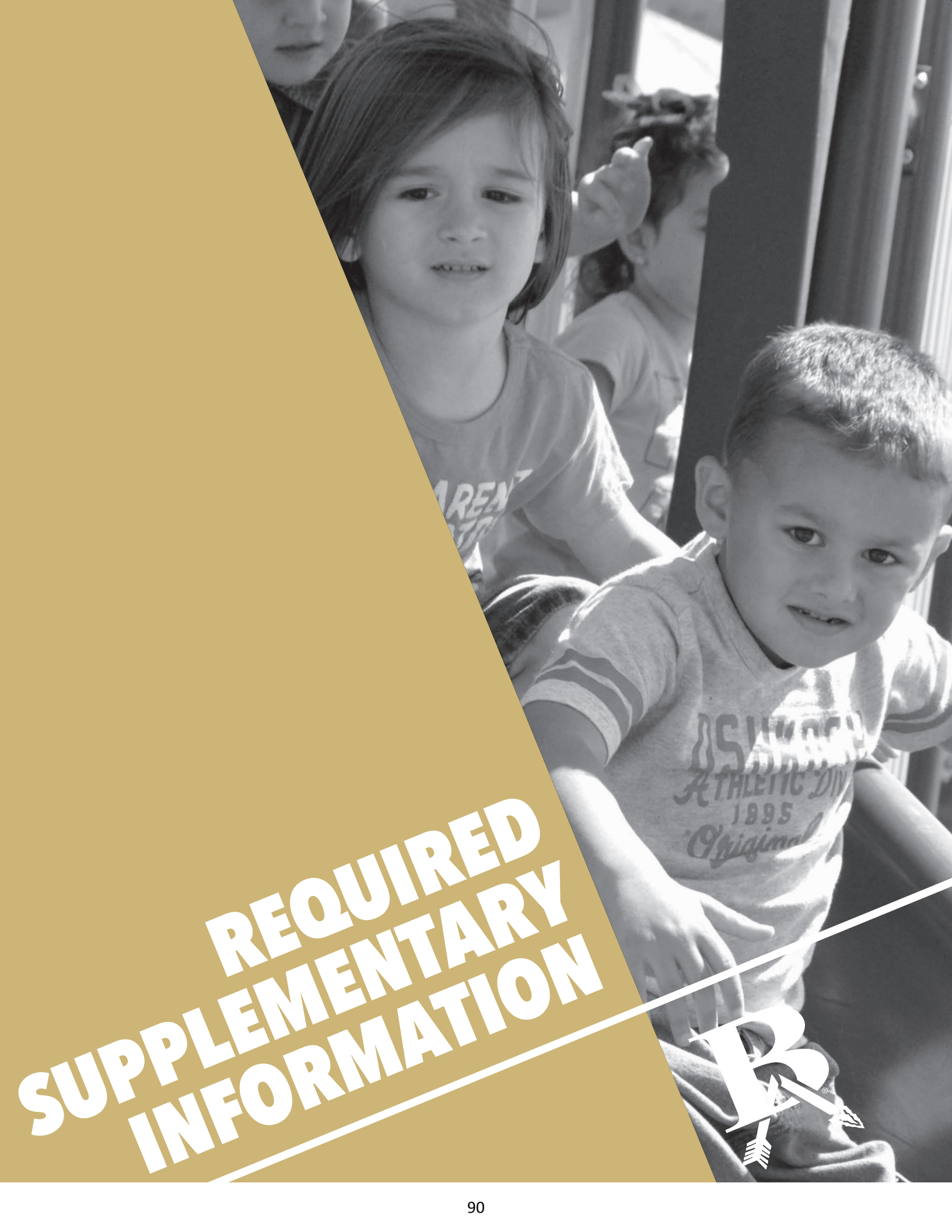


**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11. -New/Adopted Pronouncements – cont'd**

**New Accounting Pronouncements Issued Not Yet Adopted – cont'd**

Classifying real estate held by insurance entities, 4) Measuring certain money market investments and participating interest-earning investment contracts at amortized cost, 5) Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared. Using the current financial resources measurement focus, 6) Recognizing on-behalf payments for pensions or OPEB in employer financial statements, 7) Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB, 8) Classifying employer-paid member contributions for OPEB, 9) Simplifying certain aspects of the alternative measurement method for OPEB, and 10) Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District will continue to evaluate the effects of this Statement on future financial reporting.

A black and white photograph of children on a playground structure. In the foreground, a young boy is looking towards the camera. Behind him, another child is visible. The background shows the vertical bars of the playground equipment. A large, diagonal gold banner is overlaid on the left side of the image.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**





**Broken Arrow Public Schools**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Year Ended June 30, 2017**  
**Last 10 Years\***

	<u>As of June 30,</u> <u>2016</u>	<u>As of June 30,</u> <u>2015</u>	<u>As of June 30,</u> <u>2014</u>
Proportion of the net pension liability	1.66%	1.65%	1.64%
Proportionate share of the net pension liability	\$ 138,929,572	\$ 100,474,905	\$ 88,199,969
Covered payroll	\$ 71,777,099	\$ 70,566,602	\$ 67,558,937
Proportionate share of the net pension liability as percentage of covered-employee payroll	193.56%	142.38%	130.55%
Plan's fiduciary net position	\$ (115,761,491)	\$ (112,981,726)	\$ (81,317,541)
Plan fiduciary net position as a percentage of the total pension liability	83.32%	112.45%	92.20%

Notes to schedule:

\* GASB Statement No. 68 requires ten years of information to be presented in this table. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

See Independent auditors' report



**Broken Arrow Public Schools  
Required Supplementary Information  
Schedule of District's Pension Plan Contributions  
Year Ended June 30, 2017  
Last 10 Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 7,072,456	\$ 6,902,353	\$ 6,656,684
Contributions in relation to the actuarially determined contributions	7,072,456	6,902,353	6,656,684
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 70,027,104	\$ 71,777,099	\$ 70,566,602
Contributions as a percentage of covered - employee payroll	10.10%	9.62%	9.43%

Notes to schedule:

The District's statutorily required contribution rate:	9.50%
Valuation date:	6/30/2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Amortization Period	Amortization over an open 30-year period
Asset Valuation Method	5-year smooth market
Inflation	2.50%
Salary increases	3.75%, average, including inflation
Investment rate of return	7.50%, net of expenses and compounded annually
Payroll growth rate	2.75% per year
Mortality	RP-2000 Healthy Annuitant Mortality Table

\* Fiscal year 2015 was the 1st year of implementation, therefore only three years of data are presented in accordance with GASB Statement No. 68, Paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

See Independent auditors' report

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**OTHER  
SUPPLEMENTARY  
INFORMATION**





**Broken Arrow Public Schools**  
**Enterprise Fund: Child Nutrition Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variances - Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 3,944,680	\$ 3,946,139	\$ 3,876,338	\$ (69,801)
Intermediate sources	-	-	-	-
State sources	722,887	722,887	839,442	116,556
Federal sources	4,390,841	4,390,841	4,581,035	190,194
Other sources	4,619	8,019	20,535	12,516
<b>TOTAL REVENUES</b>	<u>9,063,027</u>	<u>9,067,886</u>	<u>9,317,350</u>	<u>249,464</u>
<b>EXPENDITURES</b>				
Non-instructional services				
Food Procurement Services	8,392,789	8,392,789	7,463,368	929,422
Food and Supplies Delivery Services	199,971	199,971	199,633	338
Other Related Child Nutrition Services	1,767,911	1,767,911	1,344,536	423,375
<b>TOTAL EXPENDITURES</b>	<u>10,360,671</u>	<u>10,360,671</u>	<u>9,007,537</u>	<u>1,353,134</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>(1,297,644)</u>	<u>(1,292,785)</u>	<u>309,813</u>	<u>1,602,598</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>2,033,177</u>	<u>2,033,177</u>	<u>2,033,177</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 735,533</u>	<u>\$ 740,392</u>	<u>\$ 2,342,990</u>	<u>\$ 1,602,598</u>
<b>ADJUSTMENTS TO CONFORM WITH GAAP</b>				
Receivables at end of year			180	
Wages Payable			7,382	
Inventories			(28,110)	
Unearned Revenue			(26,397)	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<u>\$ 2,296,046</u>	

See Independent auditors' report



**Broken Arrow Public Schools**  
**Other Supplementary information**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deductions	Adjustments	Balance June 30, 2017
HIGH SCHOOL TOTAL	\$ 833,982	\$ 2,568,165	\$ (2,707,058)	\$ -	\$ 695,089
FRESHMAN ACADEMY TOTAL	59,019	114,867	(105,748)	-	68,138
ALTERNATIVE SCHOOL TOTAL	26,670	10,722	(10,497)	-	26,895
MIDDLE SCHOOLS TOTAL	268,937	622,438	(586,205)	-	305,170
ELEMENTARY SCHOOLS TOTAL	248,878	400,937	(381,372)	-	268,443
EARLY CHILDHOOD CENTERS TOTAL	35,195	113,805	(101,235)	-	47,765
STUDENT CLUBS TOTAL	697,651	3,368,336	(2,992,152)	-	1,073,835
ADMINISTRATIVE TOTAL	<u>159,370</u>	<u>337,757</u>	<u>(217,011)</u>	<u>-</u>	<u>280,115</u>
TOTAL FUNDS HELD FOR STUDENT ACTIVITIES	<u>2,329,702</u>	<u>7,537,027</u>	<u>(7,101,278)</u>	<u>-</u>	<u>2,765,451</u>
SUMMARY - ACTIVITY FUNDS					
ASSETS					
Cash	<u>2,329,702</u>	<u>7,537,027</u>	<u>(7,101,278)</u>	<u>-</u>	<u>2,765,451</u>
LIABILITIES					
Funds held for student activities	<u>2,329,702</u>	<u>7,537,027</u>	<u>(7,101,278)</u>	<u>-</u>	<u>2,765,451</u>
TOTAL LIABILITIES	<u>\$ 2,329,702</u>	<u>\$ 7,537,027</u>	<u>\$ (7,101,278)</u>	<u>\$ -</u>	<u>\$ 2,765,451</u>

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**STATISTICAL  
INFORMATION**





# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2017

## STATISTICAL SECTION

### 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>	100
These schedules compile trend information and report how the District's financial position has changed over time.	
<u>Revenue Capacity</u>	106
These schedules provide information regarding the District's major revenue sources; property taxes, and the stability/growth of revenue.	
<u>Debt Capacity</u>	112
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>	118
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>	122
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 are derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year.



# FINANCIAL TRENDS





**Broken Arrow Public Schools**  
**Government-Wide Net Position by Component**  
**Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 70,323,775	\$ 77,183,478	\$ 82,438,023	\$ 91,011,359	\$ 105,661,860	\$ 115,812,420	\$ 125,810,009	\$ 137,739,696	\$ 150,609,755	\$ 163,470,238
Restricted for:										
Restricted for:										
Debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820	15,515,172	15,657,564	16,318,127	15,825,923
Building	-	-	-	-	3,144,045	2,762,215	2,333,899	1,016,052	1,881,808	2,808,231
Endowment	-	-	-	-	-	-	-	40,000	43,316	43,422
Unrestricted	7,402,375	11,352,959	12,127,691	21,412,088	21,980,866	20,080,655	17,648,608	(89,007,984)	(99,961,854)	(86,289,408)
<b>Total Governmental activities net position</b>	<b>87,735,408</b>	<b>101,809,907</b>	<b>110,777,572</b>	<b>129,201,027</b>	<b>147,003,139</b>	<b>153,736,110</b>	<b>161,307,688</b>	<b>65,445,328</b>	<b>68,891,152</b>	<b>95,858,406</b>
<b>Business-type activities</b>										
Net investment in capital assets	68,007	-	259,130	25,966	352,642	719,273	1,370,958	2,511,342	2,589,356	2,781,513
Unrestricted	1,308,354	1,676,733	2,327,646	2,280,412	3,255,159	3,149,060	2,845,581	1,818,332	2,033,177	2,296,046
<b>Total business-type activities net position</b>	<b>1,376,361</b>	<b>1,676,733</b>	<b>2,586,776</b>	<b>2,306,378</b>	<b>3,607,801</b>	<b>3,868,334</b>	<b>4,216,539</b>	<b>4,329,674</b>	<b>4,622,533</b>	<b>5,077,559</b>
<b>Government-wide</b>										
Net investment in capital assets	70,391,782	77,183,478	82,697,153	91,037,325	106,014,502	116,531,693	127,180,967	140,251,037	153,199,111	166,251,751
Restricted for:	-	-	-	-	-	-	-	-	-	-
Debt service	10,009,258	13,273,470	16,211,858	16,777,580	16,216,368	15,080,820	15,515,172	15,657,564	16,318,127	15,825,923
Building	-	-	-	-	3,144,045	2,762,215	2,333,899	1,016,052	1,881,808	2,808,231
Endowment	-	-	-	-	-	-	-	40,000	43,316	43,422
Unrestricted	8,710,729	13,029,692	14,455,337	23,692,500	25,236,025	23,229,716	20,494,188	(87,189,652)	(97,928,677)	(83,993,362)
<b>Total government-wide net position</b>	<b>\$ 89,111,769</b>	<b>\$ 103,486,640</b>	<b>\$ 113,364,348</b>	<b>\$ 131,507,405</b>	<b>\$ 150,610,940</b>	<b>\$ 157,604,444</b>	<b>\$ 165,524,227</b>	<b>\$ 69,775,002</b>	<b>\$ 73,513,686</b>	<b>\$ 100,935,965</b>

Source: Statement of Net Position - audited financial reports

Note: The District began to report pension net position in conformity with GASB Statement No. 68, Accounting and Financial Reporting for Pensions in 2015.

Permanent Fund - restricted for Nonexpendable principal was corrected in the June 30, 2015 fiscal year to be included in Governmental Activities



**Broken Arrow Public Schools**  
**Government-Wide Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
*Continued on Page 103*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction	\$ 59,911,169	\$ 60,916,792	\$ 59,698,004	\$ 56,915,460	\$ 59,271,138	\$ 58,117,540	\$ 65,495,842	\$ 65,330,950	\$ 75,087,668	\$ 62,518,919
Support services - Students	10,433,338	12,845,772	20,727,734	8,169,317	8,166,385	7,951,821	8,390,280	8,662,516	9,855,840	9,475,049
Instructional and school leadership	4,619,108	3,898,555	4,904,472	6,569,980	5,051,994	5,906,085	5,619,036	5,894,528	6,594,731	6,034,706
Administrative support services	17,321,656	15,594,220	13,503,518	12,890,477	11,749,833	12,608,451	12,040,169	19,254,851	17,069,178	10,474,526
Operations and maintenance services	6,932,236	6,713,008	7,467,547	12,437,218	11,337,283	10,225,839	12,428,523	14,381,484	10,855,305	12,474,582
Student transportation services	5,806,382	6,177,841	4,698,556	6,994,021	6,563,236	5,438,306	5,774,785	5,610,686	6,464,193	6,178,821
Operation of non-instructional services	1,264,295	249,408	792,110	487,251	659,417	656,673	631,639	1,512,250	1,604,731	1,136,458
Child Nutrition	-	-	-	-	80,352	-	1,952,800	-	-	-
Other outlays and uses	315,802	471,260	398,450	580,860	603,868	688,638	1,827,511	973,423	1,002,869	2,842,198
Loss on disposal of assets	4,494	182,736	198,809	319,186	1,726,999	4,502,515	2,532,717	-	-	-
Judgement Paid	-	-	-	-	35,641	-	-	-	-	-
Depreciation	2,715,345	2,808,662	3,217,457	3,785,208	3,333,496	3,195,337	4,904,420	5,048,754	7,605,398	8,921,607
Interest on long-term debt	1,911,725	2,542,069	2,174,625	2,550,031	2,902,285	1,703,318	1,726,882	1,286,326	1,189,964	1,003,215
<b>Total governmental-type activities expense</b>	<b>111,235,550</b>	<b>112,400,324</b>	<b>117,781,282</b>	<b>111,699,009</b>	<b>111,481,927</b>	<b>110,994,523</b>	<b>123,324,604</b>	<b>127,955,768</b>	<b>137,329,878</b>	<b>121,060,080</b>
<b>Business-type activities</b>										
Food service	6,514,487	6,387,455	7,063,688	6,478,194	6,581,268	7,390,973	7,675,095	9,916,922	8,892,758	8,807,997
<b>Total business-type activities expense</b>	<b>6,514,487</b>	<b>6,387,455</b>	<b>7,063,688</b>	<b>6,478,194</b>	<b>6,581,268</b>	<b>7,390,973</b>	<b>7,675,095</b>	<b>9,916,922</b>	<b>8,892,758</b>	<b>8,807,997</b>
<b>Total district expenses</b>	<b>117,750,037</b>	<b>118,787,779</b>	<b>124,844,970</b>	<b>118,177,203</b>	<b>118,063,195</b>	<b>118,385,496</b>	<b>130,999,699</b>	<b>137,872,690</b>	<b>146,222,636</b>	<b>129,868,077</b>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
<b>Charges for services</b>										
Regular instruction	504,386	479,780	466,790	418,886	340,885	333,432	321,387	316,066	320,928	410,372
Operations and maintenance services	5,052,459	5,050,996	3,713,585	3,445,445	46,530	25,946	24,410	-	-	-
Pupil transportation services	-	-	-	-	-	-	8,225	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-
Other support services	151,704	37,126	480,131	-	21,430	-	273,365	31,410	35,530	27,110
Operating grants and contributions	10,633,076	11,079,609	16,232,214	24,076,886	10,696,486	5,918,539	5,926,899	6,380,736	6,194,363	6,681,660
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>16,341,625</b>	<b>16,647,511</b>	<b>20,892,720</b>	<b>27,941,217</b>	<b>11,105,330</b>	<b>6,277,917</b>	<b>6,554,286</b>	<b>6,728,212</b>	<b>6,550,821</b>	<b>7,119,142</b>
<b>Business-type activities</b>										
<b>Charges for services</b>										
Food service	4,033,621	3,905,658	3,714,167	3,467,887	3,320,643	3,494,344	3,816,946	3,741,850	4,024,001	3,821,960
Operating grants and contributions	2,337,167	2,954,151	2,897,445	3,047,490	3,472,757	3,596,662	3,762,302	3,921,853	4,390,841	4,581,035
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities revenues</b>	<b>6,370,788</b>	<b>6,859,809</b>	<b>6,611,612</b>	<b>6,515,377</b>	<b>6,793,400</b>	<b>7,091,006</b>	<b>7,579,249</b>	<b>7,663,703</b>	<b>8,414,842</b>	<b>8,402,994</b>
<b>Total district program revenues</b>	<b>\$ 22,712,413</b>	<b>\$ 23,507,320</b>	<b>\$ 27,504,332</b>	<b>\$ 34,456,594</b>	<b>\$ 17,898,730</b>	<b>\$ 13,368,923</b>	<b>\$ 14,133,535</b>	<b>\$ 14,391,915</b>	<b>\$ 14,965,663</b>	<b>\$ 15,522,136</b>



**Broken Arrow Public Schools**  
**Government-Wide Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (94,893,925)	\$ (95,752,813)	\$ (96,888,562)	\$ (83,757,792)	\$ (100,376,597)	\$ (104,716,606)	\$ (116,770,318)	\$ (121,227,556)	\$ (130,779,056)	\$ (113,940,938)
Business-type activities	(143,699)	472,354	(452,076)	37,183	212,132	(299,967)	(95,846)	(2,253,220)	(477,916)	(405,002)
Total district net expense	<u>(95,037,624)</u>	<u>(95,280,459)</u>	<u>(97,340,638)</u>	<u>(83,720,609)</u>	<u>(100,164,465)</u>	<u>(105,016,573)</u>	<u>(116,866,164)</u>	<u>(123,480,776)</u>	<u>(131,256,972)</u>	<u>(114,345,940)</u>
<b>General Revenues and Other Changes in Net Position</b>										
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	31,156,969	32,019,102	33,431,998	35,931,361
Property tax, levied for debt services	15,009,798	17,992,301	18,234,448	18,799,415	20,294,054	20,656,717	21,702,367	22,628,030	22,676,491	24,634,668
Other taxes	6,827,847	7,055,450	7,641,379	7,933,296	9,464,365	10,288,974	10,828,630	11,043,588	11,499,443	14,471,579
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	57,167,677	66,211,831	62,958,660	61,725,150
Interest and investment earnings	2,219,124	757,577	247,515	367,898	907,841	90,436	60,895	114,489	149,464	231,258
Gain on sale of capital assets	-	-	-	-	9,834	16,050	114,259	139,493	32,222	695
Other	4,936,708	8,209,392	9,194,146	7,465,731	6,187,239	1,560,942	3,311,098	3,680,702	3,645,992	3,913,483
Total governmental activities	<u>102,396,003</u>	<u>111,228,204</u>	<u>107,202,294</u>	<u>101,338,618</u>	<u>118,542,079</u>	<u>111,449,577</u>	<u>124,341,896</u>	<u>135,837,236</u>	<u>134,394,271</u>	<u>140,908,194</u>
Business-type activities										
State aid not restricted to specific programs	377,222	38,004	310,695	362,871	460,329	528,414	410,442	716,967	722,887	839,442
Interest and investment earnings	4,705	15,827	20,884	8,344	4,753	3,331	2,654	921	2,819	5,300
Gain on disposal of capital assets	-	-	4,425	39,431	2,302	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	1,636,418	-	-
Other	-	-	-	-	114,592	28,755	30,956	12,050	45,071	15,286
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>	<u>444,052</u>	<u>2,366,355</u>	<u>770,776</u>	<u>860,028</u>
Total district-wide	<u>102,777,930</u>	<u>111,282,035</u>	<u>107,538,298</u>	<u>101,749,264</u>	<u>119,124,055</u>	<u>112,010,077</u>	<u>124,785,948</u>	<u>138,203,591</u>	<u>135,165,047</u>	<u>141,768,222</u>
<b>Changes in Net Position</b>										
Governmental activities	7,502,078	15,475,391	10,313,732	17,580,826	18,165,482	6,732,971	7,571,578	14,609,680	3,615,214	26,967,256
Business-type activities	238,228	526,185	(116,072)	447,829	794,108	260,533	348,206	113,135	292,860	455,026
Total district	<u>\$ 7,740,306</u>	<u>\$ 16,001,576</u>	<u>\$ 10,197,660</u>	<u>\$ 18,028,655</u>	<u>\$ 18,959,590</u>	<u>\$ 6,993,503</u>	<u>\$ 7,919,783</u>	<u>\$ 14,722,816</u>	<u>\$ 3,908,074</u>	<u>\$ 27,422,283</u>

The District began to report net pension liability in conformity with GASB Statement No. 68, Accounting and Financial Reporting for Pensions in 2016



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

*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved										
Unreserved	\$ 5,925,936	\$ 9,410,693	\$ 10,878,215	\$ 18,541,950						
Nonspendable					\$ 161,964	\$ 284,978	\$ 272,414	\$ 312,927	\$ 306,257	\$ 284,852
Restricted					-	-	-	-	-	-
Committed					-	-	-	-	-	-
Assigned					291,828	117,317	-	-	-	-
Unassigned					21,383,129	19,534,415	17,113,895	14,294,922	12,886,722	12,385,812
<b>Total general fund</b>	<b>\$ 5,925,936</b>	<b>\$ 9,410,693</b>	<b>\$ 10,878,215</b>	<b>\$ 18,541,950</b>	<b>\$ 21,836,922</b>	<b>\$ 19,936,710</b>	<b>\$ 17,386,308</b>	<b>\$ 14,607,849</b>	<b>\$ 13,192,980</b>	<b>\$ 12,670,664</b>
<b>All Other Governmental Funds</b>										
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					\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 40,000
Restricted					52,202,982	50,911,640	43,937,170	45,964,574	38,004,360	41,339,201
Committed					-	-	-	-	-	-
Assigned					-	-	143,945	147,182	3,316	3,422
<b>Total all other governmental funds</b>	<b>\$ 24,464,548</b>	<b>\$ 30,422,292</b>	<b>\$ 37,092,454</b>	<b>\$ 48,162,129</b>	<b>\$ 52,202,982</b>	<b>\$ 50,911,640</b>	<b>\$ 44,081,115</b>	<b>\$ 46,151,756</b>	<b>\$ 38,047,676</b>	<b>\$ 41,382,623</b>

**Note:** The District implemented GASB Statement No. 54 in 2012, resulting in the change in fund balance categories.





**Broken Arrow Public Schools**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Local sources	\$ 47,289,398	\$ 50,434,186	\$ 54,182,832	\$ 53,928,541	\$ 55,819,300	\$ 53,024,547	\$ 54,093,898	\$ 57,876,782	\$ 57,646,172	\$ 61,677,116
Intermediate sources	3,409,448	3,433,650	3,760,192	3,891,556	3,905,726	4,220,581	4,163,544	4,365,060	4,573,947	4,761,319
State sources	59,151,291	61,426,418	54,511,499	54,927,548	58,197,625	59,090,805	63,919,714	68,040,801	69,884,157	66,180,379
Federal sources	8,114,763	10,607,155	14,339,571	15,650,262	10,696,486	5,918,539	6,076,809	6,172,973	5,926,438	6,200,370
Other sources	-	-	-	-	238,255	485,031	2,116,807	219,210	2,287,169	2,428,275
<b>Total Revenue</b>	<b>117,964,900</b>	<b>125,901,409</b>	<b>126,794,094</b>	<b>128,397,907</b>	<b>128,857,392</b>	<b>122,739,503</b>	<b>130,370,771</b>	<b>136,674,826</b>	<b>140,317,882</b>	<b>141,247,459</b>
<b>Expenditures</b>										
<b>Current</b>										
Instruction	60,095,117	61,074,372	59,698,004	57,153,774	60,531,381	60,804,635	64,929,255	67,331,278	69,260,186	67,216,520
Student	39,252,896	39,903,005	45,161,172	41,200,435	8,166,385	8,341,730	8,564,110	9,256,082	9,160,746	9,102,254
Instructional staff	-	-	-	-	5,051,994	6,000,678	6,060,517	7,149,975	7,054,784	6,651,380
Administration	-	-	-	-	13,926,174	13,371,104	15,053,772	15,959,607	16,085,306	15,472,790
Operations and maintenance	3,717	2,098	657,891	1,956,323	13,374,600	14,848,672	21,025,001	15,513,467	18,298,238	14,587,040
Student transportation	6,932,236	6,713,008	7,467,547	4,956,839	6,229,887	6,600,049	6,140,707	6,846,658	7,134,523	6,479,865
<b>Non-Instruction expenditures</b>										
Child Nutrition operations	-	-	-	-	80,352	-	-	-	-	-
Community service operations	327,458	249,409	134,219	401,379	603,868	712,139	631,639	982,404	985,006	1,103,343
Other	-	-	-	3,510	623,777	49,881	562,330	835,544	644,169	910,491
Capital outlay	16,864,227	5,618,198	8,238,872	10,005,932	9,880,802	10,867,181	20,712,239	24,794,259	23,043,842	15,169,844
<b>Debt service</b>										
Principal	13,825,000	12,275,000	15,425,000	15,925,000	18,750,000	20,875,000	20,225,000	23,021,882	21,675,000	23,665,000
Interest	1,911,725	2,542,069	2,174,625	2,550,031	35,641	1,700,488	1,827,511	1,732,960	1,842,961	2,118,963
Other	-	-	-	-	2,886,978	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 139,212,376</b>	<b>\$ 128,377,159</b>	<b>\$ 138,957,330</b>	<b>\$ 134,153,223</b>	<b>\$ 140,141,839</b>	<b>\$ 144,171,559</b>	<b>\$ 165,732,081</b>	<b>\$ 173,424,117</b>	<b>\$ 175,184,760</b>	<b>\$ 162,477,491</b>
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)	(35,361,310)	(36,749,291)	(34,866,878)	(21,230,031)
<b>Other financing sources (uses)</b>										
Issuance of debt	\$ 23,100,000	\$ 10,000,000	\$ 19,000,000	\$ 23,500,000	\$ 20,500,000	\$ 18,000,000	\$ 21,613,300	\$ 34,551,700	\$ 23,925,000	\$ 23,500,000
Capital Leases	-	-	-	-	-	(486,652)	3,500,000	-	-	-
Premium on new issuance of debt	-	-	-	-	790,019	727,155	752,823	1,307,103	1,390,707	541,969
Proceeds on disposal of capital assets	-	-	-	-	-	-	114,259	139,493	32,222	695
Transfers in	744,310	1,918,251	1,300,920	988,726	-	-	140,000	-	-	-
Transfers out	-	-	-	-	-	-	(140,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>23,844,310</b>	<b>11,918,251</b>	<b>20,300,920</b>	<b>24,488,726</b>	<b>21,290,019</b>	<b>18,240,503</b>	<b>25,980,382</b>	<b>35,998,297</b>	<b>25,347,929</b>	<b>24,042,664</b>
<b>Net changes in fund balances</b>	<b>\$ 2,596,834</b>	<b>\$ 9,442,501</b>	<b>\$ 8,137,684</b>	<b>\$ 18,733,410</b>	<b>\$ 10,005,572</b>	<b>\$ (3,191,553)</b>	<b>\$ (9,380,928)</b>	<b>\$ (750,994)</b>	<b>\$ (9,518,949)</b>	<b>\$ 2,812,632</b>
Debt service as a percentage of noncapital expenditures <sup>a</sup>	12.86%	12.07%	13.46%	14.88%	14.74%	17.68%	16.16%	17.19%	16.18%	17.91%

<sup>a</sup>Noncapital expenditures debt service percentage calculations are total expenditures less capital outlays reported on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.



# REVENUE CAPACITY





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

Fiscal Year Ended June 30th	Agriculture Assessed Value <sup>a</sup>	Commercial Property Assessed Value <sup>a</sup>	Residential Property Assessed Value <sup>a</sup>	Personal Property Net Assessed Value <sup>a</sup>	Public Service Property Assessed Value <sup>b</sup>	Total Net Assessed Value	Total Estimated Actual Value <sup>c</sup>	Ratio of Net Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate <sup>d</sup>
2008	\$ 5,569,995	\$ 80,653,472	\$ 398,197,265	\$ 53,927,308	\$ 34,859,642	\$ 573,207,682	\$ 5,212,934,953	11.00%	\$ 68.00
2009	6,010,342	87,029,692	429,677,540	56,988,436	35,199,606	614,905,616	5,592,219,497	11.00%	71.16
2010	6,387,442	92,490,096	456,636,302	60,148,019	37,125,687	652,787,546	5,960,056,518	10.95%	69.72
2011	6,679,991	96,726,206	477,550,558	61,731,452	38,280,454	680,968,660	6,213,429,439	10.96%	69.25
2012	6,917,221	100,161,291	494,510,044	62,450,345	36,694,573	700,733,473	6,403,085,486	10.94%	70.60
2013	7,073,275	102,420,961	505,666,349	67,790,732	38,357,583	721,308,901	6,602,257,029	10.93%	70.22
2014	7,292,368	105,593,423	521,329,229	80,940,052	36,992,320	752,147,392	6,891,879,682	10.91%	70.51
2015	7,571,784	107,639,361	543,304,579	77,554,379	32,953,314	769,023,417	7,069,347,080	10.88%	71.10
2016	7,582,194	107,617,112	575,970,648	82,030,524	26,793,531	799,994,008	7,383,360,050	10.84%	69.73
2017	7,621,300	110,076,646	606,911,004	81,614,623	33,712,941	839,936,514	7,718,321,096	10.88%	71.00

<sup>a</sup> 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.

<sup>b</sup> 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.

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

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

**Source:** Tulsa & Wagoner County Assessors



**Broken Arrow Public Schools  
Direct and Overlapping Property Tax Rates  
Last Ten 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
2014	36.40	5.20	28.91	70.51	22.23	7.21	13.33	17.32	201.11
2015	36.40	5.20	29.50	71.10	22.23	7.21	13.33	17.14	202.11
2016	36.40	5.20	28.13	69.73	22.22	7.21	13.33	17.10	199.32
2017	36.40	5.20	29.40	71.00	22.24	7.21	13.33	16.92	201.70
<b>Ten-Year Average</b>								<b>\$</b>	<b>200.08</b>

**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.

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



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

Taxpayer	2017			2008		
	Net Assessed Valuation	Percentage of District's Net Assessed Valuation <sup>a</sup>	Rank	Net Assessed Valuation	Percentage of District's Net Assessed Valuation <sup>b</sup>	Rank
Public Service Company of Oklahoma	\$ 8,548,322	1.02%	1	\$ 7,741,886	1.35%	1
Wal-Mart Stores	5,724,312	0.68%	2	4,999,454	0.87%	3
Greens at Broken Arrow Battle Creek	5,718,987	0.68%	3	2,327,835	0.41%	5
Park at Mission Hills	3,909,733	0.47%	4			
Valor Comm of OK/Windstream Comm	3,740,108	0.45%	5	5,868,392	1.02%	2
Flight Safety International	3,671,259	0.44%	6			
Auburndale Halifax Broken Arrow LLC	3,488,812	0.42%	7			
Warren Theater	3,055,646	0.36%	8			
Oklahoma Natural Gas	2,755,487	0.33%	9	3,318,887	0.58%	4
Crown Village at Elm Ridge	2,302,800	0.27%	10			
ORIX at Battle Creek LLC				2,324,575	0.41%	6
Cox Communications				2,111,693	0.37%	7
Roland Investments LTD				1,707,628	0.30%	8
Lowe's Home Center				1,662,201	0.29%	9
PACCAR				1,260,646	0.22%	10
Total	<u>\$ 42,915,466</u>	<u>5.11%</u>		<u>\$ 33,323,197</u>	<u>5.81%</u>	

<sup>a</sup> Based on FY16-17 District Net Assessed Valuation of \$839,936,514

<sup>b</sup> Based on FY07-08 District Net Assessed Valuation of \$573,207,682

**Source:** Tulsa and Wagoner County Assessors



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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>			Total Collections to Date		
		Amount	Percentage of Levy	Collected in Subsequent Years <sup>b</sup>	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%	
2014	52,957,704	51,631,605	97.50%	1,050,963	52,682,567	99.48%	
2015	54,599,566	53,295,303	97.61%	971,679	54,266,983	99.39%	
2016	55,704,874	54,964,159	98.67%	996,621	55,960,780	100.46%	
2017	59,552,346	58,212,751	97.75%	1,260,346	59,473,097	99.87%	

<sup>a</sup> The Tulsa County Assessor is required to file a tax roll report on or before October 1 of each year with the Tulsa County Treasurer who must begin collecting taxes by November. The first half of taxes become due and payable on or before December 31. The second half becomes due and payable on or before March 31. If the first half is not paid by December 31, the total tax becomes due and payable on January 1.

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

**Source:** Tulsa and Wagoner County Treasurer's records.

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**DEBT  
CAPACITY**







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

Fiscal Year Ended June 30th	Governmental Activities General Obligation Bonds	Governmental Activities Capital Leases	Total District	Total Estimated Actual Value <sup>a</sup>	Ratio of Outstanding Debt to Estimated Actual Value <sup>a</sup>	Total Personal Income	Ratio of Outstanding Debt Per Personal Income	Average Daily Membership (ADM) <sup>b</sup>	Ratio of Outstanding Debt Per Student <sup>b</sup>
2008	\$ 65,125,000	-	\$ 65,125,000	\$ 5,212,934,953	1.25%	\$ 124,762,199	52.20%	15,919	\$ 4,091
2009	62,850,000	-	62,850,000	5,592,219,497	1.12%	138,297,718	45.45%	16,087	3,907
2010	66,425,000	-	66,425,000	5,960,056,518	1.11%	126,704,010	52.43%	16,460	4,036
2011	74,000,000	-	74,000,000	6,213,429,439	1.19%	133,616,459	55.38%	16,629	4,450
2012	75,750,000	-	75,750,000	6,403,085,486	1.18%	142,861,660	53.02%	16,836	4,499
2013	73,602,155	1,013,348	74,615,503	6,602,257,029	1.13%	148,798,993	50.15%	17,145	4,352
2014	75,642,649	4,013,468	79,656,117	6,891,879,682	1.16%	161,187,913	49.42%	17,916	4,446
2015	88,817,178	3,124,376	91,941,554	7,069,347,080	1.30%	167,291,805	54.96%	18,372	5,004
2016	91,495,050	-	91,495,050	7,383,360,050	1.24%	173,186,712	52.83%	18,796	4,868
2017	90,693,794	-	90,693,794	7,718,321,096	1.18%	167,502,814	54.14%	18,899	4,799

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

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

**Sources:**

District records

Oklahoma State Department of Education



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

Fiscal Year Ended June 30th	General Obligation Bonds	Less Sinking Fund Balance	Net General Bonded Debt Outstanding	Total Estimated Actual Value <sup>a</sup>	Ratio of Net Debt to Estimated Actual Valuation <sup>a</sup>	Average Daily Membership (ADM) <sup>b</sup>	Ratio of Net Debt Per Student <sup>b</sup>
2008	\$ 65,125,000	\$ 10,009,258	\$ 55,115,742	\$ 5,212,934,953	1.06%	15,919	\$ 3,462
2009	62,850,000	13,273,470	49,576,530	5,592,219,497	0.89%	16,087	3,082
2010	66,425,000	16,211,858	50,213,142	5,960,056,518	0.84%	16,460	3,051
2011	74,000,000	16,774,232	57,225,768	6,213,429,439	0.92%	16,629	3,441
2012	75,750,000	16,620,298	59,129,702	6,403,085,486	0.92%	16,836	3,512
2013	72,875,000	15,080,820	57,794,180	6,602,257,029	0.88%	17,145	3,371
2014	75,642,649	15,515,172	60,127,477	6,891,879,682	0.87%	17,916	3,356
2015	88,817,178	15,657,564	73,159,614	7,069,347,080	1.03%	18,372	3,982
2016	91,495,050	16,234,350	75,260,700	7,383,360,050	1.02%	18,796	4,004
2017	90,693,794	15,717,771	74,976,023	7,718,321,096	0.97%	18,899	3,967

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

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

**Sources:**

District records

Oklahoma State Department of Education



**Broken Arrow Public Schools**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Direct and Overlapping Debt <sup>b</sup>
Tulsa County	\$ 495,017	10.04%	\$ 49,700
Wagoner County	-	N/A	-
Tulsa Community College	-	N/A	-
Tulsa Vo-Tech #18	-	N/A	-
City of Broken Arrow	97,294,783	100.00%	97,294,783
City of Tulsa	435,966,587	0.68%	2,964,573
City of Coweta	-	N/A	-
Subtotal, overlapping debt			100,309,055
<b>District direct debt <sup>c</sup></b>			<b>90,693,794</b>
<b>Total direct and overlapping debt</b>			<b>\$ 191,002,849</b>

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> 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 Ten Fiscal Years**

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

Secondary assessed valuation		\$ 839,936,514
Debt Limit (10% of assessed value)		83,993,651
Debt applicable to limit	90,693,794	
Current sinking fund balance	(15,717,771)	74,976,023
Legal debt margin		<u><u>\$ 9,017,628</u></u>

Fiscal Year Ended June 30th	Net Assessed Valuation <sup>a</sup>	Legal Debt Limit 10% of Net Assessed Valuation <sup>b</sup>	Outstanding District Indebtedness	Less Sinking Fund Balance	Total Net Debt Subject to Legal Limit	Legal Debt Margin <sup>c</sup>	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%
2014	752,147,392	75,214,739	79,656,117	15,515,172	64,140,945	11,073,794	85.28%
2015	769,023,417	76,902,342	91,941,554	15,657,564	76,283,990	618,352	99.20%
2016	799,994,008	79,999,401	91,495,050	16,235,350	75,259,700	4,739,701	94.08%
2017	839,936,514	83,993,651	90,693,794	15,717,771	74,976,023	9,017,628	89.26%

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

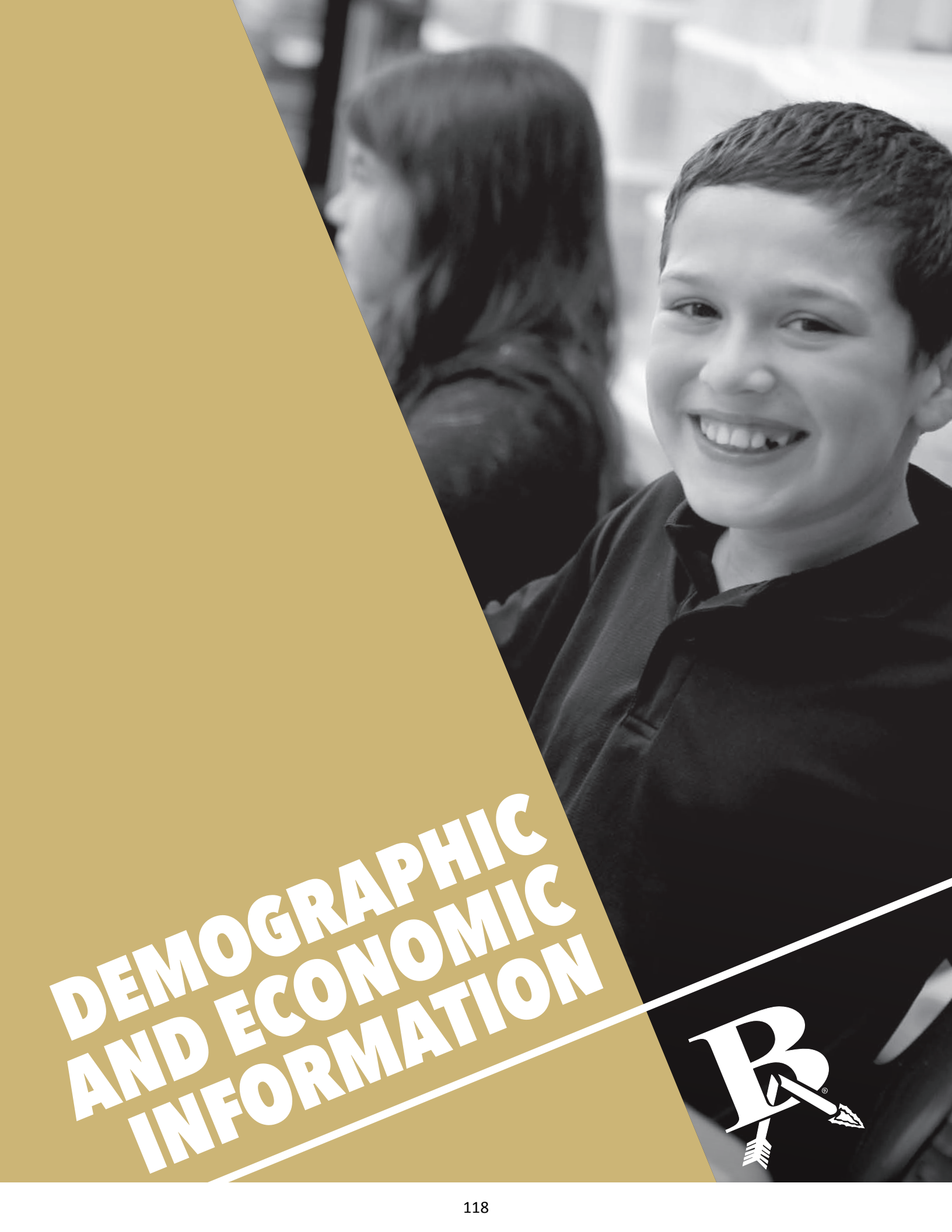
<sup>b</sup> The general obligation indebtedness of the District is limited by Oklahoma law to 10% of the net assessed value of the taxable property in the District.

<sup>c</sup> The legal debt margin is the additional debt incurring capacity of the District as allowed by Oklahoma law.

**Sources:**

District financial records  
Tulsa and Wagoner County Assessors

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**DEMOGRAPHIC  
AND ECONOMIC  
INFORMATION**





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

Fiscal Year Ended June 30th	Population <sup>a</sup>	Total Personal Income <sup>c</sup>	Real Per Capita Personal Income <sup>a</sup>	Unemployment Rate <sup>b</sup>	District Student Population <sup>d</sup>
2008	98,354	\$ 124,762,199	\$ 25,323	3.40%	15,919
2009	101,431	138,297,718	24,974	6.90%	16,087
2010	98,850	126,704,010	24,548	7.00%	16,460
2011	100,073	133,616,459	23,776	6.10%	16,629
2012	102,103	142,861,660	23,838	4.70%	16,836
2013	103,500	148,798,993	24,085	3.40%	17,145
2014	103,808	161,187,913	24,284	3.90%	17,916
2015	107,506	167,291,805	24,208	3.70%	18,372
2016	106,563	173,186,712	29,802	4.20%	18,796
2017	111,318	167,502,814	25,762	3.60%	19,074

<sup>a</sup> US Census Bureau

<sup>b</sup> Oklahoma Employment Security Commission

<sup>c</sup> US Bureau of Economic Analysis

<sup>d</sup> District records



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

Employer	2017			2008		
	Employees <sup>a</sup>	Rank	Percentage of Total Employment <sup>b</sup>	Employees <sup>a</sup>	Rank	Percentage of Total Employment <sup>c</sup>
Broken Arrow Public Schools	2,260	1	2.03%	2,034	1	2.07%
Walmart	900	2	0.81%	1,323	2	1.35%
Zeeco	840	3	0.75%	-		-
Northeastern State University	800	4	0.72%	-		0.00%
FlightSafety International	785	5	0.71%	650	4	0.66%
City of Broken Arrow	685	6	0.62%	746	3	0.76%
A G Equipment Co.	422	7	0.38%	-		-
Exterran, Inc.	350	8	0.31%	-		-
Blue Bell Creameries	350	9	0.31%	-		-
McDaniel Technical Services	325	10	0.29%	-		-
Micahtek Inc.	-		-	375	5	0.38%
Baker Hughes Oilfield Ops.	-		-	340	6	0.35%
Reasors	-		-	325	7	0.33%
Rhema Bible Church	-		-	287	8	0.29%
Continental Industries	-		-	284	9	0.29%
Davis H. Elliot/Oklahoma	-		-	275	10	0.28%
	<u>7,717</u>		<u>6.93%</u>	<u>6,639</u>		<u>6.75%</u>

**Sources:**

<sup>a</sup> Broken Arrow Chamber of Commerce

<sup>b</sup> Based on US Census Bureau population of 111,318

<sup>c</sup> Based on US Census Bureau population of 98,354



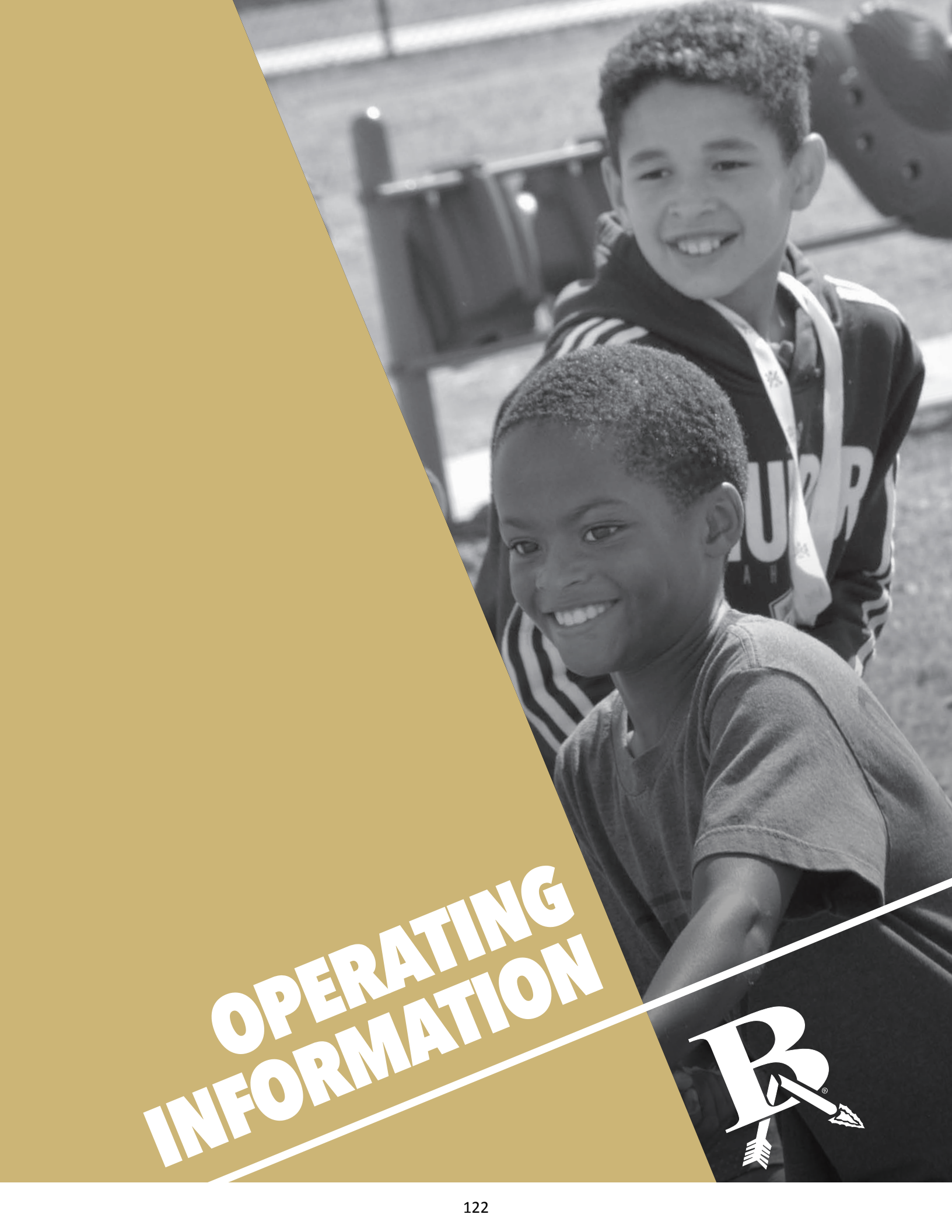


**Broken Arrow Public Schools**  
**Full-Time Equivalent District Employees by Type**  
**Last Ten Fiscal Years**

	Full-Time Equivalent Employees by Type										Percentage Change
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-2017
Supervisory											
Principals	26	27	27	27	25	25	28	28	29	27	3.85%
Assistant Principals	23	23	20	22	26	26	25	29	28	28	21.74%
Total supervisory	49	50	47	49	51	51	53	57	57	55	12.24%
Instruction											
Teachers	837	806	785	858	875	873	946	1,068	1,090	1,066	27.36%
Other professionals	200	198	193	149	146	150	149	122	113	108	-46.00%
Aides	94	110	102	102	98	95	135	239	435	506	438.30%
Total instruction	1,131	1,114	1,080	1,109	1,119	1,118	1,230	1,429	1,638	1,680	48.54%
Student Services											
Librarians	23	24	24	24	24	24	23	21	18	20	-13.04%
Technicians	36	44	41	35	34	44	67	54	23	25	-30.56%
Social Workers/ Counselors	40	56	54	70	73	76	75	39	42	42	5.00%
Total student services	99	124	119	129	131	144	165	114	83	87	-12.12%
Support and Administration <sup>a</sup>											
Office	259	281	276	281	277	246	250	184	209	211	-18.53%
Maintenance	165	146	134	153	150	146	172	195	231	251	52.12%
Food Service	111	121	114	113	114	141	153	83	238	237	113.51%
Transportation	136	147	143	171	170	175	170	159	237	205	50.74%
Total support and administration	671	695	667	718	711	708	745	621	915	904	34.72%
<b>Total</b>	<b>1,950</b>	<b>1,983</b>	<b>1,913</b>	<b>2,005</b>	<b>2,012</b>	<b>2,021</b>	<b>2,193</b>	<b>2,221</b>	<b>2,693</b>	<b>2,726</b>	<b>39.79%</b>

**Source:** State Department of Education and District records

<sup>a</sup> Total Support and Administration does not include instructional support personnel or principals/assistant principals.



**OPERATING  
INFORMATION**





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

	Fiscal Year Ending June 30th,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Instruction	\$ 151,819,800	\$ 156,398,025	\$ 157,122,239	\$ 167,357,145	\$ 177,962,564	\$ 185,376,462	\$ 204,322,573	\$ 226,222,682	\$ 249,359,547	\$ 265,238,327
Student	872,796	898,219	908,414	941,142	957,892	2,457,892	6,200,306	6,258,506	6,258,506	6,307,726
Instructional support	1,788,640	1,788,640	1,788,639	1,799,376	1,902,988	2,307,628	3,067,692	4,005,821	4,880,445	5,715,149
General administration	121,053	121,053	121,053	121,053	163,032	163,032	163,032	176,427	176,427	448,952
School administration	726,320	726,320	747,575	747,575	747,575	747,575	747,575	812,784	975,507	975,507
Business	800,627	1,117,041	6,821,682	6,919,619	8,284,960	8,891,941	9,866,374	10,649,898	10,649,898	10,649,898
Operations and maintenance	1,242,654	1,388,662	1,614,769	1,677,952	2,188,376	3,386,270	5,480,740	6,605,416	10,978,022	11,565,686
Transportation	906,167	1,207,067	3,173,817	3,173,817	3,264,782	4,121,614	4,333,934	5,416,963	6,280,370	6,639,624
Non-instructional	731,607	731,607	1,071,120	1,097,086	1,097,086	1,102,205	1,102,204	1,102,204	1,102,204	1,108,185
Other-unclassified	47,811	47,810	47,810	86,508	86,508	86,508	86,509	86,509	86,509	86,509
Total Governmental Activities	<u>159,057,474</u>	<u>164,424,443</u>	<u>173,417,118</u>	<u>183,921,273</u>	<u>196,655,762</u>	<u>208,641,127</u>	<u>235,370,939</u>	<u>261,337,209</u>	<u>290,747,435</u>	<u>308,735,562</u>
<b>Business-Type Activities<sup>a</sup></b>										
Child nutrition services	-	-	-	-	354,727	725,774	1,526,603	4,002,097	4,240,587	4,613,539
<b>Total Capital Assets</b>	<u>\$ 159,057,474</u>	<u>\$ 164,424,443</u>	<u>\$ 173,417,118</u>	<u>\$ 183,921,273</u>	<u>\$ 197,010,489</u>	<u>\$ 209,366,901</u>	<u>\$ 236,897,542</u>	<u>\$ 265,339,307</u>	<u>\$ 294,988,021</u>	<u>\$ 313,349,100</u>

<sup>a</sup>Prior 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.

**Source:** District Records



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Certified Personnel</b>										
Minimum Salary	\$ 30,686	\$ 30,686	\$ 30,686	\$ 29,525	\$ 29,525	\$ 29,525	\$ 29,525	\$ 29,525	\$ 29,525	\$ 29,525
Maximum Salary	\$ 42,122	\$ 41,272	\$ 41,460	\$ 41,460	\$ 41,560	\$ 41,560	\$ 42,123	\$ 44,222	\$ 44,822	\$ 45,422
Average Salary	\$ 36,404	\$ 35,979	\$ 36,073	\$ 35,492	\$ 35,542	\$ 35,543	\$ 35,824	\$ 35,272	\$ 35,253	\$ 35,167
Number of Teachers	778	704	777	745	792	824	845	856	730	833
Minimum Salary	\$ 31,967	\$ 31,967	\$ 31,967	\$ 31,967	\$ 30,806	\$ 30,806	\$ 30,806	\$ 30,806	\$ 30,806	\$ 30,806
Maximum Salary	\$ 45,703	\$ 44,428	\$ 44,653	\$ 44,653	\$ 44,753	\$ 44,753	\$ 45,428	\$ 48,053	\$ 48,728	\$ 49,403
Average Salary	\$ 38,835	\$ 38,197	\$ 38,310	\$ 38,310	\$ 37,779	\$ 37,780	\$ 38,117	\$ 38,830	\$ 38,687	\$ 38,583
Number of Teachers	361	304	331	322	328	323	342	317	292	330
Minimum Salary	\$ 33,298	\$ 33,298	\$ 33,298	\$ 33,298	\$ 32,137	\$ 32,137	\$ 32,137	\$ 32,137	\$ 35,909	\$ 33,298
Maximum Salary	\$ 46,959	\$ 46,959	\$ 47,184	\$ 47,184	\$ 47,284	\$ 47,284	\$ 47,959	\$ 42,559	\$ 42,559	\$ 43,459
Average Salary	\$ 40,128	\$ 40,129	\$ 40,241	\$ 40,241	\$ 39,711	\$ 39,711	\$ 40,048	\$ 36,844	\$ 38,500	\$ 38,674
Number of Teachers	4	5	7	7	9	5	6	5	6	9
<b>Total Certified Personnel<sup>a</sup></b>	<b>1,143</b>	<b>1,013</b>	<b>1,115</b>	<b>1,074</b>	<b>1,129</b>	<b>1,152</b>	<b>1,193</b>	<b>1,178</b>	<b>1,028</b>	<b>1,172</b>
<b>Support Personnel</b>										
Number of Support	717	885	710	847	797	781	912	942	1,582	991
<b>Administrative Personnel</b>										
Number of Administrators	90	85	88	84	86	88	88	101	83	97

<sup>a</sup> 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.

Source: District records



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

Fiscal Year Ended June 30th	Average Daily Membership (ADM) <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost per Pupil <sup>c</sup>	Percentage Change	Teaching Staff <sup>d</sup>	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced - Price Meals <sup>e</sup>
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%
2014	17,916	131,100,328	7,317	-5.63%	946	24:1	42.00%
2015	18,372	132,538,686	7,214	1.43%	1,068	24:1	42.00%
2016	18,796	146,222,636	7,780	-7.28%	1,090	24:1	42.00%
2017	18,899	129,868,077	6,872	13.21%	1,066	24:1	42.00%

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

<sup>b</sup> Operating expenditures are the total expenses of the District as reported in the Government-Wide Statement of Activities.

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

<sup>d</sup> Teaching staff includes all certified personnel whose pay is based on the Broken Arrow Education Association's contract.

<sup>e</sup> Percentage of free or reduced students obtained from District records maintained by the Child Nutrition Department.



**Broken Arrow Public Schools  
School Building Information**

**Last Ten Fiscal Years**

*Continued on Page 127*

Fiscal Year Ending June 30th

School	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Early Childhood Center</b>										
Arrow Springs (2014) <sup>a</sup>										
Square Feet	-	-	-	-	-	-	-	28,479	28,479	28,479
Capacity	-	-	-	-	-	-	-	260	260	260
Enrollment	-	-	-	-	-	-	-	239	225	228
Aspen Creek (2013)										
Square Feet	-	-	-	-	-	-	28,712	28,712	28,712	28,712
Capacity	-	-	-	-	-	-	320	320	320	320
Enrollment	-	-	-	-	-	-	310	299	294	301
Creekwood (2013)										
Square Feet	-	-	-	-	-	-	28,400	28,400	28,400	28,400
Capacity	-	-	-	-	-	-	320	320	320	320
Enrollment	-	-	-	-	-	-	326	339	314	307
Park Lane (2013) <sup>o</sup>										
Square Feet	-	-	-	-	-	-	33,280	33,280	33,280	33,280
Capacity	-	-	-	-	-	-	360	360	360	360
Enrollment	-	-	-	-	-	-	300	299	251	305
<b>Elementary</b>										
Arrow Springs (1981) <sup>a</sup>										
Square feet	38,783	38,783	38,783	38,783	38,783	38,783	28,479	28,479	28,479	28,479
Capacity	648	648	648	648	648	432	-	-	-	-
Enrollment	393	407	410	379	367	337	-	-	-	-
Arrowhead (1970)										
Square feet	70,813	70,813	70,813	70,813	68,960	68,960	68,960	68,960	68,960	68,960
Capacity	696	696	696	696	696	696	696	696	696	696
Enrollment	487	460	442	432	437	485	480	466	436	454
Aspen Creek (2013) <sup>c</sup>										
Square feet	-	-	-	-	-	-	92,539	92,539	92,539	92,539
Capacity	-	-	-	-	-	-	792	792	792	792
Enrollment	-	-	-	-	-	-	627	633	673	705
Country Lane (1993)										
Square feet	75,148	90,226	90,226	90,226	90,226	90,226	90,226	90,266	90,266	90,266
Capacity	984	984	984	984	984	984	984	984	984	984
Enrollment	984	984	817	940	845	924	818	834	828	853
Country Lane Int. (2007)										
Square feet	97,330	97,330	97,330	97,330	97,330	97,330	97,330	97,330	97,330	97,330
Capacity	1,176	1,176	1,176	1,176	1,176	1,176	1,224	1,224	1,224	1,224
Enrollment	600	610	672	811	697	708	750	769	845	845
Creekwood (2013)										
Square feet	-	-	-	-	-	-	92,539	92,539	92,539	92,539
Capacity	-	-	-	-	-	-	792	792	792	792
Enrollment	-	-	-	-	-	-	631	672	677	677
Indian Springs (1974) <sup>c</sup>										
Square feet	42,066	42,066	42,066	42,066	42,066	42,066	42,066	42,066	42,066	42,066
Capacity	696	696	696	696	696	696	-	-	-	-
Enrollment	475	501	517	517	490	483	-	-	-	-



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

*Continued on Page 128*

Fiscal Year Ending June 30th

School	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Highland Park (2012)										
Square feet	-	-	-	-	-	92,000	92,000	92,000	92,000	92,000
Capacity	-	-	-	-	-	864	864	864	864	864
Enrollment	-	-	-	-	-	784	788	846	853	897
Leisure Park (1983)										
Square feet	70,364	70,364	70,364	70,364	72,530	72,530	72,530	72,530	72,530	72,530
Capacity	768	768	768	768	768	768	816	816	816	816
Enrollment	603	545	543	539	566	578	545	661	669	658
Liberty (2004)										
Square feet	70,561	70,561	70,561	70,561	81,446	81,446	81,446	81,466	81,466	81,466
Capacity	768	768	768	768	984	984	1,032	1,032	1,032	1,032
Enrollment	744	855	677	672	775	829	739	732	749	713
Lynn Wood (1980)										
Square feet	46,328	46,328	46,328	46,328	65,395	65,395	65,395	65,395	65,395	65,395
Capacity	744	744	744	744	744	744	744	744	744	744
Enrollment	522	515	506	516	518	533	507	512	504	472
Oak Crest (1964) <sup>d</sup>										
Square feet	66,462	66,462	66,462	66,462	66,462	66,462	54,020	54,020	54,020	54,020
Capacity	816	816	816	816	816	816	-	816	816	816
Enrollment	497	550	531	540	522	514	-	405	405	427
Park Lane (1978) <sup>o</sup>										
Square feet	46,752	46,752	46,752	46,752	46,752	46,752	33,280	33,280	33,280	33,280
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	68,461	68,461	68,461	68,461
Capacity	720	720	720	720	720	720	720	720	720	720
Enrollment	531	533	547	532	523	508	439	445	481	489
Spring Creek (1987)										
Square feet	66,178	66,178	66,178	66,178	68,314	68,314	68,314	68,314	68,314	68,314
Capacity	672	672	672	672	672	672	744	744	744	744
Enrollment		455	425	409	405	589	509	513	536	516
Vandever (1974)										
Square feet	44,144	44,144	44,144	44,144	64,180	64,180	64,180	64,180	64,180	64,180
Capacity	720	720	720	720	720	720	768	768	768	768
Enrollment	443	448	488	461	450	483	417	445	478	454
Westwood (1986) <sup>e</sup>										
Square feet	39,448	39,448	39,448	39,448	39,448	39,448	-	-	-	-
Capacity	720	720	720	720	720	720	-	-	-	-
Enrollment	498	484	494	495	508	487	-	-	-	-
Wolf Creek (1991)										
Square feet	62,984	62,984	62,984	62,984	87,584	87,584	87,584	87,584	87,584	87,584
Capacity	864	864	864	864	864	864	864	864	864	864
Enrollment	597	592	572	569	596	414	542	540	570	545



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

*Continued on Page 129*

Fiscal Year Ending June 30th

School	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Middle</b>										
Centennial (2003)										
Square feet	142,200	142,200	142,200	142,200	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	1,400	1,400	1,400	1,400
Enrollment	876	898	916	938	1,014	1,085	981	1,024	1,043	1,070
Childers (1986)										
Square feet	120,395	120,395	120,395	120,395	120,395	120,395	123,464	123,464	123,464	123,464
Capacity	1,050	1,050	1,050	1,050	1,050	1,050	1,110	1,110	1,110	1,110
Enrollment	608	578	562	567	564	549	729	692	770	775
Haskell (1958) <sup>d</sup>										
Square feet	120,092	120,092	120,092	120,092	120,092	120,092	120,092	-	-	-
Capacity	1,224	1,224	1,224	1,224	1,224	1,224	1,224	-	-	-
Enrollment	865	860	870	868	889	857	642	-	-	-
Oliver (1992)										
Square feet	141,305	141,305	141,305	141,305	141,305	141,305	141,305	141,305	141,305	141,305
Capacity	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
Enrollment	764	740	722	740	780	734	824	823	812	790
Oneta Ridge (2013) <sup>d</sup>										
Square feet	-	-	-	-	-	-	132,688	132,688	132,688	132,688
Capacity	-	-	-	-	-	-	1,250	1,250	1,250	1,250
Enrollment	-	-	-	-	-	-	744	795	815	876
Sequoyah (1967)										
Square feet	106,336	106,336	106,336	106,336	106,336	106,336	99,696	99,696	99,696	99,696
Capacity	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025
Enrollment	546	551	550	550	532	556	527	535	544	571
<b>High</b>										
Senior High (1982) <sup>f</sup>										
Square feet	400,255	400,255	400,255	400,255	503,562	503,562	506,417	506,417	506,417	506,417
Capacity	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050
Enrollment	2,063	2,096	2,136	2,153	2,197	2,160	2,147	3,285	3,403	3,679
North Intermediate (1952)										
Square feet	185,347	185,347	185,347	185,347	183,715	183,715	175,150	175,150	175,150	53,559
Capacity	1,890	1,890	1,890	1,890	1,890	1,890	1,890	-	-	-
Enrollment	1,246	1,235	1,296	1,301	1,300	1,242	1,275	-	-	-
South Intermediate (1976)										
Freshman Academy (2014) <sup>f</sup>										
Square feet	152,636	152,636	152,636	152,636	186,636	186,636	186,636	186,636	186,636	186,636
Capacity	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130
Enrollment	1,144	1,116	1,172	1,143	1,066	1,077	1,122	1,261	1,249	1,291
Alternative Academy (1954) <sup>d</sup>										
Square feet	18,180	18,180	18,180	18,180	16,548	16,548	16,548	120,092	120,092	120,092
Capacity	300	300	300	300	300	300	300	1,224	1,224	1,224
Enrollment	114	116	118	104	111	105	102	120	127	120





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

School	Fiscal Year Ending June 30th									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other										
<b>Central on Main (1925)</b>										
Square feet	60,807	60,807	60,807	60,807	60,807	60,807	60,807	60,807	60,807	608,074
Southside (1955)										
Square feet	47,252	47,252	-	-	-	-	-	-	-	-
Education Service Center (1973) <sup>g</sup>										
Square feet	24,612	24,612	24,612	-	-	-	-	-	-	-
Education Service Center (2009)										
Square feet	-	-	-	86,230	86,230	86,230	86,230	86,230	86,230	86,260
Warehouse (1974)										
Square feet	59,217	59,217	59,217	59,217	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	22,380	22,380	22,380	22,380
Maintenance (1974)										
Square feet	7,488	7,488	7,488	7,488	7,488	7,488	7,488	42,380	42,380	42,380
Special Services (1974)										
Square feet	6,900	6,900	6,900	-	-	-	-	-	-	1
Indoor Practice Facility (2014)										
Square feet	-	-	-	-	-	-	-	71,624	71,624	71,624

<sup>a</sup> Arrow Springs Elementary was under construction during the 2013-14 school year as it was being transformed into an early childhood center, opening August 2014.

<sup>b</sup> Park Lane Elementary was re-purposed to an early childhood center in 2013-14.

<sup>c</sup> Indian Springs Elementary was vacant during the 2013-14 school year as students moved into the new Aspen Creek Elementary, opening August 2013.

<sup>d</sup> Students from Oak Crest Elementary and Arrow Springs Early Childhood Center temporarily resided at Haskell Middle school for the 2013-14 school year only while Oak Crest was under renovation. Haskell students were moved to Oneta Ridge when it opened August 2013. The building now houses the Alternative Academy students.

<sup>e</sup> Westwood Elementary was absorbed by the High School campus as part of their athletic facility upgrade as students moved into the new Creekwood Elementary.

<sup>f</sup> During the 2014-15 school year the sophomore class was moved to the high school campus, changing South Intermediate High School to the Freshman Academy.

<sup>g</sup> 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.

**Source:** District records



## Notice of Non-Discrimination

There will be no discrimination in the District because of race, color, sex, pregnancy, gender, gender expression or identity, national origin, religion, disability, veteran status, sexual orientation, age, or genetic information in its programs, services, activities and employment. The district also provides equal access to the Boy Scouts of America and other designated youth groups.

Broken Arrow Public Schools will take all necessary steps to ensure that each school and work place in the District is free from unlawful discrimination or harassment.

The following people within the District have been designated to handle inquiries regarding the District's non-discrimination policies, issues and concerns:

- For all student issues related to Title VI of the Civil Rights Act of 1964, as amended (questions or complaints based on race, color, and national origin), the Associate Superintendent, Chuck Perry, should be contacted at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012
- For all student issues related to Title II of the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, and the Individuals with Disabilities Education Act of 2004 (IDEA) (for questions or complaints based on disability), The Director of Special Education, Daylene Oxford, should be contacted at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012
- For all student issues related to Title IX, of the Education Amendments of 1972 (for questions or complaints based on sex, pregnancy, gender, gender expression or identity), the Assistant Athletic Director, Melenda Knight, should be contacted at 918-259-4310 or at 1901 E. Albany, Broken Arrow, OK 74012
- For issues related to accessibility to facilities, services and activities pursuant to the Americans with Disabilities Act, The Chief Operating Officer, Michelle Bergwall, should be contacted at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012
- For all non-student and/or employment related issues (including questions or complaints based on age), or for any individual who has experienced some other form of discrimination, including discrimination not listed above, the Executive Director of Human Resources, Rusty Stecker, should be contacted at 918-259-5700 or at 701 South Main Street, Broken Arrow, OK 74012

Inquiries concerning non-discrimination can also be made to the United States Department of Education's Office for Civil Rights. The contact information for the Kansas City Enforcement Office is included below:

Office of Civil Rights, U.S. Department of Education  
One Petticoat Lane  
1010 Walnut Street, Suite 320  
Kansas City, MO 64106  
Telephone: (816) 268-0550  
TTY: (877) 521-2172  
Facsimile: (816) 823-1404  
Email: [OCR.KansasCity@ed.gov](mailto:OCR.KansasCity@ed.gov)