



Tulsa Public Schools
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015



Excellence and High Expectations with a Commitment to All

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

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T U L S A

PUBLIC SCHOOLS

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

*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
Leigh Goodson, Ed.D. (through April 2015)
Cindy Decker, Ph.D. (May 2015 through Current)
Shawna Keller
Gary Percefull
Suzanne Schreiber

Keith E. Ballard, Ed.D.
Superintendent

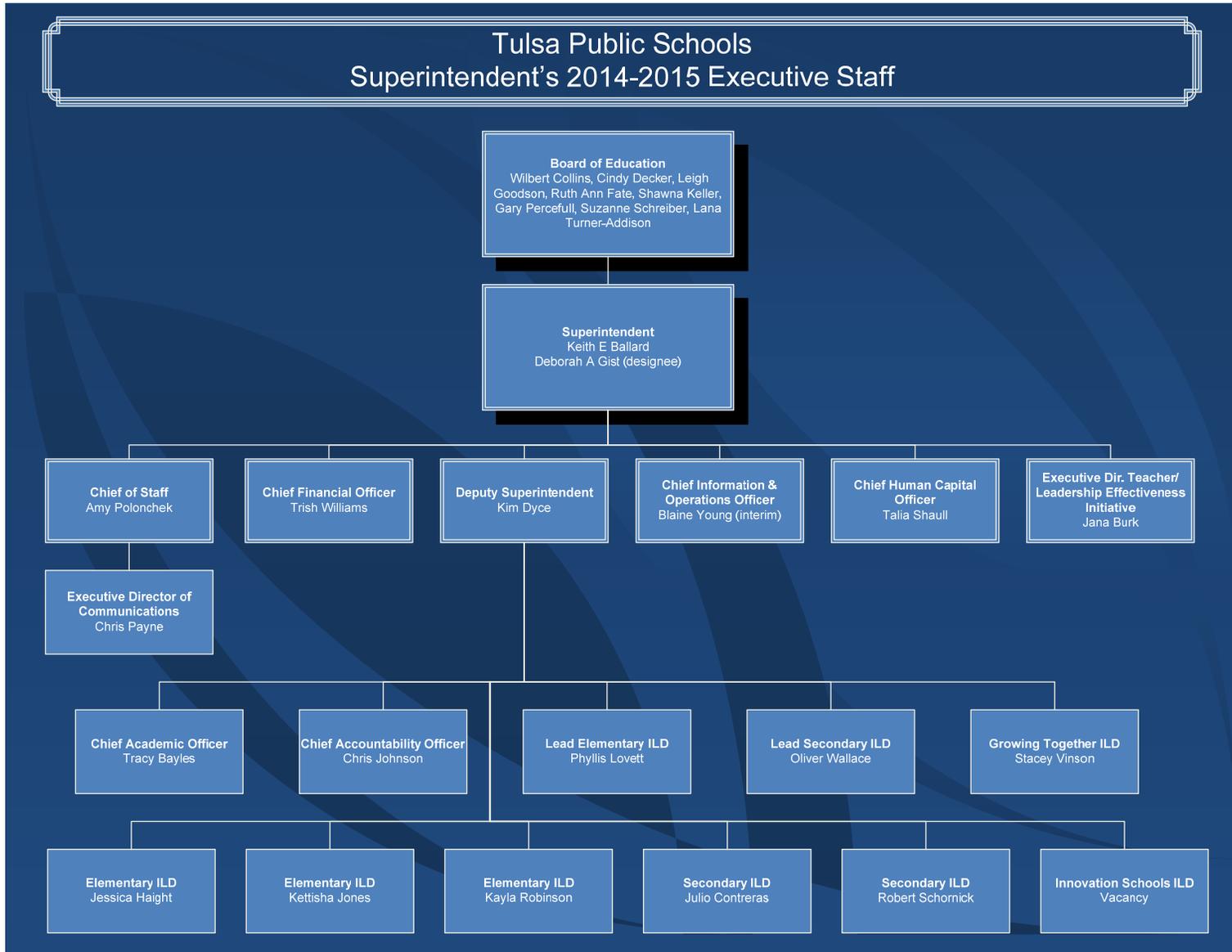
Deborah A. Gist, Ed.D.
Superintendent-Designee (July 2015)

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

George P. Stoeppelwerth
Director of Finance
Treasurer

Janet L. Jamison, CPA
Director of Accounting
Encumbrance Clerk

INTRODUCTORY SECTION: ORGANIZATIONAL CHART



Keith E. Ballard, Ed.D. (Superintendent)



Dr. Keith Ballard was the superintendent of Tulsa Public Schools through June 2015. As superintendent, Dr. Ballard oversaw the second largest school district in Oklahoma with 88 campuses, 41,000 students, 7,000 employees and a \$500 million budget. Focusing on college preparedness, Superintendent Ballard was committed to cultivating teacher talent in a performance-based culture and providing quality learning experiences for every student, every day, without exception.

During his tenure, Dr. Ballard worked to pass the largest bond in the history of the state totaling \$354 million. He led the way for the district to work with the Gates Foundation on teacher and leader effectiveness, one of only 10 school districts selected in the US. And, he continues to successfully manage Project Schoolhouse, an ongoing efficiency program which addresses changing student populations and school building utilization.

Dr. Ballard began his career in education as a teacher in Coweta, Oklahoma in 1972. In 1974, he took a position as a teacher in Oologah, Oklahoma; and then became assistant high school principal in 1977, assistant superintendent in 1983 and superintendent in 1986. In 1992, he joined Claremore Public Schools as superintendent and also served as an adjunct professor at Oral Roberts University in Tulsa, Oklahoma.

In 2000, Dr. Ballard became the executive director of the Oklahoma State Schools Boards Association where he served for eight years. There he worked with two governors, established board member development programs, personally trained 125 Boards of Education, spent three weeks in the Republic of Georgia developing board of education policies as they entered into a democracy, and twice served as chair of the Oklahoma Education Coalition.

In 2008, Dr. Ballard joined Tulsa Public Schools as superintendent. The district serves an urban population with a diverse population of students providing a choice of magnet, community, charter and neighborhood schools including one high school that partners with Tulsa Community College providing college-level courses.

Dr. Ballard is devoted to the education of Tulsa students and has received many awards for his work. His honors include the 2012 University Council for Educational Administration (UCEA) Excellence in Education Leadership Award, 2012 State Superintendent of the Year, 2012 Tulsa People Tulsan of the Year, 2012 Vision in Education Leadership Award from the Tulsa Community College Foundation, Top 100 Administrators in North America, the Northwestern Oklahoma State University Outstanding Alumni Award, the Don Newby/Ben Hill award from the Tulsa Metropolitan Ministry for Compassion and Concern for all Human Beings, and is a member of the Oklahoma Educators Hall of Fame. He has spoken and written extensively on education and serves on numerous boards including the Oklahoma Superintendents Advisory Council and the Oklahoma Curriculum Improvement Commission. Dr. Ballard is also active with the Oklahoma State Legislature and consults regularly with state leaders to help shape policy.

Dr. Ballard earned his Doctorate in Educational Administration from Oklahoma State University, Administrative Certification from the University of Tulsa, Master of Education as a reading specialist from Northwestern Oklahoma State University, and Bachelor of Arts with a double major in Psychology and Speech from Fort Hays State University in Hays, Kansas.

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

Dr. Deborah A. Gist is the superintendent of Tulsa Public Schools beginning July 1, 2015. As a graduate of Tulsa Public Schools, Dr. Gist is deeply committed to our city and to the success of Tulsa students.

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. Before serving as Rhode Island Commissioner, Dr. Gist was the first State Superintendent of Education for the District of Columbia. She became a teacher 27 years ago in Fort Worth and considers her eight years in the classroom the most important part of her career in education. Dr. Gist also taught in Tampa, where she conceived, designed, and initiated a literacy program serving families in 108 elementary schools in Hillsborough County, Florida. She later served as a senior policy advisor at the US Department of Education.



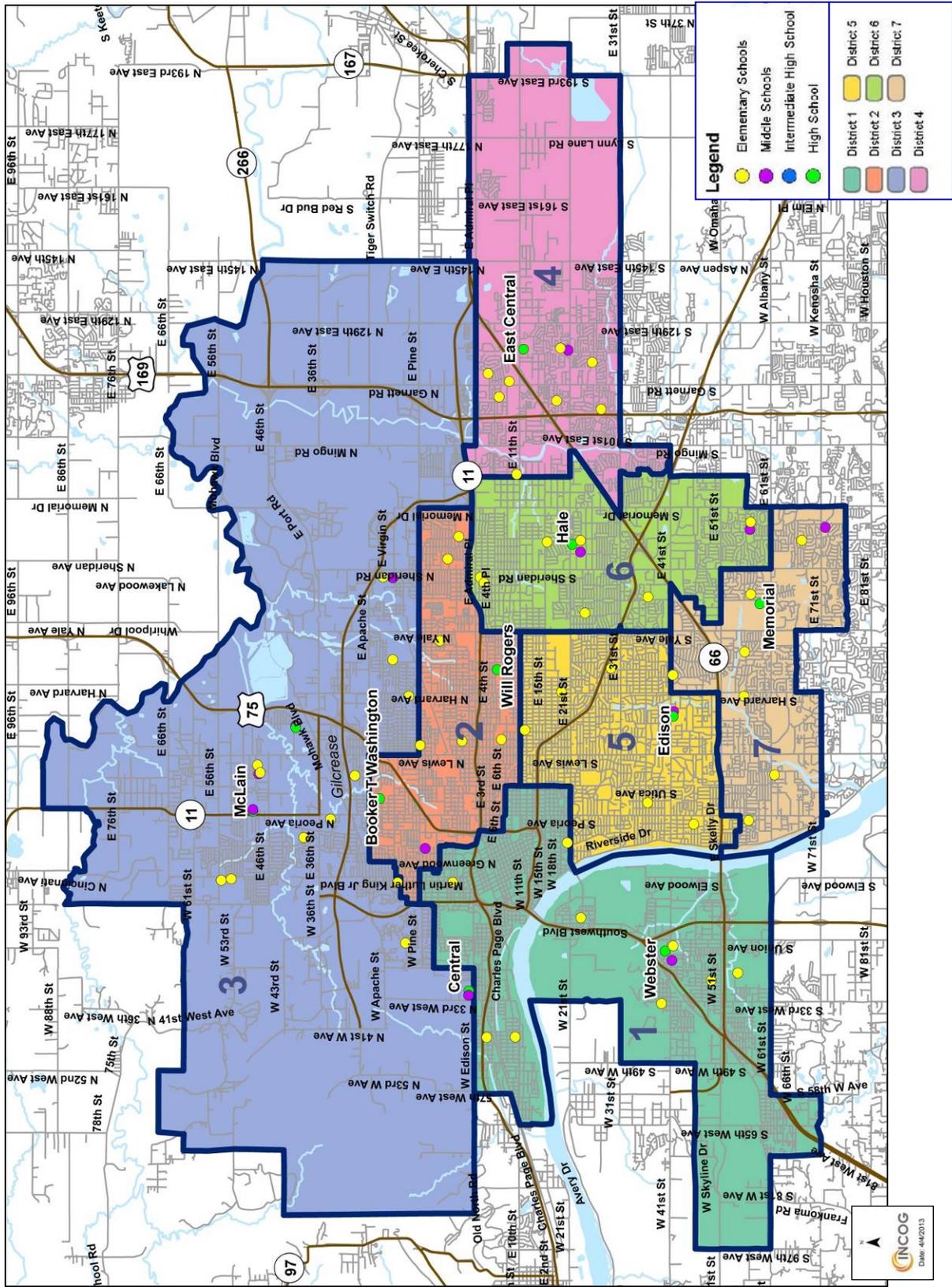
Dr. Gist holds a bachelor of science degree in early-childhood education from the University of Oklahoma, a master of arts in elementary education and curriculum from the University of South Florida, a master's degree in public administration from the Harvard University John F. Kennedy School of Government, and a doctoral degree in education leadership from the University of Pennsylvania. In 2008, Dr. Gist was a Broad Superintendents Academy Fellow, and in 2013 she was a Pahara-Aspen Fellow through the Aspen Institute.

Dr. Gist sits on the advisory board of the National Center for Analysis of Longitudinal Data in Education Research, and she is a founding member of Chiefs for Change. Dr. Gist is also a member of the National Advisory Committee on Ending Chronic Absence for the Campaign for Grade-Level Reading and an advisory board member for the National Center for Research on Gifted Education.

Dr. Gist 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."

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 – Leigh Goodson, Ed.D. (July-April 2015), Cindy Decker, Ph.D. (May 2015-Current)
	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: Wilbert Collins, Suzanne Schreiber, Ruth Ann Fate, Leigh Goodson, Ed.D., Shawna Keller, Lana Turner-Addison, Ed.D., Gary Percefull
Not Pictured: Cindy Decker who filled Leigh Goodson's vacancy May 2015

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.

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 –

Leigh Goodson, Ed.D. (July-April 2015)

Dr. Goodson's term was set to expire February 2016, but vacated her position in April 2015. Dr. Goodson has been the president and chief executive officer of Tulsa Community College since July 2014. A Tulsa native, Dr. Goodson has worked in higher education most of her professional career. Prior to being named TCC's president, she served in numerous roles with Oklahoma State University. She is passionate about helping people reach their education and career goals with student success and achievement at the forefront. Dr. Goodson also serves on the YMCA of Greater Tulsa Metropolitan Board of Directors and as an advisor to the board of directors and executive council to the Oklahoma Innovation Institute in Tulsa. She is involved in the community through Leadership Oklahoma Class XXIII; Leadership Tulsa Class 35; OK2Grow High School Completion Coalition and served on task forces and committees for the Tulsa Regional Chamber. Dr. Goodson was given the Leadership Tulsa Silver Star Award in 2013; the YMCA C.E. Buckner Spirit of Fundraising Award in 2007; and named as one of Oklahoma Journal Record Achievers Under 40 in 2006. She earned a Ph.D. in Education Research and Evaluation from OSU, a M.S. in Organizational Communication from Fort Hays State University in Hays, Kan. and a B.A. in Political Science from OSU.

Cindy Decker, Ph.D. (May 2015-Current)

Dr. Decker was appointed by the Board of Education in May 2015 to fill a vacancy. Her term will expire February 2016. Dr. Decker has been an education researcher since 2002. She is passionate about ensuring all children have a quality education. She works as Senior Research Associate for Data 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 (Vice President)

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 2016. 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

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. Suzanne 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 21, 2015

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, 2015, 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 the Federal Single Audit Act and related Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

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 964,340 with an average household income of \$65,434 (2014 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 39,999 students in fiscal year 2014-15. The District is projecting a slight decrease (approximately 1%) in student enrollment to 39,605 in 2015-16.

As of June 30, 2015, the District employs 6,804 employees, of which 2,840 are certified teachers and 234 are certified administrators. The total number of employees also includes 3,702 support personnel and 28 support administrators. In addition, 5,261 volunteers provided 208,164 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 2014-15 programs were delivered through 56 elementary schools, 11 middle/junior high schools, and 9 high schools plus 9 alternative school sites. The District contracted with three charter school organizations, Tulsa School for the Arts and Sciences, Lighthouse Elementary (restructured as Tulsa Legacy Charter School in September 2015), and KIPP Tulsa College Preparatory. Beginning in 2015-16, the district added three additional charter schools: 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 2014-15, 270 students were enrolled in the on-line program.

ECONOMIC OUTLOOK

During FY 2014-15 the State General Revenue fund collected approximately \$5.7 billion in revenues, an increase of \$98 million or 1.8% from FY 2013-14. The two major revenue categories grew from prior year levels with sales tax revenues increasing by 3.1% and net income tax growing by 5.4%. However, gross production taxes declined by 36% from FY 2013-14, and motor vehicle taxes declined by 14.7% from prior year collections.

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. For FY 2014-15, \$35.0 million in lottery funds were appropriated to K-12 education in Oklahoma.

The City of Tulsa General Fund revenue collections in 2015 totaled \$265.1 million, compared with \$259.8 million in 2014. Sales taxes, the largest source of revenue for the City, increased by 3% or \$4.3 million in 2015.

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

Despite the indications of a slow economic recovery, the Tulsa area had an unemployment rate of 4.4% in September of 2015. The Tulsa Metropolitan Area unemployment rate continues to lag below the national rate during this same time of 5.1%. Oklahoma's unemployment rate continues to be one of the lowest in the nation, also at 4.4%.

For 2015-16, state appropriations of \$7.139 billion reflect a reduction of \$96.4 million, or 1.3%, from the final FY 2014-15 budget. In comparative terms, state appropriations for FY 16 will be 9% below FY 2009 levels, when adjusted for inflation. The FY 16 state budget includes \$590 million in appropriations from cash reserves, agency revolving funds, the Rainy Day Fund and other revenue sources. Almost half of the state agencies remain appropriated at more than 20% below pre-recession levels. Total Common Education appropriations decreased from FY 2014-15 by 1.13% to \$2,484,873,132. Dollars appropriated to the state aid funding formula increased by \$451,176 (0.2%) to \$1,876,735,176. When adjusted for inflation, formula funding remains \$376 million below FY 2008 levels, despite an increase of about 50,000 students statewide.

MAJOR INITIATIVES

During FY 2014-15, 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 2014-15 was \$310,101,624, an increase of \$1,857 thousand (.6%) from the prior year. The majority of the increase is the result of projected growth of 1.5% in the District's ad valorem base, raising revenue by \$503,412 and growth in both formula state aid (\$1,705,938) and the state's Flexible Benefit Allowance (\$1,463,743). Likewise, revenue reductions associated with loss of one-time monies from 2013-14 were also reflected in the budget. Major initiatives during the year included the addition of 25 positions to the District's allocation reserve. This addition raised the reserve to a total of 100 positions, used to address class size and other staffing needs in the school sites. Other positions that were added in 2014-15 included 6 assistant principals at elementary sites, 7 instructional technology coaches, and 7 coordinator positions to support the needs of school sites.

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.

Since 2011 the District has institutionalized the Project Schoolhouse (PSH) planning process 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. During PSH 2014-15, several recommendations were made to the Board of Education. An example of this process is the District's centralized Enrollment

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

Center, which is housed in renovated former elementary school building located adjacent to the Education Service Center.

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 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 fourth year of the Summer Institute in 2014-15, 10 schools provided over 6,500 students with the opportunity to enroll in a rigorous summer academic program.

Tulsa Public Schools continues to develop and promote four magnet 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 are designed to provide students with hands-on, real world learning experiences that integrate traditional subjects with specialized curricula.

Other magnet schools include three middle schools (Carver, Monroe and Thoreau), and four elementary schools (Mayo, Eisenhower, Dual Immersion (located at Monroe) 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.

Magnet programs are housed at Edison Middle School and three high schools (Washington, Memorial, and Edison). These schools/programs of choice are either admission by application or are open-enrollment for any interested student. Over subscription is addressed through the use of a lottery.

STRATEGIC PLANNING

"Excellence and High Expectations with a Commitment to All" is the District Vision Statement. Our Mission is "to provide a quality learning experience for every student, every day, without exception." In March of 2011, the Board of Education approved the 2010-2015 Strategic Plan to reflect the new Vision and Mission Statements. Within the Strategic Plan, the District has adopted the following core goals:

Core Goal 1: Student Achievement – Each student will meet or exceed state and national standards by demonstrating mastery of a rigorous curriculum that provides a foundation for success in career readiness or college preparedness and beyond.

Core Goal 2: Teacher and Leader Effectiveness – Assure that Tulsa Public Schools has an effective teacher in every classroom, an effective principal in every building and an effective employee in every position.

Core Goal 3: Performance-Based Culture – Create an environment for sustainable performance improvement and accomplishment of the District's Vision, Mission, Core Goals, and Core Beliefs.

Core Goal 4: Financial Sustainability – Seek, organize, and optimize resources for improved academic results.

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

Core Goal 5: Safe and Secure Schools – Ensure the safety and security of all students and staff throughout the District.

In addition, the Board of Education has adopted the following Core Beliefs:

- Effective leaders and classroom teachers have a profound impact on children's lives.
- All children can learn and TPS can close the achievement gap.
- TPS can be an efficient, effective, performance-based organization.
- Community collaboration is fundamental to achieving and sustaining excellence.
- TPS should provide a safe, healthy learning environment for students and staff.

In the fall of 2015 the District launched a new Strategic Planning process which will reflect the vision of the new superintendent as well as the voices of TPS teachers, staff, parents, and community members.

AWARDS

In 2015, 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, 2014 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, 2015 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, 2014 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, 2015 meets these requirements, and will submit this report to ASBO in application for this esteemed award.

REVENUES

Tulsa Public School's 2014-15 General Fund revenue totaled \$308.1 million. The primary funding source was the State of Oklahoma, with State revenue comprising 55.6 percent of the total, or \$171.3 million. Local and intermediate sources represented 32.6 percent of total revenue collections, or \$100.4 million. Of that amount ad valorem tax revenue totaled \$79.5 million. Federal program revenue totaled \$31.8 million, representing 10.3 percent of total revenue. Under the Oklahoma system the remainder of the General Fund revenue is in fund balance (\$4.6 million)

Ad valorem tax revenues account for 89.9 percent of the Building Fund revenue and total \$11.5 million.

The Child Nutrition Fund collects 74.9 percent of fund revenues from the Federal Nutrition Program, administered through the U.S. Department of Agriculture. Ninety-one 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 56 years, and ninety-five 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

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

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, 2015, the district had \$48 million in remaining bonds authorized.

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. The District anticipates issuing the first bonds from this authorization in the fall of 2015.

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.

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

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 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 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.

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,



Keith E. Ballard, Ed.D.
Superintendent



Deborah A. Gist, Ed.D.
Superintendent Designee



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



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Financial Services Department
Independent School District No. I-1, Tulsa County, Oklahoma



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date March 19, 2015

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Association of School Business Officials International



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

Tulsa Public Schools Independent School District L-1, Tulsa County

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

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

John D. Musso, CAE, RSBA
Executive Director

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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, 2015, 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.

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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, 2015, 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.

Emphasis of Matter

As discussed in Note 1, in 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The provisions of GASB Statements No. 68 and No. 71 required the District to restate its net position as of July 1, 2014 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 schedule of the District's proportionate share of the net pension liability, the schedule of District's contributions to Teachers' Retirement System of Oklahoma, and the budgetary comparison information, 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 Supplementary Information

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

FINANCIAL SECTION: AUDITORS' REPORT

Other Information

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

RSM US LLP

Oklahoma City, Oklahoma
December 21, 2015

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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, 2015. 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 2015 year end, total fund balance was \$161.7 million, an increase of \$28.9 million, primarily due to an increase in bond proceeds of \$36.0 million resulting from a \$58 million issuance in 2014 compared to a \$94 million issuance in 2015. 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.

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 43 and 44 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 46 and 48, respectively.

The basic governmental fund financial statements can be found on pages 45 and 47 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 50 through 77 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 81 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 \$166.3 million as of June 30, 2015 and \$418.2 million as of June 30, 2014, a decrease of \$251.9 million, or 60.2% due to the implementation of GASB Statement 68 and 71.

GASB Statement 68 and 71 became effective for fiscal years beginning after June 15, 2014, and significantly changes 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, 2015 was \$224.7 million compared to \$298.9 million at July 1, 2014. The recording of the pension liability in our financial statements this year represents a significant change in the net position of the District although state law clearly makes pension obligations the legal obligation of the State of Oklahoma.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles, furniture and equipment, and construction in progress), net of accumulated depreciation plus deferred inflows/outflows of resources (if applicable) less any related debt used to acquire those assets still outstanding. The District 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,		
	2015	2014	2013
		(millions)	
Current assets	\$ 277.9	\$ 309.8	\$ 263.6
Non current investments	99.2	24.8	53.7
Capital assets, net	540.2	517.2	497.1
Total assets	<u>917.3</u>	<u>851.8</u>	<u>814.4</u>
Deferred outflows of resources	17.7	-	-
Current liabilities	134.9	102.9	102.4
Long-term liabilities	416.6	175.5	168.8
Total liabilities	<u>551.5</u>	<u>278.4</u>	<u>271.2</u>
Succeeding year property taxes	159.2	155.2	148.1
Deferred pension plan inflows	58.1	-	-
Total deferred inflows of resources	<u>217.3</u>	<u>148.8</u>	<u>133.3</u>
Net position:			
Net investment in capital assets	326.8	318.8	303.4
Restricted	62.4	55.1	53.9
Unrestricted	(222.9)	44.3	42.8
Total net position	<u>\$ 166.3</u>	<u>\$ 418.2</u>	<u>\$ 400.1</u>

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

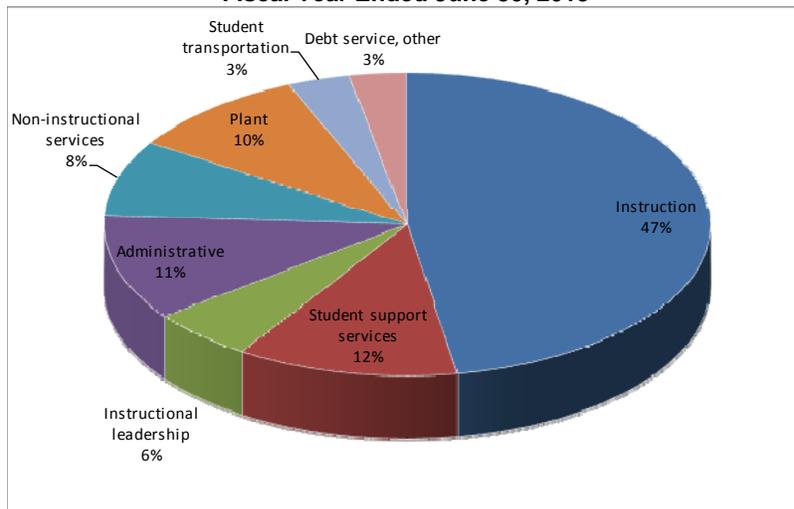
- Current assets decreased \$32.0 million, primarily due to an increased investment in mortgage-backed securities and CDs with long term maturities. More cash was available for investment due to an increase in bond proceeds of \$36.0 million in 2015 as compared to 2014.
- Net investment in capital assets increased \$8.0 million over the prior fiscal year, representing significant progress in the completion of school building renovations.
- Implementation of GASB 68 and 71 resulted in a restatement of net position at July 1, 2014 of \$281.9 million. Deferred outflows of \$17.7 million, deferred inflows of \$58.1 million and a net pension liability of \$224.7 million were also recorded at June 30, 2015.

Changes in net position. The District's total revenues were \$414.2 million, an increase of \$10.7 million from the prior fiscal year total of \$403.5 million primarily due to county revenue and dedicated state revenue overall increasing by \$8.9 million from tax collections. The total cost of all programs and services was \$384.3 million and \$385.4 million for the fiscal years ended June 30, 2015 and 2014, respectively. The implementation of GASB 68 and 71 during 2015 negatively impacted the ending net position by \$281.8 million. The following table presents a summary of the change in net position for the fiscal years ended June 30, 2015, 2014, and 2013:

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

	Statement of Activities		
	2015	2014	2013
	(millions)		
Revenues:			
Program revenues:			
Charges for services	\$ 6.2	\$ 7.6	\$ 7.6
Operating grants and contributions	76.9	72.2	74.6
General revenues:			
Property taxes	152.7	147.8	144.6
State aid - formula grants	95.1	94.8	97.2
County revenue	13.8	9.8	10.2
Dedicated state revenue	68.3	63.8	63.4
Unrestricted investment earnings	0.6	0.9	0.4
Gain on sale of capital assets	0.2	-	-
Insurance loss recoveries	0.1	6.1	-
Other local revenue	0.3	0.5	1.5
Total revenues	414.2	403.5	399.5
Expenses:			
Instruction and instruction-related services	181.8	197.5	187.0
Support services - student and staff	45.4	45.2	46.9
Instructional and school leadership	21.4	20.4	17.1
Administrative support services	43.2	36.7	28.7
Operation of non-instructional services	30.9	26.1	28.5
Operation and maintenance of plant services	37.2	35.8	34.4
Student transportation services	12.8	15.2	12.8
Facilities acquisition and construction services	2.4	0.1	7.0
Charter schools	5.4	4.3	4.2
Interest on long-term debt	3.8	4.1	3.9
Total expenses	384.3	385.4	370.5
Increase in net position	29.9	18.1	29.0
Implementation of GASB 68 and 71	(281.8)	-	-
Net position - ending	\$ 166.3	\$ 418.2	\$ 400.1

**District Expenses by Function – Governmental Funds
Fiscal Year Ended June 30, 2015**



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	\$ 181.8	\$ 132.4	44%
Support services - student and staff	45.4	39.9	13%
Instructional and school leadership	21.4	21.4	7%
Administrative support services	43.2	43.2	15%
Operation of non-instructional services	30.9	4.2	1%
Operation and maintenance of plant services	37.2	36.8	12%
Student transportation services	12.8	12.8	4%
Facilities acquisition and construction services	2.4	2.4	1%
Charter schools	5.4	5.4	2%
Interest on long-term debt	3.8	2.8	1%
Total	\$ 384.3	\$ 301.3	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.

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

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

fund revenues and other financing sources by type and expenditures by program for the period ended June 30, 2015 as compared to June 30, 2014. 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)

	2015 Amount	2014 Amount	2015 Percent Of Total	Increase (Decrease) From 2014	Percent Increase (Decrease) From 2014
Revenues:					
Property taxes	\$ 141.1	\$ 133.6	30.2%	7.5	5.6%
Other local sources	10.3	7.4	2.2%	2.9	39.2%
Intermediate sources	11.0	9.8	2.4%	1.2	12.2%
Fees and charges	2.0	2.0	0.4%	-	0.0%
State aid	171.3	168.5	36.7%	2.8	1.7%
Federal aid	32.8	36.1	7.0%	(3.3)	-9.1%
Earnings on investments	0.4	0.7	0.1%	(0.3)	-42.9%
Miscellaneous	2.3	2.3	0.5%	-	0.0%
Subtotal	<u>\$ 371.2</u>	<u>\$ 360.4</u>	<u>79.5%</u>	<u>10.8</u>	<u>3.0%</u>
Other financing sources	<u>96.0</u>	<u>65.3</u>	<u>20.5%</u>	<u>30.7</u>	<u>47.0%</u>
Total	<u>\$ 467.2</u>	<u>\$ 425.7</u>	<u>100.0%</u>	<u>41.5</u>	<u>9.7%</u>
Expenditures:					
Instruction and instruction-related services	\$ 181.8	\$ 183.3	41.6%	(1.5)	-0.8%
Support services - student and staff	43.9	44.2	10.1%	(0.3)	-0.7%
Instructional and school leadership	21.4	20.4	4.9%	1.0	4.9%
Administrative support services	41.6	38.3	9.5%	3.3	8.6%
Operation of non-instructional services	1.3	1.0	0.3%	0.3	30.0%
Operation and maintenance of plant services	24.2	27.4	5.5%	(3.2)	-11.7%
Student transportation services	13.6	14.7	3.2%	(1.1)	-7.5%
Facilities acquisition and construction services	43.5	31.4	9.7%	12.1	38.5%
Charter schools	5.4	4.3	1.2%	1.1	25.6%
Debt service	58.0	55.9	13.1%	2.1	3.8%
Other	4.1	4.9	0.9%	(0.8)	-16.3%
Total	<u>\$ 438.8</u>	<u>\$ 425.8</u>	<u>100.0%</u>	<u>13.0</u>	<u>3.1%</u>
Change in fund balance	<u>\$ 28.4</u>	<u>\$ (0.1)</u>			

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund

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

	2015 Amount	2014 Amount	2015 Percent Of Total	Increase (Decrease) From 2014	Percent Increase (Decrease) From 2014
Revenues:					
Property taxes	\$ 80.1	\$ 81.1	26.0%	(1.0)	-1.2%
Other local sources	10.3	7.3	3.3%	3.0	41.1%
Intermediate sources	9.9	9.8	3.2%	0.1	1.0%
Fees and charges	2.1	2.0	0.7%	0.1	5.0%
State aid	171.3	168.5	55.5%	2.8	1.7%
Federal aid	31.8	35.2	10.3%	(3.4)	-9.7%
Earnings on investments	0.3	0.4	0.1%	(0.1)	-25.0%
Miscellaneous	2.3	2.3	0.8%	-	0.0%
Revenues	\$ 308.1	\$ 306.6	99.9%	1.5	0.5%
Other financing sources	0.3	5.8	0.1%	(5.5)	100.0%
Total	\$ 308.4	\$ 312.4	100.0%	(4.0)	-1.3%

Revenues decreased by \$4.0 million compared to 2014:

- **Federal aid** decreased by \$3.4 million primarily due to the School Improvement grant ending in 2014 which resulted in nearly \$2 million less revenue. In addition, the Program Improvement grant allocation was received in late 2015 and the Teacher and Principal Training grant was intentionally held over into 2016 for a large New Teacher Induction in August.
- **Other financing sources** decreased by \$5.5 million due to \$4.7 million of insurance recovery in 2014 on the Barnard school destroyed by fire in September, 2012. In addition, the Barnard land and 2 other school properties (Chouteau and Pershing) were sold for \$1.1 million in 2014.

**Expenditures
(Millions)**

	2015 Amount	2014 Amount	2015 Percent Of Total	Increase (Decrease) From 2014	Percent Increase (Decrease) From 2014
Instruction and instruction-related services	\$ 177.4	\$ 177.0	57.3%	0.4	0.2%
Support services - student and staff	42.0	42.8	13.6%	(0.8)	-1.9%
Instructional and school leadership	21.4	20.4	6.9%	1.0	4.9%
Administrative support services	22.7	22.6	7.3%	0.1	0.4%
Operation of non-instructional services	1.3	0.9	0.4%	0.4	44.4%
Operation and maintenance of plant services	23.4	26.0	7.6%	(2.6)	-10.0%
Student transportation services	11.7	11.5	3.8%	0.2	1.7%
Charter schools	5.4	4.3	1.8%	1.1	25.6%
Other	4.1	4.9	1.3%	(0.8)	-16.3%
Total	\$ 309.4	\$ 310.4	100.0%	(1.0)	-0.3%

Expenditures decreased by \$1.0 million primarily due to a \$1.3 million contract for facilities management being paid from the building fund in 2015 instead of from the general fund as in 2014.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Projects Fund

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

	2015 Amount	2014 Amount	2015 Percent Of Total	Increase (Decrease) From 2014	Percent Increase (Decrease) From 2014
Revenues:					
Federal aid	\$ 0.9	\$ 1.0	0.9%	\$ (0.1)	-10.0%
Earnings (loss) on investments	-	0.1	0.0%	(0.1)	-100.0%
Other financing sources	94.0	59.0	99.1%	35.0	59.3%
Total	<u>\$ 94.9</u>	<u>\$ 60.1</u>	<u>100.0%</u>	<u>\$ 34.8</u>	<u>57.9%</u>

Other financing sources increased \$35 million from fiscal year 2014, primarily due to the increase in bonds issued by \$36 million.

**Expenditures
(Millions)**

	2015 Amount	2014 Amount	2015 Percent Of Total	Increase (Decrease) From 2014	Percent Increase (Decrease) From 2014
Instruction and instruction-related services	\$ 4.5	\$ 6.3	6.2%	\$ (1.8)	-28.6%
Support services - student and staff	2.0	1.4	2.7%	0.6	42.9%
Administrative support services	18.9	15.7	25.9%	3.2	20.4%
Operation and maintenance of plant services	0.8	1.5	1.1%	(0.7)	-46.7%
Student transportation services	1.9	3.2	2.6%	(1.3)	-40.6%
Facilities acquisition and construction services	43.4	31.4	59.5%	12.0	38.2%
Debt service	1.4	1.0	2.0%	0.4	40.0%
Total	<u>\$ 72.9</u>	<u>\$ 60.5</u>	<u>100.0%</u>	<u>\$ 12.4</u>	<u>20.5%</u>

Capital Expenditures increased by \$12.4 million due to the continuation of the bond capital improvement program.

Debt Service Fund

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

	2015 Amount	2014 Amount	2015 Percent Of Total	Increase (Decrease) From 2014	Percent Increase (Decrease) From 2014
Revenues:					
Property taxes	\$ 62.1	\$ 52.6	97.2%	\$ 9.5	18.1%
Intermediate sources	-	-	0.0%	-	100.0%
Earnings (loss) on investments	-	0.2	0.0%	(0.2)	-100.0%
Other financing sources	1.8	0.5	2.8%	1.3	260.0%
Total	<u>\$ 63.9</u>	<u>\$ 53.3</u>	<u>100.0%</u>	<u>\$ 10.6</u>	19.9%

Property taxes increased by \$9.5 million to provide debt service for the general obligation bonds.

**Expenditures
(Millions)**

	2015 Amount	2014 Amount	2015 Percent Of Total	Increase (Decrease) From 2014	Percent Increase (Decrease) From 2014
Debt service	56.5	54.9	100.0%	1.6	2.9%
Total	<u>\$ 56.5</u>	<u>\$ 54.9</u>	<u>100.0%</u>	<u>\$ 1.6</u>	2.9%

Debt service expenditures increased by \$1.6 million due to the increase 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 61% of all original budgets of appropriated funds. Only the General Fund is discussed below.

For 2015, the District originally budgeted General Fund revenues of \$305.5 million and expenditures of \$310.1 million. Plans were revised and an amended budget was filed in March 2015. The revised budget decreased revenue expectations to \$301.9 million and decreased projected expenditures to \$305.9 million.

Actual revenue on a budgetary basis for the General Fund was \$5.0 million less than projected.

Actual expenditures for the year were \$10.2 million below the final budget, primarily due to:

- Purchased services actual expenditures were \$3.7 million less than expected primarily due to expenditures in several areas being less than expected:
 - Professional training services were \$1.3 million less than expected
 - Energy Management contract expense was \$.6 million less than budgeted
- Supplies actual expenditure was \$5.1 million less than expected primarily due to expenditures in several areas being less than expected:
 - General supplies were \$2.2 million less than expected
 - Textbooks orders were \$1.0 million less than expected
 - Co-curricular supplies budgeted primarily in Title I were \$1.0 million less than expected

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

- Other Outlays actual expenditures were \$1.1 million less than expected due to federal indirect costs no longer recorded as an expenditure.

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 \$240.4 million or 79% of total budgeted expenditures. Actual expenditures for these same items were \$234.4 million or 79% 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, 2015, the District had invested \$540.2 million, net of accumulated depreciation of \$321.1 million, in capital assets including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represented a net increase of \$23.1 million, or 4.5%.

Capital assets (at cost)	June 30, 2014	Increases	Decreases and Transfers	June 30, 2015
		(millions)		
Land	\$ 4.2	\$ -	\$ -	\$ 4.2
Construction in progress	44.2	43.9	(41.8)	46.3
Assets out of service	4.2		(1.8)	2.4
Buildings	705.3	1.0	33.1	739.4
Furniture and equipment	57.7	6.3	5.0	69.0
Total asset cost	<u>815.6</u>	<u>51.2</u>	<u>(5.5)</u>	<u>861.3</u>
Accumulated depreciation	<u>(298.5)</u>	<u>(26.7)</u>	4.1	<u>(321.1)</u>
Capital assets (net)	<u>\$ 517.1</u>	<u>\$ 24.5</u>	<u>\$ (1.4)</u>	<u>540.2</u>

Additional information related to the District's capital assets can be found in Note 6 on page 66 of this report.

Debt administration. At the end of the fiscal year, the District had \$254.6 million in bonds and capital leases outstanding, \$79.5 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, 2015 and 2014.

	<u>June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>Change</u>
	(millions)		
Capital leases (at present value)	\$ 30.5	\$ 30.9	\$ (0.4)
General obligation bonds	221.5	180.9	40.6
Net unamortized bond premium	2.6	1.4	1.2
Total	<u>\$ 254.6</u>	<u>\$ 213.2</u>	<u>\$ 41.4</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, 2015, the District had a legal debt limitation of \$226.5 million, which was \$60.3 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 of which \$48 million was unissued as of June 30, 2015.
- In May 2013, the electors approved issuance of \$38 million of technology equipment bonds all of which has been issued as of June 30, 2015.
- In March 2015, the electors approved issuance of \$415 million in building bonds for various building and equipment acquisition purposes none of which has been issued as of June 30, 2015.

At June 30, 2015, \$463 million remained available for future issuances. See Note 8 for additional information regarding the District's long-term debt on pages 69-70.

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
Patricia K. Williams
Chief Financial Officer
3027 So. 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, 2015
(Thousands)**

	Governmental Activities
ASSETS	
Current	
Cash and cash equivalents	\$ 100,358
Investments	1,503
Receivables net of allowance for uncollectibles	174,458
Inventories and prepaid items	1,594
Total current assets	277,913
Noncurrent:	
Investments	99,189
Capital assets	
Land, construction in progress, and assets out of service	52,903
Other capital assets net of accumulated depreciation	487,290
Total noncurrent assets	639,382
Total assets	917,295
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension plan outflows	17,734
Total deferred outflows of resources	17,734
LIABILITIES	
Current:	
Accounts payable and other current liabilities	49,163
Current portion of bonds, capital leases, and contracts	79,482
Accrued interest	1,544
Special termination benefits and compensated absences	401
Insurance claims	4,327
Total current liabilities	134,917
Noncurrent:	
Bonds, capital leases, and contracts	175,121
Special termination benefits and compensated absences	6,639
Net pension liability	224,675
Insurance claims	10,144
Total long-term liabilities	416,579
Total liabilities	551,496
DEFERRED INFLOWS OF RESOURCES	
Succeeding year property tax	159,202
Deferred pension plan inflows	58,079
Total deferred inflows of resources	217,281
NET POSITION	
Net investment in capital assets	326,777
Restricted for:	
Debt service	52,882
Building	8,272
Gifts and endowments	1,232
Unrestricted	(222,911)
Total net position	\$ 166,252

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, 2015
(Thousands)**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net Expense
Instruction and instruction-related services	\$ 181,819	\$ 180	\$ 49,277	\$ (132,362)
Support services - student and staff	45,399	157	5,293	(39,949)
Instructional and school leadership	21,389	-	-	(21,389)
Administrative support services	43,169	-	-	(43,169)
Operation of non-instructional services	30,923	5,406	21,336	(4,181)
Operation and maintenance of plant services	37,238	437	-	(36,801)
Student transportation services	12,800	-	-	(12,800)
Facilities acquisition and construction services	2,443	-	-	(2,443)
Charter schools	5,424	-	-	(5,424)
Interest on long-term debt	3,775	-	974	(2,801)
Total primary government	\$ 384,379	\$ 6,180	\$ 76,880	\$ (301,319)

General revenues:

Taxes:

Property taxes, levied for general purposes	95,201
Property taxes, levied for debt service	64,477
State aid - formula grants	95,126
Unrestricted dedicated state revenue	65,260
County 4 mill levy and apportionment	9,927
Unrestricted investment earnings	591
Gain on sale of capital assets	218
Insurance loss recoveries	69
Other local revenue	304
Total general revenues	331,173
Change in net position	29,854

Net position - beginning	418,248
Restatement - implementation of GASB 68 and 71	(281,850)
Net position - beginning as restated	136,398
Net position - ending	\$ 166,252

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, 2015
(Thousands)**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 64,333	\$ 12,321	\$ 15,764	\$ 7,940	\$ 100,358
Investments	17,065	40,476	36,646	6,505	100,692
Receivables net of allowance for uncollectibles	94,611	-	66,818	13,029	174,458
Inventories and prepaid items	489	425	-	680	1,594
Total Assets	<u>\$ 176,498</u>	<u>\$ 53,222</u>	<u>\$ 119,228</u>	<u>\$ 28,154</u>	<u>\$ 377,102</u>
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	35,750	12,035	-	1,378	49,163
Claims and judgments	86	-	-	-	86
Total liabilities	<u>35,836</u>	<u>12,035</u>	<u>-</u>	<u>1,378</u>	<u>49,249</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	87,470	-	66,346	12,331	166,147
Total deferred inflows of resources	<u>87,470</u>	<u>-</u>	<u>66,346</u>	<u>12,331</u>	<u>166,147</u>
FUND BALANCES					
Non-spendable					
Inventories and prepaids	489	425	-	680	1,594
Endowments	-	-	-	30	30
Restricted					
Federal allocation carryover	8,212	-	-	-	8,212
Capital projects	-	40,762	-	-	40,762
Debt service	-	-	52,882	-	52,882
Building	-	-	-	8,258	8,258
Gifts	-	-	-	1,202	1,202
Assigned					
Purchases on order	3,987	-	-	-	3,987
Workers compensation	4,452	-	-	-	4,452
Child nutrition	-	-	-	4,266	4,266
Flexible benefit	-	-	-	9	9
Unassigned	36,052	-	-	-	36,052
Total fund balances	<u>53,192</u>	<u>41,187</u>	<u>52,882</u>	<u>14,445</u>	<u>161,706</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 176,498</u>	<u>\$ 53,222</u>	<u>\$ 119,228</u>	<u>\$ 28,154</u>	<u>\$ 377,102</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, 2015
(Thousands)**

Total fund balances - governmental funds \$ 161,706

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. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Land	\$	4,212	
Construction in progress		46,266	
Assets out of service		2,425	
Buildings		739,427	
Furniture and equipment		68,994	
Accumulated depreciation		<u>(321,131)</u>	540,193

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly 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	\$	(254,603)	
Interest payable		(1,544)	
Special termination benefits and compensated absences		(7,040)	
Net pension liability		(224,675)	
Insurance claims		<u>(14,385)</u>	(502,247)

Unavailable revenues are Deferred Inflows in the governmental funds but are recognized as revenue in the government-wide financial statements. 6,945

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		17,734	
Deferred pension plan inflows		(58,079)	

Total net position \$ 166,252

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, 2015
(Thousands)**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 80,162	\$ -	\$ 62,206	\$ 11,575	\$ 153,943
Other local sources	10,276	-	-	725	11,001
Intermediate sources	9,927	-	-	-	9,927
Fees and charges	2,059	-	-	4,128	6,187
State aid	171,281	-	-	3,215	174,496
Federal aid	31,789	974	-	21,507	54,270
Earnings (loss) on investments	315	(25)	(50)	404	644
Miscellaneous	2,303	-	-	9	2,312
Total revenues	<u>308,112</u>	<u>949</u>	<u>62,156</u>	<u>41,563</u>	<u>412,780</u>
EXPENDITURES					
Current:					
Instruction and instruction-related services	177,343	4,490	-	467	182,300
Support services - student and staff	41,933	2,016	-	85	44,034
Instructional and school leadership	21,370	1	-	18	21,389
Administrative support services	22,701	18,867	-	391	41,959
Operation of non-instructional services	1,327	-	-	27,587	28,914
Operation and maintenance of plant services	23,413	795	-	12,031	36,239
Student transportation services	11,714	1,892	-	15	13,621
Facilities acquisition and construction services	21	43,423	-	528	43,972
Charter schools	5,424	-	-	-	5,424
Other	4,122	-	-	3	4,125
Debt service					
Principal	-	345	53,445	-	53,790
Interest	-	1,067	3,099	-	4,166
Total expenditures	<u>309,368</u>	<u>72,896</u>	<u>56,544</u>	<u>41,125</u>	<u>479,933</u>
Excess (deficiency) revenues over expenditures	<u>(1,256)</u>	<u>(71,947)</u>	<u>5,612</u>	<u>438</u>	<u>(67,153)</u>
OTHER FINANCING SOURCES					
Bond issuances	-	94,000	-	-	94,000
Premium on bond issuances	-	-	1,777	-	1,777
Insurance recoveries	56	-	-	-	56
Proceeds from sale of capital assets	216	-	-	-	216
Net change in fund balances	<u>(984)</u>	<u>22,053</u>	<u>7,389</u>	<u>438</u>	<u>28,896</u>
Fund balance -- June 30, 2014	54,175	19,134	45,494	14,007	132,810
Fund balance -- June 30, 2015	<u>\$ 53,191</u>	<u>\$ 41,187</u>	<u>\$ 52,883</u>	<u>\$ 14,445</u>	<u>\$ 161,706</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, 2015
(Thousands)**

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

Net Change in Fund Balance - total governmental funds	\$	28,896
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for government-wide 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 capital outlays exceed depreciation for the period.</p>		
Capital outlay	\$ 51,182	
Depreciation expense	(26,704)	
Retirements and adjustments	<u>(1,458)</u>	23,020
<p>Unavailable revenues are Deferred Inflows in the governmental funds but are recognized as revenue in the government-wide financial statements.</p>		
		3,543
<p>Payments made on capital leases are reported as expenditures in the governmental funds, but the amount of the lease payments attributable to principal reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This is the principal portion of the lease payments made during the period.</p>		
		345
<p>In the Statement of Activities, sick pay and vacation pay are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. During the period, payments for sick pay were the same as the accrual while payments for vacation pay were less than accruals by \$202.</p>		
		(202)
<p>Proceeds from sales of bonds and related premiums are reported in the governmental funds as a source of financing but are recorded as long-term liabilities in the Statement of Net Position.</p>		
		(95,777)
<p>Repayment of bond principal in the amount of \$53,445 and amortization of bond premium in the amount of \$580 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
		54,025
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest cost is recognized as the interest accrues, regardless of when it is due.</p>		
		(243)
<p>Change in Insurance claims does not require current financial resources, therefore, is not reported as expenditures in governmental funds.</p>		
		(582)
<p>Net pension expense does not require current financial resources therefore, is not reported as expenditures in governmental funds.</p>		
		16,829
Change in net position of governmental activities	\$	<u>29,854</u>

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, 2015
(Thousands)**

ASSETS	
Cash and cash equivalents	\$ 3,723
TOTAL ASSETS	\$ <u>3,723</u>
LIABILITIES	
Due to student groups	\$ 3,723
TOTAL LIABILITIES	\$ <u>3,723</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

June 30, 2015

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, 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 presented the entities which comprise the reporting entity in the basic financial statements for 2015. The District has not identified any component units 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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. 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.

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2015.

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, 2015, 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 levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments consist of United States Treasury securities and agencies and certificates of deposit. Investments are recorded at fair value generally based on quoted market prices or estimated fair values provided by brokerage statements. The net change in fair value of investments is recognized and reported as earnings (loss) on investments.

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, and equipment, are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for buildings and improvements, and equipment and fixtures is \$10,000 and \$2,500, respectively. Donated capital assets are recorded at estimated fair market 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 is depreciated using the straight-line method beginning in the month acquired. The District's capital assets have the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment, 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.

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS June 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

as an outflow of resources (expense/expenditure) until then. At June 30, 2015, the government-wide financial statements included deferred outflows of resources related to pensions.

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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2015, the government-wide financial statements reflect deferred inflows of resources related to pensions.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB 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.

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, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

withheld from the actual debt proceeds received, are reported as administrative support service expenditures.

Fund Balances and Equity

Fund balance refers to the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the governmental funds balance sheet. Fund balance consists of five categories, defined in Governmental Accounting Standards Board 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.

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. Also, such constraints can only be removed or changed by the same form of formal action.

For purposes of committed fund balance, the District's Board of Education is considered to be its highest level of decision making. 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, 2015.

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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, amounts classified as committed should be reduced first, followed by amounts classified as assigned and then amounts classified as unassigned.

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.

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.

Interfund Transfers

The district transfers remaining capital projects funds to the debt service fund after all projects related to a bond issue have been completed. There were no interfund transfers during the year ended June 30, 2015.

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

June 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements Adopted in Fiscal Year 2015

The District adopted two new accounting pronouncements during the year ended June 30, 2015 as follows:

Fiscal Year Ended June 30, 2015

- **Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27**

GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012. The District recorded the cumulative effect of adopting GASB Statements No. 68 and 71, totaling approximately \$282 million, as an adjustment of net position as of July 1, 2014.

- **Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68**

GASB No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The adoption of GASB No. 71 resulted in the recording of a deferred outflow of approximately \$17.7 million for contributions made after the measurement date of June 30, 2014.

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, 2016, 2017 and 2018. A description of the new accounting pronouncements are described below:

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

GASB 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 requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged.

- **Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68**

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB No. 73 was issued June 2015 and will be effective for the District beginning with its fiscal year ending June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the District beginning with its fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68 which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

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

GASB 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

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

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

GASB No. 76: The objective of GASB 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 nonauthoritative 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*.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

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

GASB 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 are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 2. REVENUES

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 2015 were as follows:

**FY2015 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	27.79	\$ 2,213,584,146
Creek	35.04	5.01	27.79	\$ 15,625,488
Osage	36.53	5.22	27.79	\$ 35,544,907
Wagoner	35.55	5.16	27.79	\$ 208,501

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.

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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

Note 2. REVENUES (continued)

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

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.

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.

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, 2015, all of the Districts deposits were either covered by insurance or were collateralized at 110% of the investment principal.

The District had deposits at financial institutions with a carrying amount of approximately \$104.1 million at June 30, 2015. The bank balance of these deposits at June 30, 2015 was approximately \$106.7 million. Differences between the carrying amount and bank balance consist of deposits in transit and outstanding checks.

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, 2015, all of the Districts 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

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

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, 2015, the District's investment portfolio had invested \$96.2 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 \$4.5 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, 2015, 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, 2015, all of the District's investments were scheduled to mature in 5 years or less.

Maturities of investments as of June 30, 2015 are as follows (000's):

Investment Type	Investment Maturities (in Years)			
	Fair Value	% of Portfolio	Less Than 1	1-5
Certificates of deposit	\$ 4,515	4.5%	\$ 1,503	\$ 3,012
Mortgage-backed securities				
Federal Home Loan Bank	69,200	68.7%	-	69,200
Federal Farm Credit Bank	10,423	10.4%	-	10,423
Freddie Mac	6,640	6.6%	-	6,640
Fannie Mae	9,914	9.8%	-	9,914
Total	\$ 100,692	100.0%	\$ 1,503	\$ 99,189

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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

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.

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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

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.
- **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
June 30, 2015**

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	4,267	3,169	609	8,045
Local - succeeding year property tax	83,811	64,541	11,973	160,325
County	182	-	-	182
State	2,524	-	-	2,524
Federal	3,447	-	422	3,869
Other receivables	1,539	-	191	1,730
Gross receivables	<u>95,770</u>	<u>67,710</u>	<u>13,195</u>	<u>176,675</u>
Less: Allowance for uncollectibles	<u>(1,159)</u>	<u>(892)</u>	<u>(166)</u>	<u>(2,217)</u>
Net receivables	<u><u>94,611</u></u>	<u><u>66,818</u></u>	<u><u>13,029</u></u>	<u><u>174,458</u></u>

Succeeding year property tax receivables are recorded on the lien date of January 1st with the related revenue reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied.

At June 30, 2015, \$166.1 million of receivables, \$159.2 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, \$6.9 million was reclassified to revenue from unavailable revenue, while succeeding year property taxes remain deferred inflows of resources.

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 and have terms ranging from 22 months to 36 months. These are amortized over the life of the service agreement and recorded as expenditures/expenses when consumed rather than when purchased.

The inventories and prepaid items on hand at June 30, 2015 were comprised of the following categories (000's):

Inventory and prepaid items	General Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
Inventory				
Food service supplies	-	-	666	666
Classroom supplies	164	-	-	164
Custodial supplies	325	-	14	339
Total inventory	<u>489</u>	<u>-</u>	<u>680</u>	<u>1,169</u>
Prepaid items	<u>-</u>	<u>425</u>	<u>-</u>	<u>425</u>
Total Inventory and prepaid items	<u><u>489</u></u>	<u><u>425</u></u>	<u><u>680</u></u>	<u><u>1,594</u></u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

Note 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows (000's):

<u>Governmental Activities:</u>	<u>Beginning</u>		<u>Increases</u>		<u>Transfers</u>		<u>Decreases</u>		<u>Ending</u>
	<u>Balance</u>								<u>Balance</u>
Capital assets, not being depreciated:									
Land	\$ 4,197	\$ -		\$ 15		\$ -		\$ 4,212	
Construction in progress	44,203	43,838		(41,775)		-		46,266	
Assets out of service	4,244	-		(1,819)		-		2,425	
Total capital assets not being depreciated	<u>\$ 52,644</u>	<u>\$ 43,838</u>		<u>\$ (43,579)</u>		<u>\$ -</u>		<u>\$ 52,903</u>	
Capital assets being depreciated:									
Buildings	\$ 705,307	\$ 1,025		\$ 37,908		\$ (4,813)		\$ 739,427	
Furniture, equipment and vehicles	57,655	6,319		7,337		(2,317)		68,994	
Total capital assets being depreciated	<u>\$ 762,962</u>	<u>\$ 7,344</u>		<u>\$ 45,245</u>		<u>\$ (7,130)</u>		<u>\$ 808,421</u>	
Total assets	<u>\$ 815,606</u>	<u>\$ 51,182</u>		<u>\$ 1,666</u>		<u>\$ (7,130)</u>		<u>\$ 861,324</u>	
Less accumulated depreciation for:									
Buildings	\$ (267,817)	\$ (21,195)		\$ (1,666)		\$ 3,776		\$ (286,902)	
Furniture, equipment and vehicles	(30,616)	(5,509)		-		1,896		(34,229)	
Total accumulated depreciation	<u>\$ (298,433)</u>	<u>\$ (26,704)</u>		<u>\$ (1,666)</u>		<u>\$ 5,672</u>		<u>\$ (321,131)</u>	
Governmental activities capital assets, net	<u>\$ 517,173</u>	<u>\$ 24,478</u>		<u>\$ -</u>		<u>\$ (1,458)</u>		<u>\$ 540,193</u>	

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

Governmental activities:		
Instruction	\$	14,479
Support services - student and staff		1,499
Administrative support services		4,708
Operation and maintenance of plant services		1,890
Student transportation services		1,987
Operation of non-instructional services		2,088
Other		53
	<u>\$</u>	<u>26,704</u>

Assets Out of Service

Assets Out of Service includes sites identified as surplus properties under the Project Schoolhouse initiative. During 2015 \$1.8 million of assets out of service were put back into use. As of June 30, 2015 assets out of service were approximately \$2.4 million.

Construction Commitments

The District has active construction projects as of June 30, 2015. These projects include new construction and renovations of schools. At year-end, the District had approximately \$35 million in outstanding construction encumbrances.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

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, as provided by FASB 13, *Accounting for Leases*.

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 will have 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.

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 2015 were reported as revenue and expenditure in the amount of approximately \$1 million. The principal due under the Agreement will be in the form of one installment on December 1, 2015 paid from the proceeds of general obligation bonds which have been previously approved by the voters of the District. As of June 30, 2015, there were draw downs of \$30.0 million used by the District to fund various projects.

The future lease payments as of June 30, 2015, are as follows (000's):

<u>Fiscal Year(s)</u>	<u>Equipment</u>	<u>Improvements</u>	<u>Total</u>
2016	\$ 725	\$ 29,952	\$ 30,677
Total lease payments	<u>725</u>	<u>29,952</u>	<u>30,677</u>
Less imputed interest			<u>(170)</u>
Present value of minimum lease payment			<u>\$ 30,507</u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

Note 7. CAPITAL LEASES (continued)

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

	Balance				Balance
	June 30, 2014	Additions	Retirements		June 30, 2015
Buildings and improvements	\$ 29,952	\$ -	\$ -	\$	29,952
Equipment	900	-	(345)		555
Total	<u>30,852</u>	<u>-</u>	<u>(345)</u>		<u>30,507</u>
Less: Current portion					<u>(30,507)</u>
Total long-term capitalized lease obligations outstanding				\$	<u><u>-</u></u>

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

Buildings and improvements total	\$	29,623
Equipment		<u>900</u>
Total		<u><u>30,523</u></u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

Note 8. LONG-TERM DEBT

Combined Purpose Bonds (Series 2014C) and Technology Equipment Bonds (Series 2014D)

In July 2014, the District issued \$40.8 million in Combined Purpose Bonds Series 2014C and \$7.2 million in Technology Equipment Bonds Series 2014D. The proceeds from the 2014C Bonds will be used to construct and renovate school facilities; for library additions, renovations, and library materials; and to acquire textbooks, classroom materials and technology infrastructure. The proceeds from the 2014D bonds will be used to acquire and install equipment to upgrade and enhance our technology.

Combined Purpose Bonds (Series 2015A) and Technology Equipment Bonds (Series 2015B)

In January 2015, the District issued \$32.3 million in Combined Purpose Bonds Series 2015A and \$13.7 million in Technology Equipment Bonds Series 2015B. The proceeds from the 2015A Bonds will be used to construct and renovate school facilities and to acquire school buses and classroom materials. The proceeds from the 2015B bonds will be used to acquire and install equipment to upgrade and enhance our technology.

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, 2015 is approximately \$0.6 million. The net amount of unamortized premium at June 30, 2015 was approximately \$2.6 million.

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

Series	Principal Outstanding June 30, 2014	Issuances	Retirements	Principal Outstanding June 30, 2015	Due within one year
2015B	\$ -	\$ 13,680	\$ -	\$ 13,680	\$ -
2015A	-	32,320	-	32,320	-
2014D	-	7,160	-	7,160	-
2014C	-	40,840	-	40,840	-
2014B	7,160	-	-	7,160	1,790
2014A	10,840	-	-	10,840	2,710
2013C	10,000	-	-	10,000	2,500
2013B	30,000	-	-	30,000	7,500
2013A	10,000	-	2,500	7,500	2,500
2012B	38,000	-	9,500	28,500	9,500
2012A	3,750	-	1,250	2,500	1,250
2011	31,500	-	10,500	21,000	10,500
2010B	20,000	-	10,000	10,000	10,000
2010A	14,250	-	14,250	-	-
2009B	5,445	-	5,445	-	-
Total Long-term debt	<u>180,945</u>	<u>94,000</u>	<u>53,445</u>	<u>221,500</u>	<u>48,250</u>
Premium on bonds	1,399	1,777	580	2,596	725
Capital leases	<u>30,852</u>	<u>-</u>	<u>345</u>	<u>30,507</u>	<u>30,507</u>
Total bonds, capital leases and contracts \$	<u><u>213,196</u></u>	<u><u>95,777</u></u>	<u><u>54,370</u></u>	<u><u>254,603</u></u>	<u><u>79,482</u></u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

Note 8. LONG-TERM DEBT (continued)

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

Fiscal Year	Principal	Coupon Interest	Total
2016	\$ 48,250	\$ 2,192	\$ 50,442
2017	61,750	2,381	64,131
2018	50,000	1,147	51,147
2019	38,000	599	38,599
2020	23,500	203	23,703
	<u>\$ 221,500</u>	<u>\$ 6,522</u>	<u>\$ 228,022</u>

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

	Issue Date	Original Amount	Final Maturity	Annual Principal Payments
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
2011	9/1/2011	42,000	9/1/2016	10,500
2010B	11/1/2010	40,000	11/1/2015	10,000
2010A	6/1/2010	57,000	6/1/2015	14,250
2009B	8/1/2009	21,345	8/1/2014	5,300

Interest Rates on the bonds range from .97% to 2.00% and nominal rates range from .98% to 2.08%

	Coupon Rate	Nominal Rate
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%
2011	1.29%	1.30%
2010B	1.62%	1.69%
2010A	2.00%	1.78%
2009B	2.00%	2.08%

Interest expense on bonds during the year ended June 30, 2015 totaling \$3.1 million is reported in the debt service fund.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 \$800,000 up to an aggregate total of \$5,000,000. Settlements did not exceed coverage for the past three years.

At June 30, 2015, the District had established reserves for workers compensation claims liability and deductibles on commercial coverage of \$13.2 million and \$1.3 million, respectively. Changes in the balances of claims liability for the past three years are as follows (000's):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 14,279	\$ 13,257	\$ 11,826
Incurred claims (including IBNRs)	4,434	5,783	6,120
Claim payments	<u>(4,242)</u>	<u>(4,761)</u>	<u>(4,689)</u>
Unpaid claims, end of year	<u>\$ 14,471</u>	<u>\$ 14,279</u>	<u>\$ 13,257</u>

Approximately \$4.3 million of the amount unpaid at June 30, 2015 is expected to be paid out in the next fiscal year from General Funds.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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	\$ 8,676
Capital Projects Fund	35,161
Other Funds	1,362
Total	<u>\$ 45,199</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 System. 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, 2015, there were 4,035 active employees of the District participating in the plan, comprising 3% 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

June 30, 2015

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, 2015 and 2014. In addition, the District is required to match the State's contribution rate on salaries that are paid with federal funds. The District's contributions to OTRS which includes federal matching in 2015, 2014, and 2013 were \$17.1 million, \$16.9 million, \$16.7 million, respectively, equal to the required contributions each year.

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, 2015, 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 2015, the State of Oklahoma contributed 5 percent of state revenues from sales and use

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

Note 11. PENSION BENEFITS (continued)

taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2015, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$12.5 million. In accordance with generally accepted accounting practices, District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements. These on-behalf payments do not meet the definition of a special funding situation.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2015, the District reported a liability of \$224.7 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. 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, 2014. Based upon this information, the District's proportion was 4.17622710 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$13.3 million. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,704
Net difference between projected and actual earnings on pension plan investments	-	54,375
District contributions subsequent to the measurement date	17,734	-
Total	<u>\$ 17,734</u>	<u>\$ 58,079</u>

Deferred pension outflows totaling approximately \$17.7 million resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflows totaling approximately \$54.4 million resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling approximately \$3.7 million resulting from differences between expected and actual experience 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 6.32 years at June 30, 2014 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Deferred Inflows</u>
2016	(14,290)
2017	(14,290)
2018	(14,290)
2019	(14,290)
2020	(696)
Thereafter	<u>(223)</u>
	(58,079)

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 11. PENSION BENEFITS (continued)

Actuarial assumptions

The total pension liability was determined based on an actuarial valuation prepared as of July 1, 2014 using the following actuarial assumptions:

- Actuarial Cost Method—Entry Age Normal
- Amortization Method—Level Percentage of Payroll
- Amortization Period—Amortization over an open 30-year period
- Asset Valuation Method—5-year smooth market
- Inflation—3.00 percent
- Salary Increases—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.
- 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 September 2010 in conjunction with the five year experience study for the period ending June 30, 2009.
- Mortality—RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females.

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, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic All Cap Equity*	7.0%	8.9%
Domestic Large Cap Equity	10.0%	8.5%
Domestic Mid Cap Equity	13.0%	9.2%
Domestic Small Cap Equity	10.0%	9.2%
International Large Cap Equity	11.5%	9.2%
International Small Cap Equity	6.0%	9.2%
Core Plus Fixed Income	17.5%	4.3%
High-yield Fixed Income	6.0%	6.7%
Private Equity	5.0%	10.1%
Real Estate**	7.0%	7.8%
Master Limited Partnerships	7.0%	10.1%
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)

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 11. PENSION BENEFITS (continued)

Discount rate

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 5 percent of sales, use and individual income taxes, as established by statute. Based on these assumptions, OTRS' fiduciary net position was projected to be available to make 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>315,640</u>	<u>224,675</u>	<u>147,899</u>

Other Post-Employment Benefits (OPEB)

During 2014 and 2015, 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
June 30, 2015

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, 2015 is as follows (000's):

	<u>Balance</u> <u>6/30/2014</u>	<u>Accruals</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2015</u>
Vacation	\$ 2,862	3,183	2,980	3,065
Sick	3,976	7,261	7,262	3,975
Total	<u>\$ 6,838</u>	<u>\$ 10,444</u>	<u>\$ 10,242</u>	<u>\$ 7,040</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

Combined Purpose Bonds (Series 2015C)

In August 2015, the District issued \$17.9 million in Combined Purpose Bonds Series 2015C. The proceeds from these bonds will be used to construct and renovate school facilities, for library improvements, and to acquire classroom materials. This bond has a coupon rate of 1.68%, a nominal rate of 1.67%, and a maturity date of August 1, 2020.

Building Bonds (Series 2015D)

In August 2015, the District issued \$10 million in Building Bonds Series 2015D. The proceeds from these bonds will be used to construct and renovate school facilities. This bond has a coupon rate of 1.89%, a nominal rate of 1.88%, and a maturity date of August 1, 2020.

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. This bond has a coupon rate of 1.31%, a nominal rate of 1.31%, and a maturity date of November 1, 2020.

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Required Supplementary Information

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FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2015</u>
District's proportion of the net pension liability (asset)	4.18%
District's proportionate share of the net pension liability (asset)	\$ 224,675
District's covered-employee payroll	\$ 163,115
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	137.74%
Plan fiduciary net position as a percentage of the total pension liability	72.43%

*Only the current fiscal year is presented using a June 30, 2014 measurement date because 10-year data is not yet available.

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

	<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>	<u>2006</u>
Contractually required contribution \$	17.1	\$ 16.9	\$ 16.7	\$ 16.0	\$ 16.2	\$ 16.5	\$ 14.9	\$ 13.6	\$ 13.2	\$ 11.1
Contributions in relation to the contractually required contribution	<u>(17.1)</u>	<u>(16.9)</u>	<u>(16.7)</u>	<u>(16.0)</u>	<u>(16.2)</u>	<u>(16.5)</u>	<u>(14.9)</u>	<u>(13.6)</u>	<u>(13.2)</u>	<u>(11.1)</u>
Contribution deficiency (excess) \$	<u> -</u>									
District's covered-employee payroll \$	163	\$ 164	\$ 160	\$ 158	\$ 159	\$ 161	\$ 156	\$ 154	\$ 159	\$ 138
Contributions as a percentage of covered-employee payroll	10.51%	10.29%	10.44%	10.13%	10.19%	10.25%	9.58%	8.80%	8.29%	8.03%

**Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015
(Thousands)**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 102,898	\$ 105,191	\$ 111,314	\$ 6,123
State program revenues	157,565	156,601	151,606	(4,995)
Federal program revenues	<u>45,048</u>	<u>40,086</u>	<u>33,957</u>	<u>(6,129)</u>
Total revenues	<u>305,511</u>	<u>301,878</u>	<u>296,877</u>	<u>(5,001)</u>
EXPENDITURES				
Current:				
Salaries	200,337	197,090	194,516	(2,574)
Benefits	54,883	54,796	57,535	2,739
Purchased Services	22,496	22,994	19,308	(3,686)
Supplies	22,722	22,390	17,295	(5,095)
Property	107	175	150	(25)
Other Expenditures	2,436	1,840	1,384	(456)
Other Outlays	<u>7,121</u>	<u>6,593</u>	<u>5,469</u>	<u>(1,124)</u>
Total expenditures	<u>310,102</u>	<u>305,878</u>	<u>295,657</u>	<u>(10,221)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,591)</u>	<u>(4,000)</u>	<u>1,220</u>	<u>5,220</u>
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year and fund transfer	<u>4,000</u>	<u>4,000</u>	<u>2,503</u>	<u>(1,497)</u>
Net change in fund balances	(591)	-	3,723	3,723
Fund balance -- June 30, 2014	<u>21,331</u>	<u>24,371</u>	<u>24,371</u>	<u>-</u>
Fund balance -- June 30, 2015	<u>\$ 20,740</u>	<u>\$ 24,371</u>	<u>\$ 28,094</u>	<u>\$ 3,723</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, 2015
(Thousands)**

Change in fund balance of governmental funds - General Fund	\$ (984)
Revenues are recognized when earned in the governmental funds but are recognized when received for budgetary purposes. During the year, \$10,361 was received that was attributable to prior year activities and \$7,141 of revenue was realized but not received by the close of the year.	3,221
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 more supplies and materials than it used during the year, resulting in an increase in inventories from \$400 to \$489.	(89)
Obligations are accrued when incurred and measurable in the governmental funds but reported when expended for budgetary purposes. There was a decrease of \$8 in the accounts payable accrual.	(8)
A reduction of \$274 was made in the liability insurance reserve and of \$5,176 in the reserve for workers compensation to comply with modified accrual standards.	(5,450)
Fair market value adjustment for long-term investments	(5)
Encumbrances are included in expenditures for budgetary purposes but not for the governmental fund financial statements.	(8,581)
Expenditures in the governmental fund financial statements include those paid with prior year encumbrances, which are excluded on the budgetary basis.	13,274
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.	(161)
Expenditures for federal projects 5422 and 5440 claims are shown in a separate fund for budgetary purposes but combined with the general fund in the governmental funds.	<u>3</u>
Excess (deficiency) of revenues over expenditures - budgetary basis	\$ <u><u>1,220</u></u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

Note 1. 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, 2015
(Thousands)**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 61,700	\$ 61,898	\$ 62,287	\$ 389
Total revenues	<u>61,700</u>	<u>61,898</u>	<u>62,287</u>	<u>389</u>
EXPENDITURES				
Current:				
Other Expenditures	109,189	108,679	56,558	(52,121)
Total expenditures	<u>109,189</u>	<u>108,679</u>	<u>56,558</u>	<u>(52,121)</u>
Excess (deficiency) of revenues over expenditures	<u>(47,489)</u>	<u>(46,781)</u>	5,729	<u>52,510</u>
OTHER FINANCING SOURCES				
Premium on bonds sold	500	1,777	1,777	-
Net change in fund balances	<u>(46,989)</u>	<u>(45,004)</u>	7,506	52,510
Fund balance -- June 30, 2014	46,989	45,004	45,004	-
Fund balance -- June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,510</u>	<u>\$ 52,510</u>

**Budgetary Comparison Schedule - Capital Improvements
For the Year Ended June 30, 2015
(Thousands)**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 86,001	\$ 94,001	\$ 94,000	\$ (1)
Total revenues	<u>86,001</u>	<u>94,001</u>	<u>94,000</u>	<u>(1)</u>
EXPENDITURES				
Current:				
Purchased Services	60,316	56,565	55,005	(1,560)
Supplies	29,708	33,438	22,647	(10,791)
Property	4,000	8,758	4,676	(4,082)
Other Expenditures	150	-	-	-
Total expenditures	<u>94,174</u>	<u>98,761</u>	<u>82,328</u>	<u>(16,433)</u>
Excess (deficiency) of revenues over expenditures	<u>(8,173)</u>	<u>(4,760)</u>	<u>11,672</u>	<u>16,432</u>
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year	1,000	500	134	(366)
Fund Net change in fund balances	<u>(7,173)</u>	<u>(4,260)</u>	<u>11,806</u>	<u>16,066</u>
Fund balance -- June 30, 2014	7,173	4,260	4,260	-
Fund balance -- June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,066</u>	<u>\$ 16,066</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule - Special Revenue Funds
For the Year Ended June 30, 2015
(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	\$ 11,334	\$ 12,039	\$ 12,100	\$ 61	\$ 4,223	\$ 3,945	\$ 4,007	\$ 62
State program revenues	650	679	686	7	2,378	2,523	2,529	6
Federal program revenues	-	-	-	-	19,638	20,164	20,600	436
Total revenues	<u>11,984</u>	<u>12,718</u>	<u>12,786</u>	<u>68</u>	<u>26,239</u>	<u>26,632</u>	<u>27,136</u>	<u>504</u>
EXPENDITURES								
Current:								
Salaries	6,190	6,190	5,525	(665)	9,258	9,797	9,169	(628)
Benefits	1,318	1,418	1,311	(107)	2,560	3,030	3,085	55
Purchased Services	5,424	5,645	5,639	(6)	2,202	2,180	2,180	-
Supplies	182	330	381	51	12,183	12,730	12,211	(519)
Property	65	164	123	(41)	135	57	115	58
Other Expenditures	3,176	6,181	172	(6,009)	1	1	1	-
Total expenditures	<u>16,355</u>	<u>19,928</u>	<u>13,151</u>	<u>(6,777)</u>	<u>26,339</u>	<u>27,795</u>	<u>26,761</u>	<u>(1,034)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,371)</u>	<u>(7,210)</u>	<u>(365)</u>	<u>6,845</u>	<u>(100)</u>	<u>(1,163)</u>	<u>375</u>	<u>1,538</u>
OTHER FINANCING SOURCES								
Lapsed appropriations from prior year	20	175	175	-	100	25	25	-
Net change in fund balances	(4,351)	(7,035)	(190)	6,845	-	(1,138)	400	1,538
Fund balance -- June 30, 2014	4,851	7,535	7,535	-	2,232	3,044	3,019	(25)
Fund balance -- June 30, 2015	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 7,345</u>	<u>\$ 6,845</u>	<u>\$ 2,232</u>	<u>\$ 1,906</u>	<u>\$ 3,419</u>	<u>\$ 1,513</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Statement of Changes in Fiduciary Assets and Liabilities
Student Activity Funds
For the Year Ended June 30, 2015
(Thousands)**

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
ASSETS				
Cash and cash equivalents	\$ 3,687	\$ 3,830	\$ 3,794	\$ 3,723
TOTAL ASSETS	<u>3,687</u>	<u>3,830</u>	<u>3,794</u>	<u>3,723</u>
LIABILITIES				
Due to student groups	3,687	3,830	3,794	3,723
TOTAL LIABILITIES	<u>\$ 3,687</u>	<u>\$ 3,830</u>	<u>\$ 3,794</u>	<u>\$ 3,723</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Balance Sheet
Other Funds
June 30, 2015
(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	\$ 3,477	\$ 3,940	\$ 514	\$ 9	\$ 7,940
Investments	5,500	250	755	-	6,505
Receivables net of allowance for uncollectibles	12,416	610	3	-	13,029
Inventories and prepaid items	<u>14</u>	<u>666</u>	<u>-</u>	<u>-</u>	<u>680</u>
Total Assets	<u>21,407</u>	<u>5,466</u>	<u>1,272</u>	<u>9</u>	<u>28,154</u>
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	<u>812</u>	<u>526</u>	<u>40</u>	<u>-</u>	<u>1,378</u>
Total liabilities	<u>812</u>	<u>526</u>	<u>40</u>	<u>-</u>	<u>1,378</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>12,323</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>12,331</u>
Total deferred inflows of resources	<u>12,323</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>12,331</u>
FUND BALANCES					
Non-spendable					
Inventories and prepaids	14	666	-	-	680
Endowments	-	-	30	-	30
Restricted	8,258	-	1,202	-	9,460
Assigned	<u>-</u>	<u>4,266</u>	<u>-</u>	<u>9</u>	<u>4,275</u>
Total fund balances	<u>8,272</u>	<u>4,932</u>	<u>1,232</u>	<u>9</u>	<u>14,445</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,407</u>	<u>\$ 5,466</u>	<u>\$ 1,272</u>	<u>\$ 9</u>	<u>\$ 28,154</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Other Funds

For the Year Ended June 30, 2015

(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	\$ 11,575	\$ -	\$ -	\$ -	\$ 11,575
Other local sources	85	-	640	-	725
Intermediate sources	-	-	-	-	-
Fees and charges	30	4,098	-	-	4,128
State aid	686	2,529	-	-	3,215
Federal aid	-	21,507	-	-	21,507
Earnings on investments	388	5	11	-	404
Miscellaneous	8	-	-	1	9
Total revenues	<u>12,772</u>	<u>28,139</u>	<u>651</u>	<u>1</u>	<u>41,563</u>
EXPENDITURES					
Current:					
Instruction and instruction-related services	9	-	458	-	467
Support services - student and staff	-	-	85	-	85
Instructional and school leadership	15	-	3	-	18
Administrative support services	309	-	82	-	391
Operation of non-instructional services	-	27,587	-	-	27,587
Operation and maintenance of plant services	12,031	-	-	-	12,031
Student transportation services	-	-	15	-	15
Facilities acquisition and construction services	528	-	-	-	528
Other	-	-	-	3	3
Total expenditures	<u>12,892</u>	<u>27,587</u>	<u>643</u>	<u>3</u>	<u>41,125</u>
Excess (deficiency) revenues over expenditures	(120)	552	8	(2)	438
Fund balances -- June 30, 2014	<u>8,392</u>	<u>4,380</u>	<u>1,224</u>	<u>11</u>	<u>14,007</u>
Fund balances -- June 30, 2015	<u>\$ 8,272</u>	<u>\$ 4,932</u>	<u>\$ 1,232</u>	<u>\$ 9</u>	<u>\$ 14,445</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>	96
These schedules contain trend information to help the reader understand how the District’s financial performance has changed over time.	
<i>Revenue Capacity</i>	102
These schedules present information to help the reader assess the District’s major revenue sources.	
<i>Debt Capacity</i>	106
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>	110
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>	112
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,			
	2015	2014	2013	2012
Expenses				
Governmental activities:				
Instruction and instruction-related services	\$ 177,674	\$ 192,553	\$ 181,380	\$ 186,608
Support services - student and staff	45,399	45,168	46,942	46,858
Instructional and school leadership	21,389	20,394	17,051	16,986
Administrative support services	43,169	36,711	28,713	28,765
Operation of non-instructional services	30,923	26,071	28,519	28,800
Operation and maintenance of plant services	37,238	35,757	34,385	36,426
Student transportation services	12,800	15,246	12,714	13,753
Facilities acquisition and construction services	2,443	52	6,998	2,008
Charter schools	5,424	4,306	4,249	1,310
Other	4,145	5,947	6,622	6,316
Interest on long-term debt	3,775	3,139	2,935	3,735
Total primary governmental activities expense	<u>384,379</u>	<u>385,344</u>	<u>370,508</u>	<u>371,565</u>
Program Revenues				
Governmental activities:				
Charges for services				
Operation of non-instructional services	5,406	5,548	5,722	5,754
Student transportation services	-	1,435	1,263	1,079
Other	774	662	636	378
Operating grants and contributions	76,880	72,202	74,612	87,483
Capital grants and contributions	-	-	-	90
Total primary governmental activities program revenues	<u>83,060</u>	<u>79,847</u>	<u>82,233</u>	<u>94,784</u>
Net Expense				
Total primary governmental activities net expenses	<u>(301,319)</u>	<u>(305,497)</u>	<u>(288,275)</u>	<u>(276,781)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	159,678	147,823	144,602	141,061
State aid - formula grants	95,126	94,787	97,186	97,945
Dedicated state revenue	65,260	63,792	63,360	61,413
County revenue	9,927	9,807	10,194	9,581
Unrestricted investment earnings	591	857	389	575
Gain (loss) on sale of real estate	218	(27)	-	417
Gain on early lease payoff	-	-	-	359
Insurance recovery	69	6,112	-	-
Other local revenue	304	496	1,507	529
Total primary governmental activities	<u>331,173</u>	<u>323,647</u>	<u>317,238</u>	<u>311,880</u>
Change in Net Position				
Total primary government	<u>\$ 29,854</u>	<u>\$ 18,150</u>	<u>\$ 28,963</u>	<u>\$ 35,098</u>

STATISTICAL SECTION: FINANCIAL TRENDS

	2011	2010	2009	2008	2007	2006
\$	193,410	\$ 201,598	\$ 189,657	\$ 188,736	\$ 181,576	\$ 168,043
	51,731	49,917	46,783	41,738	42,005	41,472
	17,192	17,781	17,104	17,195	17,260	16,780
	27,092	27,641	24,990	18,849	18,929	16,800
	26,117	27,375	25,053	23,994	22,909	19,466
	36,498	36,733	38,964	38,959	40,655	37,433
	12,969	13,927	13,176	14,743	14,232	12,128
	2,396	-	-	-	2,161	1,825
	1,468	3,461	3,328	4,514	4,251	4,072
	7,400	-	805	5,725	8,412	5,462
	4,490	4,544	6,039	4,542	4,842	4,597
	<u>380,763</u>	<u>382,977</u>	<u>365,899</u>	<u>358,995</u>	<u>357,232</u>	<u>328,078</u>
	5,429	6,039	6,411	6,368	5,002	5,540
	1,855	1,736	1,370	760	1,338	1,149
	1,270	699	907	899	883	1,037
	97,373	85,309	84,977	71,787	68,093	61,751
	167	150	-	868	231	86
	<u>106,094</u>	<u>93,933</u>	<u>93,665</u>	<u>80,682</u>	<u>75,547</u>	<u>69,563</u>
	<u>(274,669)</u>	<u>(289,044)</u>	<u>(272,234)</u>	<u>(278,313)</u>	<u>(281,685)</u>	<u>(258,515)</u>
	139,515	140,357	132,731	128,508	120,729	114,968
	94,405	96,698	117,458	116,347	113,516	104,843
	47,055	44,411	44,033	42,495	41,140	38,897
	9,446	9,061	8,653	9,120	9,970	9,668
	890	396	1,396	4,544	5,610	5,395
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	101	113
	508	722	614	370	430	393
	<u>291,819</u>	<u>291,645</u>	<u>304,885</u>	<u>301,384</u>	<u>291,496</u>	<u>274,277</u>
\$	<u>17,150</u>	<u>2,601</u>	<u>32,651</u>	<u>23,071</u>	<u>9,811</u>	<u>15,762</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,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues				
Property taxes	\$ 153,943	\$ 145,061	\$ 144,601	\$ 141,060
Other local sources	11,001	8,168	7,056	8,090
Intermediate sources	9,927	9,807	10,194	9,581
Fees and charges	6,187	6,224	6,427	6,222
State aid	174,496	171,526	167,754	165,789
Federal aid	54,270	57,065	62,689	79,665
Earnings on investments	644	917	410	597
Miscellaneous	2,312	2,263	2,128	1,938
Total revenues	<u>412,780</u>	<u>401,031</u>	<u>401,259</u>	<u>412,942</u>
Expenditures				
Instruction and instruction-related services	182,300	183,919	176,435	181,320
Support services - student and staff	44,034	44,227	46,144	46,196
Instructional and school leadership	21,389	20,394	17,050	16,986
Administrative support services	41,959	38,446	25,347	26,208
Operation of non-instructional services	28,914	27,151	26,237	25,850
Operation and maintenance of plant services	36,239	37,000	33,706	35,588
Student transportation services	13,621	14,676	13,133	13,948
Facilities acquisition and construction services	43,972	34,008	52,898	83,689
Charter schools	5,424	4,305	4,249	1,310
Other	4,125	4,913	5,728	6,085
Debt service:				
Principal	53,790	51,925	50,175	49,593
Interest	4,166	3,985	4,654	4,470
Total expenditures	<u>479,933</u>	<u>464,949</u>	<u>455,756</u>	<u>491,243</u>
Excess of expenses over revenues	<u>(67,153)</u>	<u>(63,918)</u>	<u>(54,497)</u>	<u>(78,301)</u>
Other financing sources				
Bond issuances	95,777	58,535	48,432	47,412
Capital Leases	-	1,024	11,936	17,562
Insurance recoveries	56	6,113	-	-
Proceeds from sale of Capital Assets	216	2,317	-	1,948
Net change in fund balances	<u>\$ 28,896</u>	<u>\$ 4,071</u>	<u>\$ 5,871</u>	<u>\$ (11,379)</u>
Debt service as a percentage of noncapital expenditures	13.52%	13.40%	13.68%	13.29%

STATISTICAL SECTION: FINANCIAL TRENDS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	149,208	\$ 150,748	\$ 140,856	\$ 135,964	\$ 128,419	\$ 123,694
	9,446	9,061	8,873	9,063	9,886	9,990
	7,566	7,199	7,069	6,518	6,467	6,415
	151,118	151,481	170,505	172,858	164,064	149,152
	83,271	78,227	71,656	56,873	57,298	54,387
	972	757	1,569	4,693	5,794	5,477
	1,734	1,547	1,591	2,045	1,711	1,669
	<u>403,315</u>	<u>399,020</u>	<u>402,119</u>	<u>388,014</u>	<u>373,639</u>	<u>350,784</u>
	184,121	189,495	181,595	181,011	175,160	162,753
	50,758	49,112	46,018	40,981	41,287	40,876
	17,197	17,781	17,104	17,195	17,260	16,798
	26,258	24,845	22,258	20,144	23,209	18,231
	25,759	26,303	23,862	22,744	21,904	18,928
	36,309	37,813	40,088	40,443	41,870	39,117
	17,482	15,582	11,647	13,158	14,866	14,870
	42,026	23,348	34,685	32,912	33,832	44,099
	1,468	3,461	3,328	4,514	4,251	4,072
	7,536	10,610	6,670	5,315	6,126	6,135
	43,490	44,615	39,615	36,615	38,850	38,800
	5,280	6,320	5,813	4,118	5,005	4,452
	<u>457,684</u>	<u>449,285</u>	<u>432,683</u>	<u>419,150</u>	<u>423,620</u>	<u>409,131</u>
	<u>(54,369)</u>	<u>(50,265)</u>	<u>(30,564)</u>	<u>(31,136)</u>	<u>(49,981)</u>	<u>(58,347)</u>
	40,213	79,011	42,824	40,390	32,545	59,944
	3,848	-	-	-	101	113
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u><u>(10,308)</u></u>	<u><u>28,746</u></u>	<u><u>12,260</u></u>	<u><u>9,254</u></u>	<u><u>(17,335)</u></u>	<u><u>1,710</u></u>
	11.75%	11.73%	11.34%	10.47%	11.09%	11.86%

STATISTICAL SECTION: FINANCIAL TRENDS

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets:	\$ 326,777	\$ 318,867	303,399	\$ 280,211	\$ 262,429	\$ 255,543	\$ 236,025	\$ 215,331	\$ 197,939	\$ 182,975
Restricted for:										
Debt service	52,882	45,494	47,125	48,500	49,781	48,708	47,453	43,660	38,361	41,302
Building	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	-	-	-	-
Unrestricted	<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>	<u>26,742</u>
Total primary governmental activities net position	\$ <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>	\$ <u>251,019</u>

Note: The District adopted GASB No. 65 for financial reporting purposes in fiscal year ended June 30, 2013; for comparative purposes fiscal year ended June 30, 2012 has been restated.
The District adopted GASB No. 54 for financial reporting purposes in fiscal year ended June 30, 2011; for comparative purposes fiscal year ended June 30, 2010 was restated.

STATISTICAL SECTION: FINANCIAL TRENDS

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,284	\$ 3,485	\$ 2,876	\$ 4,605
Unreserved	-	-	-	-	-	-	26,654	22,484	18,803	17,168
Non-spendable										
Inventories and prepaids	489	400	624	781	717	842	-	-	-	-
Endowments	-	-	-	-	-	-	-	-	-	-
Restricted										
Federal allocation carryover	8,212	1,640	1,443	168	387	4,137	-	-	-	-
Committed	-	-	-	4,566	3,976	710	-	-	-	-
Assigned	8,439	15,998	14,264	10,766	4,822	6,016	-	-	-	-
Unassigned	36,052	36,137	35,855	27,501	21,430	5,124	-	-	-	-
Total general fund	\$ 53,192	\$ 54,175	\$ 52,186	\$ 43,782	\$ 31,332	\$ 16,829	\$ 32,938	\$ 25,969	\$ 21,679	\$ 21,773
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,562	\$ 63,725	\$ 56,911	\$ 69,847
Unreserved, reported in:										
Capital projects funds	-	-	-	-	-	-	874	1,268	1,012	5,562
Special revenue funds	-	-	-	-	-	-	5,582	5,734	7,840	7,595
Non-spendable										
Inventories and prepaids	1,105	1,227	705	622	970	640	-	-	-	-
Endowments	30	30	30	30	30	30	-	-	-	-
Restricted										
Capital projects	40,762	18,634	19,418	22,432	47,563	66,692	-	-	-	-
Debt service	52,882	45,494	47,125	48,500	49,781	48,708	-	-	-	-
Building	8,258	8,377	5,608	4,487	1,091	1,145	-	-	-	-
Gifts	1,202	1,194	1,209	1,580	1,780	1,209	-	-	-	-
Assigned										
Child nutrition	4,266	3,668	2,442	1,417	1,668	2,431	-	-	-	-
Arbitrage	-	-	-	-	9	3	-	-	-	-
Flexible benefits	9	11	16	18	23	15	-	-	-	-
Total all other governmental funds	\$ 108,514	\$ 78,635	\$ 76,553	\$ 79,086	\$ 102,915	\$ 120,873	\$ 76,018	\$ 70,727	\$ 65,763	\$ 83,004

Note: The District adopted GASB 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	
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
2006	1,814,232	10,675	24,848	62	64.62	63.46	63.42	64.13	64.60

*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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	27.79	23.71	23.45	23.59	22.70	23.75	24.10	22.57	21.73	23.42
Total Direct Rate	\$ 68.99	\$ 64.91	\$ 64.65	\$ 64.79	\$ 63.90	\$ 64.95	\$ 65.30	\$ 63.77	\$ 62.93	\$ 64.62
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	22.23	22.23	22.24	22.24	22.21	22.21	22.21	22.21	22.21	22.59
City of Tulsa	20.24	20.24	20.16	20.01	16.98	14.15	14.08	13.48	12.67	9.97
Total For All Governments	\$ 132.00	\$ 127.92	\$ 127.59	\$ 127.58	\$ 123.63	\$ 121.85	\$ 122.13	\$ 120.00	\$ 118.35	\$ 117.72

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			
2015	\$ 1,677,523	\$ 409,790	\$ 126,271	64.65	\$ 19,922,068	11.11%
2014	1,678,771	392,152	148,909	64.65	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%
2006	1,351,255	281,662	216,900	64.60	16,086,664	11.50%

*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,					
	2015			2006		
	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value
Public Service Company of Oklahoma	\$ 52,071	1	2.4%	\$ 37,526	2	2.9%
Holly Refining & Marketing	50,088	2	2.3%	n/a	n/a	n/a
AHS Hillcrest/Tulsa Holdings	27,471	3	1.3%	26,963	4	1.5%
Oklahoma Natural Gas Company	27,037	4	1.2%	23,657	5	1.3%
AT&T Companies*	23,280	5	1.1%	65,932	1	3.6%
Williams Companies	13,652	6	0.6%	28,678	3	1.6%
Warren Foundation	13,359	7	0.6%	10,543	8	0.6%
Spirit Aero Systems, Inc.	9,805	8	0.4%	n/a	n/a	n/a
Helmerich & Payne	9,713	9	0.4%	n/a	n/a	n/a
AAON Inc	8,093	10	0.4%	n/a	n/a	n/a
AT&T Companies	n/a	n/a	n/a	9,498	9	0.5%
Sun Oil Company	n/a	n/a	n/a	10,935	7	0.6%
Cingular Wireless LLC	n/a	n/a	n/a	18,306	6	1.0%
Sinclair Oil Company	n/a	n/a	n/a	8,733	10	0.5%
Total	\$ 234,569		10.7%	\$ 240,771		16.7%

*Formerly Southwestern Bell

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
2015	156,261	150,106	96.06%	-	150,106	96.06%
2014	143,515	138,723	96.66%	2,928	138,723	96.66%
2013	143,629	139,486	97.12%	3,682	139,486	97.12%
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%
2006	119,495	111,124	92.99%	6,159	117,283	98.15%

*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)
2015	\$ 224,096	\$ 30,507	\$ 254,603	32,889,724	0.77%	630	\$ 404
2014	182,344	30,852	213,196	32,889,724	0.65%	630	338
2013	176,044	29,907	205,951	32,889,724	0.63%	622	331
2012	178,460	17,722	196,182	31,065,583	0.63%	614	320
2011	179,586	3,823	183,409	29,402,555	0.62%	608	302
2010	183,270	2,122	185,392	25,710,797	0.72%	605	306
2009	149,305	797	150,102	27,035,375	0.56%	602	249
2008	146,533	1,802	148,335	28,122,403	0.53%	592	251
2007	142,989	2,789	145,778	25,922,322	0.56%	585	249
2006	149,378	4,044	153,422	25,321,413	0.61%	577	266

Source:

(1) Note 8. Long-term debt

(2) See schedule of Demographic and Economic Information

STATISTICAL SECTION: DEBT CAPACITY

**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
2015	\$ 224,096	\$ 53,013	\$ 171,083	\$ 19,922,068	0.86%	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
2006	149,378	41,302	108,076	16,086,664	0.67%	577	187

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)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 226,494	\$ 221,983	\$ 222,160	\$ 218,313	\$ 220,186	\$ 218,018	\$ 209,528	\$ 199,111	\$ 192,693	\$ 184,982
Net Debt Applicable to Limit	166,231	135,451	127,745	129,233	129,287	134,327	101,266	102,360	104,094	108,353
Legal Debt Margin	<u>\$ 60,263</u>	<u>\$ 86,532</u>	<u>\$ 94,415</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>	<u>\$ 76,629</u>
Total net debt applicable to the limit as a percentage of debt limit	74.88%	61.02%	57.50%	59.20%	58.72%	61.61%	48.33%	51.41%	54.02%	58.57%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value	\$ 2,264,936
Debt Limit (10% of assessed value)	226,494
Total Bonded Indebtedness	221,500
Sinking Fund Balance	<u>55,269</u>
Net Bonded Indebtedness	166,231
Legal Debt Margin	<u>\$ 60,263</u>

Source: District records.

STATISTICAL SECTION: DEBT CAPACITY

**Direct and Overlapping Governmental Debt
June 30, 2015
(Thousands)**

Governmental Unit	Net Indebtedness	Estimated % Applicable to the District	Estimated Share of Overlapping Debt
City of Tulsa	\$ 413,554 *	71.07%	\$ 293,925
Tulsa Community College	-	42.49%	-
Tulsa County	282 *	42.49%	120
Tulsa Vo-Tech #18	-	39.15%	-
Creek County	-	3.55%	-
Osage County	-	11.50%	-
Wagoner County	-	0.04%	-
Subtotal, overlapping debt			\$ 294,045
Tulsa School District Direct Debt			254,603
Total Direct and Overlapping Debt			\$ <u>548,648</u>

*As of June 30, 2014

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	2014			2005		
	Employees	Rank	Percentage of Total Employment *	Employees	Rank	Percentage of Total Employment *
Saint Francis Hospital, Inc.	7,500	1	2.52%	7,105	2	2.46%
Wal-Mart/Sam's Club	7,000	2	2.35%			0.00%
Tulsa Public Schools	6,840	3	2.30%	6,598	3	2.29%
St. John Medical Center, Inc.	6,000	4	2.02%	5,000	5	1.73%
American Airlines	5,000	5	1.68%	8,300	1	2.88%
Hillcrest Medical Center	4,500	6	1.51%	6,150	4	2.13%
City of Tulsa	3,500	7	1.18%	3,942	6	1.37%
Cherokee Hard Rock Hotel and Casino	2,700	8	0.91%	-		-
QuikTrip	3,000	9	1.01%	-		-
Sprint AeroSystems	2,500	10	0.84%	-		-
U.S. Postal Service	-		-	2,200	7	0.76%
MCI/WorldCom	-		-	2,078	8	0.72%
Williams Companies	-		-	1,970	9	0.68%
Bank of Oklahoma	-		-	1,839	10	0.64%
	<u>48,540</u>		<u>16.30%</u>	<u>45,182</u>		<u>15.66%</u>

*Tulsa MSA

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

Note: Information is not available for fiscal year 2015.

**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, 2015	(N/A)	(N/A)	\$ (N/A)	311,949	298,243	4.4%
2014	629,598	\$ (N/A)	\$ (N/A)	308,932	297,731	3.6%
2013	622,409	32,889,724	52,843	299,914	283,383	5.5%
2012	613,816	31,065,583	50,611	296,731	280,321	5.5%
2011	608,205	29,402,555	48,343	288,296	269,714	6.4%
2010	605,413	25,710,797	42,468	295,330	272,740	7.7%
2009	601,961	27,035,375	44,912	304,990	285,110	6.5%
2008	592,406	28,122,403	47,472	292,130	280,520	4.0%
2007	585,407	25,922,322	44,281	303,900	290,860	4.3%
2006	577,271	25,321,413	43,864	311,700	299,550	3.9%

Note: only partially information is available for 2014 and 2015

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										Total - Net Current Expenditures Per Pupil	Average Daily Membership	
	Instruction	Support Services & Staff	Administrative Support Services	Instructional and School Leadership	Central Services	Operation & Maintenance of Plant Facilities	Child Nutrition	Total	Facility Acquisition and Construction	Student Transportation			Other
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
2005-06	3,889	931	105	408	342	1,006	431	7,112	1,104	436	272	8,775	41,475

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

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

	<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>	<u>2006</u>
Number of operating cafeterias	84	82	82	85	87	89	89	89	87	88
Number of schools participating in Federal lunch program	84	82	82	85	87	89	89	89	87	88
Student lunches served:										
Free lunches	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	3,488,501
Reduced price lunches	386,566	343,268	394,713	420,617	397,012	473,123	478,911	526,753	532,689	528,325
Paid lunches	521,208	534,142	567,143	589,680	626,107	672,277	718,211	754,244	759,301	814,036
Total student lunches served	<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>	<u>4,830,862</u>
Adult lunches served	49,606	53,738	58,971	63,945	83,735	101,467	225,713	233,530	234,222	248,125
Ala Carte lunches:										
Student daily equivalent meals	766	892	1,061	766	980	1,644	1,883	1,813	1,972	2,155
Adult daily equivalent meals	145	167	114	99	103	152	159	160	195	220
Daily average lunches served (including ala carte lunches):										
Student	25,937	25,226	28,643	29,124	29,499	29,698	28,881	28,908	28,035	29,760
Adult	279	454	465	480	599	729	1,434	1,494	1,468	1,638
Average Daily Membership (ADM)	39,497	39,705	39,596	40,133	40,540	39,893	40,632	40,707	41,379	41,475
Percent of student lunches served to ADM	72.4%	63.5%	72.3%	72.6%	72.8%	74.4%	71.1%	71.0%	67.8%	71.8%

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
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
2005-06	205	196	255	147	274	184	123	306	104	1,794

(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, 2015**

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	320	537	60%	1973	1982
Anderson	1921 E. 29th Street North	86,908	336	479	70%	1960	1972
Bell	6304 E. Admiral Boulevard	136,955	602	728	83%	1952	1972
Burroughs	1924 N. MLK Jr. Boulevard	58,836	335	419	80%	1925	1972
Carnegie	4309 E. 56th Street	54,580	438	419	105%	1958	1972
C. Clinton	1740 N. Harvard Avenue	82,118	617	700	88%	1953	1982
Chouteau	4132 W. Cameron Street	84,183	409	544	75%	1958	1979
Columbus	10620 E. 27th Street	50,366	374	474	79%	1971	1985
Cooper	1808 S. 123rd East Avenue	81,545	814	859	95%	1966	1979
Disney	11702 E. 25th Street	83,564	852	904	94%	1969	1982
ECDC Bunche	5402 N. MLK Jr. BLVD	69,709	186	345	54%	1958	1979
ECDC Porter	1740 W. 41st Street	33,221	162	175	93%	1929	1929
ECDC Reed	10908 E. 5th Street	40,503	88	290	30%	1967	1967
Eisenhower (@Nimitz)	3111 East 56th Street	101,868	517	593	87%	1961	1979
Eliot	1442 E. 36th Street	47,504	391	452	87%	1928	1979
Emerson	909 N. Boston Avenue	54,679	297	387	77%	1976	1979
Eugene Field	2249 S. Phoenix Avenue	58,782	383	474	81%	2005	2006
Gilcrease	5550 N. MLK Jr. Boulevard	129,845	436	537	81%	1964	1979
Grimes	3213 E. 56th Street	40,550	275	344	80%	1966	1979
Grissom	6646 S. 73rd East Avenue	54,062	368	409	90%	1969	1979
Hamilton	2316 N. Norwood Place	120,896	527	718	73%	1957	1974
Hawthorne	1105 E. 33rd Street North	60,471	324	550	59%	1952	1982
Hoover	2327 S. Darlington Avenue	71,755	568	621	91%	1954	1979
Jackson	2137 N. Pittsburg Avenue	55,974	311	386	81%	1959	1972
Jones	1515 S. 71st East Avenue	46,702	411	430	96%	1962	1971
Kendall Whittier	2601 E. 5th Place	125,520	993	1,127	88%	1999	1998
Kerr	202 S. 117th East Avenue	62,015	573	645	89%	1964	1981
Key	5702 S. Irvington Avenue	58,042	525	655	80%	1961	1979
Lanier	1727 S. Harvard Avenue	46,657	340	354	96%	1925	1972
Lee	1920 S. Cincinnati Avenue	48,271	402	450	89%	1918	1972
Lewis & Clark	737 S. Garnett Road	105,666	606	688	88%	1971	1982
Lindbergh	931 S. 89th East Avenue	57,517	464	505	92%	1957	1979
MacArthur	2182 S. 73rd East Avenue	57,695	447	514	87%	1957	1979
Mark Twain	541 S. 43rd West Avenue	57,462	426	505	84%	1999	2003
Marshall	1142 E. 56th Street	65,798	451	537	84%	1953	1974
Mayo	1127 South Columbia Avenue	60,008	405	410	99%	1926	1982
McClure	1770 E. 61st Street	68,573	504	623	81%	1957	1979
McKinley	6703 E. King Street	56,180	561	602	93%	1956	2000
Mitchell	733 N. 73rd East Avenue	49,336	529	582	91%	1960	1979
Owen	1132 N. Vandalia Avenue	62,459	529	570	93%	1952	1979
Park	3205 W. 39th Street	40,492	240	301	80%	1972	1979
Patrick Henry	3820 E. 41st Street	56,378	441	548	80%	1957	1974
Peary	10818 E. 17th Street	44,337	371	386	96%	1968	1982
Penn	2138 E. 48th Street North	53,079	325	460	71%	1959	1983
Remington	2524 W. 53rd Street	48,518	262	406	65%	1967	1974
Robertson	2721 W. 50th Street	53,692	417	515	81%	2003	2003

STATISTICAL SECTION: OPERATING INFORMATION

**List of School Buildings: Square Footage, Capacity, Age
June 30, 2015**

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	76,042	631	710	89%	1964	1979
Sequoyah	724 N Birmingham Avenue	126,377	594	678	88%	1926	1974
Skelly	2940 S. 90th East Avenue	157,774	948	1,180	80%	1966	1979
Springdale	2510 E. Pine Street	58,188	563	592	95%	1925	1972
Whitman	3924 N. Lansing Avenue	51,593	399	452	88%	1961	1980
Wright	1110 E. 45th Place	99,534	382	620	62%	1959	1974
Zarrow	3613 S. Hudson Avenue	51,511	434	399	109%	1959	1979
Carver	624 E. Oklahoma Place	114,349	610	724	84%	1928	1972
Clinton	2224 W. 41st Street	123,811	310	734	42%	2009	2010
East Central JH	12121 E. 21st Street	127,548	714	784	91%	1967	1979
Edison MS	2906 E. 41st Street	116,047	928	766	121%	1954	1979
Hale JH	2177 S. 67th East Avenue	132,777	676	736	92%	1960	1974
McLain 7th Grade Academy	525 E. 46th Street North	51,625	254	324	78%	1957	1974
Memorial JH	7502 E. 57th Street	128,733	467	594	79%	1966	1982
Monroe	2010 E. 48th Street North	98,155	232	450	52%	1958	1979
Thoreau	7370 East 71st Street	123,110	640	665	96%	1973	1984
Central JR/HS	3101 W. Edison Street	178,245	840	883	95%	1976	1988
East Central	12150 E. 11th Street	264,818	1,048	1,261	83%	1966	1979
Edison	2906 E. 41st Street	287,018	1,117	1,281	87%	1957	1979
Hale	6960 E. 21st Street	251,413	1,097	1,140	96%	1959	1979
McLain JR/HS	4929 N. Peoria Avenue	221,638	771	1,009	76%	1959	1988
Memorial	5840 S. Hudson Avenue	278,863	1,466	1,225	120%	1962	1988
Rogers	3909 E. 5th Place	286,334	1,104	1,206	92%	1939	1972
Washington	1514 E. Zion Street	259,805	1,318	1,502	88%	2001	2004
Webster	1919 W. 40th Street	208,807	473	641	74%	1938	1972
Street School (Franklin)	1135 S. Yale Avenue	40,635	93	115	81%	1927	1927
Tulsa MET (Bryant)	6201 E. Virgin Street	57,850	138	275	50%	1929	1929
Margaret Hudson	1136 S. Alleghany Avenue	18,565	51	90	57%	1999	1999
Phoenix Rising (Lombard)	1205 West Newton Street	31,928	55	115	48%	1910	1910
Traice (Lindsey)	2740 E. 41st Street North	45,075	121	185	65%	1957	1957

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

** 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				
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%
2006	57	16	9	42,281	41,475	38,679	93.26%

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

Schedule of Government Employees by Function

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

Note: Information is not available prior to fiscal year 2009
Source: District records.