



Tulsa Public Schools
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016



Excellence and High Expectations with a Commitment to All

**INDEPENDENT SCHOOL DISTRICT NO. I-1,
TULSA COUNTY, OKLAHOMA**

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INDEPENDENT SCHOOL DISTRICT NO. I-1,
TULSA COUNTY, OKLAHOMA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

*Prepared by the
Department of Financial Services*

Tulsa Public Schools does not discriminate on the basis of race, religion, color, national origin, sex, sexual orientation, disability, genetic information, veteran status, marital status or age in its employment, programs and activities and provides equal access to the Boy Scouts and other designated youth groups.

The following person has been designated to handle inquiries regarding Tulsa Public Schools' non-discrimination policies:

*Dr. Pauline Harris, Human Rights & Title IX Coordinator
Tulsa Public Schools Human Capital Department
3027 South New Haven Avenue
Tulsa, Oklahoma 74114-6131
918-746-6517*

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INTRODUCTORY SECTION



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Board of Education

President

Lana Turner-Addison, Ed.D.

Members

Ruth Ann Fate
Wilbert Collins
Cindy Decker, Ph.D.
Shawna Keller
Gary Percefull
Suzanne Schreiber

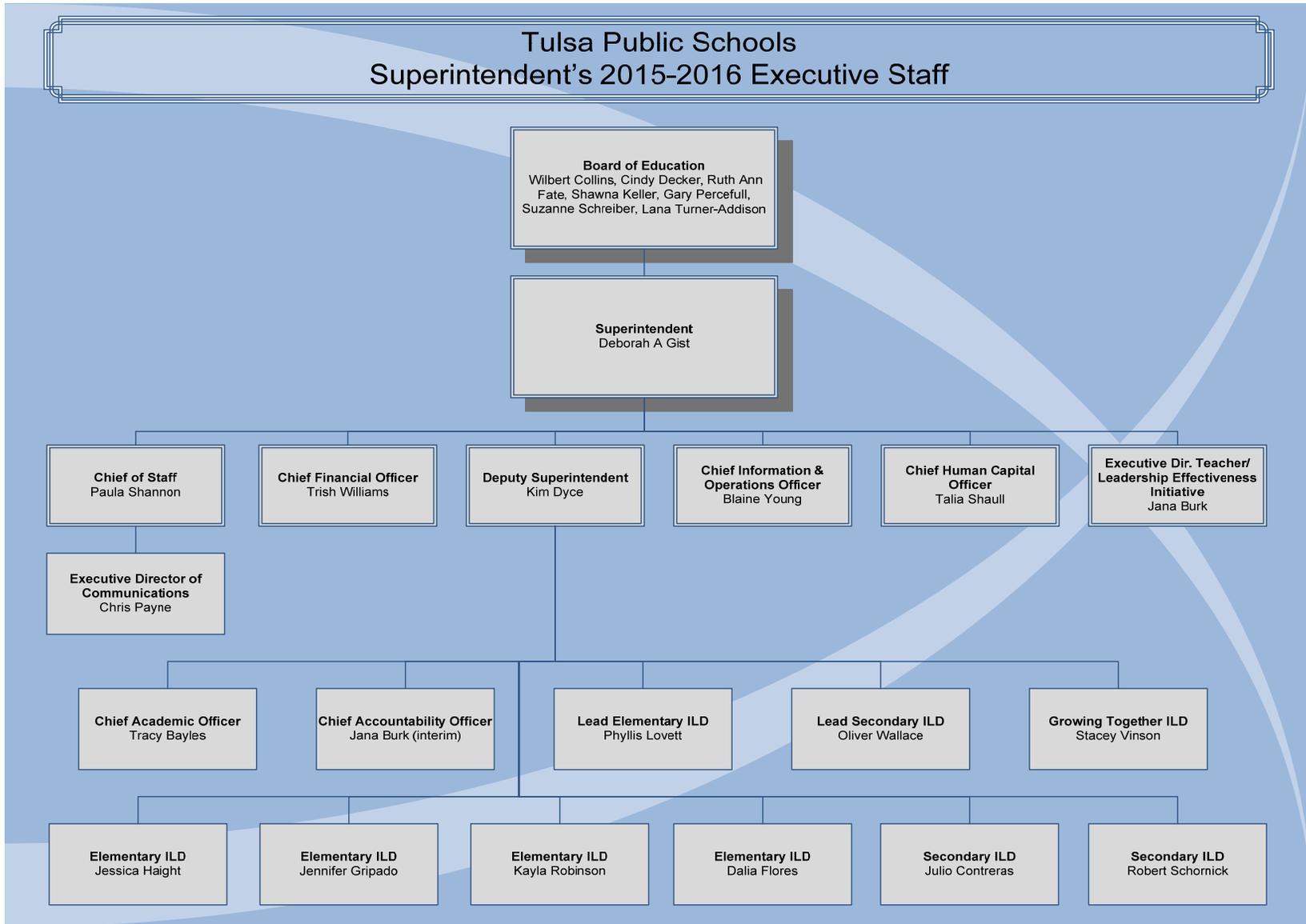
Deborah A. Gist, Ed.D.
Superintendent

Kathleen M. Schmitz
Interim Chief Financial Officer

George P. Stoeppelwerth
Director of Finance
Treasurer

Janet L. Jamison, CPA
Director of Accounting
Encumbrance Clerk

INTRODUCTORY SECTION: ORGANIZATIONAL CHART



Deborah A. Gist, Ed.D. (Superintendent)

Dr. Deborah A. Gist is the superintendent of Tulsa Public Schools and is a proud graduate of Memorial High School. She holds a bachelor of science in early-childhood education from the University of Oklahoma, a master of arts in elementary education and curriculum from the University of South Florida, a master's degree in public administration from the Harvard University John F. Kennedy School of Government, and a doctoral degree in education leadership from the University of Pennsylvania.

Prior to returning home to lead Tulsa Public Schools, Dr. Gist served as commissioner of education for the State of Rhode Island where student achievement reached historical highs, and graduation rates increased significantly.

Dr. Gist started her career in education in 1988 as an elementary school teacher in Fort Worth, Texas. She moved from the classroom to education administration in 1996, designing and implementing a literacy program serving families in 108 elementary schools in the Hillsborough County School District in Tampa, Florida. Dr. Gist continued her work to advance student achievement through access to education as a Senior Policy Analyst for the U.S. Department of Education and as the Washington, DC State Education Officer. In 2007, she became the first State Superintendent of Education for the District of Columbia, overseeing early childhood, elementary, secondary, adult, and higher education.

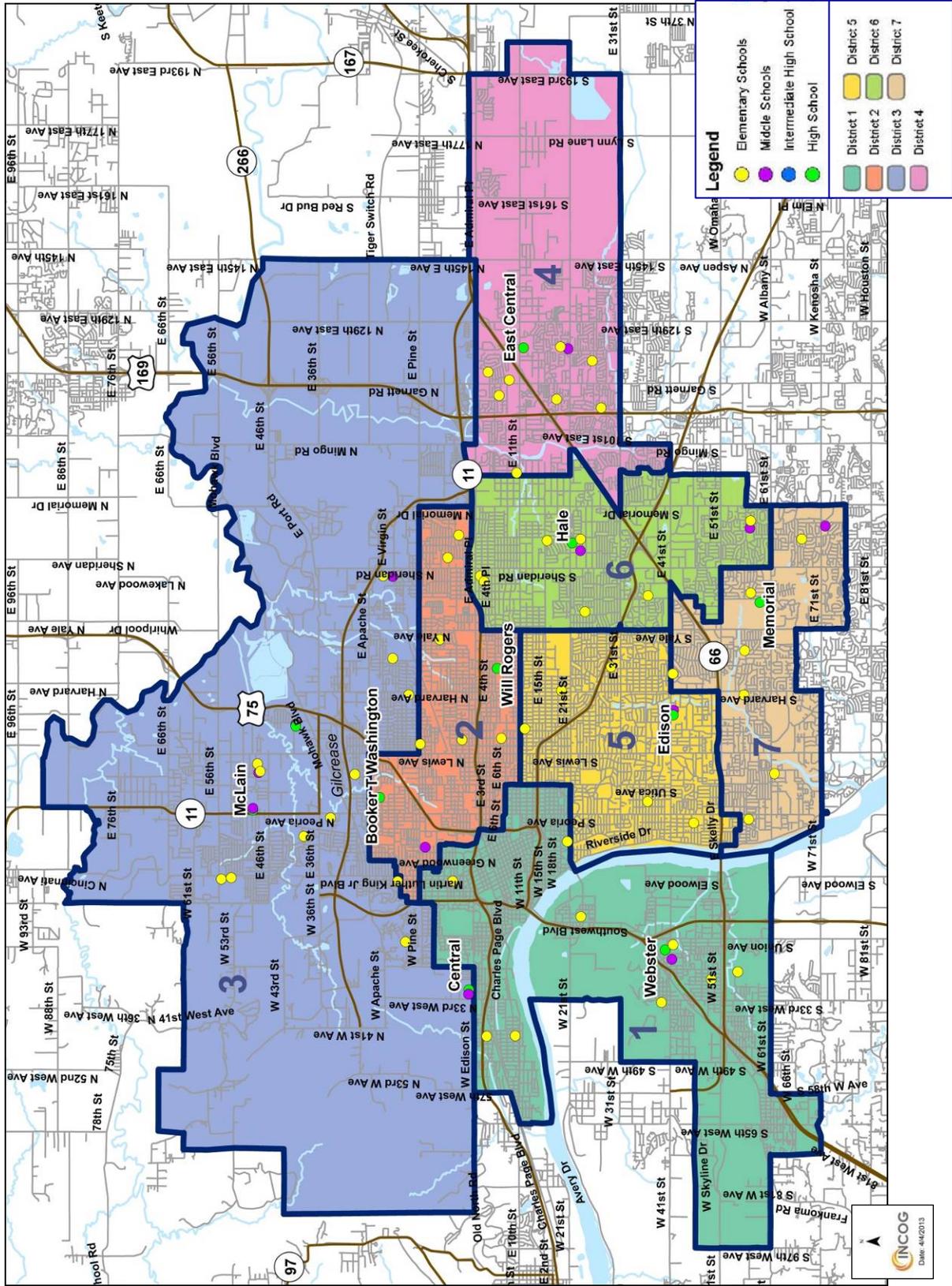


Dr. Gist is a member of the 2008 cohort of Broad Superintendents Academy Fellows and a 2013 Pahara-Aspen Fellow through the Aspen Institute. In 2010, she was one of *Time Magazine's* "100 Most Influential People in the World" and one of *The Atlantic's* Brave Thinkers, whom the magazine recognizes for "the year's most intrepid and original thinking."

Dr. Gist is a founding board member of Chiefs for Change and serves on the boards of TPI-US, the Tulsa Area United Way, Junior Achievement of Oklahoma, and the Boy Scouts of America Indian Nations Council. She and her husband, Jock, along with their dogs Rosalita and Diamond, are enthusiastic T-Town residents and big fans of the OU Sooners.

INTRODUCTORY SECTION: BOARD MEMBER PROFILES

Tulsa Public Schools
Board Member Districts



INTRODUCTORY SECTION: BOARD MEMBER PROFILES

Color Legend for Board Member Districts Map

| | | | |
|---|---|---|----------------------------------|
|  | District 1 – Gary Percefull |  | District 5 – Cindy Decker, Ph.D. |
|  | District 2 – Wilbert E. Collins, Sr. |  | District 6 – Ruth Ann Fate |
|  | District 3 – Lana Turner-Addison, Ed.D. |  | District 7 – Suzanne Schreiber |
|  | District 4 – Shawna Keller | | |



Left to Right: Gary Percefull, Suzanne Schreiber, Shawna Keller, Lana Turner-Addison, Ed.D., Cindy Decker, Ruth Ann Fate, Wilbert Collins

District 1 – Gary Percefull

Mr. Percefull was elected to the Board of Education in February 2003. His term will expire February 2019. Mr. Percefull is president of a Tulsa public relations firm, The Scissortail Group Ltd. The company, based in a renovated house along Historic Route 66 in southwest Tulsa, specializes in events, media relations and government affairs. Mr. Percefull previously was employed at the Tulsa World. He is a graduate of Tulsa Memorial High School (Class of 1972) and the University of Oklahoma where he earned a bachelor's degree in journalism. He is an active volunteer with several community organizations and initiatives. He serves on the boards of the Community Service Council of Greater Tulsa and the Southwest Tulsa Chamber of Commerce, and the steering committees of the East Tulsa Prevention Coalition and Tulsa Volunteer Center. He is past president of the Riverview Neighborhood Association. The Scissortail Group is a Partners in Education/Adopt-A-School partner with Park Elementary School and Mr. Percefull mentors students through the Going-to-Bat for Tulsa Kids program. Schools in Mr. Percefull's election district include ECDC Porter; Chouteau, Emerson, Eugene Field, Lee, Park, Remington, Robertson and Mark Twain Elementary Schools; Clinton Middle School; and Webster High School.

INTRODUCTORY SECTION: BOARD MEMBER PROFILES

District 2 – Wilbert E Collins, Sr.

Mr. Collins was appointed to his post in July 2012. His term will expire February 2017. Mr. Collins graduated from Booker T. Washington High School (Class of 1959). After graduating from Tulsa Junior College, he entered the U.S. Army where he was selected to attend the Sergeants Major Academy at Fort Bliss Army Base located in El Paso, Texas. He graduated there in 1989 and served a combined 27 years on active and reserve duty for the U.S. Army, retiring as a Command Sergeant Major. Mr. Collins was elected as the first African-American county commissioner for Tulsa in 1998, where he initiated the passing of “4 to Fix the County” and “Vision 2025” projects. He is a lifetime member of the historic 103 year old Mt. Zion Baptist Church where he has served as a trustee for more than 30 years and a deacon for three years. Mr. Collins has served as Morton Health Center Chairman of the Board, served on the Board of American State Bank and served as a member of Neighbor for Neighbor. He is currently President of the Business Industrial Development Corporation and a 33rd Degree Mason. Schools in Mr. Collins' election district are Burroughs, Kendall-Whittier, McKinley, Mitchell, Owen, Sequoyah and Springdale Elementary Schools; Carver Middle School; Will Rogers College High & Junior High School and Booker T. Washington High School.

District 3 – Lana Turner-Addison, Ed.D. (President)

Dr. Turner-Addison was elected to her post in April 2005. Her term will expire February 2017. Dr. Turner-Addison earned an Associate Degree at Oklahoma Junior College; has a Bachelor's Degree in Accounting, a Master's Degree in Urban Education from Langston University. She earned a Doctoral degree at Oklahoma State University. She was formerly employed at OSU-Tulsa as the Community Relations Manager and at the City of Tulsa as the Director of Human Rights. She also owns and operates Business & Bookkeeping Services, Inc. Dr. Turner-Addison is a Leadership Tulsa graduate. She has served as Board Chair for Rotary Club of North Tulsa and is the Public Relations Chair for the Martin Luther King Commemorative Society and Chair of the North Tulsa Economic Development Initiative. She has extensive experience and involvement working with community organizations and Tulsa school children at McLain High School for Science and Technology, Sam Houston, Academy Central, Roosevelt Elementary and Madison Middle schools. In addition, she is involved and/or volunteers with CARA, YMCA, Modern Woodsmen of America, Salvation Army North Mabee Center, Urban League, Tulsa Talks, Junior Achievement and Going to the Arts for Tulsa Kids. Schools in Dr. Turner-Addison's election district include ECDC Bunche; Academy Central, Anderson, Celia Clinton, Gilcrease, Hamilton, Hawthorne, Jackson, Penn, and Whitman Elementary Schools; Dual Language Program; Central Junior High, Monroe Demonstration School; McLain Junior High/7th Grade Academy; and Central and McLain High Schools.

District 4 – Shawna Keller

Ms. Keller was elected to her post in June 2014. Her term will expire in February 2018. As a fourth generation East Tulsa resident, Shawna attended Disney Elementary School, East Central Junior High School and graduated from East Central High School. Ms. Keller graduated from the University of Tulsa with a Bachelor's Degree in History and received her teaching certification from Northeastern State University. Shawna is currently working on her Master's Degree in History at TU. Ms. Keller began teaching at Owasso Ram Academy in 2006 as a history teacher. She was selected as Teacher of the Year at the Ram Academy in 2011. Shawna is an active member of the Oklahoma Education Association. Schools in Ms. Keller's election district include ECDC Reed; Columbus, Cooper, Disney, Kerr, Lewis & Clark, Lindbergh, Peary, and Skelly Elementary Schools; East Central Junior High; and East Central High School.

District 5 – Cindy Decker, Ph.D.

Dr. Decker was appointed by the Board of Education in May 2015 to fill a vacancy. Her term will expire February 2020. Dr. Decker has been an education researcher since 2002. She is passionate about ensuring all children have a quality education. She works as Director of Research and Accountability at CAP Tulsa while also consulting for various groups including the U.S. Department of Education and Howard County Public School System in Maryland. She is Chair of the Board of Moto, Inc., a family-owned business based in Illinois. Formerly, she was a Senior Economist working with the education team at the U.S. Government Accountability Office. Dr. Decker attended Patrick Henry, Edison Junior High, and graduated from Edison High School. She holds a B.A. in Economics and Mathematics from Emory University in Atlanta and a Ph.D. in Economics from the University of California at Berkeley. She is a member of Leadership Tulsa Class 44. Schools in Dr. Decker's election district include Eliot, Lanier, and Wright Elementary Schools; Mayo Demonstration School; and Edison Preparatory School.

District 6 – Ruth Ann Fate

Ms. Fate was first elected to her post in April 1996. She served as president of the Board of Education from February 1999 through February 2002. Her term will expire February 2020. She is a life-long Oklahoman, graduating from high school in Miami, Oklahoma, and attending Oklahoma University. Ms. Fate is a charter member of Bethany Christian Church (Disciples of Christ) and a founding member of the Bethany Community pre-school where she taught for ten years. An involved community volunteer, Ms. Fate is on the Board of Trustees for the National Conference for Community and Justice and currently serves as a Docent for the Philbrook Museum of Art. She served as the president of that organization during 1993 and 1994. Ms. Fate is now a trustee of the Philbrook Museum Board, is the past president and a member of the Board of Arts and Humanities Council, is the president of OU College of Education Board of Advocates, is an advisory board member for the Center for Counseling and also for the Tulsa Arboretum and serves on the Phillips Theological Seminary board. Schools in Ms. Fate's election district include Bell, Hoover, Jones, MacArthur and Salk Elementary Schools; Zarrow International School; Hale and Memorial Junior High Schools; Street School and Hale High School.

District 7 – Suzanne Schreiber (Vice President)

Ms. Schreiber was elected to her post in February 2014. Her term will expire February 2018. She has lived in Tulsa for over 20 years. Her passion for public education is fueled by the belief that every child can learn and our community is stronger when all children have access to a quality education. Ms. Schreiber has always been active in civic life, participating in everything from student government, leadership organizations and charitable boards to middle school mentor and homeroom mother at Grimes Elementary. She is a graduate of the University of Tulsa and the University of Tulsa Law School. She now works for the Tulsa Community Foundation (TCF) on a variety of community improvement projects. Prior to her position at TCF, Ms. Schreiber practiced law in the private sector and served as a federal law clerk at both the district and appellate levels. Schools in Ms. Schreiber's election district include Carnegie, Eisenhower International, Grimes, Grissom, Patrick Henry, Key, Marshall, and McClure Elementary Schools; Thoreau Demonstration Academy; and Memorial High School.



December 19, 2016

To the Board of Education Members and the
Citizens of the Independent School District No. I-1, Tulsa County:

The Comprehensive Annual Financial Report (CAFR) of the Independent School District No. I-1, Tulsa Public Schools, ("District"), for the fiscal year ended June 30, 2016, is hereby submitted. The CAFR has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of the District. Disclosures necessary to enable the reader to gain understanding of such financial operations have been included. The Management's Discussion and Analysis (MD&A) section provides a brief overview of these financial reports. This transmittal letter is designed to be read in conjunction with the MD&A.

Oklahoma Public School Audit law (Title 70-22-101) requires the District to submit an annual report of the financial records and transactions audited by independent certified public accountants. This document is submitted in fulfillment of that requirement. An audit was also conducted to meet the requirements of Title 2 U.S. Office Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards.

The role of the auditors is to audit the financial statements to determine if the basic financial statements are free of material misstatements and to assess the accounting principles followed. Based on their findings, they express an opinion on the fairness of the statements and disclose any material weaknesses. Responsibility for the accuracy and completeness of the data presented, as well as the fairness of presentation of this report, rests with District management.

PROFILE OF THE TULSA PUBLIC SCHOOLS

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 support from the state of Oklahoma. 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, which is composed of seven elected members who serve four year terms. The appointed superintendent is the executive officer of the District. The District is fully accredited by the Oklahoma Department of Education and by the North Central Association.

Tulsa Public Schools is a 173 square mile school district serving the city of Tulsa, the county seat of Tulsa County and the surrounding area in Tulsa, Creek, Osage and Wagoner Counties. The Tulsa Metropolitan Area (MSA) supports a population of 975,666 with an average household income of \$68,210 (2015 estimate, Tulsa Regional Chamber). Approximately 94 percent of the District is located inside the city

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

limits of the city of Tulsa, Oklahoma. The remaining six percent lies in surrounding portions of Tulsa, Creek, Osage and Wagoner Counties.

Tulsa was first settled in the 1830's by the Lachapoka Band of the Creek Native American tribe. For most of the 20th century, the city held the nickname "Oil Capital of the World" and played a major role as one of the most important hubs for the American oil industry. Tulsa, along with several other cities, claims to be the birthplace of U.S. Route 66 and is also known for its Western Swing music.

Tulsa Public Schools is the second largest public school district in the state of Oklahoma, with an enrollment (ADM) of 38,855 students in fiscal year 2015-16. The District is projecting a slight decrease (less than 1%) in student enrollment to 38,759 in 2016-17.

As of June 30, 2016, the District employs 6,352 employees, of which 2,608 are certified teachers and 210 are certified administrators. The total number of employees also includes 3,502 support personnel and 32 support administrators. In addition over 5,000 volunteers provided 282,874 hours of service to the District.

Tulsa Public Schools provides early childhood (pre-kindergarten for four-year old students), primary (kindergarten through 3rd grade), elementary schools (grades 4-5), middle schools (grades 6-8) and high schools (serving grades 9-12).

During FY 2015-16 programs were delivered through 55 elementary schools, 11 middle/junior high schools, and 9 high schools plus 9 alternative school sites. The District contracted with six charter school organizations, Tulsa School for the Arts and Sciences, Tulsa Legacy Charter School, KIPP Tulsa College Preparatory, College Bound Academy, Collegiate Hall, and Tulsa Honor Academy. In addition, eight early childhood programs are delivered at school sites operated by not-for-profits or partnerships with county agencies working in cooperation with the District.

Program delivery occurs during the regular school calendar of 177 days (or 1,105 hours) of instruction annually. The District also delivers programs through evening school operating year round and through summer school. In 2010-11, the District launched a virtual academy for secondary students. During 2015-16, 241 students were enrolled in the on-line program.

ECONOMIC OUTLOOK

During FY 2015-16 the State General Revenue fund collected approximately \$5.2 billion in revenues, a decrease of approximately \$500 million or a reduction of 8.7% from FY 2014-15. This was also \$541.3 million below the estimate. All major state revenue streams were less than the previous year. As of June 30, 2016, the monthly bottom line has been less than the same month in the prior year for 14 consecutive months.

In 2004, Oklahoma voters approved the creation of a state lottery. At the time proponents claimed that the lottery could provide as much as \$300 million per year for education. In reality, proceeds from the lottery have provided around \$70 million per year to the Oklahoma Education Lottery Trust Fund. K-12 education receives 45% of these proceeds and it makes up about 1.5% of the K-12 state budget.

The City of Tulsa General Fund revenue collections in 2016 totaled \$266.2 million, compared with \$265.1 million in 2015. Sales tax revenue, the largest source of revenue for the City, decreased by 1.1% or a reduction of \$1.6 million in 2016.

The City of Tulsa serves as one of the State's two main economic centers. The City has a highly diversified economy which includes health care, aerospace manufacturing, airline maintenance, and higher education, in addition to being a continued core of the oil and petroleum-related industries.

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

The downturn in the state and local economy is also reflected in an increase in unemployment. Tulsa area unemployment rate has risen from 4.4% in September of 2015 to 5.6% in September of 2016. This rate is slightly higher than the state's unemployment rate of 5.2%. Tulsa as well as the state unemployment rate is now above the national rate during this same time of 4.9%. In the past Oklahoma had been among the states with one of the lowest unemployment rates. With this increase, the state now ranks 32nd in the nation.

For 2015-16 Common Education funding through the state aid formula was cut several times over the course of the year. Tulsa Public Schools was cut approximately \$2.9 million from the mid-term allocation of \$91,901,375. Currently, state aid funding for Tulsa Public Schools is over \$20 million less than FY 2009 levels.

MAJOR INITIATIVES

During FY 2015-16, the Board of Education and administrative staff worked closely together on a number of school improvement initiatives, despite the state's continuing economic uncertainty. The District's General Fund preliminary budget for 2015-16 was \$305,343,421, a decrease of \$4.8 million (1.5%) from the preliminary budget for the prior year. Budget was amended in April to reflect a budget of \$301,596,265. This was a decrease of \$3.7 million or 1.2% from the preliminary budget for FY 2015-16. This reduction in the expenditure budget was due to a projected decrease in state revenue of \$2.7 million and \$2.0 million in federal revenue. Major initiatives for this year included starting the school year with zero teacher vacancies, moving 6th graders out of several elementary schools (Park, Robertson, E. Field and Remington) into Clinton Middle School as well as moving the Dual Immersion program to their own site.

In March of 2015, Tulsa voters overwhelmingly approved a \$415,000,000 bond authorization, the single largest bond vote in the District's history. The authorization included four individual ballot questions: (1) \$239,740,000 for buildings and facility renovations, (2) \$19,800,000 for library books, materials, and renovations, (3) \$17,025,000 for transportation equipment, and (4) \$138,435,000 for textbooks, classroom materials, and technology. The bonds are projected to be sold over a six year period. Planned projects for the 2015 bond include a centralized STEM center for the district, replacing 80 portable buildings with permanent classroom space, providing storm shelters in 19 buildings, and providing every TPS student with one-to-one access to a computer or tablet device.

Passed in May 2013, the \$38 million Smart and Secure School Bonds package focused on improving classroom technology and infrastructure, as well as installing fire sprinklers in 11 buildings and district-wide school security systems. This issue, which was in addition to the 2010 bond series, was designed to establish a standard classroom technology configuration to achieve a 3:1 student-to-computer ratio. All teachers and principals would be provided with tablet devices and curriculum for classroom use. Multi-function printing devices (MFD's) will also be upgraded to provide more efficient printing services and improved functionality. Finally, the bond included funds to sprinkle several older wooden school buildings. The issue received overwhelming support, despite the fact that the proposal represented a tax increase of approximately \$40.50 per year on a \$100,000 home.

Project Schoolhouse (PSH), launched in January 2011, was designed to address under-enrolled schools, examine curriculum offerings, and ultimately develop a recommendation concerning the number of buildings and grade configurations for the Superintendent and Board approval. Using PSH as a planning tool, underutilized schools have been vacated, repurposed, or sold in an ongoing effort to utilize district buildings more efficiently. The district continues to annually review programs and building usage in order to make recommendations to the Superintendent and Board regarding needed changes.

During March 2010 the district proposed to voters a 5-year series bond issue. A Citizen's Bond Development Committee worked to develop each of the ballot proposals, with the goals of maintaining a level debt service millage rate and selecting building projects based on the physical condition of the building in question and classroom needs due to shifting populations. The final \$354 million proposal

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

included four separate ballot initiatives: (1) facilities construction, improvements, and renovations, (2) library books, learning materials, and building additions, (3) textbooks, classroom learning materials and technology, and (4) transportation. All four proposals passed with over 70% approval. Finally, a Citizens' Oversight Committee is charged with monitoring bond projects and funding.

During FY 2008-09, TPS applied for, and was accepted as a Teach for America (TFA) district. TPS was originally awarded placement of 50 TFA teachers, and the local philanthropic community agreed to sponsor an additional group of approximately 25 new teachers. In early 2011, TFA announced plans to locate their Summer Institute in Tulsa. As the District entered the fifth year of the Summer Institute in 2015-16, 10 schools provided over 4,500 students with the opportunity to enroll in a rigorous summer academic program.

Tulsa Public Schools developed magnet programs at four high schools, created from a \$12 million federal grant received in 2008. These high schools include Central (Fine and Performing Arts), Hale (Restaurant, Lodging, and Health Management), McLain (Science and Technology), and Webster (Broadcasting and Digital Media). These new learning environments were designed to provide students with hands-on, real world learning experiences that integrate traditional subjects with specialized curricula.

Lottery magnet schools include one high school (Rogers), four middle schools (Carver, Monroe, Rogers and Thoreau), and four elementary schools (Mayo, Eisenhower, Dual Immersion and Zarrow), three of which are language immersion schools wherein students are taught in French or Spanish. Other special programs offered include Special Education, Gifted and Talented Education, and English Language Learner programs.

Criteria-based magnet programs are housed at Edison Middle School and three high schools (Washington, Memorial, and Edison).

Some magnet schools have a competitive entrance process requiring examination, interview, or audition. Other magnet schools use a lottery system. Most magnet schools concentrate on a particular discipline or area of study.

STRATEGIC PLANNING

During the 2015-16 fiscal year the district embarked on the development of a new strategic plan under the leadership of Dr. Gist, the district's new superintendent. New mission and vision statements provide the framework for this bold new plan, Destination Excellence:

Tulsa Public Schools is the destination for extraordinary educators who work with our community and families to ignite the joy of learning and prepare every student for the greatest success in college, careers and life.

Our mission is to inspire and prepare every student to love learning, achieve ambitious goals and make positive contributions to our world.

The new strategic plan was developed with hundreds of Tulsa teachers, families, students, community members, and administrators who participated in numerous planning sessions. Destination Excellence describes a new vision for public education. This new vision is based on the belief that the entire TPS community must be learners, contributors, and designers for students to be successful. The plan also describes the district values of equity, character, excellence, team and joy.

The plan describes each of these components and key performance measures for success, and details how school teams, students, families, communities, and district staff will support the work in each of these

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

areas. Following the adoption of the new strategic plan, district staff engaged in action planning to identify key strategies and outcomes for the next 5-7 years.

AWARDS

In 2016, the Financial Services Department received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association (GFOA) for the June 30, 2015 Comprehensive Annual Financial Report (CAFR). To receive the Certificate of Achievement for Excellence, applicants must prepare a CAFR that meets rigorous program standards as well as generally accepted accounting principles and applicable statutory requirements. We believe that the CAFR for the year ended June 30, 2016 conforms to the Certificate of Achievement program requirements, and will submit this report to GFOA for review.

The Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting was also awarded for the June 30, 2015 Comprehensive Annual Financial Report (CAFR). This award recognizes school districts that produce a CAFR meeting the principles and standards of financial reporting as adopted by ASBO. We believe that the CAFR for the year ended June 30, 2016 meets these requirements, and will submit this report to ASBO in application for this esteemed award.

REVENUES

Tulsa Public School's 2015-16 General Fund revenue totaled \$302.8 million. The primary funding source was the State of Oklahoma, with State revenue comprising 54.2 percent of the total, or \$164.7 million. Local and intermediate sources represented 33.2 percent of total revenue collections, or \$99.7 million. Of that amount ad valorem tax revenue totaled \$83.3 million. Federal program revenue totaled \$32.6 million, representing 10.7 percent of total revenue.

Ad valorem tax revenues account for 88.3 percent of the Building Fund revenue and total \$12 million.

The Child Nutrition Fund collects 76.6 percent of fund revenues from the Federal Nutrition Program, administered through the U.S. Department of Agriculture. Ninety-three percent of TPS students participated in the federal free and reduced price lunch program.

CAPITAL PLANNING AND BOND FUNDS

The District continues to follow a 20 year Capital Improvement Plan developed in 1994 at the request of and with the input of the Citizen's Bond Development Committee. This plan addressed the needs of the 8 million square feet of space owned and maintained by Tulsa Public Schools.

The average age of the District's educational buildings is 57 years, and ninety-one percent of the buildings are thirty-five years old or older. Since 1996, voters have approved bonds totaling \$1,275.4 million for new facilities, technology, media centers, school buses and textbooks for all students. Bond issues have received strong community support. The District's bonds are rated by both Moody's (Aa2) and Standard & Poor's (AA).

On March 2, 2010, the citizens overwhelmingly approved a \$354 million bond package to fund \$261,415,000 for facility improvements, \$61,290,000 for classroom materials, \$19,600,000 for media centers and \$11,695,000 for transportation. As of June 30, 2016, the district had issued all of the bonds available from this authorization.

On May 14, 2013, voters approved an additional \$38 million Smart and Secure Schools bond package, designed to enhance classroom and school technology, and address school safety issues. As of June 30, 2015, the district had issued all of the bonds available from this authorization.

On March 3, 2015, voters approved the single largest bond issue in the District's history. The \$415 million authorization was approved by 85% of district voters. The four proposals included \$239,740,000 for buildings/facilities, \$19,800,000 for library materials and additions, \$17,025,000 for transportation equipment, and \$138,435,000 for classroom textbooks and technology. As of June 30, 2016, the district had \$397.5 million in remaining bonds available from this authorization.

FINANCIAL POLICIES AND CONTROLS

District activities are governed by Board-approved policies and regulations. The Board's Policy Committee reviews all proposals for new or revised policies. After review, the policy recommendation is placed on the Board agenda for information, and then consent. Policies are routinely reviewed by administrators to insure that they are consistent with current law. The paragraphs below summarize the key policies that address the financial activities of the District:

Accounting System – Defines the Oklahoma Cost Accounting System and its required compatibility with the budgetary control system. Also provides approval requirements for journal entries.

Financial Reports and Statements – Defines the periodic financial reporting requirements.

Types of Funds – Establishes separate funds for accounting purposes.

Depository of Funds/Banking Services – Establishes requirements for bidding and investment services.

Purchasing – Defines responsibilities and levels of authority in the Purchasing department.

Solicitation Requirements – Defines requirements for solicitations and competitive procurement.

Expense Reimbursement – Establishes authority for reimbursing employees for travel expenses.

Audit – Requires an independent annual audit be performed in accordance with Governmental Auditing Standards.

Inventories – Requires an annual inventory of District assets, identifies capitalization thresholds, and identifies individuals responsible for maintaining inventory records.

Budget Transfer Authority – Defines levels of authority and required approvals for budget transfers.

Statement of Income and Expenditures and the Related Budget Process – Establishes the timeline for preparing the Annual Statement of Income and Expenditures, and for preparing the Annual School District Budget Plan.

In addition to these explicit policies, the district maintains a strong internal and budgetary control structure:

Internal Control Structure – District management is responsible for implementing and enforcing a system of internal controls to protect the assets from loss, theft, or misuse and to ensure that reliable accounting data are available for the timely preparation of financial statements in accordance with GAAP. The internal controls structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. An evaluation of the internal control structure during the annual audit disclosed no material weaknesses.

Budgetary Control – The objective of the District's budgetary controls is to ensure compliance with legal appropriation limitations and to provide an operating plan for the District's resources. The

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

annual appropriated budget includes the General Fund, Special Revenue Funds, Capital Improvement Funds, and Debt Services Fund. Preliminary budgets are adopted at the commencement of the fiscal year with periodic amendments approved by the Board of Education. Budgetary control for accounts without a project is generally at the full account level. For accounts within a project the budgetary control is generally maintained by fund, project and site. These appropriated budgets represent the legally adopted fiscal plan of the District. Board of Education approval is required for budgetary transfers totaling \$25,000 and greater. The District utilizes an encumbrance system as a budgetary control mechanism.

Under GASB Statement 68, beginning with the 2014-15 financial statements, the District is required to report the proportionate share of the unfunded liability for the state's Teacher's Retirement System. This represents a significant change in the District's financial statements and is described more fully in the notes to the financial statements. It is important to note, however, that (as established by existing case law) the pension liability is the legal obligation of the State of Oklahoma, not the local employer.

Under GASB Statement 72, beginning with the 2015-16 financial statements, the District, in order to enhance the comparability of financial statements, will be using fair value measurement for certain investments.

Capital projects activity is controlled with approval of the bond plans and is monitored by individual bond project budgets. The Citizen Bond Oversight Committee reviews all bond project budgets and expenditure reports.

ACKNOWLEDGEMENTS

We would like to express appreciation to all the members of the Finance Department who assisted with the preparation of this Comprehensive Annual Financial Report. Our goal is to continuously improve our financial accountability to our citizens.

We would also like to thank the members of the Board of Education for their interest and support in conducting the financial affairs of the district in a responsible and progressive manner.

Respectfully submitted,



Deborah A. Gist, Ed.D.
Superintendent



Kathleen M. Schmitz
Interim Chief Financial Officer

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Government Finance Officers Association

Certificate of
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Presented to

**Independent School District No. I-1
Tulsa County, Oklahoma**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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**The Certificate of Excellence in Financial Reporting Award
is presented to**

**Tulsa Public Schools
Independent School District No. 1-1, Tulsa County**

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

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FINANCIAL SECTION



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RSM US LLP

Independent Auditor's Report

To the Board of Education
Tulsa Public Schools
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tulsa Public Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 14, in 2016, the District early implemented Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues*. The provisions of GASB Statement No. 82 required the District to restate its governmental activities net position as of July 1, 2015 upon adoption. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The respective budgetary comparison schedules for the Debt Service Fund, Capital Improvement Fund, and Special Revenue Funds, the statement of changes in assets and liabilities—agency funds, and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

RSM US LLP

Oklahoma City, Oklahoma
December 16, 2016

Our discussion and analysis of the financial performance of Independent School District No. I-1, Tulsa Public Schools, ("District"), provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this management discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

At fiscal 2016 year end, total fund balance was \$140.9 million, a decrease of \$20.8 million, primarily due to a decrease in bond proceeds of \$28.5 million resulting from a \$94 million issuance in 2015 compared to a \$65.5 million issuance in 2016. The District issues these debt offerings to further fund capital improvements and acquisitions while our overall credit rating remained strong. The District was issued an "Aa2" rating from Moody's and an "AA" rating from Standard and Poor's for the general obligation bonds issued during the year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The activities of the District include instruction, support services - student and staff, operation and maintenance of plant facilities, student transportation, and operation of non-instructional services. Examples of the types of expenses that can be found in these categories include:

Instruction – costs associated with activities that deal directly with the interaction between students and teachers.

Support services – student and staff – includes costs for activities that serve as adjuncts for fulfilling the objectives of instruction such as counseling, social work, testing, health services, psychological service, speech pathology, library, and professional development for instructional staff.

Instructional and school leadership – costs associated with the overall general administrative responsibility for a single school or group of schools, including principals, deans and assistant principals, and school office support.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

Administrative support services – includes costs such as the superintendent's office, board of education and related support, legal, audit, budgeting, accounting and financial reporting, payroll, human resource functions, purchasing, warehouse support, information services and communications, centralized printing services, and community relations.

Non-instructional services – includes costs for child nutrition (cafeteria).

Operation and maintenance of plant services – costs for utilities, grounds upkeep, custodial, security, building repairs and maintenance that do not meet capitalization thresholds or criteria, and the servicing and maintenance of school vehicles other than school buses.

Student transportation services – costs associated with transporting students including drivers, bus maintenance and depreciation, fuel, and transportation administration.

The government-wide financial statements can be found on pages 41 and 42 of this report.

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations are on pages 44 and 46, respectively.

The basic governmental fund financial statements can be found on pages 43 and 45 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48 through 75 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required supplementary information. Required supplementary information also includes the District's contributions to Oklahoma Teacher's Retirement System and the District's proportionate share of the net pension liability. The required supplementary information can be found on pages 79 through 84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$186.8 million as of June 30, 2016 and \$165.6 million as of June 30, 2015 as restated, an increase of \$21.2 million, or 12.8%. This increase is primarily due to the pension liability and deferred outflows and inflows of resources related to pensions netting to an increase of \$15.4 million.

GASB Statements 68 and 71 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, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. The amount of calculated pension liability for the District at June 30, 2016 was \$249.0 million compared to \$224.7 million at June 30, 2015, an increase of \$24.3 million. Deferred pension plan outflows were \$29 million at June 30, 2016 compared to \$17.8 million at June 30, 2015, an

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

increase of \$11.2 million. Deferred pension plan inflows were \$29.6 million at June 30, 2016 compared to \$58.1 million at June 30, 2015, a decrease of \$28.5 million.

The largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles, fixtures 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 uses these capital assets to provide services to its students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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.

A summary of the District's net position is presented below:

| | Statement of Net Position at June 30, | | |
|-------------------------------------|---------------------------------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 |
| | (millions) | | |
| Current assets | \$ 302.1 | \$ 277.9 | \$ 309.8 |
| Non current investments | 60.1 | 99.2 | 24.8 |
| Capital assets, net | 553.2 | 540.2 | 517.2 |
| Total assets | <u>915.4</u> | <u>917.3</u> | <u>851.8</u> |
| | | | |
| Deferred outflows of resources | <u>29.0</u> | <u>17.7</u> | <u>-</u> |
| | | | |
| Current liabilities | 115.2 | 134.9 | 102.9 |
| Long-term liabilities | 444.4 | 416.6 | 175.5 |
| Total liabilities | <u>559.6</u> | <u>551.5</u> | <u>278.4</u> |
| | | | |
| Succeeding year property taxes | 168.3 | 159.2 | 155.2 |
| Deferred pension plan inflows | 29.6 | 58.1 | - |
| Total deferred inflows of resources | <u>197.9</u> | <u>217.3</u> | <u>155.2</u> |
| | | | |
| Net position: | | | |
| Net investment in capital assets | 323.8 | 326.8 | 318.8 |
| Restricted | 97.4 | 62.4 | 55.1 |
| Unrestricted | (234.3) | (222.9) | 44.3 |
| Total net position | <u>\$ 186.8</u> | <u>\$ 166.3</u> | <u>\$ 418.2</u> |

Several significant current year transactions had an impact on the Statement of Net Position, and include the following:

- Current assets increased \$24.2 million, primarily due to decreased investment in mortgage-backed securities and CDs with long term maturities. Less cash was available for investment due to a decrease in bond proceeds of \$28.5 million in 2016 as compared to 2015.
- Implementation of GASB Statements 68 and 71 resulted in a restatement of net position at July 1, 2014 of \$281.9 million. Deferred outflows increased \$11.3 million, deferred inflows decreased \$28.5 million and net pension liability increased \$24.4 million over prior year.

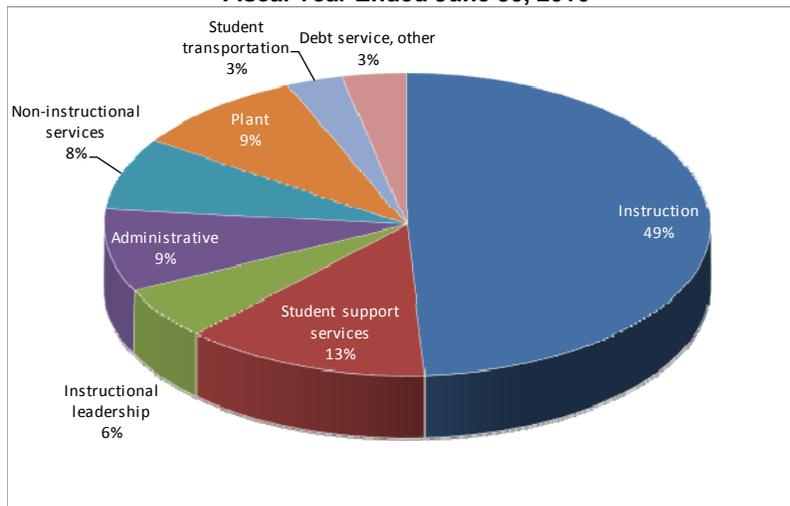
Changes in net position. The District's total revenues were \$408.9 million, a decrease of \$5.3 million from the prior fiscal year total of \$414.2 million primarily due to decreases in state aid of \$5.7 million, county revenue of \$3.6 million, and dedicated state revenue of \$3.7 million; partially offset by increased property tax collections of \$7.5 million. The total cost of all programs and services was \$387.6 million and \$384.3 million for the fiscal years ended June 30, 2016 and 2015, respectively.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents a summary of the change in net position for the fiscal years ended June 30, 2016, 2015, and 2014:

| | Statement of Activities | | |
|--|-------------------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 |
| | (millions) | | |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 6.3 | \$ 6.2 | \$ 7.6 |
| Operating grants and contributions | 73.8 | 76.9 | 72.2 |
| General revenues: | | | |
| Property taxes | 160.2 | 152.7 | 147.8 |
| State aid - formula grants | 89.4 | 95.1 | 94.8 |
| County revenue | 10.2 | 13.8 | 9.8 |
| Dedicated state revenue | 64.6 | 68.3 | 63.8 |
| Unrestricted investment earnings | 1.5 | 0.6 | 0.9 |
| Gain on sale of capital assets | 0.6 | 0.2 | - |
| Insurance loss recoveries | 0.1 | 0.1 | 6.1 |
| Other local revenue | 2.2 | 0.3 | 0.5 |
| Total revenues | 408.9 | 414.2 | 403.5 |
| Expenses: | | | |
| Instruction and instruction-related services | 190.0 | 181.8 | 197.5 |
| Support services - student and staff | 50.9 | 45.4 | 45.2 |
| Instructional and school leadership | 21.9 | 21.4 | 20.4 |
| Administrative support services | 34.3 | 43.2 | 36.7 |
| Operation of non-instructional services | 29.7 | 30.9 | 26.1 |
| Operation and maintenance of plant services | 35.9 | 37.2 | 35.8 |
| Student transportation services | 11.6 | 12.8 | 15.2 |
| Facilities acquisition and construction services | 2.5 | 2.4 | 0.1 |
| Charter schools | 7.6 | 5.4 | 4.3 |
| Interest on long-term debt | 3.2 | 3.8 | 4.1 |
| Total expenses | 387.6 | 384.3 | 385.4 |
| Increase in net position | 21.3 | 29.9 | 18.1 |
| Implementation of GASB Statements 68, 71 and 82 | (0.6) | (281.8) | - |
| Net position - ending | \$ 187.0 | \$ 166.3 | \$ 418.2 |

**District Expenses by Function – Governmental Funds
Fiscal Year Ended June 30, 2016**



FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities – The District reports its activities in the following functional categories: instruction and instruction-related services, support services – student and staff, instructional and school leadership, administrative support services, operation of non-instructional services, operation and maintenance of plant facilities, student transportation services, facilities acquisition and construction services, charter schools, other expenses, and interest on long-term debt. The net expense shows the financial burden that was placed on the State and District's taxpayers by each of these functions and is net of program-specific revenues and grants:

| | Total Expense | Net Expense | % Net Expense |
|--|--------------------------|------------------------|--------------------------|
| | | (millions) | |
| Instruction and instruction-related services | \$ 190.0 | \$ 140.5 | 46% |
| Support services - student and staff | 50.9 | 47.2 | 15% |
| Instructional and school leadership | 21.9 | 21.9 | 7% |
| Administrative support services | 34.3 | 34.3 | 11% |
| Operation of non-instructional services | 29.7 | 3.2 | 1% |
| Operation and maintenance of plant services | 35.9 | 35.5 | 12% |
| Student transportation services | 11.6 | 11.6 | 4% |
| Facilities acquisition and construction services | 2.5 | 2.5 | 1% |
| Charter schools | 7.6 | 7.6 | 2% |
| Interest on long-term debt | 3.2 | 3.2 | 1% |
| Total | \$ 387.6 | \$ 307.5 | 100% |

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflow, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the school district's operations and the services it provides.

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District's fund financial statements provide detailed information about the most significant funds—not the District as a whole. The District's governmental funds use the following accounting approach. All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's operations and the services it provides.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

The District maintains three significant governmental funds: General, Capital Projects, and Debt Service. The following schedules present a summary of the general fund, capital projects fund and debt service fund revenues and other financing sources by type and expenditures by program for the period ended June 30, 2016 as compared to June 30, 2015. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.

General Fund, Capital Projects Fund, Debt Service Fund combined

Total Revenues, Other Financing Sources and Expenditures
(Millions)

| | 2016 | 2015 | 2016 | Increase | Percent |
|--|-----------|----------|----------|------------|------------|
| | Amount | Amount | Percent | (Decrease) | (Decrease) |
| | | | Of Total | From 2015 | From 2015 |
| Revenues: | | | | | |
| Property taxes | \$ 148.1 | \$ 141.1 | 34.1% | 7.0 | 5.0% |
| Other local sources | 6.2 | 10.3 | 1.7% | (4.1) | -39.8% |
| Intermediate sources | 10.2 | 11.0 | 2.3% | (0.8) | -7.3% |
| Fees and charges | 2.3 | 2.0 | 0.5% | 0.3 | 15.0% |
| State aid | 164.7 | 171.3 | 37.9% | (6.6) | -3.9% |
| Federal aid | 33.1 | 32.8 | 7.6% | 0.3 | 0.9% |
| Earnings on investments | 1.0 | 0.4 | 0.2% | 0.6 | 150.0% |
| Miscellaneous | 2.7 | 2.3 | 0.6% | 0.4 | 17.4% |
| Subtotal | \$ 368.3 | \$ 371.2 | 84.9% | (2.9) | -0.8% |
| Other financing sources | 67.6 | 96.0 | 15.1% | (28.4) | -29.6% |
| Total | \$ 435.9 | \$ 467.2 | 100.0% | (31.3) | -6.7% |
| Expenditures: | | | | | |
| Instruction and instruction-related services | \$ 186.0 | \$ 181.8 | 40.7% | 4.2 | 2.3% |
| Support services - student and staff | 49.2 | 43.9 | 10.8% | 5.3 | 12.1% |
| Instructional and school leadership | 21.9 | 21.4 | 4.8% | 0.5 | 2.3% |
| Administrative support services | 28.0 | 41.6 | 6.1% | (13.6) | -32.7% |
| Operation of non-instructional services | 1.5 | 1.3 | 0.3% | 0.2 | 15.4% |
| Operation and maintenance of plant services | 21.3 | 24.2 | 4.9% | (2.9) | -12.0% |
| Student transportation services | 16.1 | 13.6 | 3.5% | 2.5 | 18.4% |
| Facilities acquisition and construction services | 40.4 | 43.5 | 15.4% | (3.1) | -7.1% |
| Charter schools | 7.6 | 5.4 | 1.7% | 2.2 | 40.7% |
| Debt service | 81.6 | 58.0 | 11.3% | 23.6 | 40.7% |
| Other | 2.0 | 4.1 | 0.5% | (2.1) | -51.2% |
| Total | \$ 455.6 | \$ 438.8 | 100.0% | 16.8 | 3.8% |
| Change in fund balance | \$ (19.7) | \$ 28.4 | | | |

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund

**Revenues and Other Financing Sources
(Millions)**

| | 2016 Amount | 2015 Amount | 2016 Percent Of Total | Increase (Decrease) From 2015 | Percent Increase (Decrease) From 2015 |
|-------------------------|----------------|----------------|-----------------------------|-------------------------------------|--|
| Revenues: | | | | | |
| Property taxes | \$ 83.3 | \$ 80.1 | 27.3% | 3.2 | 4.0% |
| Other local sources | 6.2 | 10.3 | 2.4% | (4.1) | -39.8% |
| Intermediate sources | 10.2 | 9.9 | 3.3% | 0.3 | 3.0% |
| Fees and charges | 2.3 | 2.1 | 0.8% | 0.2 | 9.5% |
| State aid | 164.7 | 171.3 | 54.0% | (6.6) | -3.9% |
| Federal aid | 32.6 | 31.8 | 10.7% | 0.8 | 2.5% |
| Earnings on investments | 0.8 | 0.3 | 0.3% | 0.5 | 166.7% |
| Miscellaneous | 2.7 | 2.3 | 0.9% | 0.4 | 17.4% |
| Revenues | \$ 302.8 | \$ 308.1 | 99.7% | (5.3) | -1.7% |
| Other financing sources | 0.8 | 0.3 | 0.3% | 0.5 | 100.0% |
| Total | \$ 303.6 | \$ 308.4 | 100.0% | (4.8) | -1.6% |

Revenues decreased by \$4.8 million compared to 2015:

- **Property taxes** increased by \$3.2 million due to an increase in the Net Assessed Valuation of 2.64%. The Net Assessed Valuation for 2015-16 was \$2.3 billion.
- **Other Local Sources:** Two donor funded projects came to an end in 2016. Each one resulted in a decrease of \$1.5 million for a total of \$3.0 million.
- **State Aid:** A State revenue shortfall was announced in December 2015 which resulted in State Aid cuts in January, February and June.

**Expenditures
(Millions)**

| | 2016 Amount | 2015 Amount | 2016 Percent Of Total | Increase (Decrease) From 2015 | Percent Increase (Decrease) From 2015 |
|--|----------------|----------------|-----------------------------|-------------------------------------|--|
| Instruction and instruction-related services | \$ 175.9 | \$ 177.4 | 56.6% | (1.5) | -0.8% |
| Support services - student and staff | 45.9 | 42.0 | 14.8% | 3.9 | 9.3% |
| Instructional and school leadership | 21.9 | 21.4 | 7.0% | 0.5 | 2.3% |
| Administrative support services | 23.2 | 22.7 | 7.5% | 0.5 | 2.2% |
| Operation of non-instructional services | 1.5 | 1.3 | 0.5% | 0.2 | 15.4% |
| Operation and maintenance of plant services | 20.5 | 23.4 | 7.0% | (2.9) | -12.4% |
| Student transportation services | 11.2 | 11.7 | 3.6% | (0.5) | -4.3% |
| Charter schools | 7.6 | 5.4 | 2.4% | 2.2 | 40.7% |
| Other | 2.0 | 4.1 | 0.6% | (2.1) | -51.2% |
| Total | \$ 309.7 | \$ 309.4 | 100.0% | 0.3 | 0.1% |

Expenditures increased by \$0.3 million primarily due to a \$2.2 million increase in charter school contracts by adding 3 additional schools during 2016. This was offset by a \$1.0 million decrease in instructional supplies.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Projects Fund

**Revenues and Other Financing Sources
(Millions)**

| | 2016 Amount | 2015 Amount | 2016 Percent Of Total | Increase (Decrease) From 2015 | Percent Increase (Decrease) From 2015 |
|--------------------------------|----------------|----------------|-----------------------------|-------------------------------------|--|
| Revenues: | | | | | |
| Federal aid | \$ 0.5 | \$ 0.9 | 0.8% | \$ (0.4) | -44.4% |
| Earnings (loss) on investments | - | - | 0.0% | - | 0.0% |
| Other financing sources | 65.5 | 94.0 | 99.2% | (28.5) | -30.3% |
| Total | <u>\$ 66.0</u> | <u>\$ 94.9</u> | <u>100.0%</u> | <u>\$ (28.9)</u> | <u>-30.5%</u> |

Other financing sources decreased \$29 million from fiscal year 2015, primarily due to the decrease of \$28.5 million in bonds issued.

**Expenditures
(Millions)**

| | 2016 Amount | 2015 Amount | 2016 Percent Of Total | Increase (Decrease) From 2015 | Percent Increase (Decrease) From 2015 |
|--|----------------|----------------|-----------------------------|-------------------------------------|--|
| Instruction and instruction-related services | \$ 10.1 | \$ 4.5 | 10.7% | \$ 5.6 | 124.4% |
| Support services - student and staff | 3.4 | 2.0 | 3.6% | 1.4 | 70.0% |
| Administrative support services | 4.8 | 18.9 | 5.1% | (14.1) | -74.6% |
| Operation and maintenance of plant services | 0.7 | 0.8 | 0.7% | (0.1) | -12.5% |
| Student transportation services | 4.9 | 1.9 | 5.1% | 3.0 | 157.9% |
| Facilities acquisition and construction services | 40.5 | 43.4 | 42.7% | (2.9) | -6.7% |
| Debt service | 30.4 | 1.4 | 32.1% | 29.0 | 2071.4% |
| Total | <u>\$ 94.8</u> | <u>\$ 72.9</u> | <u>100.0%</u> | <u>\$ 21.9</u> | <u>30.0%</u> |

Capital Expenditures increased by \$21.9 million due to the continuation of the bond capital improvement program.

Debt Service Fund

**Revenues and Other Financing Sources
(Millions)**

| | 2016 Amount | 2015 Amount | 2016 Percent Of Total | Increase (Decrease) From 2015 | Percent Increase (Decrease) From 2015 |
|--------------------------------|----------------|----------------|-----------------------------|-------------------------------------|--|
| Revenues: | | | | | |
| Property taxes | \$ 64.8 | \$ 62.1 | 97.9% | \$ 2.7 | 4.3% |
| Intermediate sources | - | - | 0.0% | - | 0.0% |
| Earnings (loss) on investments | 0.1 | - | 0.1% | 0.1 | 100.0% |
| Other financing sources | 1.3 | 1.8 | 2.0% | (0.5) | -27.8% |
| Total | \$ <u>66.2</u> | \$ <u>63.9</u> | <u>100.0%</u> | \$ <u>2.3</u> | 3.6% |

Property taxes increased by \$2.7 million to provide debt service for the general obligation bonds.

**Expenditures
(Millions)**

| | 2016 Amount | 2015 Amount | 2016 Percent Of Total | Increase (Decrease) From 2015 | Percent Increase (Decrease) From 2015 |
|--------------|----------------|----------------|-----------------------------|-------------------------------------|--|
| Debt service | 51.2 | 56.5 | 100.0% | (5.3) | -9.4% |
| Total | \$ <u>51.2</u> | \$ <u>56.5</u> | <u>100.0%</u> | \$ <u>(5.3)</u> | -9.4% |

Debt service expenditures decreased by \$5.3 million due to the decrease in current principal and interest payments on the general obligation bonds.

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, which, including the fund balance, represented 56% of all original budgets of appropriated funds. Only the General Fund is discussed below.

For 2016, the District originally budgeted General Fund revenues of \$297.9 million and expenditures of \$305.3 million. Plans were revised and an amended budget was filed in April 2016. The revised budget decreased revenue expectations to \$293.6 million and decreased projected expenditures to \$301.6 million.

Actual revenue on a budgetary basis for the General Fund was \$1.8 million less than projected.

Actual expenditures for the year were \$6.4 million below the final budget, primarily due to:

- Purchased services actual expenditures were \$2.8 million less than expected primarily due to expenditures in several areas being less than expected:
 - Professional, technical and rental services were \$1.2 million less than expected
 - Communication and printing services were \$.4 million less than expected
 - Travel was \$.8 million less than expected
 - Other purchased services was \$.4 million less than expected
- Supplies actual expenditure was \$5.2 million less than expected primarily due to expenditures in several areas being less than expected:

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

- o Cleaning, paper and general supplies were \$1.1 million less than expected
- o Testing materials were \$.6 million less than expected
- o Fuel costs were \$.3 million less than expected
- o Book orders were \$1.4 million less than expected
- o Co-curricular supplies budgeted primarily in Title I were \$1.8 million less than expected

Expenditures for instruction and instruction-related services, support services, instructional and school leadership, and direct payments to Charter schools were budgeted at a final budget of \$242.3 million or 80% of total budgeted expenditures. Actual expenditures for these same items were \$236 million or 80% of total actual expenditures.

The actual fund balance carry forward of \$28.1 million was \$3.7 million greater than the final budgeted amount of \$24.4 million.

Capital Assets. As of June 30, 2016, the District had invested \$553.2 million, net of accumulated depreciation of \$341.9 million, in capital assets including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represented a net increase of \$13.0 million, or 2.4%.

| <u>Capital assets (at cost)</u> | <u>June 30,</u> | | | <u>June 30,</u> |
|---------------------------------|-----------------|------------------|--------------------------------|-----------------|
| | <u>2015</u> | <u>Increases</u> | <u>Decreases and Transfers</u> | |
| | | (millions) | | |
| Land | \$ 4.2 | \$ - | \$ - | \$ 4.2 |
| Construction in progress | 46.3 | 38.3 | (43.1) | 41.5 |
| Assets out of service | 2.4 | - | - | 2.4 |
| Buildings | 739.4 | - | 39.0 | 778.4 |
| Equipment and vehicles | 69.0 | 5.7 | (6.1) | 68.6 |
| Total asset cost | <u>861.3</u> | <u>44.0</u> | <u>(10.2)</u> | <u>895.1</u> |
| Accumulated depreciation | <u>(321.1)</u> | <u>(28.4)</u> | <u>7.6</u> | <u>(341.9)</u> |
| Capital assets (net) | <u>\$ 540.2</u> | <u>\$ 15.6</u> | <u>\$ (2.6)</u> | <u>553.2</u> |

Additional information related to the District's capital assets can be found in Note 6 on page 65 of this report.

Debt administration. At the end of the fiscal year, the District had \$241.9 million in bonds and capital leases outstanding, \$61.8 million due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal years ending June 30, 2016 and 2015.

| | <u>June 30,</u> | | <u>Change</u> |
|-----------------------------------|-----------------|-----------------|------------------|
| | <u>2016</u> | <u>2015</u> | |
| | (millions) | | |
| Capital leases (at present value) | \$ - | \$ 30.5 | \$ (30.5) |
| General obligation bonds | 238.8 | 221.5 | 17.3 |
| Net unamortized bond premium | 3.1 | 2.6 | 0.5 |
| Total | <u>\$ 241.9</u> | <u>\$ 254.6</u> | <u>\$ (12.7)</u> |

State statutes currently limit the amount of total aggregate net indebtedness to ten percent of the net assessed valuation of taxable property within the district. As of June 30, 2016, the District had a legal debt limitation of \$232.5 million, which was \$59.8 million more than the District's net bonded indebtedness.

The electors have approved authority for the following issuances:

- In March 2010, the electors approved issuance of \$354 million in general obligation bonds for various building and equipment acquisition purposes all of which has been issued as of June 30, 2016.
- In March 2015, the electors approved issuance of \$415 million in building bonds for various building and equipment acquisition purposes of which \$17.5 million has been issued as of June 30, 2016.

At June 30, 2016, \$397.5 million remained available for future issuances. See Note 8 for additional information regarding the District's long-term debt on pages 67-68.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances to show accountability for the money it receives. Additional details can be requested at the following address:

Tulsa Public Schools
Kathleen M. Schmitz
Interim Chief Financial Officer
3027 S. New Haven Ave.
Tulsa, OK 74114

Or visit our website at: www.tulsaschools.org

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Basic Financial Statements

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FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Statement of Net Position
June 30, 2016
(Thousands)**

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Current | |
| Cash and cash equivalents | \$ 66,473 |
| Investments | 51,644 |
| Receivables net of allowance for uncollectibles | 182,052 |
| Inventories and prepaid items | 1,920 |
| Total current assets | 302,089 |
| Noncurrent: | |
| Investments | 60,114 |
| Capital assets | |
| Land, construction in progress, and assets out of service | 48,129 |
| Other capital assets net of accumulated depreciation | 505,088 |
| Total noncurrent assets | 613,331 |
| Total assets | 915,420 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred pension plan outflows | 29,021 |
| Total deferred outflows of resources | 29,021 |
| LIABILITIES | |
| Current: | |
| Accounts payable and other current liabilities | 47,183 |
| Current portion of bonds, capital leases, and contracts | 61,750 |
| Accrued interest | 1,956 |
| Compensated absences | 408 |
| Insurance claims | 3,926 |
| Total current liabilities | 115,223 |
| Noncurrent: | |
| Bonds, capital leases, and contracts | 180,132 |
| Compensated absences | 6,752 |
| Net pension liability | 249,031 |
| Insurance claims | 8,516 |
| Total long-term liabilities | 444,431 |
| Total liabilities | 559,654 |
| DEFERRED INFLOWS OF RESOURCES | |
| Succeeding year property tax | 168,339 |
| Deferred pension plan inflows | 29,639 |
| Total deferred inflows of resources | 197,978 |
| NET POSITION | |
| Net investment in capital assets | 323,765 |
| Restricted for: | |
| Debt service | 65,971 |
| Capital Projects | 12,430 |
| Building | 7,060 |
| Other | 11,924 |
| Unrestricted | (234,341) |
| Total net position | \$ 186,809 |

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Statement of Activities
For the Year Ended June 30, 2016
(Thousands)**

| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Net Expense |
|--|------------|----------------------------|--|----------------|
| Instruction and instruction-related services | \$ 189,926 | \$ 1 | \$ 49,422 | \$ (140,503) |
| Support services - student and staff | 50,977 | 250 | 3,502 | (47,225) |
| Instructional and school leadership | 21,890 | - | - | (21,890) |
| Administrative support services | 34,328 | - | - | (34,328) |
| Operation of non-instructional services | 29,665 | 5,612 | 20,920 | (3,133) |
| Operation and maintenance of plant services | 35,922 | 418 | 3 | (35,501) |
| Student transportation services | 11,603 | - | - | (11,603) |
| Facilities acquisition and construction services | 2,497 | - | - | (2,497) |
| Charter schools | 7,566 | - | - | (7,566) |
| Interest on long-term debt | 3,234 | - | - | (3,234) |
| Total primary government | \$ 387,608 | \$ 6,281 | \$ 73,847 | \$ (307,480) |

General revenues:

Taxes:

| | |
|---|---------------|
| Property taxes, levied for general purposes | 95,465 |
| Property taxes, levied for debt service | 64,695 |
| State aid - formula grants | 89,424 |
| Unrestricted dedicated state revenue | 64,551 |
| County 4 mill levy and apportionment | 10,186 |
| Unrestricted investment earnings | 1,476 |
| Gain on sale of capital assets | 550 |
| Insurance loss recoveries | 100 |
| Other local revenue | 2,236 |
| Total general revenues | 328,683 |
| Change in net position | 21,203 |

| | |
|---|------------|
| Net position - beginning | 166,252 |
| Restatement - implementation of GASB Statement 82 | (646) |
| Net position - beginning as restated | 165,606 |
| Net position - ending | \$ 186,809 |

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Balance Sheet - Governmental Funds
June 30, 2016
(Thousands)**

| | <u>General</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Other</u> | <u>Total</u> |
|--|-------------------|-------------------------|---------------------|------------------|---------------------|
| | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Funds</u> | <u>Governmental</u> |
| | | | | | <u>Funds</u> |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 20,782 | \$ 8,152 | \$ 34,245 | \$ 3,294 | \$ 66,473 |
| Investments | 56,570 | 12,018 | 33,130 | 10,040 | 111,758 |
| Receivables net of allowance for uncollectibles | 96,862 | - | 71,991 | 13,199 | 182,052 |
| Inventories and prepaid items | 720 | 226 | - | 974 | 1,920 |
| Total Assets | \$ <u>174,934</u> | \$ <u>20,396</u> | \$ <u>139,366</u> | \$ <u>27,507</u> | \$ <u>362,203</u> |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | 37,815 | 7,966 | - | 1,402 | 47,183 |
| Claims and judgments | 103 | - | - | - | 103 |
| Total liabilities | <u>37,918</u> | <u>7,966</u> | <u>-</u> | <u>1,402</u> | <u>47,286</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Succeeding year property tax | 86,361 | - | 69,641 | 12,337 | 168,339 |
| Unavailable revenue | 3,509 | - | 1,798 | 343 | 5,650 |
| Total deferred inflows of resources | <u>89,870</u> | <u>-</u> | <u>71,439</u> | <u>12,680</u> | <u>173,989</u> |
| FUND BALANCES | | | | | |
| Non-spendable | | | | | |
| Inventories and prepaids | 720 | 226 | - | 974 | 1,920 |
| Endowments | - | - | - | 30 | 30 |
| Restricted | | | | | |
| State and federal allocation carryover | 5,559 | - | - | - | 5,559 |
| Capital projects | - | 12,204 | - | - | 12,204 |
| Debt service | - | - | 67,927 | - | 67,927 |
| Building | - | - | - | 7,046 | 7,046 |
| Child nutrition | - | - | - | 4,256 | 4,256 |
| Gifts | - | - | - | 1,109 | 1,109 |
| Flexible benefit | - | - | - | 10 | 10 |
| Assigned | | | | | |
| Purchases on order | 2,625 | - | - | - | 2,625 |
| Workers compensation | 979 | - | - | - | 979 |
| Unassigned | 37,263 | - | - | - | 37,263 |
| Total fund balances | <u>47,146</u> | <u>12,430</u> | <u>67,927</u> | <u>13,425</u> | <u>140,928</u> |
| Total liabilities, deferred inflows of resources and fund balances | \$ <u>174,934</u> | \$ <u>20,396</u> | \$ <u>139,366</u> | \$ <u>27,507</u> | \$ <u>362,203</u> |

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2016
(Thousands)**

Total fund balances - governmental funds \$ 140,928

The cost of capital assets purchased or constructed is reported as an expenditure in the governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

| | | | |
|--------------------------|----|------------------|---------|
| Land | \$ | 4,212 | |
| Construction in progress | | 41,495 | |
| Assets out of service | | 2,422 | |
| Buildings | | 778,397 | |
| Furniture and equipment | | 68,569 | |
| Accumulated depreciation | | <u>(341,878)</u> | 553,217 |

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

| | | | |
|-------------------------------------|----|-----------------|-----------|
| Bonds, capital leases and contracts | \$ | (241,882) | |
| Interest payable | | (1,956) | |
| Compensated absences | | (7,160) | |
| Net pension liability | | (249,031) | |
| Insurance claims | | <u>(12,339)</u> | (512,368) |

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 5,650

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 | | 29,021 | |
| Deferred pension plan inflows | | (29,639) | |

Total net position \$ 186,809

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2016
(Thousands)**

| | General Fund | Capital Projects Fund | Debt Service Fund | Other Funds | Total Governmental Funds |
|--|------------------|-----------------------------|-------------------------|------------------|--------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 83,348 | \$ - | \$ 64,775 | \$ 12,038 | \$ 160,161 |
| Other local sources | 6,180 | - | - | 710 | 6,890 |
| Intermediate sources | 10,186 | - | - | - | 10,186 |
| Fees and charges | 2,298 | - | - | 3,988 | 6,286 |
| State aid | 164,668 | - | - | 3,458 | 168,126 |
| Federal aid | 32,649 | 487 | - | 21,653 | 54,789 |
| Earnings on investments | 765 | 40 | 176 | 522 | 1,503 |
| Miscellaneous | 2,692 | - | - | 10 | 2,702 |
| Total revenues | <u>302,786</u> | <u>527</u> | <u>64,951</u> | <u>42,379</u> | <u>410,643</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction and instruction-related services | 175,927 | 10,073 | - | 530 | 186,530 |
| Support services - student and staff | 45,913 | 3,372 | - | 18 | 49,303 |
| Instructional and school leadership | 21,890 | - | - | - | 21,890 |
| Administrative support services | 23,180 | 4,818 | - | 843 | 28,841 |
| Operation of non-instructional services | 1,453 | - | - | 26,760 | 28,213 |
| Operation and maintenance of plant services | 20,540 | 747 | - | 13,941 | 35,228 |
| Student transportation services | 11,233 | 4,839 | - | 21 | 16,093 |
| Facilities acquisition and construction services | - | 40,496 | - | 265 | 40,761 |
| Charter schools | 7,566 | - | - | - | 7,566 |
| Other | 1,991 | - | - | 1,109 | 3,100 |
| Debt service | | | | | |
| Principal | - | 29,952 | 48,250 | - | 78,202 |
| Interest | - | 487 | 2,918 | - | 3,405 |
| Total expenditures | <u>309,693</u> | <u>94,784</u> | <u>51,168</u> | <u>43,487</u> | <u>499,132</u> |
| Excess (deficiency) revenues over expenditures | <u>(6,907)</u> | <u>(94,257)</u> | <u>13,783</u> | <u>(1,108)</u> | <u>(88,489)</u> |
| OTHER FINANCING SOURCES | | | | | |
| Bond issuances | - | 65,500 | - | - | 65,500 |
| Premium on bond issuances | - | - | 1,261 | - | 1,261 |
| Insurance recoveries | 11 | - | - | 88 | 99 |
| Proceeds from sale of capital assets | 851 | - | - | - | 851 |
| Net change in fund balances | <u>(6,045)</u> | <u>(28,757)</u> | <u>15,044</u> | <u>(1,020)</u> | <u>(20,778)</u> |
| Fund balance -- June 30, 2015 | 53,191 | 41,187 | 52,883 | 14,445 | 161,706 |
| Fund balance -- June 30, 2016 | \$ <u>47,146</u> | \$ <u>12,430</u> | \$ <u>67,927</u> | \$ <u>13,425</u> | \$ <u>140,928</u> |

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2016
(Thousands)**

Amounts reported for governmental activities and the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ (20,778)

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 allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which the capital outlays exceeded depreciation and retirements in the period.

| | | |
|----------------------|----------|--------|
| Capital outlays | 44,059 | |
| Depreciation expense | (28,373) | 15,686 |
| | | |

The effect of miscellaneous transactions involving capital assets.

| | | |
|--|---------|---------|
| Proceeds from the sale of capital assets | (851) | |
| Loss on sale of capital assets | (1,811) | (2,662) |
| | | |

Repayments of principal on long-term debt are expenditures in the governmental funds but reduce long-term liabilities in the statement of net position and do not affect the statement of activities. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Proceeds from the sale of new bonds are other financing sources in the governmental funds but have no impact on the statements of activities.

| | | |
|--|----------|--------|
| Principal payments and amortization of bond premium | 48,975 | |
| Proceeds from the sale of bonds and premium on the issuance of bonds | (66,761) | |
| Capital lease payments | 30,507 | |
| Accrued interest payable | (413) | 12,308 |
| | | |

Because some revenues (property taxes and certain other income) will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are instead deferred inflows of resources. They are, however, recorded as revenues in the statement of activities.

(1,295)

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.

17,944

Change in net position of governmental activities

\$ 21,203

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Statement of Fiduciary Assets and Liabilities
Student Activity Funds
June 30, 2016
(Thousands)**

| | |
|---------------------------|-----------------|
| ASSETS | |
| Cash and cash equivalents | \$ 3,908 |
| TOTAL ASSETS | \$ <u>3,908</u> |
| LIABILITIES | |
| Due to student groups | \$ 3,908 |
| TOTAL LIABILITIES | \$ <u>3,908</u> |

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units as promulgated by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and is, accordingly, 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 support from the State of Oklahoma. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

As required by accounting principles generally accepted in the United States of America, the basic financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the District's basic financial statements to be misleading. The District has not identified any organizations that should be included in the District's reporting entity.

The governing body of the District, the Board of Education, is composed of elected members. The appointed superintendent is the executive officer of the District.

Basic Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. Essentially all interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Indirect expenses* of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expenses to each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

There are two categories of funds: Governmental and fiduciary. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Funds

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 two categories of funds: Governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental 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 plus deferred outflow of resources and liabilities plus deferred inflows of resources is reported as 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. Activities previously reported in the Workers Compensation Fund have been included with the General Fund. Combining schedules are included to show the separate accounting for Workers Compensation and General Fund. The assets are controllable by the General Fund and the liabilities are also obligations of the General Fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction, and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Capital Projects Fund – The capital projects fund is comprised of the District's bond funds and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment.

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

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

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

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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Arbitrage Rebate Fund – The arbitrage rebate fund is used to accumulate the earnings of certain bond issues to which the Internal Revenue Service arbitrage rules apply. These funds will either be retained or transferred to the Internal Revenue Service, depending on future financial events and computations. There was no activity in this fund during the year ended June 30, 2016.

Flexible Benefit Fund – The flexible benefit fund is used to account for forfeited amounts received from the third-party administrator of the District's cafeteria plan. These funds must be used for administering employee benefit programs.

Fiduciary Funds

As of June 30, 2016, the fiduciary fund category was comprised entirely of agency-type funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for monies collected principally through fundraising efforts of the students and District sponsored groups. Fiduciary funds are not included in the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. The *economic resources measurement focus* is not applicable to the agency funds (which comprise the entire fiduciary fund category) and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are budgeted. 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. All sources of revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are 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 levied and budgeted for in the current fiscal year, federal revenue for which the associated reimbursable expenditure occurred in the current fiscal year, and all other sources of revenue associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year to the extent the availability criteria discussed above was met.

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. There were no cash equivalents at June 30, 2016.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments consist of United States Treasury securities and agencies and certificates of deposit. Investments, except for non-negotiable certificates of deposit, are recorded at fair value generally based on estimated fair values provided by brokerage statements. See Note 3 for discussion regarding fair value measurements. The net change in fair value of investments is recognized and reported as earnings (loss) on investments. Non-negotiable certificates of deposit with redemption terms that do not consider market rates are recorded at cost.

Inventories and Prepaid Items

All inventories are valued at average cost. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, building, building improvements, construction in progress, equipment, vehicles and fixtures are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for buildings and building improvements is \$10,000, while for equipment and fixtures it is \$5,000. Donated capital assets are recorded at acquisition value at date of donation. As capital assets are identified as surplus, they are reclassified as assets out of service. Assets out of service are recorded at the lower of carrying amount or fair value.

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.

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

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and building improvements | 20-50 |
| Equipment, vehicles and fixtures | 5-15 |

Pensions

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the year ended June 30, 2016 consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. See Note 11 for additional discussion regarding pension deferred outflows of resources.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The governmental fund balance sheet includes deferred inflows of resources related to unavailable local sources of revenues and succeeding year property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, the property tax revenues for the succeeding year remain a deferred inflow and will be recognized as revenue in the year for which they are levied and budgeted for. The District's government-wide statements also consist of unrecognized items not yet charged to pension expense. See Note 11 for additional discussion regarding pension deferred inflows of resources.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation leave is accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Sick leave is calculated using the vesting method. The balance reflects sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The accrual has been reduced to the maximum amount allowed by the District's policy as a termination payment.

The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Accrued Compensation

Salaries, wages, and benefits that have been earned but not paid as of the end of the fiscal year are reported as a liability on the fund balance sheet and statement of net position. The District has three pay cycles. Employees on each cycle, including teachers, render services under their various contracts prior to the end of the fiscal year for which they do not receive payment until after the end of the fiscal year. The total gross amount of salaries, wages, and benefits associated with these services is reported as a liability on the financial statements.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as current year expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, as current period activity. 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.

Net Position and Fund Balances

The government wide financial statements utilize a net position presentation. 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, if any.

Restricted for Specific Purposes – the component of net position that reports the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of certain programs that consist of assets with constraints placed on their use by either external parties and/or enabling legislation. The restricted net position for other purposes is made up of the following: Child Nutrition Fund \$5,216; Gifts Fund \$1,139; Flexible Benefit Fund \$10; and Federal and State carryover \$5,559.

Unrestricted – the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources that is not reported in Net Invested in Capital Assets, Net Position Restricted for Specific Purposes, or Net Position Restricted for Debt Service.

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

Governmental fund equity is classified as fund balance. 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. Fund balance consists of five categories, defined in GASB Statement No. 54, as follows:

Nonspendable Fund Balance: The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories, long-term receivables, and prepaid amounts. It may also include the long-term amount of loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Fund Balance: The restricted fund balance classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the District's Board of Education. Such constraints can only be removed or changed by the same form of formal action.

For purposes of committed fund balance, the District's Board of Education is considered to be its highest level of decision making. Funds set aside by the Board of Education as committed fund balance requires a resolution by the Board of Education. Such resolution must be made prior to the District's fiscal year-end in order for it to be applicable to the District's fiscal year-end, although it is permitted for the specific amount of the commitment to be determined after the fiscal year-end if additional information is required in order to determine the exact amount to be committed. The Board of Education has the authority to remove or change the commitment of funds by resolution. The District had no committed fund balance at June 30, 2016.

Assigned Fund Balance: The assigned fund balance classification reflects amounts that are constrained by the government's intent to be used for specific purposes, but meet neither the restricted nor committed forms of constraint. Assigned funds cannot cause a deficit in unassigned fund balance.

For the purposes of assigned fund balance, the District has by resolution given authority to its Chief Financial Officer to assign funds for specific purposes. Any funds that the Chief Financial Officer assigns for specific purposes must be reported to the Board of Education at its next regular meeting. The assignment of funds shall be recorded in the Board of Education's official meeting minutes. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance: The unassigned fund balance classification is the residual classification for the General Fund only. It is also where *negative residual amounts for all other governmental funds* would be reported. Unassigned fund balance essentially consists of excess funds that have not been classified in the four above fund balance categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted fund balance first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the District's policy to use amounts classified as committed first, followed by amounts classified as assigned and then amounts classified as unassigned.

District's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the District to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements Adopted in Fiscal Year 2016

The District adopted three new accounting pronouncements during the year ended June 30, 2016 as follows:

- **Statement No. 72, *Fair Value Measurement and Application***

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of GASB Statement No. 72 did not have an impact on the District's financial position. Disclosure of the fair value measurements is included in Note 3.

- **Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments***

The objective of GASB Statement No. 76 is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The adoption of GASB Statement No. 76 did not have an impact on the District's financial position, or changes in financial position, or its financial statement presentation.

- **Statement No. 82, *Pension Issues***

GASB Statement No. 82, *Pension Issues*, issued April 2016, was adopted early by the District effective with the fiscal year ending June 30, 2016. Statement No. 82 is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Payments, 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 expense and expenditures for those amounts should be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The adoption of this pronouncement resulted in the

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

restatement of beginning net position of \$646 to reflect these employee contributions in the period assessed. See Note 14.

New Accounting Pronouncements Issued Not Yet Adopted

The GASB has issued several new accounting pronouncements which will be effective to the District in fiscal years ended June 30, 2017 and 2018. A description of the new accounting pronouncements are described below:

Fiscal Year Ended June 30, 2017

- **Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans***

GASB Statement No. 74 was issued in June 2015 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 requirements for defined contribution OPEB plans.

- **Statement No. 77, *Tax Abatement Disclosures***

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements: brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; the gross dollar amount of taxes abated during the period; and commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose: The names of the governments that entered into the agreements; the specific taxes being abated; and the gross dollar amount of taxes abated during the period. The requirements of this Statement will be reflected in the notes to the financial statements for the year ending June 30, 2017.

Fiscal Year Ended June 30, 2018

- **Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

GASB Statement 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, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

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

Note 2. REVENUES

A description of the District's revenue sources is included below. See the measurement focus, basis of accounting and financial statement presentation section of Note 1 for discussion regarding revenue recognition.

Property Taxes

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 fund and debt service funds based on the levies approved for each fund. The District receives property taxes from four counties. Levies by fund and county for fiscal year 2016 were as follows:

**FY2016 Tax Levy
in mills (1/1000 of a dollar or .001)**

| <u>County</u> | <u>General Fund</u> | <u>Building Fund</u> | <u>Debt Service Fund</u> | <u>Valuation</u> |
|---------------|---------------------|----------------------|--------------------------|------------------|
| Tulsa | 36.05 | 5.15 | 27.76 | \$ 2,272,339,717 |
| Creek | 35.04 | 5.01 | 27.76 | \$ 16,332,037 |
| Osage | 36.53 | 5.22 | 27.76 | \$ 35,976,216 |
| Wagoner | 35.55 | 5.16 | 27.76 | \$ 183,717 |

The County Assessor for each county, 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.

Intermediate Revenues

Revenue from intermediate sources is the amount of money 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 2. REVENUES (continued)

Fees and Charges

Fees and charges include tuition, fees, rentals, disposals, commissions, and reimbursements.

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, of the 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. As of June 30, 2016 \$0.8 million of state revenue was carried forward into fiscal year 2017. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Revenues

Federal revenues consist of revenues from the federal government in the form of operating grants, entitlements, or commodities. 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.

Federal rules require that revenue earmarked for federal 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. As of June 30, 2016 \$5.2 million of federal revenue was carried forward into fiscal year 2017.

The majority of 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of bank failure, the District may not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. The District's policy requires that all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2016, all of the District's deposits were either covered by insurance or were collateralized at 110% of the investment principal. Collateral was held by the pledging financial institution's trust department or agent in the District's name.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. 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, 2016, 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.

Credit Risk

The District's fixed-income securities are subject to credit risk. However, the district policy on credit quality limitations upholds a very high standard by limiting investments to either direct obligations of the US government or investments backed 110% by collateral. At June 30, 2016, the District's investment portfolio had invested \$85.7 million in mortgage-backed securities, which are considered agency securities of the U.S. government and therefore carry the same credit ratings of the government. The credit ratings of the agency securities are Moody's Aaa, Standard and Poor AA+, and Fitch AAA. The remaining \$26.1 million is invested in certificates of deposit which are not subject to credit risk.

Concentration of Credit Risk

The District's investment policy requires that, except for direct obligations of the U.S. government, its agencies or instrumentalities, or certificates of deposit secured by diversified pledges of collateral, the District's investment portfolio will be diversified to avoid incurring undue concentration in securities of one type. At June 30, 2016, all investments were in agency securities of the U.S. government or certificates of deposit. The concentration of the investments are listed below.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits the duration of investments to a maximum maturity from the date of purchase of sixty months, provided that sufficient liquidity is available to meet the District's major cash outlays. The District monitors investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2016, all of the District's investments were scheduled to mature in 5 years or less.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

Maturities of investments and percentages held by issuer as of June 30, 2016 are as follows (000's):

| Investment Type | % of Portfolio | Investment Maturities (in Years) | | |
|--|----------------|----------------------------------|------------------|------------------|
| | | Fair Value | Less Than 1 | 1-5 |
| Negotiable certificates of deposit | 4% | \$ 3,544 | \$ 2,001 | \$ 1,543 |
| Mortgage-backed securities | | | | |
| Farmer Mac Discount Note | 24% | 21,707 | 21,707 | - |
| Federal Home Loan Bank | 24% | 21,109 | - | 21,109 |
| Federal Farm Credit Bank | 7% | 6,426 | 5,001 | 1,425 |
| Freddie Mac | 30% | 26,408 | 7,401 | 19,007 |
| Fannie Mae | 11% | 10,000 | - | 10,000 |
| Total | <u>100%</u> | <u>\$ 89,194</u> | <u>\$ 36,110</u> | <u>\$ 53,084</u> |
| | | | | |
| Investment Type | | Cost | Less Than 1 | 1-5 |
| Non-Negotiable certificates of deposit | | \$ 22,564 | \$ 15,534 | \$ 7,030 |
| Total investments: | | <u>111,758</u> | <u>51,644</u> | <u>60,114</u> |

The District's investment policy is adopted in accordance with the provisions of applicable law by the Board of the District. This policy sets forth the investment policy for the management of the public funds of the District. The policy is designed to ensure prudent management of public funds, the availability of funds when needed, and reasonable investment returns.

Fair Value Measurements

As of June 30, 2016, the District prospectively applied GASB Statement No. 72, *Fair Value Measurements and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include: a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in markets that are not active; and c) inputs other than quoted prices that are observable for the asset or liability, such as: (1) interest rates and yield curves observable at commonly quoted intervals; (2) implied volatilities and (3) credit spreads. Level 3 inputs are significant unobservable inputs.

As of June 30, 2016, all of the District's investments are valued using Level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

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 obligations of the United States Government or other obligations of the United States Government, its agencies, or instrumentalities.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2016

Note 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

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 the state is pledged;
- Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as defined in this policy.
- 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 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 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 as defined in this policy.
- 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 this policy;
- 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 has voted to be a member, the investments of which consist of those items specified in this policy, as well as obligations of the United States agencies and instrumentalities; or
- Any other investment that is authorized by law.

Investment Philosophy

This policy shall be based upon a “prudent investor” standard. The Board recognizes that those charged with the investment of public funds act as fiduciaries for the public, and, therefore the treasurer is directed to exercise the judgment and care that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs as to the permanent nonspeculative disposition of their funds, with due consideration of probable income earnings and probable safety of capital. In investing the District’s funds, the treasurer shall place primary emphasis, first, on safety and liquidity of principal, and then on earnings.

- **Liquidity:** Available funds will be invested to the fullest extent practicable in interest-bearing investments or accounts, with the investment portfolio remaining sufficiently liquid to meet reasonably anticipated operating requirements.
- **Diversification:** The investment portfolio will be diversified to avoid one class of investment causing a disproportionate risk of loss to the portfolio. Provided this restriction will not apply to direct obligations of the United States Government, its agencies or instrumentalities, or Certificates of Deposit secured by diversified pledges of collateral as provided this policy.
- **Safety of Principal:** Although investments are made to produce income for the District, investments will be made in a manner that preserves principal and liquidity.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

- **Prohibition of Speculation:** The purchase of an investment to be sold before its maturity will normally result in either a gain or loss for the District and is therefore “speculative” by definition. This practice is prohibited.
- **Yield:** The portfolio will be designed to attain maximum yield within each class of investment instrument, consistent with the safety of the funds invested and taking into account investment risk and liquidity needs.
- **Maturity:** Investments will be purchased with expectation that they will be held to maturity. Investments in the Sinking Fund may have maturities extending to 60 months. Investments in all other funds may have maturities extending to 36 months, provided sufficient liquidity is available to meet major outlays, and except that General Fund investments may not exceed 18 months. Any investment collateralized by a pledge of a surety bond or letter of credit as permitted by OAC 735, Chapter 20, may not have a maturity date after the expiration of the surety bond or letter of credit.
- **Capability of Investment Management:** The Superintendent shall be responsible for seeing that the treasurer and any assistant treasurer are qualified and capable of managing the investment portfolio and satisfactorily complete any investment education programs required by state law or by the Board.
- **Collateral:** Securities pledged to the District to secure investments shall be limited to the type and terms acceptable to the Treasurer of the state of Oklahoma under the Oklahoma Administrative Code Title 735, Chapter 20. Such securities shall be diversified as to type and maturity. Such securities shall be valued at no more than market value and such pledged value shall be at least 110 percent of the investment principal being secured on the date of the pledge. Changes in the market value of the pledged securities occurring during the life of the pledge that would cause the value of the pledge to be less than 110 percent of the principal being secured shall be supplemented by the pledgor with additional securities. The treasurer shall have the authority to sign forms and contracts with financial institutions or the Federal Reserve to enter into agreements for the safekeeping of collateral.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 4. RECEIVABLES (NET OF ALLOWANCE FOR UNCOLLECTIBLES)

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for governmental funds. Below is the detail of receivables including the applicable allowances for uncollectible accounts (000's):

| Receivables | General Fund | Debt Service Fund | Other Funds | Total Governmental Funds |
|--------------------------------------|-----------------|-------------------------|----------------|--------------------------------|
| Due from other governments | | | | |
| Local - current year property tax | 3,622 | 2,802 | 517 | 6,941 |
| Local - succeeding year property tax | 86,970 | 70,132 | 12,424 | 169,526 |
| County | 169 | - | - | 169 |
| State | 1,824 | - | - | 1,824 |
| Federal | 3,220 | - | 222 | 3,442 |
| Other receivables | 2,252 | - | 207 | 2,459 |
| Gross receivables | 98,057 | 72,934 | 13,370 | 184,361 |
| Less: Allowance for uncollectibles | (1,195) | (943) | (171) | (2,309) |
| Net receivables | <u>96,862</u> | <u>71,991</u> | <u>13,199</u> | <u>182,052</u> |

Property tax receivables are recorded on the lien date, January 1st, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is budgeted. An allowance for uncollectible property taxes is calculated based on historical collection data.

Receivables which are not collected within the availability period, 60 days of the year end, are recorded in the governmental fund financial statements as deferred inflows of resources. At June 30, 2016, \$174.0 million of receivables, \$168.3 million of which were succeeding year property tax, were considered to be unavailable revenue and were recorded as deferred inflows of resources in the governmental fund balance sheet. On the statement of net position, \$5.7 million was reclassified to revenue from unavailable revenue, while succeeding year property taxes remain deferred inflows of resources.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 5. INVENTORIES AND PREPAID ITEMS

Inventories are valued at average cost. Inventories of governmental funds are recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid maintenance agreements are for technology-related equipment, software subscriptions and licensing and have terms ranging from 12 months to 36 months. These are amortized over the life of the service agreement and recorded as expenditures/expenses as services are provided rather than when purchased.

The inventories and prepaid items on hand at June 30, 2016 were comprised of the following categories (000's):

| <u>Inventory and prepaid items</u> | General Fund | Capital Projects Fund | Other Funds | Total Governmental Funds |
|------------------------------------|-------------------|--------------------------|-------------------|--------------------------------|
| Inventory | | | | |
| Food service supplies | - | - | 960 | 960 |
| Classroom supplies | 203 | - | - | 203 |
| Custodial supplies | 243 | - | 14 | 257 |
| Total inventory | <u>446</u> | <u>-</u> | <u>974</u> | <u>1,420</u> |
| Prepaid items | <u>274</u> | <u>226</u> | <u>-</u> | <u>500</u> |
| Total Inventory and prepaid items | <u><u>720</u></u> | <u><u>226</u></u> | <u><u>974</u></u> | <u><u>1,920</u></u> |

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows (000's):

| | Beginning Balance | Increases | Transfers | Decreases | Ending Balance |
|---|----------------------|--------------------|--------------------|--------------------|---------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 4,212 | \$ - | \$ - | \$ - | 4,212 |
| Construction in progress | 46,266 | 38,336 | (43,107) | - | 41,495 |
| Assets out of service | 2,425 | - | - | (3) | 2,422 |
| Total capital assets not being depreciated | <u>\$ 52,903</u> | <u>\$ 38,336</u> | <u>\$ (43,107)</u> | <u>\$ (3)</u> | <u>\$ 48,129</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | \$ 739,427 | \$ - | \$ 42,638 | \$ (3,668) | \$ 778,397 |
| Equipment and vehicles | 68,994 | 5,723 | 469 | (6,617) | 68,569 |
| Total capital assets being depreciated | <u>\$ 808,421</u> | <u>\$ 5,723</u> | <u>\$ 43,107</u> | <u>\$ (10,285)</u> | <u>\$ 846,966</u> |
| Total assets | <u>\$ 861,324</u> | <u>\$ 44,059</u> | <u>\$ -</u> | <u>\$ (10,288)</u> | <u>\$ 895,095</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | \$ (286,902) | \$ (22,157) | \$ - | \$ 2,120 | \$ (306,939) |
| Equipment and vehicles | (34,229) | (6,216) | - | 5,506 | (34,939) |
| Total accumulated depreciation | <u>\$ (321,131)</u> | <u>\$ (28,373)</u> | <u>\$ -</u> | <u>\$ 7,626</u> | <u>\$ (341,878)</u> |
| Governmental activities capital assets, net | <u>\$ 540,193</u> | <u>\$ 15,686</u> | <u>\$ -</u> | <u>\$ (2,662)</u> | <u>\$ 553,217</u> |

Depreciation expense was charged to functions/programs of the District as follows (000's):

| | |
|--|------------------|
| Governmental activities: | |
| Instruction and instruction-related services | \$ 15,129 |
| Support services - student and staff | 1,617 |
| Administrative support services | 5,922 |
| Operation of non-instructional services | 2,182 |
| Operation and maintenance of plant services | 1,981 |
| Student transportation services | 1,542 |
| | <u>\$ 28,373</u> |

Assets Out of Service

Assets Out of Service includes sites identified as surplus properties under the Project Schoolhouse initiative. The District originally intended to sell these assets but has not yet been successful. As of June 30, 2016 assets out of service were approximately \$2.4 million.

Construction Commitments

The District has active construction projects as of June 30, 2016. These projects include new construction and renovations of schools. At year-end, the District had approximately \$16 million in outstanding construction encumbrances.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 7. CAPITAL LEASES

The District records lease agreements that qualify as capital leases for accounting purposes at the present value of their future minimum lease payments at their inception date. The present value has been calculated based on the District's incremental borrowing rate at time of inception unless the lessor's implicit interest rate is known and lower.

In May 2009, the District entered into an agreement between NGV Fleet Leasing and Joe Cooper Ford of Tulsa for the purchase, conversion, acquisition and lease of buses. The diesel engines were converted to operate with compressed natural gas. Under the agreement, Joe Cooper Ford purchased the vehicles from the District, converted the engines and sold them to NGV Fleet Leasing who leased them back to the District. At the end of the lease terms the District had the option to renew the lease at the current lease rate, purchase the buses at the agreed upon "lease buyout amount" or return the buses to NGV Fleet Leasing. Hence, the District converted 140 buses under five-year leases totaling \$5.7 million; and, the District guaranteed a residual value of the buses at the end of the lease term for \$0.9 million. In August 2011, the balance due on the leases was prepaid, leaving only the guaranteed residual value in the lease liability which was ultimately paid in December 2015.

In April 2011, the District entered into an Equipment Lease Purchase Agreement with JPMorgan Chase Bank in the amount of \$30.0 million for the purpose of providing equipment and improvements to school facilities; such as HVAC, windows, doors, and various other building renovations. This agreement is designated as a "Qualified School Construction Bond" pursuant to the American Recovery and Reinvestment Act of 2009. At the same time, the District entered into an Escrow and Paying Agent Agreement between the Bank of Oklahoma as escrow agent and JPMorgan Chase Bank as lessor. The agreement allowed the Lessor to deposit funds of \$30.0 million with the escrow agent to be held in Trust for the purpose of acquiring certain improvements to and equipment at various school facilities within the District. The District received an allocation from the federal government in the aggregate amount of \$30.0 million for such bonds. Under the legislation, the federal government will make interest payments on behalf of the District which the District records as revenue and expenses/expenditures in the government-wide and fund financial statements. Interest payments at 3.25% per annum is payable semi-annually on each December 1 and June 1, beginning December 1, 2011. Interest payments for fiscal year 2016 were reported as revenue and expenditure in the amount of approximately \$487 thousand. As of June 30, 2015, there were draw downs of \$30.0 million used by the District to fund various projects. The principal due under the Agreement was paid on December 1, 2015 from the proceeds of general obligation bonds which have been previously approved by the voters of the District.

The following is a summary of changes in the leases and capitalized lease obligations outstanding (000's):

| | Balance June 30, 2015 | Additions | Retirements | Balance June 30, 2016 |
|---|--------------------------|-----------|-------------|--------------------------|
| Buildings and improvements | \$ 29,952 | \$ - | \$ (29,952) | \$ - |
| Equipment | 555 | - | (555) | - |
| Total | 30,507 | - | (30,507) | - |
| Less: Current portion | | | | - |
| Total long-term capitalized lease obligations outstanding | | | | \$ - |

The gross amount of assets acquired under capital leases by major asset class:

| | | |
|----------------------------------|----|--------|
| Buildings and improvements total | \$ | 29,623 |
| Equipment | | 900 |
| Total | | 30,523 |

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 8. LONG-TERM DEBT

Combined Purpose Bonds (Series 2015C) and Building Bonds (Series 2015D)

In August 2015, the District issued \$17.9 million in Combined Purpose Bonds Series 2015C and \$10 million in Building Bonds Series 2015D. The proceeds from the 2015C Bonds will be used to construct and renovate school facilities, for library improvements, and to acquire classroom materials. The proceeds from the 2015D bonds will be used to construct and renovate school facilities.

Combined Purpose Bonds (Series 2015E)

In November 2015, the District issued \$30.1 million in Combined Purpose Bonds Series 2015E. The proceeds from these bonds will be used to acquire improvements made to school facilities and school equipment.

Building Bonds (Series 2016A)

In May 2016, the District issued \$7.5 million in Building Bonds Series 2016A. The proceeds from the 2016A Bonds will be used to construct and renovate school facilities.

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. The District uses the effective interest rate method for amortizing premiums and discounts. Amortization expense on bond premiums for the year ended June 30, 2016 is approximately \$0.7 million. The net amount of unamortized premium at June 30, 2016 was approximately \$3.1 million.

The following is a summary of changes in Long-term Debt outstanding (000's):

| Series | Principal Outstanding June 30, 2015 | Issuances | Retirements | Principal Outstanding June 30, 2016 | Due within one year |
|---|--|------------------|------------------|--|------------------------|
| 2016A | \$ | \$ 7,500 | \$ - | \$ 7,500 | - |
| 2015E | | 30,100 | - | 30,100 | - |
| 2015D | | 10,000 | - | 10,000 | - |
| 2015C | | 17,900 | - | 17,900 | - |
| 2015B | 13,680 | - | - | 13,680 | 3,420 |
| 2015A | 32,320 | - | - | 32,320 | 8,080 |
| 2014D | 7,160 | - | - | 7,160 | 1,790 |
| 2014C | 40,840 | - | - | 40,840 | 10,210 |
| 2014B | 7,160 | - | 1,790 | 5,370 | 1,790 |
| 2014A | 10,840 | - | 2,710 | 8,130 | 2,710 |
| 2013C | 10,000 | - | 2,500 | 7,500 | 2,500 |
| 2013B | 30,000 | - | 7,500 | 22,500 | 7,500 |
| 2013A | 7,500 | - | 2,500 | 5,000 | 2,500 |
| 2012B | 28,500 | - | 9,500 | 19,000 | 9,500 |
| 2012A | 2,500 | - | 1,250 | 1,250 | 1,250 |
| 2011 | 21,000 | - | 10,500 | 10,500 | 10,500 |
| 2010B | 10,000 | - | 10,000 | - | - |
| Total Long-term debt | 221,500 | 65,500 | 48,250 | 238,750 | 61,750 |
| Premium on bonds | 2,596 | 1,261 | 725 | 3,132 | - |
| Capital leases | 30,507 | - | 30,507 | - | - |
| Total bonds, capital leases and contracts \$ | <u>254,603</u> | <u>\$ 66,761</u> | <u>\$ 79,482</u> | <u>\$ 241,882</u> | <u>\$ 61,750</u> |

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 8. LONG-TERM DEBT (continued)

The future payments are scheduled as follows (000's):

| Fiscal Year | Principal | Coupon Interest | Total |
|-------------|-------------------|-----------------|-------------------|
| 2017 | \$ 61,750 | \$ 3,847 | \$ 65,597 |
| 2018 | 66,375 | 2,035 | 68,410 |
| 2019 | 54,375 | 1,237 | 55,612 |
| 2020 | 39,875 | 589 | 40,464 |
| 2021 | 16,375 | 137 | 16,512 |
| | <u>\$ 238,750</u> | <u>\$ 7,845</u> | <u>\$ 246,595</u> |

Issue date, original amount and final maturity (000's):

| | Issue Date | Original Amount | Final Maturity | Annual Principal Payments |
|-------|------------|-----------------|----------------|---------------------------|
| 2016A | 5/1/2016 | \$ 7,500 | 5/1/2021 | \$ 1,875 |
| 2015E | 11/1/2015 | 30,100 | 11/1/2020 | 7,525 |
| 2015D | 8/1/2015 | 10,000 | 8/1/2020 | 2,500 |
| 2015C | 8/1/2015 | 17,900 | 8/1/2020 | 4,475 |
| 2015B | 1/1/2015 | 13,680 | 1/1/2020 | 3,420 |
| 2015A | 1/1/2015 | 32,320 | 1/1/2020 | 8,080 |
| 2014D | 7/1/2014 | 7,160 | 7/1/2019 | 1,790 |
| 2014C | 7/1/2014 | 40,840 | 7/1/2019 | 10,210 |
| 2014B | 3/1/2014 | 7,160 | 3/1/2019 | 1,790 |
| 2014A | 3/1/2014 | 10,840 | 3/1/2019 | 2,710 |
| 2013C | 8/1/2013 | 10,000 | 8/1/2018 | 2,500 |
| 2013B | 8/1/2013 | 30,000 | 8/1/2018 | 7,500 |
| 2013A | 3/1/2013 | 10,000 | 3/1/2018 | 2,500 |
| 2012B | 8/1/2012 | 38,000 | 8/1/2017 | 9,500 |
| 2012A | 4/1/2012 | 5,000 | 4/1/2017 | 1,250 |

Interest Rates on the bonds range from .97% to 1.89% and nominal rates range from .98% to 1.88%

| | Coupon Rate | Nominal Rate |
|-------|-------------|--------------|
| 2016A | 1.37% | 1.37% |
| 2015E | 1.31% | 1.31% |
| 2015D | 1.89% | 1.88% |
| 2015C | 1.68% | 1.67% |
| 2015B | 1.19% | 1.18% |
| 2015A | 1.17% | 1.17% |
| 2014D | 1.15% | 1.14% |
| 2014C | 1.11% | 1.11% |
| 2014B | 1.03% | 1.03% |
| 2014A | 1.02% | 1.01% |
| 2013C | 1.55% | 1.54% |
| 2013B | 1.59% | 1.58% |
| 2013A | 0.97% | 0.98% |
| 2012B | 0.99% | 0.99% |
| 2012A | 1.07% | 1.06% |

Interest expense on bonds during the year ended June 30, 2016 totaling \$2.9 million is reported in the debt service fund.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 9. 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; and natural disasters for which the government carries commercial insurance. Commercial policies in force during the year contained the following deductibles:

| | |
|--------------------------------------|------------|
| Property, Fire and Extended Coverage | \$ 100,000 |
| Automobile Liability | 175,000 |
| General Liability | 175,000 |
| Inland Marine | 2,500 |
| School Leader Legal | 175,000 |

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

The District is self-insured for workers' compensation claims and accounts for this activity in a separate fund that has been combined with the general fund for purposes of financial statement presentation. Premiums are paid into the workers' compensation fund from the general fund and the child nutrition fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. For example, estimated recoveries from salvage or subrogation are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$850,000 up to an aggregate total of \$5,000,000. Settlements did not exceed coverage for the past three years.

At June 30, 2016, the District had established reserves for workers compensation claims liability and deductibles on commercial coverage of \$10.7 million and \$1.8 million, respectively. Changes in the balances of claims liability for the past three years are as follows (000's):

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-----------------------------------|------------------|------------------|------------------|
| Unpaid claims, beginning of year | \$ 14,471 | \$ 14,279 | \$ 13,257 |
| Incurred claims (including IBNRs) | 2,486 | 4,434 | 5,783 |
| Claim payments | <u>(4,515)</u> | <u>(4,242)</u> | <u>(4,761)</u> |
| Unpaid claims, end of year | <u>\$ 12,442</u> | <u>\$ 14,471</u> | <u>\$ 14,279</u> |

Approximately \$3.9 million of the amount unpaid at June 30, 2016 is expected to be paid out in the next fiscal year from General Funds.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 10. COMMITMENTS AND CONTINGENT LIABILITIES

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 (000's):

| | |
|-----------------------|------------------|
| General Fund | \$ 4,877 |
| Capital Projects Fund | 16,290 |
| Other Funds | <u>1,456</u> |
| Total | <u>\$ 22,623</u> |

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

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 11. PENSION BENEFITS

Plan description

The District participates in the OTRS, a cost-sharing multiple-employer public employee retirement system that is self-administered. OTRS provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma State Statutes assigns the authority for management and operation of OTRS to the Board of Trustees of the OTRS. OTRS issues a publicly available annual financial report that can be obtained at www.ok.gov/TRS/.

Participation in the plan is required for certified teachers and administrators. Other permanent, support employees working at least half time are eligible for participation in the plan at their option. At June 30, 2016, there were 3,531 active employees of the District participating in the plan, comprising 4% of the total teacher's retirement system participants.

Benefits provided

OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2016

Note 11. PENSION BENEFITS (continued)

90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2 percent of final compensation for each year of credited service.

- Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions

The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual compensation. The District's contribution rate is 9.5 percent for the years ended June 30, 2016 and 2015. In addition, the District is required to match the State's contribution rate on salaries that are paid with federal funds. The District's total contribution to OTRS in 2016 was \$17.1 million.

The State makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2016, the State paid approximately \$1.8 million on behalf of teachers employed at the District. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements.

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2016, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 11. PENSION BENEFITS (continued)

contribution rate provided to the District. For the year ended June 30, 2016, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$11.5 million. In accordance with generally accepted accounting principles, District recognized the on-behalf payments as revenue and expenditures in the fund financial statements. In government-wide statement of activities, revenue is recognized for the state's on-behalf contribution on an accrual basis of approximately \$12.8 million.

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, 2016, the District reported a liability of \$249.0 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on the District's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2015. Based upon this information, the District's proportion was 4.10079298 percent. The change in proportion from June 30, 2014 was a decrease of 0.07543412 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$13.9 million. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 8,459 |
| Changes of assumptions | 11,924 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 16,894 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | 4,286 |
| Total Deferred amount to be recognized in pension expense in future periods | 11,924 | 29,639 |
| District contributions subsequent to the measurement date | 17,097 | - |
| Total deferred amount related to pension: | \$ 29,021 | \$ 29,639 |

Deferred pension outflows totaling approximately \$17.1 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. Net deferred pension inflows totaling approximately \$16.9 million resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. Deferred pension inflows totaling approximately \$8.5 million resulting from the differences between expected and actual experience, deferred pension outflows totaling approximately \$11.9 million resulting from changes in assumptions, and deferred pension inflows of approximately \$4.3 million resulting from changes in proportion will be recognized in pension expense using the average expected remaining life of the Plan. The average expected remaining life of the Plan is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 6.22 years at June 30, 2015 and are determined using the mortality, termination, retirement and disability assumptions

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 11. PENSION BENEFITS (continued)

associated with the Plan. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <u>Year ended June 30:</u> | | |
|----------------------------|----|---------|
| 2016 | \$ | (7,836) |
| 2017 | | (7,836) |
| 2018 | | (7,836) |
| 2019 | | 5,513 |
| 2020 | | 190 |
| Thereafter | | 90 |

Actuarial assumptions

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

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

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 11. PENSION BENEFITS (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------------|--------------------------|---|
| Domestic All Cap Equity* | 7.0% | 6.0% |
| Domestic Large Cap Equity | 10.0% | 5.3% |
| Domestic Mid Cap Equity | 13.0% | 6.1% |
| Domestic Small Cap Equity | 10.0% | 6.6% |
| International Large Cap Equity | 11.5% | 5.8% |
| International Small Cap Equity | 6.0% | 5.8% |
| Core Plus Fixed Income | 17.5% | 1.8% |
| High-yield Fixed Income | 6.0% | 4.1% |
| Private Equity | 5.0% | 7.6% |
| Real Estate** | 7.0% | 5.5% |
| Master Limited Partnerships | 7.0% | 7.6% |
| Total | <u>100%</u> | |

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

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

Discount Rate

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the District calculated using the discount rate of 8.0 percent, as well as what the District's net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower (7.0%) or 1-percentage point higher (8.0%) than the current rate:

| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|----------------------------------|------------------------|----------------------------------|------------------------|
| District's net pension liability | <u>345,896</u> | <u>249,031</u> | <u>169,791</u> |

Other Post-Employment Benefits (OPEB)

During 2015 and 2016, the Oklahoma Teachers Retirement System paid 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 elected 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 12. COMPENSATED ABSENCES

Sick Pay Benefits

The District provides sick pay benefits for all of its permanent employees, and all employees entitled to sick leave are permitted to accrue unlimited unused leave. Upon termination, employees who have been employed by the District for at least ten years are paid for any unused sick leave on a graduated scale. After twenty years of service, both certified and support employees are paid \$30 per day for any unused service.

Vacation Benefits

Permanent employees on twelve-month contracts accrue vacation on a graduated scale from 10 to 20 days per year based on their years of service. Employees may accrue a maximum of twice their annual vacation entitlement and are paid for any unused vacation at their current salary rate upon termination.

The activity related to these benefits during the year ended June 30, 2016 is as follows (000's):

| | Balance <u>6/30/2015</u> | <u>Accruals</u> | <u>Payments</u> | Balance <u>6/30/2016</u> |
|----------|-----------------------------|------------------|------------------|-----------------------------|
| Vacation | \$ 3,065 | \$ 3,193 | \$ 3,166 | \$ 3,092 |
| Sick | 3,975 | 6,986 | 6,893 | 4,068 |
| Total | <u>\$ 7,040</u> | <u>\$ 10,179</u> | <u>\$ 10,059</u> | <u>\$ 7,160</u> |

In past years, General, Building, and Child Nutrition Funds have been used to liquidate this liability. Of the total, \$0.4 million is expected to be paid out in the next fiscal year to employees upon termination.

Note 13. SUBSEQUENT EVENTS

Building Bonds (Series 2016B)

In August 2016, the District issued \$34.8 million in Building Bonds Series 2016B. The proceeds from these bonds will be used to construct and renovate school facilities. This bond has a coupon rate of 1.09%, a nominal rate of 1.08%, and a maturity date of August 1, 2021.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2016

Note 14. RESTATEMENT

As discussed in Note 1, the District early implemented GASB Statement No. 82, Pension Issues. The provisions required the District to restate beginning net position of the governmental activities. The effect on fiscal year 2015 is as follows (in thousands):

| | Governmental Activities |
|--|----------------------------|
| Net position, June 30, 2015, as previously reported | 166,252 |
| 2015 Employer paid employee contributions | (646) |
| Net position, June 30, 2015, as restated | <u>165,606</u> |
| | |
| | Governmental Activities |
| Change in net position as of June 30, 2015, as previously reported | 29,854 |
| 2015 Employer paid employee contributions | (646) |
| Change in net position as of June 30, 2015, as restated | <u>29,208</u> |

Required Supplementary Information

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**Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of Oklahoma
Last Ten Fiscal Years*
(Thousands)**

| | <u>As of June 30, 2015</u> | <u>As of June 30, 2014</u> |
|---|--------------------------------|--------------------------------|
| District's proportion of the net pension liability (asset) | 4.10% | 4.18% |
| District's proportionate share of the net pension liability (asset) | \$ 249,031 | \$ 224,675 |
| District's covered-employee payroll | \$ 163,115 | \$ 161,383 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 152.67% | 139.22% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.31% | 72.43% |

See Notes to Required Supplementary Information

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of the District's Pension Plan Contributions
Teachers' Retirement System of Oklahoma
Last Ten Fiscal Years
(Millions)**

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution \$ | 17.1 | \$ 17.1 | \$ 16.9 | \$ 16.7 | \$ 16.0 | \$ 16.2 | \$ 16.5 | \$ 14.9 | \$ 13.6 | \$ 13.2 |
| Contributions in relation to the contractually required contribution | (17.1) | (17.1) | (16.9) | (16.7) | (16.0) | (16.2) | (16.5) | (14.9) | (13.6) | (13.2) |
| Contribution deficiency (excess) \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll \$ | 164 | \$ 163 | \$ 161 | \$ 160 | \$ 158 | \$ 159 | \$ 161 | \$ 156 | \$ 154 | \$ 159 |
| Contributions as a percentage of covered-employee payroll | 10.44% | 10.51% | 10.50% | 10.44% | 10.13% | 10.19% | 10.25% | 9.58% | 8.80% | 8.29% |

See Notes to Required Supplementary Information

Notes to Schedule:

The District's statutorily required contribution rate has changed over the prior 10 years as follows:

- | | |
|---|-------|
| 1. July 1, 2005 to December 31, 2006 | 7.05% |
| 2. January 1, 2007 to June 30, 2007 | 7.60% |
| 3. July 1, 2007 to December 31, 2007 | 7.85% |
| 4. January 1, 2008 to June 30, 2008 | 8.35% |
| 5. July 1, 2008 to December 31, 2008 | 8.50% |
| 6. January 1, 2009 to December 31, 2009 | 9.00% |
| 7. January 1, 2010 to present | 9.50% |

FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016
(Thousands)**

| | <u>Original</u> | <u>Final</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance Final Budget</u> |
|--|------------------|------------------|-------------------------------------|----------------------------------|
| REVENUES | | | | |
| Local and intermediate sources | \$ 104,957 | \$ 105,402 | \$ 114,961 | \$ 9,559 |
| State program revenues | 155,536 | 152,820 | 144,496 | (8,324) |
| Federal program revenues | <u>37,394</u> | <u>35,351</u> | <u>32,366</u> | <u>(2,985)</u> |
| Total revenues | <u>297,887</u> | <u>293,573</u> | <u>291,823</u> | <u>(1,750)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salaries | 195,741 | 193,647 | 193,341 | (306) |
| Benefits | 55,920 | 56,106 | 58,059 | 1,953 |
| Purchased Services | 23,204 | 22,256 | 19,505 | (2,751) |
| Supplies | 20,979 | 20,296 | 15,071 | (5,225) |
| Property | 106 | 145 | 632 | 487 |
| Other Expenditures | 1,905 | 2,207 | 989 | (1,218) |
| Other Outlays | <u>7,488</u> | <u>6,939</u> | <u>7,569</u> | <u>630</u> |
| Total expenditures | <u>305,343</u> | <u>301,596</u> | <u>295,166</u> | <u>(6,430)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(7,456)</u> | <u>(8,023)</u> | <u>(3,343)</u> | <u>4,680</u> |
| OTHER FINANCING SOURCES | | | | |
| Lapsed appropriations from prior year and fund transfer | <u>2,500</u> | <u>4,300</u> | <u>3,314</u> | <u>(986)</u> |
| Net change in fund balances | <u>(4,956)</u> | <u>(3,723)</u> | <u>(29)</u> | <u>3,694</u> |
| Fund balance -- June 30, 2015 | <u>29,327</u> | <u>28,094</u> | <u>28,094</u> | <u>-</u> |
| Fund balance -- June 30, 2016 | <u>\$ 24,371</u> | <u>\$ 24,371</u> | <u>\$ 28,065</u> | <u>\$ 3,694</u> |

See Notes to Required Supplementary Information

**Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Budgetary Comparison
Schedule - General Fund (Unaudited)
For the Year Ended June 30, 2016
(Thousands)**

| | |
|---|---------------------------------|
| Change in fund balance of governmental funds - General Fund | \$ (6,045) |
| Revenues are recognized when earned in the governmental funds but are recognized when received for budgetary purposes. During the year, \$7,141 was received that was attributable to prior year activities and \$6,992 of revenue was realized but not received by the close of the year. | 149 |
| Expenditures for supplies and materials and prepaids are shown when they are used in the governmental funds but reported as expenses when they are purchased for budgetary purposes. The district purchased less supplies and materials than it used during the year, resulting in a decrease in inventories from \$489 to \$446 and prepaids increased by \$274. | (231) |
| Obligations are accrued when incurred and measurable in the governmental funds but reported when expended for budgetary purposes. There was an increase of \$548 in the accounts payable accrual. | 548 |
| An increase of \$358 in the liability insurance reserve and a reduction of \$1,699 in the reserve for workers compensation was made to comply with modified accrual standards. | (1,341) |
| Fair market value adjustment for long-term investments | (93) |
| Encumbrances are included in expenditures for budgetary purposes but not for the governmental fund financial statements. | (4,611) |
| Expenditures in the governmental fund financial statements include those paid with prior year encumbrances, which are excluded on the budgetary basis. | 7,808 |
| Expenditures for worker's compensation claims are shown in a separate fund for budgetary purposes but combined with the general fund in the governmental funds. | <u>473</u> |
| Excess (deficiency) of revenues over expenditures - budgetary basis | <u><u>\$ (3,343)</u></u> |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2016

Note 1. OTRS PENSION LIABILITY

CHANGES OF BENEFIT TERMS

There were no significant changes of benefit terms.

CHANGES OF ASSUMPTIONS

The assumptions for salary increases changed for the June 30, 2015 measurement date. For the June 30, 2014 measurement date, salary increases were composed of 3.00 percent inflation, plus 1.00 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service. For the June 30, 2015 measurement date, salary increases are composed of 3.75 percent wage inflation, including 3.00 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of services.

The table used to determine retirement age changed for the June 30, 2015 measurement date. For the June 30, 2014 measurement date, the retirement age was determined using the experience-based table developed from a five year experience study for the period ending June 30, 2009. This table was adopted by the OTRS Board in September 2010. For the June 30, 2015 measurement date, the retirement age was determined using the experience-based table developed from a five year experience study for the period ending June 30, 2014. This table was adopted by the OTRS Board in May 2015.

There was also a change in mortality rate tables used. For the June 30, 2014 measurement date, mortality rates were determined using the RP-2000 Combined Mortality table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females. For the June 30, 2015 measurement date, the mortality rates for active employees were determined using the PR-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent. The mortality rates for males after retirement were determined using the RP-2000 Combined Health Mortality Table for males with white collar adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000 were used. The mortality rates for females after retirement were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105 percent. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012 were used.

Note 2. BUDGETS AND BUDGETARY ACCOUNTING

BUDGETARY COMPARISON SCHEDULE

A cash basis of accounting is used to prepare the Budgetary Comparison Schedule. A reconciliation from the cash basis to the modified accrual basis of accounting, which is Generally Accepted Accounting Principles (GAAP), is presented on the face of the schedule.

BUDGET LAW AND PRACTICE

The Board of the District has elected to prepare and present budgets under the Oklahoma School District Budget Act. The District Superintendent directs the preparation of the budget proposal and submits it to the Board. The Board holds a public hearing on the proposed budget within 45 days preceding the start of the budget year. Notice of the date, time and place of the hearing, together with the proposed budget summary, is published in the Tulsa Daily Commerce and Legal News at least 5 days before the public hearing. The budget is also available upon request from the District's Chief Financial Officer. At the public hearing on the budget, any person may present to the Board comments, recommendations or information on any part of the proposed budget.

Once adopted, the budget must be in effect no later than the first day of the fiscal year to which it applies. The budget as adopted and filed with the Oklahoma State Auditor and Inspector constitutes an appropriation for each fund which may not be used for any other purpose except as provided by law.

The District presents the budget in four funds: the General Fund, Capital Projects Fund, Debt Service Fund and the Special Revenue Fund which includes the Child Nutrition and Building Funds. Budgetary control for accounts without a project is generally at the full account level. For accounts within a project the budgetary control is generally maintained by fund, project and site. The District Superintendent or designee may transfer an unexpended and unencumbered appropriation from one account to another within the same fund. Line item transfers that are not original budget items in excess of \$25,000 require Board approval. Whenever the necessity for maintaining any special fund of a school district has ceased to exist and a balance remains in the fund, the governing body may authorize the transfer of the balance to the General Fund. Applicable law governs the use or transfer of any remaining balance in the Debt Service or Capital Projects Fund.

The District Board amends the original budget after the prior fiscal year financial activity has been finalized, the annual State Aid allocation has been released, federal fund allocations are identified, and the property tax valuations have been certified for all affected counties within the District; generally between December and February of the fiscal year.

ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are included in the "actual" amounts shown expended during the year for the budgetary presentation but are excluded from the fund balances in the governmental fund financial statements as they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

REVENUES

Revenues are recorded on a cash basis and include deposits to District accounts from the first day through the last day of the fiscal year regardless of when they were actually earned.

Other Supplementary Information

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**Budgetary Comparison Schedule - Debt Service
For the Year Ended June 30, 2016
(Thousands)**

| | <u>Original</u> | <u>Final</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance Final Budget</u> |
|--|-----------------|-----------------|-------------------------------------|----------------------------------|
| REVENUES | | | | |
| Local and intermediate sources | \$ 63,971 | \$ 63,453 | \$ 64,737 | \$ 1,284 |
| Total revenues | <u>63,971</u> | <u>63,453</u> | <u>64,737</u> | <u>1,284</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Other Expenditures | 116,654 | 117,082 | 51,168 | (65,914) |
| Total expenditures | <u>116,654</u> | <u>117,082</u> | <u>51,168</u> | <u>(65,914)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(52,683)</u> | <u>(53,629)</u> | <u>13,569</u> | <u>67,198</u> |
| OTHER FINANCING SOURCES | | | | |
| Premium on bonds sold | <u>500</u> | <u>1,119</u> | <u>1,261</u> | <u>142</u> |
| Net change in fund balances | <u>(52,183)</u> | <u>(52,510)</u> | <u>14,830</u> | <u>67,340</u> |
| Fund balance -- June 30, 2015 | <u>52,183</u> | <u>52,510</u> | <u>52,510</u> | <u>-</u> |
| Fund balance -- June 30, 2016 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 67,340</u> | <u>\$ 67,340</u> |

**Budgetary Comparison Schedule - Capital Improvements
For the Year Ended June 30, 2016
(Thousands)**

| | <u>Original</u> | <u>Final</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance Final Budget</u> |
|--|-----------------|-----------------|-------------------------------------|----------------------------------|
| REVENUES | | | | |
| Local and intermediate sources | \$ 58,001 | \$ 68,001 | \$ 65,500 | \$ (2,501) |
| Total revenues | <u>58,001</u> | <u>68,001</u> | <u>65,500</u> | <u>(2,501)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Purchased Services | 52,462 | 60,023 | 61,152 | 1,129 |
| Supplies | 22,200 | 19,930 | 14,080 | (5,850) |
| Property | 1,000 | 4,614 | 4,794 | 180 |
| Other Expenditures | 100 | - | - | - |
| Total expenditures | <u>75,762</u> | <u>84,567</u> | <u>80,026</u> | <u>(4,541)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(17,761)</u> | <u>(16,566)</u> | <u>(14,526)</u> | <u>2,040</u> |
| OTHER FINANCING SOURCES | | | | |
| Lapsed appropriations from prior year | <u>1,000</u> | <u>500</u> | <u>1,609</u> | <u>1,109</u> |
| Fund Net change in fund balances | <u>(16,761)</u> | <u>(16,066)</u> | <u>(12,917)</u> | <u>3,149</u> |
| Fund balance -- June 30, 2015 | <u>16,761</u> | <u>16,066</u> | <u>16,066</u> | <u>-</u> |
| Fund balance -- June 30, 2016 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,149</u> | <u>\$ 3,149</u> |

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule -Special Revenue Funds
For the Year Ended June 30, 2016
(Thousands)**

| | BUILDING FUND | | | | CHILD NUTRITION FUND | | | |
|--|----------------|----------------|--------------------------------|-----------------------------|----------------------|-----------------|--------------------------------|-----------------------------|
| | Original | Final | Actual (Budgetary Basis) | Variance Final Budget | Original | Final | Actual (Budgetary Basis) | Variance Final Budget |
| REVENUES | | | | | | | | |
| Local and intermediate sources | \$ 12,092 | \$ 12,178 | \$ 12,764 | \$ 586 | \$ 3,937 | \$ 3,832 | \$ 3,957 | \$ 125 |
| State program revenues | 687 | 686 | 938 | 252 | 2,523 | 2,415 | 2,519 | 104 |
| Federal program revenues | - | - | - | - | 19,638 | 19,983 | 20,489 | 506 |
| Total revenues | <u>12,779</u> | <u>12,864</u> | <u>13,702</u> | <u>838</u> | <u>26,098</u> | <u>26,230</u> | <u>26,965</u> | <u>735</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Salaries | 8,197 | 8,153 | 7,215 | (938) | 9,998 | 10,026 | 9,265 | (761) |
| Benefits | 1,953 | 1,953 | 1,741 | (212) | 3,230 | 3,230 | 3,290 | 60 |
| Purchased Services | 4,920 | 5,145 | 5,216 | 71 | 2,171 | 1,102 | 1,124 | 22 |
| Supplies | 223 | 259 | 234 | (25) | 12,979 | 12,890 | 12,098 | (792) |
| Property | 65 | 65 | 24 | (41) | 67 | 117 | 205 | 88 |
| Other Expenditures | 2,536 | 4,235 | 685 | (3,550) | 1 | 1,109 | 1,109 | - |
| Total expenditures | <u>17,894</u> | <u>19,810</u> | <u>15,115</u> | <u>(4,695)</u> | <u>28,446</u> | <u>28,474</u> | <u>27,091</u> | <u>(1,383)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(5,115)</u> | <u>(6,946)</u> | <u>(1,413)</u> | <u>5,533</u> | <u>(2,348)</u> | <u>(2,244)</u> | <u>(126)</u> | <u>2,118</u> |
| OTHER FINANCING SOURCES | | | | | | | | |
| Lapsed appropriations from prior year | 100 | 100 | 272 | - | 25 | 25 | 110 | 85 |
| Net change in fund balances | (5,015) | (6,846) | (1,141) | 5,705 | (2,323) | (2,219) | (16) | 2,203 |
| Fund balance -- June 30, 2015 | 5,515 | 7,346 | 7,346 | - | 3,523 | 3,419 | 3,419 | - |
| Fund balance -- June 30, 2016 | <u>\$ 500</u> | <u>\$ 500</u> | <u>\$ 6,205</u> | <u>\$ 5,705</u> | <u>\$ 1,200</u> | <u>\$ 1,200</u> | <u>\$ 3,403</u> | <u>\$ 2,203</u> |

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Statement of Changes in Fiduciary Assets and Liabilities
Student Activity Funds
For the Year Ended June 30, 2016
(Thousands)**

| | <u>Balance June 30, 2015</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2016</u> |
|---------------------------|--------------------------------------|------------------|-------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,723 | \$ 3,752 | \$ 3,567 | \$ 3,908 |
| TOTAL ASSETS | <u>3,723</u> | <u>3,752</u> | <u>3,567</u> | <u>3,908</u> |
| LIABILITIES | | | | |
| Due to student groups | 3,723 | 3,752 | 3,567 | 3,908 |
| TOTAL LIABILITIES | <u>\$ 3,723</u> | <u>\$ 3,752</u> | <u>\$ 3,567</u> | <u>\$ 3,908</u> |

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Balance Sheet
General Funds
June 30, 2016
(Thousands)**

| | <u>General Fund</u> | <u>Workers Compensation Fund</u> | <u>Total General Funds</u> |
|---|-------------------------|--|------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 18,679 | \$ 2,103 | \$ 20,782 |
| Investments | 52,770 | 3,800 | 56,570 |
| Receivables net of allowance for uncollectibles | 96,862 | - | 96,862 |
| Inventories and prepaid items | 720 | - | 720 |
| Total Assets | <u>169,031</u> | <u>5,903</u> | <u>174,934</u> |
| LIABILITIES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | 37,815 | - | 37,815 |
| Claims and judgments | (4,822) | 4,925 | 103 |
| Total liabilities | <u>32,993</u> | <u>4,925</u> | <u>37,918</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 89,870 | - | 89,870 |
| Total deferred inflows of resources | <u>89,870</u> | <u>-</u> | <u>89,870</u> |
| FUND BALANCES | | | |
| Non-spendable | | | |
| Inventories and prepaids | 720 | - | 720 |
| Restricted | | | |
| Federal and state allocation carryover | 5,559 | - | 5,559 |
| Assigned | | | |
| Purchases on order | 2,625 | - | 2,625 |
| Workers compensation | - | 979 | 979 |
| Unassigned | 37,264 | (1) | 37,263 |
| Total fund balances | <u>46,168</u> | <u>978</u> | <u>47,146</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 169,031</u> | <u>\$ 5,903</u> | <u>\$ 174,934</u> |

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Funds
For the Year Ended June 30, 2016
(Thousands)**

| | <u>General Fund</u> | <u>Workers Compensation Fund</u> | <u>Total General Funds</u> |
|--|-------------------------|--|------------------------------------|
| REVENUES | | | |
| Property taxes | \$ 83,348 | \$ - | \$ 83,348 |
| Other local sources | 6,180 | - | 6,180 |
| Intermediate sources | 10,186 | - | 10,186 |
| Fees and charges | 2,298 | - | 2,298 |
| State aid | 164,668 | - | 164,668 |
| Federal aid | 32,649 | - | 32,649 |
| Earnings on investments | 764 | 1 | 765 |
| Miscellaneous | 2,692 | - | 2,692 |
| Total revenues | <u>302,785</u> | <u>1</u> | <u>302,786</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction and instruction-related services | 175,927 | - | 175,927 |
| Support services - student and staff | 45,913 | - | 45,913 |
| Instructional and school leadership | 21,890 | - | 21,890 |
| Administrative support services | 23,180 | - | 23,180 |
| Operation of non-instructional services | 1,453 | - | 1,453 |
| Operation and maintenance of plant services | 20,540 | - | 20,540 |
| Student transportation services | 11,233 | - | 11,233 |
| Facilities acquisition and construction services | - | - | - |
| Charter schools | 7,566 | - | 7,566 |
| Other | 1,517 | 474 | 1,991 |
| Total expenditures | <u>309,219</u> | <u>474</u> | <u>309,693</u> |
| Excess (deficiency) revenues over expenditures | <u>(6,434)</u> | <u>(473)</u> | <u>(6,907)</u> |
| OTHER FINANCING SOURCES | | | |
| Insurance recoveries | 851 | - | 851 |
| Proceeds from sale of capital assets | 11 | - | 11 |
| Net change in fund balances | <u>(5,572)</u> | <u>(473)</u> | <u>(6,045)</u> |
| Fund balances -- June 30, 2015 | 51,739 | 1,452 | 53,191 |
| Fund balances -- June 30, 2016 | <u>\$ 46,167</u> | <u>\$ 979</u> | <u>\$ 47,146</u> |

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Balance Sheet
Other Funds
June 30, 2016
(Thousands)**

| | <u>Building Fund</u> | <u>Child Nutrition Fund</u> | <u>Gifts and Endowments Fund</u> | <u>Flexible Benefit Fund</u> | <u>Total Other Funds</u> |
|--|--------------------------|-------------------------------------|--|--------------------------------------|----------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,133 | \$ 1,698 | \$ 453 | \$ 10 | \$ 3,294 |
| Investments | 6,503 | 2,754 | 783 | - | 10,040 |
| Receivables net of allowance for uncollectibles | 12,771 | 428 | - | - | 13,199 |
| Inventories and prepaid items | 14 | 960 | - | - | 974 |
| Total Assets | <u>20,421</u> | <u>5,840</u> | <u>1,236</u> | <u>10</u> | <u>27,507</u> |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | 698 | 607 | 97 | - | 1,402 |
| Total liabilities | <u>698</u> | <u>607</u> | <u>97</u> | <u>-</u> | <u>1,402</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Succeeding year property tax | 12,337 | - | - | - | 12,337 |
| Unavailable revenue | 326 | 17 | - | - | 343 |
| Total deferred inflows of resources | <u>12,663</u> | <u>17</u> | <u>-</u> | <u>-</u> | <u>12,680</u> |
| FUND BALANCES | | | | | |
| Non-spendable | | | | | |
| Inventories and prepaids | 14 | 960 | - | - | 974 |
| Endowments | - | - | 30 | - | 30 |
| Restricted | 7,046 | 4,256 | 1,109 | 10 | 12,421 |
| Total fund balances | <u>7,060</u> | <u>5,216</u> | <u>1,139</u> | <u>10</u> | <u>13,425</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 20,421</u> | <u>\$ 5,840</u> | <u>\$ 1,236</u> | <u>\$ 10</u> | <u>\$ 27,507</u> |

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Funds
For the Year Ended June 30, 2016
(Thousands)**

| | <u>Building Fund</u> | <u>Child Nutrition Fund</u> | <u>Gifts and Endowments Fund</u> | <u>Flexible Benefit Fund</u> | <u>Total Other Funds</u> |
|---|--------------------------|-------------------------------------|--|--------------------------------------|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 12,038 | \$ - | \$ - | \$ - | \$ 12,038 |
| Other local sources | 113 | - | 596 | 1 | 710 |
| Fees and charges | 28 | 3,960 | - | - | 3,988 |
| State aid | 939 | 2,519 | - | - | 3,458 |
| Federal aid | - | 21,653 | - | - | 21,653 |
| Earnings on investments | 505 | 12 | 5 | - | 522 |
| Miscellaneous | 10 | - | - | - | 10 |
| Total revenues | <u>13,633</u> | <u>28,144</u> | <u>601</u> | <u>1</u> | <u>42,379</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction and instruction-related services | 9 | - | 521 | - | 530 |
| Support services - student and staff | - | - | 18 | - | 18 |
| Administrative support services | 774 | - | 69 | - | 843 |
| Operation of non-instructional services | - | 26,751 | 9 | - | 26,760 |
| Operation and maintenance of plant services | 13,941 | - | - | - | 13,941 |
| Student transportation services | - | - | 21 | - | 21 |
| Facilities acquisition and construction services | 209 | - | 56 | - | 265 |
| Other | - | 1,109 | - | - | 1,109 |
| Total expenditures | <u>14,933</u> | <u>27,860</u> | <u>694</u> | <u>-</u> | <u>43,487</u> |
| Excess (deficiency) revenues over expenditures | <u>(1,300)</u> | <u>284</u> | <u>(93)</u> | <u>1</u> | <u>(1,108)</u> |
| OTHER FINANCING SOURCES | | | | | |
| Insurance recoveries | 88 | - | - | - | 88 |
| Net change in fund balances | <u>(1,212)</u> | <u>284</u> | <u>(93)</u> | <u>1</u> | <u>(1,020)</u> |
| Fund balances -- June 30, 2015 | 8,272 | 4,932 | 1,232 | 9 | 14,445 |
| Fund balances -- June 30, 2016 | <u>\$ 7,060</u> | <u>\$ 5,216</u> | <u>\$ 1,139</u> | <u>\$ 10</u> | <u>\$ 13,425</u> |

STATISTICAL SECTION



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
STATISTICAL SECTION (Unaudited)**

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial position.

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| <i>Financial Trends</i> | 98 |
| These schedules contain trend information to help the reader understand how the District’s financial performance has changed over time. | |
| <i>Revenue Capacity</i> | 104 |
| These schedules present information to help the reader assess the District’s major revenue sources. | |
| <i>Debt Capacity</i> | 108 |
| These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future. | |
| <i>Demographic and Economic Information</i> | 112 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place. | |
| <i>Operating Information</i> | 114 |
| 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 contained herein is derived from the comprehensive annual financial reports for the relevant year.

STATISTICAL SECTION: FINANCIAL TRENDS

Changes In Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(Thousands)

| | Fiscal Year Ended June 30, | | | |
|--|----------------------------|------------------|------------------|------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Expenses | | | | |
| Governmental activities: | | | | |
| Instruction and instruction-related services | \$ 186,826 | \$ 177,674 | \$ 192,553 | \$ 181,380 |
| Support services - student and staff | 50,977 | 45,399 | 45,168 | 46,942 |
| Instructional and school leadership | 21,890 | 21,389 | 20,394 | 17,051 |
| Administrative support services | 34,328 | 43,169 | 36,711 | 28,713 |
| Operation of non-instructional services | 29,665 | 30,923 | 26,071 | 28,519 |
| Operation and maintenance of plant services | 35,922 | 37,238 | 35,757 | 34,385 |
| Student transportation services | 11,603 | 12,800 | 15,246 | 12,714 |
| Facilities acquisition and construction services | 2,497 | 2,443 | 52 | 6,998 |
| Charter schools | 7,566 | 5,424 | 4,306 | 4,249 |
| Other | 3,100 | 4,145 | 5,947 | 6,622 |
| Interest on long-term debt | 3,234 | 3,775 | 3,139 | 2,935 |
| Total primary governmental activities expense | <u>387,608</u> | <u>384,379</u> | <u>385,344</u> | <u>370,508</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services | | | | |
| Operation of non-instructional services | 5,612 | 5,406 | 5,548 | 5,722 |
| Student transportation services | - | - | 1,435 | 1,263 |
| Other | 669 | 774 | 662 | 636 |
| Operating grants and contributions | 73,847 | 76,880 | 72,202 | 74,612 |
| Capital grants and contributions | - | - | - | - |
| Total primary governmental activities program revenues | <u>80,128</u> | <u>83,060</u> | <u>79,847</u> | <u>82,233</u> |
| Net Expense | | | | |
| Total primary governmental activities net expenses | <u>(307,480)</u> | <u>(301,319)</u> | <u>(305,497)</u> | <u>(288,275)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Property taxes | 160,160 | 159,678 | 147,823 | 144,602 |
| State aid - formula grants | 89,424 | 95,126 | 94,787 | 97,186 |
| Dedicated state revenue | 64,551 | 65,260 | 63,792 | 63,360 |
| County revenue | 10,186 | 9,927 | 9,807 | 10,194 |
| Unrestricted investment earnings | 1,476 | 591 | 857 | 389 |
| Gain (loss) on sale of real estate | 550 | 218 | (27) | - |
| Gain on early lease payoff | - | - | - | - |
| Insurance recovery | 100 | 69 | 6,112 | - |
| Other local revenue | 2,236 | 304 | 496 | 1,507 |
| Total primary governmental activities | <u>328,683</u> | <u>331,173</u> | <u>323,647</u> | <u>317,238</u> |
| Change in Net Position | | | | |
| Total primary government | <u>\$ 21,203</u> | <u>\$ 29,854</u> | <u>\$ 18,150</u> | <u>\$ 28,963</u> |

STATISTICAL SECTION: FINANCIAL TRENDS

| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|----|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 186,608 | \$ 193,410 | \$ 201,598 | \$ 189,657 | \$ 188,736 | \$ 181,576 |
| | 46,858 | 51,731 | 49,917 | 46,783 | 41,738 | 42,005 |
| | 16,986 | 17,192 | 17,781 | 17,104 | 17,195 | 17,260 |
| | 28,765 | 27,092 | 27,641 | 24,990 | 18,849 | 18,929 |
| | 28,800 | 26,117 | 27,375 | 25,053 | 23,994 | 22,909 |
| | 36,426 | 36,498 | 36,733 | 38,964 | 38,959 | 40,655 |
| | 13,753 | 12,969 | 13,927 | 13,176 | 14,743 | 14,232 |
| | 2,008 | 2,396 | - | - | - | 2,161 |
| | 1,310 | 1,468 | 3,461 | 3,328 | 4,514 | 4,251 |
| | 6,316 | 7,400 | - | 805 | 5,725 | 8,412 |
| | 3,735 | 4,490 | 4,544 | 6,039 | 4,542 | 4,842 |
| | <u>371,565</u> | <u>380,763</u> | <u>382,977</u> | <u>365,899</u> | <u>358,995</u> | <u>357,232</u> |
| | 5,754 | 5,429 | 6,039 | 6,411 | 6,368 | 5,002 |
| | 1,079 | 1,855 | 1,736 | 1,370 | 760 | 1,338 |
| | 378 | 1,270 | 699 | 907 | 899 | 883 |
| | 87,483 | 97,373 | 85,309 | 84,977 | 71,787 | 68,093 |
| | 90 | 167 | 150 | - | 868 | 231 |
| | <u>94,784</u> | <u>106,094</u> | <u>93,933</u> | <u>93,665</u> | <u>80,682</u> | <u>75,547</u> |
| | <u>(276,781)</u> | <u>(274,669)</u> | <u>(289,044)</u> | <u>(272,234)</u> | <u>(278,313)</u> | <u>(281,685)</u> |
| | 141,061 | 139,515 | 140,357 | 132,731 | 128,508 | 120,729 |
| | 97,945 | 94,405 | 96,698 | 117,458 | 116,347 | 113,516 |
| | 61,413 | 47,055 | 44,411 | 44,033 | 42,495 | 41,140 |
| | 9,581 | 9,446 | 9,061 | 8,653 | 9,120 | 9,970 |
| | 575 | 890 | 396 | 1,396 | 4,544 | 5,610 |
| | 417 | - | - | - | - | - |
| | 359 | - | - | - | - | - |
| | - | - | - | - | - | 101 |
| | 529 | 508 | 722 | 614 | 370 | 430 |
| | <u>311,880</u> | <u>291,819</u> | <u>291,645</u> | <u>304,885</u> | <u>301,384</u> | <u>291,496</u> |
| \$ | <u>35,098</u> | <u>17,150</u> | <u>2,601</u> | <u>32,651</u> | <u>23,071</u> | <u>9,811</u> |

STATISTICAL SECTION: FINANCIAL TRENDS

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Thousands)

| | Fiscal Year Ended June 30, | | | |
|---|----------------------------|------------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 |
| Revenues | | | | |
| Property taxes | \$ 160,161 | \$ 153,943 | \$ 145,061 | \$ 144,601 |
| Other local sources | 6,890 | 11,001 | 8,168 | 7,056 |
| Intermediate sources | 10,186 | 9,927 | 9,807 | 10,194 |
| Fees and charges | 6,286 | 6,187 | 6,224 | 6,427 |
| State aid | 168,126 | 174,496 | 171,526 | 167,754 |
| Federal aid | 54,789 | 54,270 | 57,065 | 62,689 |
| Earnings on investments | 1,503 | 644 | 917 | 410 |
| Miscellaneous | 2,702 | 2,312 | 2,263 | 2,128 |
| Total revenues | 410,643 | 412,780 | 401,031 | 401,259 |
| Expenditures | | | | |
| Instruction and instruction-related services | 186,530 | 182,300 | 183,919 | 176,435 |
| Support services - student and staff | 49,303 | 44,034 | 44,227 | 46,144 |
| Instructional and school leadership | 21,890 | 21,389 | 20,394 | 17,050 |
| Administrative support services | 28,841 | 41,959 | 38,446 | 25,347 |
| Operation of non-instructional services | 28,213 | 28,914 | 27,151 | 26,237 |
| Operation and maintenance of plant services | 35,228 | 36,239 | 37,000 | 33,706 |
| Student transportation services | 16,093 | 13,621 | 14,676 | 13,133 |
| Facilities acquisition and construction services | 40,761 | 43,972 | 34,008 | 52,898 |
| Charter schools | 7,566 | 5,424 | 4,305 | 4,249 |
| Other | 3,100 | 4,125 | 4,913 | 5,728 |
| Debt service: | | | | |
| Principal | 78,202 | 53,790 | 51,925 | 50,175 |
| Interest | 3,405 | 4,166 | 3,985 | 4,654 |
| Total expenditures | 499,132 | 479,933 | 464,949 | 455,756 |
| Excess of expenses over revenues | (88,489) | (67,153) | (63,918) | (54,497) |
| Other financing sources | | | | |
| Bond issuances | 66,761 | 95,777 | 58,535 | 48,432 |
| Capital Leases | - | - | 1,024 | 11,936 |
| Insurance recoveries | 99 | 56 | 6,113 | - |
| Proceeds from sale of Capital Assets | 851 | 216 | 2,317 | - |
| Net change in fund balances | \$ (20,778) | \$ 28,896 | \$ 4,071 | \$ 5,871 |
| Debt service as a percentage of noncapital expenditures | 17.93% | 13.52% | 13.40% | 13.68% |

STATISTICAL SECTION: FINANCIAL TRENDS

| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ | 141,060 | \$ 149,208 | \$ 150,748 | \$ 140,856 | \$ 135,964 | \$ 128,419 |
| | 8,090 | | | | | |
| | 9,581 | 9,446 | 9,061 | 8,873 | 9,063 | 9,886 |
| | 6,222 | 7,566 | 7,199 | 7,069 | 6,518 | 6,467 |
| | 165,789 | 151,118 | 151,481 | 170,505 | 172,858 | 164,064 |
| | 79,665 | 83,271 | 78,227 | 71,656 | 56,873 | 57,298 |
| | 597 | 972 | 757 | 1,569 | 4,693 | 5,794 |
| | 1,938 | 1,734 | 1,547 | 1,591 | 2,045 | 1,711 |
| | <u>412,942</u> | <u>403,315</u> | <u>399,020</u> | <u>402,119</u> | <u>388,014</u> | <u>373,639</u> |
| | 181,320 | 184,121 | 189,495 | 181,595 | 181,011 | 175,160 |
| | 46,196 | 50,758 | 49,112 | 46,018 | 40,981 | 41,287 |
| | 16,986 | 17,197 | 17,781 | 17,104 | 17,195 | 17,260 |
| | 26,208 | 26,258 | 24,845 | 22,258 | 20,144 | 23,209 |
| | 25,850 | 25,759 | 26,303 | 23,862 | 22,744 | 21,904 |
| | 35,588 | 36,309 | 37,813 | 40,088 | 40,443 | 41,870 |
| | 13,948 | 17,482 | 15,582 | 11,647 | 13,158 | 14,866 |
| | 83,689 | 42,026 | 23,348 | 34,685 | 32,912 | 33,832 |
| | 1,310 | 1,468 | 3,461 | 3,328 | 4,514 | 4,251 |
| | 6,085 | 7,536 | 10,610 | 6,670 | 5,315 | 6,126 |
| | 49,593 | 43,490 | 44,615 | 39,615 | 36,615 | 38,850 |
| | 4,470 | 5,280 | 6,320 | 5,813 | 4,118 | 5,005 |
| | <u>491,243</u> | <u>457,684</u> | <u>449,285</u> | <u>432,683</u> | <u>419,150</u> | <u>423,620</u> |
| | <u>(78,301)</u> | <u>(54,369)</u> | <u>(50,265)</u> | <u>(30,564)</u> | <u>(31,136)</u> | <u>(49,981)</u> |
| | 47,412 | 40,213 | 79,011 | 42,824 | 40,390 | 32,545 |
| | 17,562 | 3,848 | - | - | - | 101 |
| | - | - | - | - | - | - |
| | 1,948 | - | - | - | - | - |
| \$ | <u>(11,379)</u> | <u>(10,308)</u> | <u>28,746</u> | <u>12,260</u> | <u>9,254</u> | <u>(17,335)</u> |
| | 13.29% | 11.75% | 11.73% | 11.34% | 10.47% | 11.09% |

STATISTICAL SECTION: FINANCIAL TRENDS

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Governmental activities | | | | | | | | | | |
| Net investment in | | | | | | | | | | |
| capital assets: | \$ 323,765 | \$ 326,777 | \$ 318,867 | \$ 303,399 | \$ 280,211 | \$ 262,429 | \$ 255,543 | \$ 236,025 | \$ 215,331 | \$ 197,939 |
| Restricted for: | | | | | | | | | | |
| Debt service | 65,971 | 52,882 | 45,494 | 47,125 | 48,500 | 49,781 | 48,708 | 47,453 | 43,660 | 38,361 |
| Capital Projects | 12,430 | - | - | - | - | - | - | - | - | - |
| Building | 7,060 | 8,272 | 8,377 | 5,608 | 4,487 | 1,108 | 1,191 | - | - | - |
| Gifts | - | 1,232 | 1,194 | 1,209 | 1,580 | 1,810 | 1,239 | - | - | - |
| Other | 11,924 | - | - | - | - | - | - | - | - | - |
| Unrestricted | <u>(234,341)</u> | <u>(222,911)</u> | <u>44,316</u> | <u>42,757</u> | <u>36,357</u> | <u>21,175</u> | <u>12,472</u> | <u>33,074</u> | <u>24,910</u> | <u>24,530</u> |
| Total primary governmental activities net position | <u>\$ 186,809</u> | <u>\$ 166,252</u> | <u>\$ 418,248</u> | <u>\$ 400,098</u> | <u>\$ 371,135</u> | <u>\$ 336,303</u> | <u>\$ 319,153</u> | <u>\$ 316,552</u> | <u>\$ 283,901</u> | <u>\$ 260,830</u> |

STATISTICAL SECTION: FINANCIAL TRENDS

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,284 | \$ 3,485 | \$ 2,876 |
| Unreserved | - | - | - | - | - | - | - | 26,654 | 22,484 | 18,803 |
| Non-spendable | | | | | | | | | | |
| Inventories and prepaids | 720 | 489 | 400 | 624 | 781 | 717 | 842 | - | - | - |
| Endowments | - | - | - | - | - | - | - | - | - | - |
| Restricted | | | | | | | | | | |
| Federal and state allocation carryover | 5,559 | 8,212 | 1,640 | 1,443 | 168 | 387 | 4,137 | - | - | - |
| Committed | - | - | - | - | 4,566 | 3,976 | 710 | - | - | - |
| Assigned | 3,604 | 8,439 | 15,998 | 14,264 | 10,766 | 4,822 | 6,016 | - | - | - |
| Unassigned | 37,263 | 36,052 | 36,137 | 35,855 | 27,501 | 21,430 | 5,124 | - | - | - |
| Total general fund | <u>\$ 47,146</u> | <u>\$ 53,192</u> | <u>\$ 54,175</u> | <u>\$ 52,186</u> | <u>\$ 43,782</u> | <u>\$ 31,332</u> | <u>\$ 16,829</u> | <u>\$ 32,938</u> | <u>\$ 25,969</u> | <u>\$ 21,679</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 69,562 | \$ 63,725 | \$ 56,911 |
| Unreserved, reported in: | | | | | | | | | | |
| Capital projects funds | - | - | - | - | - | - | - | 874 | 1,268 | 1,012 |
| Special revenue funds | - | - | - | - | - | - | - | 5,582 | 5,734 | 7,840 |
| Non-spendable | | | | | | | | | | |
| Inventories and prepaids | 1,200 | 1,105 | 1,227 | 705 | 622 | 970 | 640 | - | - | - |
| Endowments | 30 | 30 | 30 | 30 | 30 | 30 | 30 | - | - | - |
| Restricted | | | | | | | | | | |
| Capital projects | 12,204 | 40,762 | 18,634 | 19,418 | 22,432 | 47,563 | 66,692 | - | - | - |
| Debt service | 67,927 | 52,882 | 45,494 | 47,125 | 48,500 | 49,781 | 48,708 | - | - | - |
| Building | 7,046 | 8,258 | 8,377 | 5,608 | 4,487 | 1,091 | 1,145 | - | - | - |
| Gifts | 1,109 | 1,202 | 1,194 | 1,209 | 1,580 | 1,780 | 1,209 | - | - | - |
| Child nutrition | 4,256 | 4,266 | 3,668 | 2,442 | 1,417 | 1,668 | 2,431 | - | - | - |
| Arbitrage | - | - | - | - | - | 9 | 3 | - | - | - |
| Flexible benefits | 10 | 9 | 11 | 16 | 18 | 23 | 15 | - | - | - |
| Total all other governmental funds | <u>\$ 93,782</u> | <u>\$ 108,514</u> | <u>\$ 78,635</u> | <u>\$ 76,553</u> | <u>\$ 79,086</u> | <u>\$ 102,915</u> | <u>\$ 120,873</u> | <u>\$ 76,018</u> | <u>\$ 70,727</u> | <u>\$ 65,763</u> |

Note: The District adopted GASB Statement No. 54 for financial reporting purposes beginning with the fiscal year ended June 30, 2011.
For comparative purposes, fiscal year ended June 30, 2010 has been restated.

STATISTICAL SECTION: REVENUE CAPACITY

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

| Fiscal Year Ended June 30, | Total Taxable Assessed Value (000's) | | | | Direct Tax Rate* | | | | Total Direct Tax Rate* |
|-------------------------------------|--------------------------------------|-----------------|-----------------|-------------------|------------------|-----------------|-----------------|-------------------|------------------------------|
| | Tulsa County | Creek County | Osage County | Wagoner County | Tulsa County | Creek County | Osage County | Wagoner County | |
| 2016 | \$ 2,272,340 | \$ 16,332 | \$ 35,976 | \$ 184 | 68.96 | 67.81 | 69.51 | 68.47 | 64.65 |
| 2015 | 2,213,584 | 15,625 | 35,545 | 209 | 68.99 | 67.84 | 69.54 | 68.50 | 64.65 |
| 2014 | 2,170,858 | 14,166 | 34,595 | 213 | 64.65 | 63.50 | 65.20 | 64.16 | 64.65 |
| 2013 | 2,173,975 | 13,513 | 33,884 | 225 | 64.65 | 63.50 | 65.20 | 64.16 | 64.65 |
| 2012 | 2,136,830 | 13,071 | 32,988 | 237 | 64.79 | 63.64 | 65.34 | 64.30 | 64.79 |
| 2011 | 2,149,629 | 16,974 | 35,032 | 224 | 63.90 | 62.75 | 62.70 | 63.41 | 63.87 |
| 2010 | 2,130,553 | 15,056 | 34,369 | 205 | 64.95 | 63.80 | 63.75 | 64.46 | 64.92 |
| 2009 | 2,050,504 | 13,296 | 31,315 | 161 | 65.30 | 64.15 | 64.10 | 64.81 | 65.27 |
| 2008 | 1,949,996 | 11,907 | 29,048 | 160 | 63.77 | 62.62 | 62.57 | 63.28 | 63.75 |
| 2007 | 1,889,198 | 10,969 | 26,632 | 134 | 62.93 | 61.78 | 61.73 | 62.44 | 62.91 |

*Mills per \$1,000.00 assessed valuation.

Source: Tulsa County Excise Board, County Assessor's Office.

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 taxable assessed value)**

| | Fiscal Year Ended June 30, | | | | | | | | | |
|-----------------------------------|----------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Tulsa Public Schools Rates | | | | | | | | | | |
| General Fund | \$ 36.05 | 36.05 | \$ 36.05 | \$ 36.05 | \$ 36.05 | \$ 36.05 | \$ 36.05 | \$ 36.05 | \$ 36.05 | \$ 36.05 |
| Building Fund | 5.15 | 5.15 | 5.15 | 5.15 | 5.15 | 5.15 | 5.15 | 5.15 | 5.15 | 5.15 |
| Sinking Fund | 27.76 | 27.79 | 23.71 | 23.45 | 23.59 | 22.70 | 23.75 | 24.10 | 22.57 | 21.73 |
| Total Direct Rate | \$ 68.96 | 68.99 | \$ 64.91 | \$ 64.65 | \$ 64.79 | \$ 63.90 | \$ 64.95 | \$ 65.30 | \$ 63.77 | \$ 62.93 |
| Tulsa Community College | 7.21 | 7.21 | 7.21 | 7.21 | 7.21 | 7.21 | 7.21 | 7.21 | 7.21 | 7.21 |
| Tulsa County Vo-Tech | 13.33 | 13.33 | 13.33 | 13.33 | 13.33 | 13.33 | 13.33 | 13.33 | 13.33 | 13.33 |
| Tulsa County | 22.22 | 22.23 | 22.23 | 22.24 | 22.24 | 22.21 | 22.21 | 22.21 | 22.21 | 22.21 |
| City of Tulsa | 22.79 | 20.24 | 20.24 | 20.16 | 20.01 | 16.98 | 14.15 | 14.08 | 13.48 | 12.67 |
| Total For All Governments | \$ 134.51 | 132.00 | \$ 127.92 | \$ 127.59 | \$ 127.58 | \$ 123.63 | \$ 121.85 | \$ 122.13 | \$ 120.00 | \$ 118.35 |

Source: Tulsa County Assessor's Office.

STATISTICAL SECTION: REVENUE CAPACITY

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

| Fiscal Year Ended June 30, | Total Taxable Assessed Value (000's) | | | Total Direct Tax Rate* | Estimated Actual Value (000's) | Assessed Value as a Percentage of Actual Value |
|-------------------------------------|--------------------------------------|----------------------|-------------------|------------------------------|---|---|
| | Real Property | Personal Property | Public Service | | | |
| 2016 | \$ 1,759,111 | \$ 437,249 | \$ 128,472 | 68.96 | \$ 20,948,369 | 11.10% |
| 2015 | 1,712,885 | 422,032 | 130,046 | 68.99 | 20,383,119 | 11.11% |
| 2014 | 1,678,771 | 392,152 | 148,909 | 64.91 | 19,859,929 | 11.18% |
| 2013 | 1,661,274 | 370,958 | 189,365 | 64.65 | 19,672,823 | 11.29% |
| 2012 | 1,643,445 | 354,142 | 185,539 | 64.79 | 19,325,190 | 11.30% |
| 2011 | 1,627,450 | 370,050 | 204,359 | 63.87 | 19,424,410 | 11.34% |
| 2010 | 1,562,217 | 379,621 | 188,715 | 64.92 | 19,299,072 | 11.04% |
| 2009 | 1,541,415 | 378,479 | 175,382 | 65.27 | 18,594,837 | 11.27% |
| 2008 | 1,467,926 | 340,065 | 183,119 | 63.75 | 17,577,797 | 11.33% |
| 2007 | 1,404,704 | 317,543 | 204,687 | 62.91 | 16,875,863 | 11.42% |

*Mills per \$1,000.00 assessed valuation.

Source: Tulsa County Assessor's Office.

STATISTICAL SECTION: REVENUE CAPACITY

Principal Property Taxpayers

| Taxpayer | Year Ended June 30, | | | | | |
|------------------------------------|--------------------------------|------|--|--------------------------------|------|--|
| | 2016 | | | 2007 | | |
| | Taxable Assessed Value (000's) | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value (000's) | Rank | Percentage of Total Taxable Assessed Value |
| Holly Refining & Marketing | \$ 65,189 | 1 | 2.8% | \$ n/a | n/a | n/a |
| Public Service Company of Oklahoma | 45,739 | 2 | 2.0% | 56,080 | 2 | 2.9% |
| AHS Hillcrest/Tulsa Holdings | 27,784 | 3 | 1.2% | 27,552 | 3 | 1.4% |
| Oklahoma Natural Gas Company | 22,474 | 4 | 1.0% | 22,422 | 4 | 1.2% |
| AT&T Companies | 20,948 | 5 | 0.9% | 64,079 | 1 | 3.3% |
| Williams Companies | 14,454 | 6 | 0.6% | 12,416 | 8 | 0.6% |
| Warren Foundation | 13,802 | 7 | 0.6% | 12,822 | 7 | 0.7% |
| Spirit Aero Systems, Inc. | 13,490 | 8 | 0.6% | n/a | n/a | n/a |
| Helmerich & Payne | 10,798 | 9 | 0.5% | n/a | n/a | n/a |
| Magellan Pipeline | 8,981 | 10 | 0.4% | n/a | n/a | n/a |
| Sinclair Oil Company | n/a | n/a | n/a | 15,172 | 5 | 0.8% |
| Cingular Wireless LLC | n/a | n/a | n/a | 13,708 | 6 | 0.7% |
| Sun Oil Company | n/a | n/a | n/a | 11,698 | 9 | 0.6% |
| EDS Information | n/a | n/a | n/a | 8,512 | 10 | 0.4% |
| Total | \$ 243,659 | | 10.5% | \$ 244,461 | | 12.7% |

Source: Tulsa County Assessor's Office.

STATISTICAL SECTION: REVENUE CAPACITY

**Property Tax Levies and Collections
Last Ten Fiscal Years
(Thousands)**

| Fiscal Year Ended June 30, | Gross Tax Levy* | Collected within Fiscal Year of the Levy | | Collected in Subsequent Years | Total Collections to Date | |
|-------------------------------------|--------------------|---|-----------------------|-------------------------------------|------------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2016 | 160,321 | 154,998 | 96.68% | - | 154,998 | 96.68% |
| 2015 | 156,261 | 150,106 | 96.06% | 4,070 | 154,176 | 98.67% |
| 2014 | 143,515 | 138,723 | 96.66% | 4,735 | 143,458 | 99.96% |
| 2013 | 143,629 | 139,486 | 97.12% | 3,682 | 143,168 | 99.68% |
| 2012 | 141,448 | 134,758 | 95.27% | 5,240 | 139,998 | 98.97% |
| 2011 | 140,637 | 133,314 | 94.79% | 6,204 | 139,518 | 99.20% |
| 2010 | 141,544 | 134,517 | 95.04% | 5,827 | 140,344 | 99.15% |
| 2009 | 136,769 | 129,564 | 94.73% | 6,527 | 136,091 | 99.50% |
| 2008 | 126,925 | 121,880 | 96.03% | 3,852 | 125,732 | 99.06% |
| 2007 | 121,217 | 113,781 | 93.87% | 4,783 | 118,564 | 97.81% |

*Tulsa County Excise Board, County Assessor's Office.

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

| Fiscal Year Ended June 30, | Total General Obligation Bonded Debt (1) (thousands) | Capital Leases (1) (thousands) | Total Debt (1) (thousands) | Tulsa County Personal Income (2) (thousands) | Debt Percentage of Total Personal Income | Tulsa County Population (2) (thousands) | Total Debt Per Capita (thousands) |
|----------------------------|---|-----------------------------------|-------------------------------|---|--|--|--------------------------------------|
| 2016 | \$ 241,882 | \$ 0 | \$ 241,882 | 35,509,859 | 0.68% | 639 | \$ 379 |
| 2015 | 224,096 | 30,507 | 254,603 | 35,509,859 | 0.72% | 639 | 398 |
| 2014 | 182,344 | 30,852 | 213,196 | 35,509,859 | 0.60% | 630 | 338 |
| 2013 | 176,044 | 29,907 | 205,951 | 33,828,341 | 0.61% | 623 | 331 |
| 2012 | 178,460 | 17,722 | 196,182 | 34,007,537 | 0.58% | 614 | 320 |
| 2011 | 179,586 | 3,823 | 183,409 | 30,696,787 | 0.60% | 608 | 302 |
| 2010 | 183,270 | 2,122 | 185,392 | 27,308,239 | 0.68% | 605 | 306 |
| 2009 | 149,305 | 797 | 150,102 | 26,127,547 | 0.57% | 602 | 249 |
| 2008 | 146,533 | 1,802 | 148,335 | 30,033,933 | 0.49% | 592 | 251 |
| 2007 | 142,989 | 2,789 | 145,778 | 26,464,237 | 0.55% | 585 | 249 |

Source:

(1) Note 8. Long-term debt

(2) See schedule of Demographic and Economic Information

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

| Fiscal Year Ended June 30, | Total General Obligation Bonded Debt (1) (thousands) | Sinking Fund Balance (thousands) | Net General Obligation Bonded Debt (thousands) | Estimated Actual Value (2) (thousands) | Ratio of Net General Obligation Bonded Debt to Estimated Actual Value | Tulsa County Population (3) (thousands) | Net General Obligation Bonded Debt Per Capita |
|----------------------------|---|-------------------------------------|---|---|---|--|---|
| 2016 | \$ 241,882 | \$ 66,079 | \$ 175,803 | \$ 20,948,369 | 0.84% | 640 | \$ 275 |
| 2015 | 224,096 | 53,013 | 171,083 | 20,383,119 | 0.84% | 630 | 272 |
| 2014 | 182,344 | 45,494 | 136,850 | 19,859,929 | 0.69% | 630 | 217 |
| 2013 | 176,044 | 47,125 | 128,919 | 19,672,823 | 0.66% | 622 | 207 |
| 2012 | 178,460 | 48,500 | 129,960 | 19,325,190 | 0.67% | 614 | 212 |
| 2011 | 179,586 | 49,781 | 129,805 | 19,424,410 | 0.67% | 608 | 213 |
| 2010 | 183,270 | 48,773 | 134,497 | 19,299,072 | 0.70% | 605 | 222 |
| 2009 | 149,305 | 47,453 | 101,852 | 18,594,837 | 0.55% | 602 | 169 |
| 2008 | 146,533 | 43,660 | 102,873 | 17,577,797 | 0.59% | 592 | 174 |
| 2007 | 142,989 | 38,361 | 104,628 | 16,875,863 | 0.62% | 585 | 179 |

Source:

- (1) Note 8. Long-term debt
- (2) See schedule of Assessed Value and Estimated Actual Value of Taxable Property
- (3) See schedule of Demographic and Economic Information

STATISTICAL SECTION: DEBT CAPACITY

**Legal Debt Margin Information
Last Ten Fiscal Years
(Thousands)**

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
| Debt Limit | \$ 232,483 | \$ 226,494 | \$ 221,983 | \$ 222,160 | \$ 218,313 | \$ 220,186 | \$ 218,018 | \$ 209,528 | \$ 199,111 | \$ 192,693 |
| Net Debt Applicable to Limit | 172,671 | 166,231 | 66,079 | 127,745 | 129,233 | 129,287 | 134,327 | 101,266 | 102,360 | 104,094 |
| Legal Debt Margin | <u>\$ 59,812</u> | <u>\$ 60,263</u> | <u>\$ 155,904</u> | <u>\$ 94,414</u> | <u>\$ 89,080</u> | <u>\$ 90,899</u> | <u>\$ 83,691</u> | <u>\$ 108,262</u> | <u>\$ 96,751</u> | <u>\$ 88,599</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 74.27% | 73.39% | 29.77% | 57.50% | 59.20% | 58.72% | 61.61% | 48.33% | 51.41% | 54.02% |

Legal Debt Margin Calculation for Fiscal Year 2016

| | | |
|------------------------------------|------------------|---|
| Assessed Value | \$ 2,324,832 | Total Valuation on: Assessed Value and Estimated Actual Value of Taxable Property |
| Debt Limit (10% of assessed value) | 232,483 | |
| Total Bonded Indebtedness | 238,750 | future principal pmts totals |
| Sinking Fund Balance | <u>66,079</u> | sinking fund balance |
| Net Bonded Indebtedness | 172,671 | |
| Legal Debt Margin | <u>\$ 59,812</u> | |

Source: District records.

**Direct and Overlapping Governmental Debt
June 30, 2016
(Thousands)**

| <u>Governmental Unit</u> | <u>Net Indebtedness</u> | <u>Estimated % Applicable to the District</u> | <u>Estimated Share of Overlapping Debt</u> |
|-----------------------------------|-----------------------------|---|--|
| City of Tulsa | \$ 413,554 * | 72.94% | \$ 301,660 |
| Tulsa Community College | - | 43.62% | - |
| Tulsa County | 282 * | 43.62% | 123 |
| Tulsa Vo-Tech #18 | - | 40.18% | - |
| Creek County | - | 3.71% | - |
| Osage County | - | 11.64% | - |
| Wagoner County | - | 0.04% | - |
| Subtotal, overlapping debt | | | \$ 301,783 |
| Tulsa School District Direct Debt | | | 241,882 |
| Total Direct and Overlapping Debt | | | <u>\$ 543,665</u> |

*As of June 12, 2016

Source: Tulsa County Assessor's Office and District records.

Note: The Estimated % Applicable to the District is calculated as a % of the net assessed valuation of the District that overlaps other taxing districts to the total net assessed valuation for other taxing governmental units.

Tulsa Area Principal Employers

| Employer | 2015 | | | 2006 | | |
|-------------------------------------|---------------|------|----------------------------------|---------------|------|----------------------------------|
| | Employees | Rank | Percentage of Total Employment * | Employees | Rank | Percentage of Total Employment * |
| Saint Francis Healthcare System | 8,750 | 1 | 2.75% | 4,500 | 3 | 1.53% |
| Wal-Mart/Sam's Club | 6,250 | 2 | 1.97% | | | 0.00% |
| Tulsa Public Schools | 6,250 | 3 | 1.97% | 6,500 | 2 | 2.21% |
| St. Johns Health System | 6,250 | 4 | 1.97% | 4,250 | 5 | 1.45% |
| American Airlines | 6,250 | 5 | 1.97% | 8,000 | 1 | 2.72% |
| Hillcrest Healthcare System | 4,250 | 6 | 1.34% | 1,800 | 10 | 0.61% |
| City of Tulsa | 2,750 | 7 | 0.86% | 4,258 | 4 | 1.45% |
| Cherokee Hard Rock Hotel and Casino | 2,750 | 8 | 0.86% | | | - |
| QuikTrip | 2,750 | 9 | 0.86% | | | - |
| Sprint AeroSystems | 2,750 | 10 | 0.86% | | | - |
| ONEOK, Inc. | - | | - | 3,000 | 6 | 1.02% |
| BOK Financial Corp. | - | | - | 2,750 | 7 | 0.94% |
| Tulsa Community College | - | | - | 2,200 | 8 | 0.75% |
| Tulsa County | - | | - | 2,000 | 9 | 0.68% |
| | <u>49,000</u> | | <u>15.41%</u> | <u>39,258</u> | | <u>13.36%</u> |

*Tulsa MSA

Sources: Oklahoma Department of Commerce and Tulsa Metropolitan Chamber of Commerce

Note: Information is not available for fiscal year 2016.

**Demographic and Economic Information
Population, Per Capita Income and Employment**

| Fiscal Year Ended | Tulsa County | | | | | |
|-------------------------|--------------|-------------------------------|----------------------------------|----------------|--------------------|----------------------|
| | Population | Personal Income (000's) | Per Capita Personal Income | Labor Force | Number Employed | Unemployment Rate |
| June 30, 2016 | (N/A) | \$ (N/A) | \$ (N/A) | 313,332 | 296,699 | 5.3% |
| 2015 | 639,242 | (N/A) | (N/A) | 318,047 | 305,325 | 4.0% |
| 2014 | 630,428 | 35,509,859 | 56,401 | 311,440 | 298,044 | 4.3% |
| 2013 | 623,488 | 33,828,341 | 54,302 | 311,857 | 295,860 | 5.1% |
| 2012 | 614,814 | 34,007,537 | 55,345 | 310,053 | 294,058 | 5.2% |
| 2011 | 608,701 | 30,696,787 | 50,445 | 304,060 | 285,655 | 6.1% |
| 2010 | 605,197 | 27,308,239 | 45,131 | 306,670 | 285,120 | 7.0% |
| 2009 | 601,961 | 26,127,547 | 43,710 | 293,653 | 274,468 | 6.5% |
| 2008 | 592,406 | 30,033,933 | 51,034 | 293,722 | 283,155 | 3.6% |
| 2007 | 585,407 | 26,464,237 | 45,464 | 291,604 | 280,376 | 3.9% |

Note: only partial information is available for 2015 and 2016

Sources:

Bureau of Economic Analysis, U.S. Department of Commerce,

Bureau of Labor Statistics

US Census Bureau

STATISTICAL SECTION: OPERATING INFORMATION

**Net Current Expenditures Per Pupil
Last Ten Fiscal Years**

| Fiscal Year | Regular Education | | | | | | | | Facility Acquisition and Construction | Student Transportation | Other | Total - Net Current Expenditures Per Pupil | Average Daily Membership |
|-------------|-------------------|----------------------------------|---------------------------------|-------------------------------------|------------------|---|-----------------|-------|---------------------------------------|------------------------|-------|--|--------------------------|
| | Instruction | Support Services Student & Staff | Administrative Support Services | Instructional and School Leadership | Central Services | Operation & Maintenance of Plant Facilities | Child Nutrition | Total | | | | | |
| 2015-16 | \$ 4,400 | \$ 1,253 | 148 | 563 | 589 | 927 | 669 | 8,549 | 1,546 | 399 | 281 | 10,631 | 38,855 |
| 2014-15 | 4,319 | 1,157 | 161 | 544 | 851 | 955 | 678 | 8,665 | 1,367 | 390 | 189 | 10,467 | 39,497 |
| 2013-14 | 4,266 | 1,117 | 198 | 514 | 872 | 1,053 | 630 | 8,650 | 809 | 325 | 163 | 9,832 | 39,705 |
| 2012-13 | 4,231 | 1,172 | 253 | 436 | 410 | 966 | 633 | 8,101 | 1,010 | 421 | 269 | 9,588 | 39,596 |
| 2011-12 | 4,256 | 1,172 | 240 | 423 | 433 | 1,001 | 592 | 8,117 | 1,005 | 380 | 277 | 9,566 | 40,133 |
| 2010-11 | 4,424 | 1,229 | 222 | 427 | 434 | 897 | 576 | 8,209 | 1,944 | 304 | 264 | 10,580 | 40,540 |
| 2009-10 | 4,724 | 1,240 | 252 | 450 | 372 | 957 | 578 | 8,573 | 543 | 293 | 399 | 9,592 | 39,893 |
| 2008-09 | 4,466 | 1,140 | 166 | 425 | 400 | 1,007 | 527 | 8,131 | 818 | 362 | 295 | 9,469 | 40,632 |
| 2007-08 | 4,422 | 1,026 | 142 | 424 | 350 | 1,013 | 489 | 7,866 | 866 | 310 | 306 | 9,191 | 40,707 |
| 2006-07 | 4,181 | 996 | 128 | 416 | 444 | 919 | 483 | 7,566 | 730 | 285 | 300 | 8,736 | 41,379 |

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

**School Food Service Program
Last Ten Fiscal Years**

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Number of operating cafeterias | 84 | 84 | 82 | 82 | 85 | 87 | 89 | 89 | 89 | 87 |
| Number of schools participating in Federal lunch program | 84 | 84 | 82 | 82 | 85 | 87 | 89 | 89 | 89 | 87 |
| Student lunches served: | | | | | | | | | | |
| Free lunches | 3,649,019 | 3,709,060 | 3,672,403 | 3,671,959 | 3,753,767 | 3,796,583 | 3,792,050 | 3,581,503 | 3,460,550 | 3,503,609 |
| Reduced price lunches | 350,079 | 386,566 | 343,268 | 394,713 | 420,617 | 397,012 | 473,123 | 478,911 | 526,753 | 532,689 |
| Paid lunches | 518,242 | 521,208 | 534,142 | 567,143 | 589,680 | 626,107 | 672,277 | 718,211 | 754,244 | 759,301 |
| Total student lunches served | <u>4,517,340</u> | <u>4,616,834</u> | <u>4,549,813</u> | <u>4,633,815</u> | <u>4,764,064</u> | <u>4,819,702</u> | <u>4,937,450</u> | <u>4,778,625</u> | <u>4,741,547</u> | <u>4,795,599</u> |
| Adult lunches served | 40,801 | 49,606 | 53,738 | 58,971 | 63,945 | 83,735 | 101,467 | 225,713 | 233,530 | 234,222 |
| Ala Carte lunches: | | | | | | | | | | |
| Student daily equivalent meals | 726 | 766 | 892 | 1,061 | 766 | 980 | 1,644 | 1,883 | 1,813 | 1,972 |
| Adult daily equivalent meals | 98 | 145 | 167 | 114 | 99 | 103 | 152 | 159 | 160 | 195 |
| Daily average lunches served (including ala carte lunches): | | | | | | | | | | |
| Student | 27,615 | 25,937 | 25,226 | 28,643 | 29,124 | 29,499 | 29,698 | 28,881 | 28,908 | 28,035 |
| Adult | 341 | 279 | 454 | 465 | 480 | 599 | 729 | 1,434 | 1,494 | 1,468 |
| Average Daily Membership (ADM) | 38,855 | 39,497 | 39,705 | 39,596 | 40,133 | 40,540 | 39,893 | 40,632 | 40,707 | 41,379 |
| Percent of student lunches served to ADM | 71.1% | 72.4% | 63.5% | 72.3% | 72.6% | 72.8% | 74.4% | 71.1% | 71.0% | 67.8% |

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

**High School Graduates
Last Ten Fiscal Years**

| School Year | Central | East Central | Edison | Hale | Memorial | Rogers | McLain | Washington | Webster | Total |
|----------------|---------|-----------------|--------|------|----------|--------|--------|------------|---------|-------|
| 2015-16 | 124 | 187 | 244 | 155 | 182 | 145 | 96 | 350 | 99 | 1,582 |
| 2014-15 | 153 | 216 | 243 | 215 | 174 | 103 | 67 | 314 | 87 | 1,572 |
| 2013-14 | 116 | 193 | 231 | 203 | 162 | 61 | 66 | 306 | 89 | 1,427 |
| 2012-13 | 73 | 168 | 216 | 226 | 189 | - (1) | 78 | 296 | 74 | 1,320 |
| 2011-12 | 109 | 176 | 251 | 255 | 194 | - (1) | 84 | 316 | 72 | 1,457 |
| 2010-11 | 106 | 223 | 246 | 125 | 203 | 148 | 107 | 295 | 80 | 1,533 |
| 2009-10 | 122 | 211 | 259 | 125 | 225 | 137 | 104 | 296 | 59 | 1,538 |
| 2008-09 | 123 | 218 | 220 | 116 | 204 | 148 | 88 | 287 | 64 | 1,468 |
| 2007-08 | 136 | 217 | 266 | 150 | 266 | 148 | 112 | 318 | 68 | 1,681 |
| 2006-07 | 167 | 214 | 244 | 160 | 275 | 173 | 128 | 289 | 109 | 1,759 |

(1) Effective FY 2011-12 Rogers was re-structured and the next graduating class did not occur until FY 2013-14.

STATISTICAL SECTION: OPERATING INFORMATION

**List of School Buildings: Square Footage, Capacity, Age
June 30, 2016**

| School Building* | Physical Address | Square Footage | Average Daily Membership* | Capacity** | Capacity Utilized | Acquisition/ Construction Date(1) | Depreciation Effective Date(2) |
|----------------------|----------------------------|----------------|---------------------------|------------|-------------------|-----------------------------------|--------------------------------|
| Academy Central | 1789 W. Seminole Street | 53,377 | 276 | 546 | 51% | 1973 | 1982 |
| Anderson | 1921 E. 29th Street North | 86,908 | 366 | 576 | 64% | 1960 | 1972 |
| Bell | 6304 E. Admiral Boulevard | 136,955 | 577 | 849 | 68% | 1952 | 1972 |
| Burroughs | 1924 N. MLK Jr. Boulevard | 58,836 | 334 | 467 | 72% | 1925 | 1972 |
| Carnegie | 4309 E. 56th Street | 54,580 | 411 | 457 | 90% | 1958 | 1972 |
| C. Clinton | 1740 N. Harvard Avenue | 82,118 | 650 | 720 | 90% | 1953 | 1982 |
| Chouteau | 4132 W. Cameron Street | 84,183 | 368 | 619 | 59% | 1958 | 1979 |
| Columbus | 10620 E. 27th Street | 50,366 | 374 | 513 | 73% | 1971 | 1985 |
| Cooper | 1808 S. 123rd East Avenue | 81,545 | 816 | 901 | 91% | 1966 | 1979 |
| Disney | 11702 E. 25th Street | 83,564 | 805 | 924 | 87% | 1969 | 1982 |
| ECDC Bunche | 5402 N. MLK Jr. BLVD | 69,709 | 156 | 355 | 44% | 1958 | 1979 |
| ECDC Porter | 1740 W. 41st Street | 33,221 | 128 | 145 | 88% | 1929 | 1929 |
| ECDC Reed | 10908 E. 5th Street | 40,503 | 90 | 290 | 31% | 1967 | 1967 |
| Eisenhower (@Nimitz) | 3111 East 56th Street | 101,868 | 541 | 641 | 84% | 1961 | 1979 |
| Eliot | 1442 E. 36th Street | 47,504 | 391 | 480 | 81% | 1928 | 1979 |
| Emerson | 909 N. Boston Avenue | 54,679 | 280 | 434 | 65% | 1976 | 1979 |
| Eugene Field | 2249 S. Phoenix Avenue | 58,782 | 353 | 503 | 70% | 2005 | 2006 |
| Gilcrease | 5550 N. MLK Jr. Boulevard | 129,845 | 430 | 615 | 70% | 1964 | 1979 |
| Grimes | 3213 E. 56th Street | 40,550 | 268 | 388 | 69% | 1966 | 1979 |
| Grissom | 6646 S. 73rd East Avenue | 54,062 | 352 | 434 | 81% | 1969 | 1979 |
| Hamilton | 2316 N. Norwood Place | 120,896 | 495 | 750 | 66% | 1957 | 1974 |
| Hawthorne | 1105 E. 33rd Street North | 59,151 | 314 | 559 | 56% | 1952 | 1982 |
| Hoover | 2327 S. Darlington Avenue | 71,755 | 528 | 638 | 83% | 1954 | 1979 |
| Jackson | 2137 N. Pittsburg Avenue | 55,974 | 317 | 523 | 61% | 1959 | 1972 |
| Jones | 1515 S. 71st East Avenue | 46,702 | 422 | 457 | 92% | 1962 | 1971 |
| Kendall Whittier | 2601 E. 5th Place | 125,520 | 949 | 1,210 | 78% | 1998 | 1998 |
| Kerr | 202 S. 117th East Avenue | 62,015 | 577 | 687 | 84% | 1964 | 1981 |
| Key | 5702 S. Irvington Avenue | 59,014 | 497 | 648 | 77% | 1961 | 1979 |
| Lanier | 1727 S. Harvard Avenue | 46,657 | 331 | 375 | 88% | 1925 | 1972 |
| Lee | 1920 S. Cincinnati Avenue | 48,271 | 396 | 490 | 81% | 1918 | 1972 |
| Lewis & Clark | 737 S. Garnett Road | 105,666 | 597 | 704 | 85% | 1971 | 1982 |
| Lindbergh | 931 S. 89th East Avenue | 61,862 | 469 | 536 | 88% | 1957 | 1979 |
| MacArthur | 2182 S. 73rd East Avenue | 58,355 | 373 | 553 | 67% | 1957 | 1979 |
| Mark Twain | 541 S. 43rd West Avenue | 57,462 | 455 | 513 | 89% | 1999 | 2003 |
| Marshall | 1142 E. 56th Street | 67,118 | 400 | 684 | 58% | 1953 | 1974 |
| Mayo | 1127 South Columbia Avenue | 60,008 | 423 | 424 | 100% | 1926 | 1982 |
| McClure | 1770 E. 61st Street | 68,893 | 496 | 730 | 68% | 1957 | 1979 |
| McKinley | 6703 E. King Street | 56,840 | 583 | 704 | 83% | 1956 | 2000 |
| Mitchell | 733 N. 73rd East Avenue | 59,474 | 543 | 628 | 86% | 1960 | 1979 |
| Owen | 1132 N. Vandalia Avenue | 62,459 | 490 | 628 | 78% | 1952 | 1979 |
| Park | 3205 W. 39th Street | 39,172 | 196 | 342 | 57% | 1972 | 1979 |
| Patrick Henry | 3820 E. 41st Street | 56,378 | 437 | 569 | 77% | 1957 | 1974 |
| Peary | 10818 E. 17th Street | 45,657 | 359 | 467 | 77% | 1968 | 1982 |
| Penn | 2138 E. 48th Street North | 53,079 | 321 | 457 | 70% | 1959 | 1983 |
| Remington | 2524 W. 53rd Street | 43,898 | 212 | 329 | 64% | 1967 | 1974 |
| Robertson | 2721 W. 50th Street | 51,052 | 347 | 467 | 74% | 2003 | 2003 |

STATISTICAL SECTION: OPERATING INFORMATION

**List of School Buildings: Square Footage, Capacity, Age
June 30, 2016**

| School Building* | Physical Address | Square Footage | Average Daily Membership* | Capacity** | Capacity Utilized | Acquisition/ Construction Date(1) | Depreciation Effective Date(2) |
|---------------------------|---------------------------|----------------|---------------------------|------------|-------------------|-----------------------------------|--------------------------------|
| Salk | 7625 E. 58th Street | 67,242 | 598 | 766 | 78% | 1964 | 1979 |
| Sequoyah | 724 N Birmingham Avenue | 121,029 | 610 | 753 | 81% | 1926 | 1974 |
| Skelly | 2940 S. 90th East Avenue | 157,774 | 902 | 1,263 | 71% | 1966 | 1979 |
| Springdale | 2510 E. Pine Street | 54,924 | 541 | 615 | 88% | 1925 | 1972 |
| Whitman | 3924 N. Lansing Avenue | 52,913 | 429 | 526 | 82% | 1961 | 1980 |
| Wright | 1110 E. 45th Place | 99,534 | 359 | 629 | 57% | 1959 | 1974 |
| Zarrow | 3613 S. Hudson Avenue | 52,831 | 448 | 470 | 95% | 1959 | 1979 |
| Carver | 624 E. Oklahoma Place | 114,349 | 605 | 660 | 92% | 1928 | 1972 |
| Clinton | 2224 W. 41st Street | 123,811 | 406 | 775 | 52% | 2009 | 2010 |
| East Central JH | 12121 E. 21st Street | 127,548 | 732 | 920 | 80% | 1967 | 1979 |
| Edison MS | 2906 E. 41st Street | 116,047 | 942 | 900 | 105% | 1954 | 1979 |
| Hale JH | 2177 S. 67th East Avenue | 132,777 | 696 | 915 | 76% | 1960 | 1974 |
| McLain 7th Grade Academy | 525 E. 46th Street North | 51,625 | 354 | 450 | 79% | 1957 | 1974 |
| Memorial JH | 7502 E. 57th Street | 128,733 | 441 | 645 | 68% | 1966 | 1982 |
| Monroe | 2010 E. 48th Street North | 98,155 | 279 | 595 | 47% | 1958 | 1979 |
| Thoreau | 7370 East 71st Street | 123,110 | 644 | 675 | 95% | 1973 | 1984 |
| Central JR/HS | 3101 W. Edison Street | 178,245 | 851 | 986 | 86% | 1976 | 1988 |
| East Central | 12150 E. 11th Street | 276,721 | 1,048 | 1,254 | 84% | 1966 | 1979 |
| Edison | 2906 E. 41st Street | 287,018 | 1,151 | 1,258 | 91% | 1957 | 1979 |
| Hale | 6960 E. 21st Street | 251,413 | 1,070 | 1,296 | 83% | 1959 | 1979 |
| McLain JR/HS | 4929 N. Peoria Avenue | 221,638 | 939 | 1,156 | 81% | 1959 | 1988 |
| Memorial | 5840 S. Hudson Avenue | 221,899 | 1,013 | 1,326 | 76% | 1962 | 1988 |
| Rogers JR/HS | 3909 E. 5th Place | 286,334 | 1,166 | 1,496 | 78% | 1939 | 1972 |
| Washington | 1514 E. Zion Street | 259,805 | 1,312 | 1,400 | 94% | 2001 | 2004 |
| Webster | 1919 W. 40th Street | 208,807 | 475 | 934 | 51% | 1938 | 1972 |
| Street School (Franklin) | 1135 S. Yale Avenue | 40,635 | 93 | 210 | 44% | 1927 | 1927 |
| Tulsa MET (Bryant) | 6201 E. Virgin Street | 57,850 | 97 | 290 | 33% | 1929 | 1929 |
| Margaret Hudson | 1136 S. Alleghany Avenue | 18,565 | 51 | 90 | 57% | 1999 | 1999 |
| Phoenix Rising (Sequoyah) | 3441 E. Archer Street | 50,432 | 55 | 420 | 13% | 1928 | 1928 |
| Traice (Lindsey) | 2740 E. 41st Street North | 45,075 | 132 | 215 | 61% | 1957 | 1957 |

* Excluding programs at sites not owned by Independent School District No. I-1.

** Capacity based on TPS management planned use of the building.

(1) - Date of site acquisition or completion of building construction (fiscal year).

(2) - Beginning date of 50 year depreciation of building (fiscal year).

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

**Number of Schools, Student Enrollment and Attendance Information
Last Ten Fiscal Years**

| Fiscal Year Ended June 30, | Total Number of Schools | | | Total Student Enrollment | Average Daily Membership (ADM) | Average Daily Attendance (ADA) | Ratio ADA to ADM |
|-------------------------------------|-------------------------|-------------------|-----------------|--------------------------------|---|---|---------------------|
| | Elementary Schools | Middle Schools | High Schools | | | | |
| 2016 | 54 | 12 | 9 | 39,451 | 38,855 | 36,002 | 92.66% |
| 2015 | 54 | 12 | 9 | 39,999 | 39,497 | 36,416 | 92.20% |
| 2014 | 54 | 12 | 9 | 40,026 | 39,705 | 36,695 | 92.42% |
| 2013 | 54 | 12 | 9 | 40,252 | 39,596 | 36,630 | 92.51% |
| 2012 | 54 | 12 | 9 | 39,178 | 40,133 | 37,044 | 92.30% |
| 2011 | 59 | 15 | 9 | 39,957 | 40,540 | 37,433 | 92.33% |
| 2010 | 59 | 15 | 9 | 40,719 | 39,893 | 36,664 | 91.90% |
| 2009 | 59 | 15 | 9 | 40,242 | 40,632 | 37,546 | 92.41% |
| 2008 | 59 | 15 | 9 | 40,600 | 40,707 | 37,630 | 92.44% |
| 2007 | 59 | 16 | 9 | 42,242 | 41,379 | 38,406 | 92.82% |

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

Schedule of Government Employees by Function

| Function | Number of Employees at June 30, | | | | | | | |
|--|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Instruction and instruction-related services | 3,560 | 4,501 | 4,619 | 4,222 | 4,425 | 4,657 | 4,456 | 4,512 |
| Support services - student and staff | 727 | 575 | 589 | 716 | 642 | 540 | 563 | 507 |
| Instructional and school leadership | 404 | 257 | 211 | 212 | 204 | 232 | 218 | 102 |
| Administrative support services | 156 | 114 | 163 | 153 | 154 | 160 | 163 | 163 |
| Operation of non-instructional services | 611 | 587 | 453 | 586 | 529 | 562 | 456 | 529 |
| Operation and maintenance of plant services | 557 | 480 | 554 | 529 | 562 | 529 | 548 | 552 |
| Student transportation services | 337 | 290 | 251 | 289 | 329 | 276 | 258 | 280 |
| Total Government Employees | 6,352 | 6,804 | 6,840 | 6,707 | 6,845 | 6,956 | 6,662 | 6,645 |

Note: Information is not available prior to fiscal year 2009

Source: District records.