



**Tulsa Public Schools**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2019**



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

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

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

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, gender expression, gender identity, pregnancy, disability, genetic information, veteran status, marital status, age or any other classification protected by applicable law with respect to employment, programs and activities. The district also provides equal access to the Boy Scouts of America and other designated youth groups.*

*The district prohibits discrimination. The district also prohibits retaliation, intimidation, threats, or coercion against any individual who complains about discrimination or participates in the district's discrimination complaint process.*

*The following person is designated to handle complaints and inquiries regarding Tulsa Public Schools' non-discrimination policies:*

*Dr. Pauline Harris, Human Rights & Title IX Coordinator  
Tulsa Public Schools Talent Management Department  
3027 S. New Haven Ave.  
Tulsa, Oklahoma 74114-6131  
918-746-6517*

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## Introductory Section

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## Board of Education

### President

Shawna Keller

### Members

Ruth Ann Fate  
Brian Hosmer  
Jennettie Marshall  
Suzanne Schreiber  
Jania Wester  
Stacey Woolley

### Deborah A. Gist, Ed.D.

Superintendent

### Nolberto Delgadillo

Chief Financial Officer

### George P. Stoeppelwerth

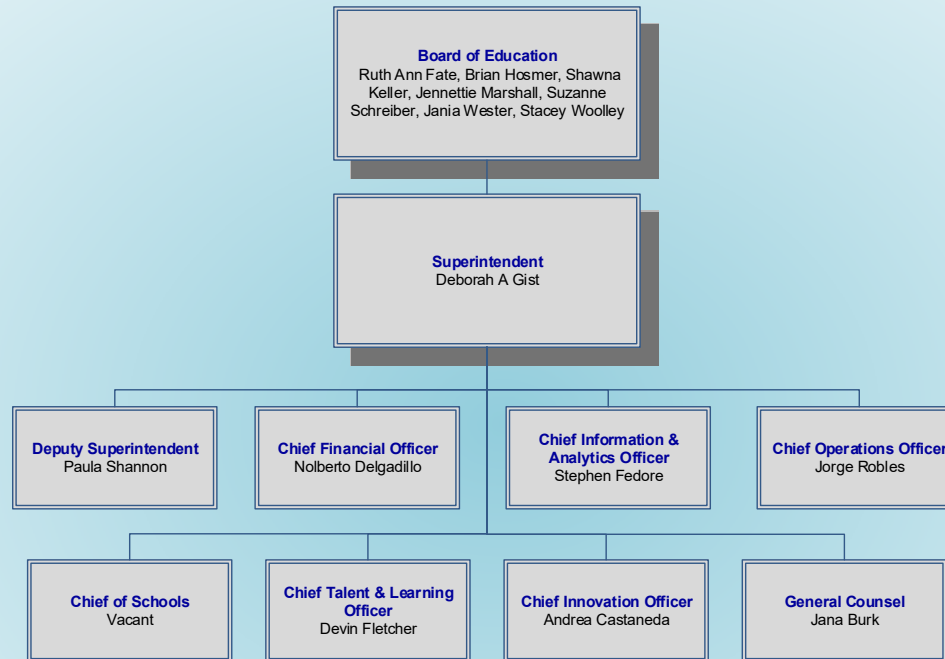
Director of Finance  
Treasurer

### Alicia A. Srader

Director of Accounting  
Encumbrance Clerk



## Tulsa Public Schools Superintendent's 2018-2019 Cabinet



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

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

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

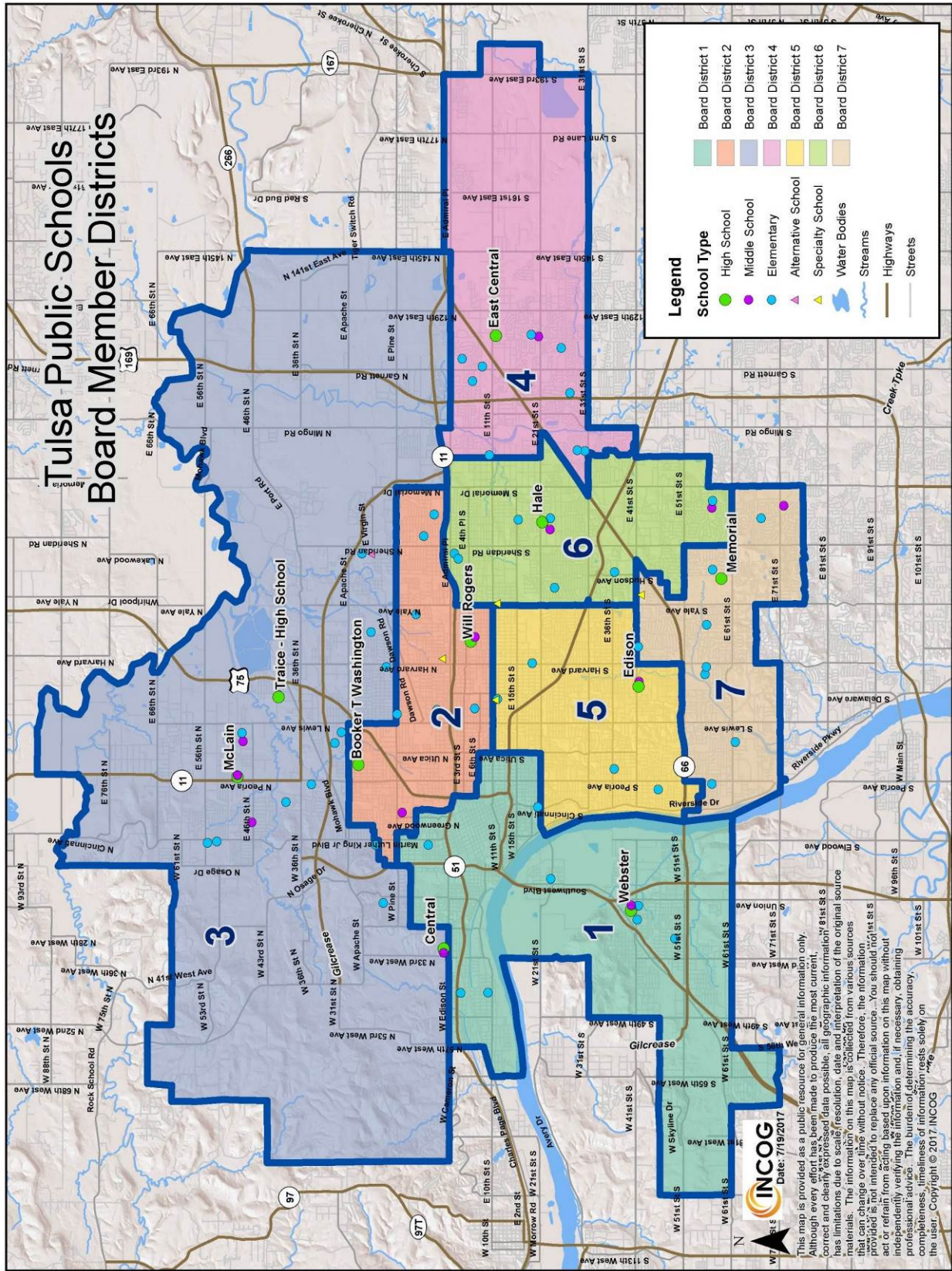
Dr. Gist started her career in education in 1988 as an elementary school teacher in Fort Worth, Texas. She moved from the classroom to education administration in 1996, designing and implementing a literacy program serving families in 108 elementary schools in the Hillsborough County School District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

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

Dr. Gist is a founding board member of Chiefs for Change and serves on the boards of the Tulsa Area United Way, Junior Achievement of Oklahoma, and the Boy Scouts of America Indian Nations Council.










Tulsa Public Schools  
Board Member Districts





**Color Legend for Board Member Districts Map**

 District 1 – Gary Percefull (until Feb 2019) Stacey Woolley (Apr 2019 to Current)	 District 5 – Cindy Decker, Ph.D. (until Jan 2019) Brian Hosmer (Feb 2019 to Current)
 District 2 – Amy Shelton (until Aug 2018) Jania Wester (Sep 2018 to Current)	 District 6 – Ruth Ann Fate  District 7 – Suzanne Schreiber
 District 3 – Jennettie Marshall	
 District 4 – Shawna Keller	

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**District 1 –**

**Gary Percefull (until February 2019)**

Mr. Percefull was elected to the Board of Education in February 2003. His term expired February 2019. Mr. Percefull is president of a Tulsa-based 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.



**Stacey Woolley (April 2019 to Current)**

Ms. Stacey Woolley was elected to the board in April of 2019. Her term expires in April 2023. A mother of five and public school advocate, Ms. Woolley has a Master's of Science from the University of Central Oklahoma in Communication Sciences and Disorders as well as a Bachelor's of Art in Communication from Southeastern Oklahoma State University. Stacey holds a teaching certificate in the State of Oklahoma and is a certified Speech-Language Pathologist. One of Ms. Woolley's many passions is early childhood literacy. She is currently completing work to become a Certified Academic Language Therapist, which will enable her to work directly with students who have dyslexia and other reading differences. Ms. Woolley is also completing coursework through Northeastern State University to gain her principal's certification.



Schools in Ms. Woolley's election district include Wayman Tisdale Fine Arts Academy, Clinton West, Council Oak, Emerson, Eugene Field, Robertson and Mark Twain elementary schools; and Webster Middle and Webster High School.

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**District 2 –**

**Amy Shelton (until August 2018)**

Ms. Shelton was elected to the Board of Education in February 2017. Her term was set to expire in February 2021, but she resigned her position in August 2018. Ms. Shelton has dedicated her career to working in public education and serving as a community advocate and volunteer. Ms. Shelton taught fifth grade at both Anderson and Cooper, and third grade reading intervention at Celia Clinton elementary schools. She also completed an internship with the district's Teaching and Learning office. When Reading Partners came to Tulsa, Ms. Shelton directed, designed and implemented a multi-site summer school program for third grade students who were at risk of being retained. She continued volunteering with Reading Partners while working as a graduate teaching assistant in the education department at the University of Tulsa. Ms. Shelton holds an Oklahoma educator's certification, a B.A. in international studies from Cedarville University in Ohio, an M.A. in educational studies from the University of Tulsa, and a graduate certificate in nonprofit management from Oklahoma State University. She is a member of the Kendall-Whittier Resident Council, Tulsa Young Professionals and the Women's Leadership Council.



**Jania Wester (September 2018 to Current)**

Ms. Wester was appointed by the Board of Education in September 2018 to fill a vacancy. Born and raised on the island of Puerto Rico, Jania Wester came to the United States to attend college. She received her Bachelor's in Education from Oral Roberts University and her Master's in Educational Leadership from Oklahoma State University. She was first hired as part of the founding faculty of Kendall-Whittier Elementary in Tulsa Public Schools, where she spent 14 years, the last two of those years as one of their assistant principals. She then became the first Latina principal of Henry Zarrow International Elementary School, a Tulsa Public Schools language immersion magnet program, for four years. Her passion for bilingual education and community engagement is clearly evident in her work and in the high bar that she sets both for herself and those she has led. Jania and her family intentionally moved into the Kendall-Whittier neighborhood in 1998, when it was known as the Red Light District and they have not only joined their neighbors in the transformation of their neighborhood but have truly embraced the beauty that comes with living in a multi-cultural and mixed income neighborhood.



Schools in Ms. Wester's election district include Kendall-Whittier, McKinley, Mitchell, Owen, Sequoyah, and Springdale elementary schools; Carver Middle School and Rogers College Jr. High; and Rogers College and Booker T. Washington high schools.



**District 3 – Jennettie Marshall**

Ms. Marshall was elected to her post in April 2017. Her term will expire in February 2021. Ms. Marshall has a strong history of serving people through her ministerial duties, funeral service duties and volunteer work. Ms. Marshall retired from the State of Oklahoma where she worked for the Department of Corrections and the Department of Human Services. She also served the City of Tulsa as a police and fire chaplain and was trained in emergency disaster response and hostage negotiation. In 1994, Ms. Marshall established Reclaim Inc., a program that specializes in serving as a "vehicle of change and redirection" for families, juveniles and adults. Ms. Marshall holds an associates of arts in political science, bachelor of science in corrections, masters of science in business management, associates in applied science in funeral service, attended Phillips Theological Seminary and is completing her seminary coursework through Andersonville Theological Seminary. She is the founding pastor of Living Sanctuary Evangelistic Ministries and previously served as Senior Pastor of Snowden Chapel and Macedonia Christian Methodist Episcopal churches.



Schools in Ms. Marshall's election district include Academy Central, Anderson, Burroughs, Celia Clinton, Hamilton, Hawthorne, Unity Learning Academy, and Whitman elementary schools; Dual Language Academy; Monroe Demonstration Academy; Central Jr. High; and McLain High School.

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**District 4 – Shawna Keller (President)**

Ms. Keller was elected to her post in June 2014. Her term will expire in February 2022. As a fourth generation East Tulsa resident, Ms. Keller 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. Ms. Keller is currently working on her master's degree in history at the University of Tulsa. 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. Ms. Keller is an active member of the Oklahoma Education Association.



Schools in Ms. Keller's election district include: Cooper, Disney, Delores Huerta, Kerr, Lindbergh, Lewis and Clark, Peary, Skelly, East Central Jr. High and East Central High School.

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**District 5 –**

**Cindy Decker, Ph.D. (until January 2019)**

Dr. Decker was appointed by the Board of Education in May 2015 to fill a vacancy and then elected to her post in February 2016. Her term was set to expire February 2020, but she resigned her position in January 2019. Since 2002, Dr. Decker has worked as an education researcher. She is passionate about ensuring all children have a quality education. She works as Director of Research and Innovation at CAP Tulsa, an early childhood education provider for low-income children. She is also on 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, while also consulting for various groups including the U.S. Department of Education and Howard County Public School System in Maryland. 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.



**Dr. Brian Hosmer (February 2019 to Current)**

Dr. Hosmer was appointed by the Board of Education in February 2019 to fill a vacancy. Dr. Hosmer holds the H.G. Barnard Chair in Western American History at the University of Tulsa, where he's worked since 2009 following academic positions at the University of Delaware, University of Wyoming, and the University of Illinois at Chicago. While in Chicago, Dr. Hosmer also directed the Newberry Library's D'Arcy McNickle Center for Native American and Indigenous Studies (formally McNickle Center for American Indian History), a preeminent Native American Studies research center, for a half-dozen years.

At TU, Dr. Hosmer teaches a variety of classes covering Indigenous peoples of North America, the North American West, Environmental history, and the History of Oklahoma. Dr. Hosmer has served on the Board of Directors for the Woody Guthrie Center and volunteers with other organizations.

Schools in Dr. Hosmer's election district include Eliot, Lanier, Mayo, and Wright Elementary Schools; and Edison Preparatory Middle School and Edison Preparatory High School.



**District 6 – Ruth Ann Fate**

Ms. Fate was first elected to her post in April 1996. She served as president of the Board of Education from February 1999 through February 2002. Her term will expire February 2020. She is a life-long Oklahoman, graduating from high school in Miami, Oklahoma, and attending Oklahoma University. Ms. Fate is a charter member of Bethany Christian Church (Disciples of Christ) and a founding member of the Bethany Community pre-school where she taught for ten years. A tireless 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. Ms. Fate sits on the boards of the Philbrook Museum, Arts and Humanities Council, OU College of Education Board of Advocates, Center for Counseling, Tulsa Arboretum, and the Phillips Theological Seminary.



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; Hale High School, and Street School.

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**District 7 – Suzanne Schreiber (Vice President)**

Ms. Schreiber was elected to her post in February 2014. Her term will expire February 2022. She has lived in Tulsa for over 20 years. Her passion for public education is fueled by the belief that every child can learn and our community is stronger when all children have access to a quality education. Ms. Schreiber has always been active in civic life, participating in everything from student government, leadership organizations and charitable boards to middle school mentor and homeroom mother at Grimes Elementary. She is a graduate of the University of Tulsa and the University of Tulsa Law School. She works for the Tulsa Community Foundation on a variety of community improvement projects. Prior to her position at Tulsa Community Foundation, 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.

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December 16, 2019

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, 2019, is hereby submitted. The CAFR has been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental entities. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of the district. Disclosures necessary to enable the reader to gain understanding of such financial operations have been included. The management's discussion and analysis (MD&A) section provides a brief overview of these financial reports. This transmittal letter is designed to be read in conjunction with the MD&A.

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

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

## **PROFILE OF THE TULSA PUBLIC SCHOOLS**

The district is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and is, accordingly, a separate entity for operating and financial reporting purposes. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes. The district is part of the public school system of Oklahoma under the general direction and control of the state Board of Education. The district is the primary government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments.

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 991,561 with an average household income of \$68,425 (2018 estimate, Tulsa Regional Chamber). Approximately 94 percent of the district is located inside the city 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 20<sup>th</sup> 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 35,552 students in fiscal year 2018-19. The district is projecting a decrease in student enrollment to 36,317 in 2019-20.

As of June 30, 2019, the district employed 6,088 employees, of which:

<b>Type</b>	<b>Count</b>
Classroom teachers	2262
Principals and Assistant Principals	117
Paraprofessionals/teacher assistants	673
School-based support ( <i>office clerks, registrars, secretaries, coaches etc.</i> )	377
District-level certified ( <i>e.g. nurses, speech pathologists, mentors, etc.</i> )	395
District-level support ( <i>e.g. transportation, executive staff, facilities, child nutrition, maintenance, etc.</i> )	1695
Part-time staff	549

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

During FY 2018-19 programs were delivered through 49 elementary schools, 1 partnership (elementary) school, 10 middle/junior high schools, and 9 high schools plus 8 alternative school sites. The district contracted with 6 charter school organizations, Tulsa School for the Arts and Sciences, Tulsa Legacy Charter School, KIPP Tulsa College Preparatory, College Bound Academy, Collegiate Hall, and Tulsa Honor Academy. In addition, 8 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 166 days 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.

## **ECONOMIC OUTLOOK**

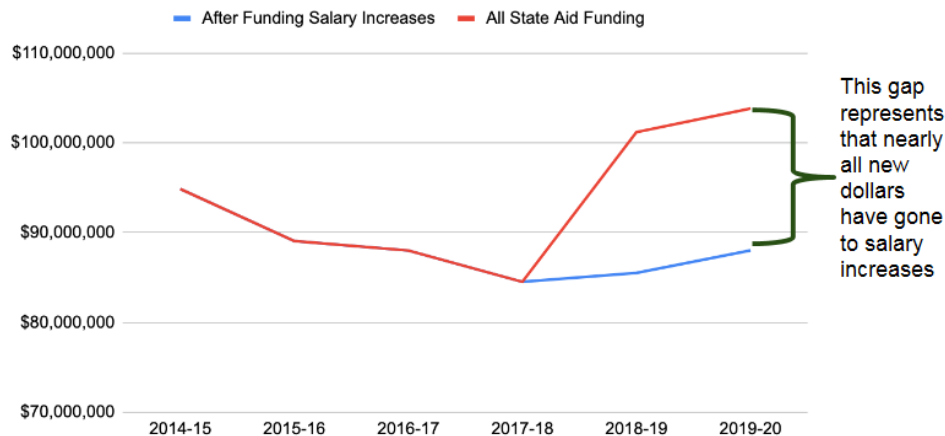
During FY 2018-19 the state general revenue fund collected approximately \$6.86 billion in revenues. a 17.2%, increase over the previous fiscal year. For fiscal year 2019, the general revenue fund beat the monthly estimate by \$354.6 million, or 5.5%.

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.

The state and local economy showed no change in unemployment. Tulsa area unemployment rate was static showing 3.3% in Septembers of 2018 and 2019. This rate is slightly higher than the state's unemployment rate of 3.2%. Tulsa as well as the state unemployment rate is slightly better than the national rate during this same time of 3.6%.

For FY 2018-19 common education funding was \$157.7 million more which included increases in state aid formula funding of \$74.3 million and giving teachers an average \$1,200 raise. While this new funding boost is a step in the right direction, the vast majority of the new dollars have been restricted to salary. The state aid funding per student remains 15% below its 2008 pre-recession level adjusted for inflation.

Tulsa Public Schools State Aid\*



## MAJOR INITIATIVES

During FY 2018-19, the Board of Education and administrative staff worked closely together on a number of school improvement initiatives, which included increasing rigor in the classroom, reducing chronic absenteeism however, considering the state's continuing economic uncertainty in combination with the district's declining enrollment, additional initiatives under consideration were school consolidations. The district's general fund preliminary budget for 2018-19 was \$335,135,292. The budget was amended in April to reflect a budget of \$330,681,488.

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.

During FY 2017-18, Tulsa Public Schools began work with 12 elementary schools on how to rearrange their time, people and money in order to achieve outcomes to improving school culture and or instructional practice. For the 2018-19 year we have expanded the program to an additional 10 elementary schools. The School Planning Redesign Project is intended to better understand resource trade-offs in order to achieve specific instructional outcomes associated with our strategic plan:

- a) Catapult: Improve school culture, relationships and classroom management through Real-Time Teacher Coaching and No-Nonsense Nurturing and Improve instructional practice through content-specific Vision Walks
- b) Empower: Improve instructional practice through content-specific teacher collaboration AND Extend teacher reach through new content-specific focus and develop Empower Teacher Leaders, who will prepare for and facilitate collaborative planning time all achieved by creating a 90 minute block of common planning time during the week using existing time and resources.



During FY 2017-18, TPS also began work on developing a teacher preparation program. Tulsa Teacher Corps is a rigorous and supportive preparation program for aspiring teachers. With hands-on training in real classrooms, and ongoing support and feedback from experienced educators, Tulsa Teacher Corps is your first step towards a successful and rewarding teaching career. Our supportive, engaging teacher training program is designed by leading educators at Tulsa Public Schools to address the unique needs of Tulsa students and families. We prioritize helping teachers develop the skills and mindsets to create challenging, caring, inclusive classrooms so their diverse students can thrive. During the summer of 2018 the first cohort of 75 corps members enrolled and for the summer of 2019 we had a second cohort of 85.

In addition, on May 23, 2019 the Board of Education approved a reorganization of the central office to further enhance the type of direct services that are provided to our schools. This reorganization for the fiscal year 2019-2020 will require a projected investment of 1.5 million dollars.

## **STRATEGIC PLANNING**

On January 20, 2016, the TPS Board of Education approved Destination Excellence, the district's new five- year strategic plan. The plan was developed after countless of hours of engagement with Tulsa teachers, families, students, community members and administrators. The framework for the plan was developed around the new vision and mission statements:

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

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

This framework is based on the theory of change that the district's community must be that of learners, contributors, and designers for students to succeed. The strategies which have been deployed are:

1. Create powerful learning experiences for all by implementing an aligned PreK-12 instructional program
2. Cultivate safe, supportive and joyful school cultures
3. Attract, develop and retain a highly effective and empowered team
4. Incubate and implement innovative classroom, school and district designs
5. Design the district to be adaptive and responsive in providing excellent learning experiences for students and families.

The key outcomes that have been defined to measure the success of Destination Excellence are:

- Graduation, College & Career Readiness: Graduation Rates and SAT scores
- Academic Excellence: 3<sup>rd</sup> Grade Reading, Math & Reading Proficiency and Reading & Math Growth
- School Culture: Attendance, Suspension Rate and Student Climate
- Organizational Health: Novice Teacher Retention, Employment Engagement and District Office Service

The Data and Analytics Office continually measures the key outcomes to determine the success of the deployed strategies.

Additionally, the Board of Education continues to monitor the key analytics to determine the success of the Destination Excellence Strategic Plan.

## **AWARDS**

In 2019, 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, 2018 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, 2019 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, 2018 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, 2019 meets these requirements and will submit this report to ASBO in application for this esteemed award.

## **REVENUES**

Tulsa Public School's 2018-19 general fund revenue totaled \$339.9 million. The primary funding source was the State of Oklahoma, with state revenue comprising 54.5 percent of the total, or \$185.1 million. The following table further illustrates the funding source breakdown (millions):

<b>Sources of Revenue</b>	<b>2019</b>	<b>Percent</b>
Local	\$ 102.8	30.2%
Intermediate	10.5	3.1%
State	185.1	54.5%
Federal	34.7	10.2%
Other	6.7	2.0%
Total	\$ 339.9	100.0%

Of those amounts, ad valorem tax revenue totaled \$95.1 million.

Ad valorem tax revenues account for 92 percent of the building fund revenue and total \$13.2 million.

The child nutrition fund collects 72 percent of fund revenues from the federal nutrition program, administered through the U.S. Department of Agriculture. The federal free and reduced price lunch program was 94 percent of student lunches served by the district in FY 2018-19.

## **CAPITAL PLANNING AND BOND FUNDS**

The district continues to follow a 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 approximately 8 million square feet of space owned and maintained by Tulsa Public Schools.

The average age of the district's educational buildings is 63 years, and 98 percent of the buildings are 36 years old or older. Since 1996, voters have approved bonds totaling \$1,275.4 million for new facilities, technology, media centers, school buses and textbooks for all students. Bond issues have received strong community support. The district's bonds are rated AA by Standard & Poor's.

On March 3, 2015, voters approved the single largest bond issue in the district's history. The \$415 million authorization was approved by 85% of district voters. The four proposals included \$239,740,000 for buildings/facilities, \$19,800,000 for library materials and additions, \$17,025,000 for transportation equipment, and \$138,435,000 for classroom textbooks and technology. As of June 30, 2019, the district had \$166.4 million in remaining bonds available from this authorization.

## **FINANCIAL POLICIES AND CONTROLS**

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

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

**Financial reports and statements** – Defines the periodic financial reporting requirements.

**Types of funds** – Establishes separate funds for accounting purposes.

**Depository of funds/banking services** – Establishes requirements for bidding and investment services.

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

**Solicitation requirements** – Defines requirements for solicitations and competitive procurement.

**Expense reimbursement** – Establishes authority for reimbursing employees for travel expenses.

**Audit** – Requires an independent annual audit be performed in accordance with governmental auditing standards.

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

**Budget transfer authority** – Defines levels of authority and required approvals for budget transfers.

**Statement of income and expenditures and the related budget process** – Establishes the timeline for preparing the annual statement of income and expenditures, and for preparing the annual school district budget plan.

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

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

**Budgetary control** – The objective of the district's budgetary controls is to ensure compliance with legal appropriation limitations and to provide an operating plan for the district's resources. The annual appropriated budget includes the general fund, special revenue funds, capital improvement funds, and debt services fund. Preliminary budgets are adopted at the commencement of the fiscal year with periodic amendments approved by the Board of Education. Budgetary control for accounts without a project is generally at the full account level. For accounts within a project the budgetary control is generally maintained by fund, project and site. These appropriated budgets represent the legally adopted fiscal plan of the district. Board of Education approval is required for budgetary

transfers totaling \$25,000 and greater. The district utilizes an encumbrance system as a budgetary control mechanism.

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

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

Under GASB Statement 77, beginning with the 2016-17 financial statement, the district disclosed information regarding tax abatements in the notes to the financial statements.

Under GASB Statement 84, beginning with the 2018-19 financial statements, the district determined under the new guidance that our Student Activity Fund is not fiduciary activities. This fund is now reported with our other non-major funds in the basic financial statements.

Capital projects activity is controlled with approval of the bond plans and is monitored by individual bond project budgets. The citizen bond oversight committee reviews all bond project budgets and expenditure reports.

#### **ACKNOWLEDGEMENTS**

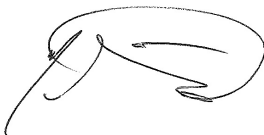
We would like to express appreciation to all the members of the Finance department who assisted with the preparation of this comprehensive annual financial report. Our goal is to continuously improve our financial accountability to our citizens.

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

Respectfully submitted,



Deborah A. Gist, Ed.D.  
Superintendent



Nolberto Delgadillo  
Chief Financial Officer





Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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

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

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, appearing to read 'Tom Wohleber'.

Tom Wohleber, CSRM  
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis  
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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Emphasis of Matter**

As discussed in Note 16 to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*, which restated beginning net position and moved the Student Activity Fund from a fiduciary fund to a governmental fund. Our opinion is not modified with respect to this 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 the District's pension plan contributions, the schedule of the District's proportionate share of the net OPEB liability (asset), the schedule of the District's OPEB plan contributions, the General Fund budgetary comparison schedule, the reconciliation of the General Fund statement of revenues, expenditures and changes in fund balances to the budgetary comparison schedule, and the related notes to required supplementary 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 Information*

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

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

***RSM US LLP***

Oklahoma City, Oklahoma  
December 12, 2019



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, 2019. 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 2019 year end, total fund balance was \$180.7 million, an increase of \$7.9 million, primarily due to an increase of \$17.2 million in cash and investments, offset by decrease of \$5.7 million in succeeding year property taxes and \$5.0 million decrease in accounts payable. Bond proceeds of \$90 million was \$19 million greater than proceeds in fiscal 2018. The district issues these debt offerings to further fund capital improvements and acquisitions while our overall credit rating remained strong. The district was given a "AA" rating by 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.

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 39 and 40 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 42 and 44, respectively.

The basic governmental fund financial statements can be found on pages 41 and 43 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 45 through 76 of this report.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the district's budget process. The district adopts an annual expenditure budget for all governmental funds. A budgetary comparison schedule has been provided for the general fund as required supplementary information. Required supplementary information also includes the district's contributions to Oklahoma Teacher's Retirement System and the district's proportionate share of the net pension liability. The required supplementary information can be found on pages 79 through 85 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 \$268.1 million as of June 30, 2019 compared to \$233.8 million as of June 30, 2018 as restated, an increase of \$34.3 million, or 14.7%. This increase is primarily due to \$31.2 million increase in capital assets, \$30.4 million increase in investments, offset by \$23 million increase in bonds, capital leases and contracts, and \$5.8 million increase in succeeding year property taxes.

The largest portion of the district's net position reflects its investment in capital assets (e.g. land, buildings, vehicles, fixtures and equipment, and construction in progress), net of accumulated depreciation plus deferred inflows/outflows of resources (if applicable) less any related debt used to acquire those assets still outstanding. The district uses these capital assets to provide services to its students; consequently, these assets are *not* available for future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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**FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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,	
	2019	2018
	(millions)	
Current assets	\$ 408.7	\$ 364.0
Noncurrent assets	31.2	44.2
Capital assets, net	616.9	585.7
Total assets	<u>1,056.8</u>	<u>993.9</u>
Deferred outflows of resources	<u>41.9</u>	<u>52.9</u>
Current liabilities	141.7	127.7
Non-current liabilities	458.9	467.7
Total liabilities	<u>600.6</u>	<u>595.4</u>
Succeeding year property taxes	188.8	183.0
Deferred pension and OPEB inflows	41.2	39.8
Total deferred inflows of resources	<u>230.0</u>	<u>222.8</u>
Net position:		
Net investment in capital assets	368.8	351.8
Restricted	96.4	88.4
Unrestricted	(197.1)	(211.6)
Total net position	<u>\$ 268.1</u>	<u>\$ 228.6</u>

Several significant current year transactions had an impact on the statement of net position, and include the following:

- Current assets increased \$44.7 million over 2018, primarily due to moving more of our investments into shorter-term favorable yields.

**Changes in net position.** The district's total revenues were \$467.9 million, an increase of \$42.2 million from the prior fiscal year total of \$425.7 million primarily due to increased state aid of \$16.4 million. The total cost of all programs and services was \$433.6 million and \$399.1 million for the fiscal years ended June 30, 2019 and 2018, respectively. This increase of \$34.7 million reflects an increase in state aid revenues for teacher and support staff salary and benefit raises.

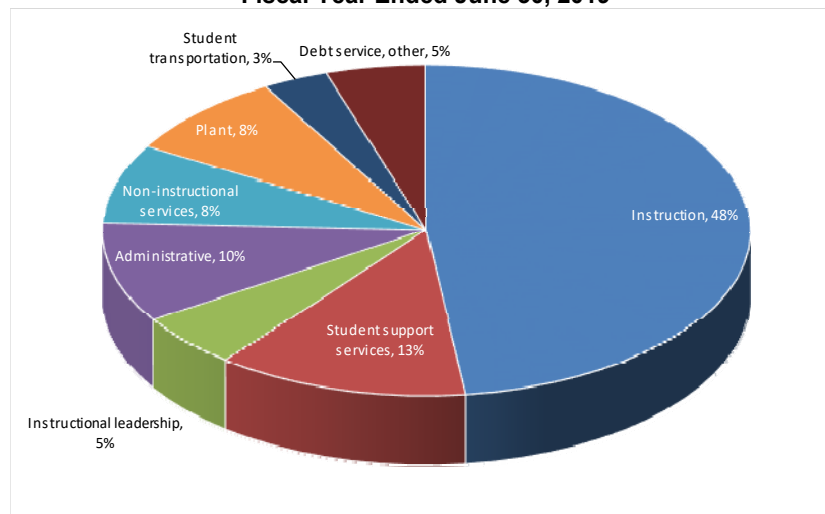
- \$7.4 million of the increase in instruction and instruction-related services.
- \$6.6 million of the increase in student and staff support services.
- Administrative support and transportation services also increased \$5.5 million and \$3.9 million respectively.

## FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents a summary of the change in net position for the fiscal years ended June 30, 2019 and 2018:

	Statement of Activities	
	2019	2018
	(millions)	
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 10.9	\$ 5.5
Operating grants and contributions	87.6	76.0
General revenues:		
Property taxes	182.7	180.0
State aid - formula grants	101.9	85.5
Dedicated state revenue	66.6	63.6
County revenue	10.5	10.6
Unrestricted investment earnings	4.6	1.7
Gain on sale of capital assets	0.3	0.9
Other local revenue	2.8	1.9
<b>Total revenues</b>	<b>467.9</b>	<b>425.7</b>
<b>Expenses:</b>		
Instruction and instruction-related services	208.3	201.0
Support services - student and staff	54.6	48.0
Instructional and school leadership	23.2	20.8
Administrative support services	42.1	36.6
Operation of non-instructional services	33.5	30.2
Operation and maintenance of plant services	36.0	34.2
Student transportation services	14.2	10.3
Facilities acquisition and construction services	3.3	3.4
Charter schools	13.9	11.2
Interest on long-term debt	4.5	3.4
<b>Total expenses</b>	<b>433.6</b>	<b>399.1</b>
<b>Increase in net position</b>	<b>34.3</b>	<b>26.6</b>
<b>Implementation of GASB Statements 82 and 84</b>	<b>5.2</b>	<b>-</b>
<b>Net position - ending</b>	<b>\$ 268.1</b>	<b>\$ 228.6</b>

**District Expenses by Function – Governmental Funds  
Fiscal Year Ended June 30, 2019**



**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:

	<b>Total</b>	<b>Net</b>	<b>% Net</b>
	<b>Expense</b>	<b>Expense</b>	<b>Expense</b>
		(millions)	
Instruction and instruction-related services	\$ 208.3	\$ 139.6	42%
Support services - student and staff	54.6	52.0	16%
Instructional and school leadership	23.2	23.3	7%
Administrative support services	42.1	41.9	13%
Operation of non-instructional services	33.5	6.7	2%
Operation and maintenance of plant services	36.0	35.6	11%
Student transportation services	14.2	14.2	4%
Facilities acquisition and construction services	3.3	3.3	1%
Charter schools	13.9	13.9	4%
Interest on long-term debt	4.5	4.5	1%
<b>Total</b>	<b>\$ 433.6</b>	<b>\$ 335.0</b>	<b>100%</b>

## FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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



## FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

The district maintains three major governmental funds: general, capital projects, and debt service. The following schedules present a summary of each major fund's revenues and other financing sources by type and expenditures by program for the period ended June 30, 2019 as compared to June 30, 2018. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.

### **General Fund**

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

	2019 Amount	2018 Amount	2019 Percent Of Total	Increase (Decrease) From 2018	Percent Increase (Decrease) From 2018
Revenues:					
Property taxes	\$ 91.0	\$ 90.7	26.8%	0.3	0.3%
Other local sources	11.8	11.2	3.5%	0.6	5.4%
Intermediate sources	10.5	10.6	3.0%	(0.1)	-0.9%
Fees and charges	2.1	2.2	0.6%	(0.1)	-4.5%
State aid	185.1	161.6	54.5%	23.5	14.5%
Federal aid	34.7	29.7	10.2%	5.0	16.8%
Earnings on investments	2.3	1.2	0.7%	1.1	91.7%
Miscellaneous	2.3	2.6	0.7%	(0.3)	-11.5%
Revenues	\$ 339.8	\$ 309.8	99.9%	30.0	9.7%
Other financing sources	0.3	0.3	0.1%	-	0.0%
Total	\$ 340.1	\$ 310.1	100.0%	30.0	9.7%

Revenues increased by \$30.0 million primarily due to \$23.5 million increase in state aid.

#### **Expenditures (Millions)**

	2019 Amount	2018 Amount	2019 Percent Of Total	Increase (Decrease) From 2018	Percent Increase (Decrease) From 2018
Instruction and instruction-related services	\$ 191.3	\$ 176.7	55.9%	14.6	8.3%
Support services - student and staff	48.4	43.2	14.1%	5.2	12.0%
Instructional and school leadership	23.2	20.7	6.8%	2.5	12.1%
Administrative support services	29.4	24.6	8.6%	4.8	19.5%
Operation of non-instructional services	3.4	0.3	1.0%	3.1	1033.3%
Operation and maintenance of plant services	20.9	18.5	6.1%	2.4	13.0%
Student transportation services	11.7	10.2	3.4%	1.5	14.7%
Facilities acquisition and construction services	0.1	-	0.0%	0.1	100.0%
Charter schools	13.9	11.2	4.1%	2.7	24.1%
Total	\$ 342.3	\$ 305.4	100.0%	36.9	1.1%
Change in fund balance	\$ (2.2)	\$ 4.7			

Expenditures increased by \$36.9 million primarily due to increased state aid revenues earmarked for teacher and support staff pay raises:

- Instruction and instruction-related services increased by \$14.6 million.
- Support services increased \$5.2 million.

## Capital Projects Fund

### Revenues and Other Financing Sources (Millions)

	2019	2018	2019	Increase	Percent
	Amount	Amount	Percent	(Decrease)	Increase
			Of Total	From 2018	(Decrease)
					From 2018
Revenues:					
Earnings (loss) on investments	0.4	-	0.4%	0.4	100.0%
Other financing sources	90.6	71.2	99.6%	19.4	27.2%
Total	\$ 91.0	\$ 71.2	100.0%	\$ 19.8	27.8%

**Other financing sources** increased \$19.4 million from fiscal year 2018, due to the increase of \$19.3 million in bonds issued.

### Expenditures (Millions)

	2019	2018	2019	Increase	Percent
	Amount	Amount	Percent	(Decrease)	Increase
			Of Total	From 2018	(Decrease)
					From 2018
Instruction and instruction-related services	\$ 10.8	\$ 8.9	13.1%	\$ 1.9	21.3%
Support services - student and staff	3.2	2.8	3.9%	0.4	14.3%
Administrative support services	7.1	5.0	8.6%	2.1	42.0%
Operation and maintenance of plant services	0.2	0.1	0.2%	0.1	100.0%
Student transportation services	4.2	3.0	5.1%	1.2	40.0%
Facilities acquisition and construction services	56.7	53.3	69.0%	3.4	6.4%
Total	\$ 82.2	\$ 73.1	100%	\$ 9.1	12.4%
Change in fund balance	\$ 8.8	\$ (1.9)			

**Capital expenditures** increased by \$9.1 million primarily due to the continuation of the bond capital improvement program.

## Debt Service Fund

### Revenues and Other Financing Sources (Millions)

	2019 Amount	2018 Amount	2019 Percent Of Total	Increase (Decrease) From 2018	Percent Increase (Decrease) From 2018
Revenues:					
Property taxes	\$ 77.4	\$ 76.8	96.9%	\$ 0.6	0.8%
Earnings(loss) on investments	1.0	-	1.3%	1.0	100.0%
Other financing sources	1.5	1.2	1.9%	0.3	25.0%
Total	<u>\$ 79.9</u>	<u>\$ 78.0</u>	<u>100.0%</u>	<u>\$ 1.9</u>	<u>2.4%</u>

**Debt service revenues** increased by \$1.9 million to provide debt service for the general obligation bonds.

### Expenditures (Millions)

	2019 Amount	2018 Amount	2019 Percent Of Total	Increase (Decrease) From 2018	Percent Increase (Decrease) From 2018
Debt service	<u>76.9</u>	<u>70.9</u>	<u>100.0%</u>	<u>6.0</u>	<u>8.5%</u>
Change in fund balance	<u>\$ 3.0</u>	<u>\$ 7.1</u>			

**Debt service expenditures** increased by \$6.0 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 54% of all original budgets of appropriated funds. Only the general fund is discussed below.

For 2019, the district originally budgeted general fund revenues of \$325.2 million and expenditures of \$335.1 million. Plans were revised and an amended budget was filed in April 2019. The revised budget decreased revenue expectations to \$325.0 million and decreased projected expenditures to \$330.7 million.

Actual revenue on a budgetary basis for the general fund was \$1.5 million less than projected.

Actual expenditures for the year were \$2.2 million less than the final budget, primarily due to cleaning, paper and general supply expenditures being less than expected.

Expenditures for instruction and instruction-related services, support services, instructional and school leadership, and direct payments to charter schools were budgeted at a final budget of \$266.0 million or 80% of total budgeted expenditures. Actual expenditures for these same items were \$262.7 million or 80% of total actual expenditures.

The actual fund balance carry forward of \$28.4 million was \$0.6 million more than the final budgeted amount of \$27.8 million.

**Capital assets.** As of June 30, 2019, the district had invested \$616.9 million, net of accumulated depreciation of \$423.0 million, in capital assets including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represented a net increase of \$31.2 million, or 5.3%.

<u>Capital assets (at cost)</u>	<u>June 30,</u> <u>2018</u>	<u>Increases</u>	<u>Decreases</u> <u>and</u> <u>Transfers</u>	<u>June 30,</u> <u>2019</u>
			(millions)	
Land	\$ 5.0	\$ -	\$ 0.9	\$ 5.9
Construction in progress	44.1	58.5	(60.2)	42.4
Assets out of service	2.4	-	-	2.4
Buildings	856.1	-	57.2	913.3
Equipment and vehicles	71.7	5.3	(1.1)	75.9
Total asset cost	<u>979.3</u>	<u>63.8</u>	<u>(3.2)</u>	<u>1,039.9</u>
<b>Accumulated depreciation</b>	<u>(393.6)</u>	<u>(31.8)</u>	<u>2.4</u>	<u>(423.0)</u>
<b>Capital assets (net)</b>	<u>\$ 585.7</u>	<u>\$ 32.0</u>	<u>\$ (0.8)</u>	<u>616.9</u>

Additional information related to the district's capital assets can be found in note 6 on page 62 of this report.

**Debt administration.** At the end of the fiscal year, the district had \$277.5 million in bonds and capital leases outstanding, \$79.1 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, 2019 and 2018.

	<u>June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
			(millions)
Capital leases (at present value)	\$ 7.6	\$ 3.2	\$ 4.4
General obligation bonds	269.9	251.4	18.5
Net unamortized bond premium	3.4	3.3	0.1
Total	<u>\$ 280.9</u>	<u>\$ 257.9</u>	<u>\$ 23.0</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, 2019, the district had a legal debt limitation of \$264.5 million, which was \$61.9 million more than the district's net bonded indebtedness.

In March 2015, the electors approved authority for the issuance of \$415 million in combined purpose bonds for building improvement and equipment acquisitions.

At June 30, 2019, \$248.6 million had been issued with \$166.4 million remaining available for future issuances. See note 8 for additional information regarding the district's long-term debt on pages 65-66.

#### **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  
Nolberto Delgadillo  
Chief Financial Officer  
3027 S. New Haven Ave.  
Tulsa, OK 74114  
Or visit our website at: [www.tulsaschools.org](http://www.tulsaschools.org)



## Basic Financial Statements

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## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### Statement of Net Position June 30, 2019 (Thousands)

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current	
Cash and cash equivalents	\$ 46,300
Investments	146,190
Receivables net of allowance for uncollectibles	213,905
Inventories and prepaid items	2,293
Total current assets	<u>408,688</u>
Noncurrent:	
Investments	28,648
Net OPEB assets	2,624
Capital assets	
Land, construction in progress, and assets out of service	50,665
Other capital assets net of accumulated depreciation	566,222
Total noncurrent assets	<u>648,159</u>
Total assets	<u>1,056,847</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred OPEB outflows	118
Deferred pension plan outflows	41,738
Total deferred outflows of resources	<u>41,856</u>
<b>LIABILITIES</b>	
Current:	
Accounts payable and other current liabilities	55,349
Current portion of bonds, capital leases, and contracts	79,146
Accrued interest	2,549
Compensated absences	737
Insurance claims	2,632
Total current liabilities	<u>140,413</u>
Noncurrent:	
Bonds, capital leases, and contracts	201,773
Compensated absences	7,541
Net pension liability	245,365
Insurance claims	5,579
Total long-term liabilities	<u>460,258</u>
Total liabilities	<u>600,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Succeeding year property tax	188,755
Deferred OPEB inflows	1,818
Deferred pension plan inflows	39,368
Total deferred inflows of resources	<u>229,941</u>
<b>NET POSITION</b>	
Net investment in capital assets	368,816
Restricted for:	
Debt service	78,365
Building	5,088
Other	12,979
Unrestricted (deficit)	<u>(197,157)</u>
Total net position	<u>\$ 268,091</u>

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, 2019 (Thousands)

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net Expense
Instruction and instruction-related services	\$ 208,287	\$ 4,563	\$ 64,083	\$ (139,641)
Support services - student and staff	54,614	356	2,214	(52,044)
Instructional and school leadership	23,261	-	-	(23,261)
Administrative support services	42,117	-	250	(41,867)
Operation of non-instructional services	33,496	5,660	21,101	(6,735)
Operation and maintenance of plant services	35,994	366	-	(35,628)
Student transportation services	14,201	-	-	(14,201)
Facilities acquisition and construction services	3,304	-	-	(3,304)
Charter schools	13,921	-	-	(13,921)
Interest on long-term debt	4,463	-	-	(4,463)
Total primary government	\$ 433,658	\$ 10,945	\$ 87,648	\$ (335,065)

General revenues:

Taxes:

Property taxes, levied for general purposes	106,785
Property taxes, levied for debt service	75,934
State aid - formula grants	101,893
Unrestricted dedicated state revenue	66,609
County 4 mill levy and apportionment	10,537
Unrestricted investment gains	4,570
Gain on sale of capital assets	246
Insurance loss recoveries	19
Other local revenue	2,795

Total general revenues 369,388

**Change in net position 34,323**

Net position - beginning as restated 233,768

Net position - ending \$ 268,091

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, 2019 (Thousands)

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 23,378	\$ 407	\$ 13,247	\$ 9,268	\$ 46,300
Investments	60,835	43,983	65,374	4,646	174,838
Receivables net of allowance for uncollectibles	110,947	-	87,903	15,055	213,905
Inventories and prepaid items	745	1,160	-	388	2,293
Total Assets	<u>\$ 195,905</u>	<u>\$ 45,550</u>	<u>\$ 166,524</u>	<u>\$ 29,357</u>	<u>\$ 437,336</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable and accrued liabilities	41,999	12,702	-	648	55,349
Claims and judgments	51	-	-	-	51
Total liabilities	<u>42,050</u>	<u>12,702</u>	<u>-</u>	<u>648</u>	<u>55,400</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Succeeding year property tax	95,103	-	80,462	13,190	188,755
Unavailable revenue	6,175	-	5,148	1,143	12,466
Total deferred inflows of resources	<u>101,278</u>	<u>-</u>	<u>85,610</u>	<u>14,333</u>	<u>201,221</u>
<b>FUND BALANCES</b>					
Non-spendable					
Inventories and prepaids	745	1,160	-	388	2,293
Endowments	-	-	-	30	30
Restricted					
Federal and state allocation carryover	1,067	-	-	-	1,067
Capital projects	-	31,688	-	-	31,688
Debt service	-	-	80,914	-	80,914
Building	-	-	-	5,088	5,088
Child nutrition	-	-	-	2,808	2,808
Gifts	-	-	-	1,467	1,467
Flexible benefit	-	-	-	2	2
Arbitrage	-	-	-	13	13
Student activities	-	-	-	4,580	4,580
Assigned					
Purchases on order	1,835	-	-	-	1,835
Unassigned	48,930	-	-	-	48,930
Total fund balances	<u>52,577</u>	<u>32,848</u>	<u>80,914</u>	<u>14,376</u>	<u>180,715</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 195,905</u>	<u>\$ 45,550</u>	<u>\$ 166,524</u>	<u>\$ 29,357</u>	<u>\$ 437,336</u>

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



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**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

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**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2019  
(Thousands)**

**Total fund balances - governmental funds** \$ 180,715

OPEB assets are not current financial resources and so are not recorded  
in the governmental funds 2,624

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

Land	\$ 5,938	
Construction in progress	42,325	
Assets out of service	2,402	
Buildings	913,291	
Furniture and equipment	75,890	
Accumulated depreciation	<u>(422,959)</u>	616,887

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

liabilities include:

Bonds, capital leases and contracts	\$ (280,919)	
Interest payable	(2,549)	
Compensated absences	(8,278)	
Net pension liability	(245,365)	
Insurance claims	<u>(8,160)</u>	(545,271)

Other long-term assets are not available to pay for current period expenditures  
and, therefore, are reported as unavailable revenue in the governmental funds. 12,466

Pension and OPEB related deferred outflows and inflows are not due and payable in the  
current period, therefore, they are not reported in governmental funds.

Deferred OPEB outflows	118
Deferred pension plan outflows	41,738
Deferred OPEB plan inflows	(1,818)
Deferred pension plan inflows	(39,368)

**Total net position** **\$ 268,091**

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, 2019 (Thousands)

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 91,002	\$ -	\$ 77,373	\$ 12,986	\$ 181,361
Other local sources	11,813	-	-	3,819	15,632
Intermediate sources	10,537	-	-	-	10,537
Fees and charges	2,100	-	-	4,147	6,247
State aid	185,138	-	-	3,882	189,020
Federal aid	34,730	-	-	20,145	54,875
Earnings on investments	2,270	438	1,010	922	4,640
Miscellaneous	2,288	-	-	113	2,401
Total revenues	<u>339,878</u>	<u>438</u>	<u>78,383</u>	<u>46,014</u>	<u>464,713</u>
<b>EXPENDITURES</b>					
Current:					
Instruction and instruction-related services	191,294	-	-	2,420	193,714
Support services - student and staff	48,439	-	-	1,165	49,604
Instructional and school leadership	23,154	-	-	107	23,261
Administrative support services	29,376	-	-	859	30,235
Operation of non-instructional services	3,439	-	-	27,899	31,338
Operation and maintenance of plant services	20,937	-	-	14,288	35,225
Student transportation services	11,695	-	-	105	11,800
Facilities acquisition and construction services	51	-	-	5,042	5,093
Charter schools	13,921	-	-	-	13,921
Debt service					
Principal	28	-	71,815	-	71,843
Interest	6	-	5,109	-	5,115
Capital Outlay					
Instruction and instruction-related services	-	10,788	-	-	10,788
Support services - student and staff	-	3,179	-	-	3,179
Administrative support services	-	7,053	-	-	7,053
Operation of non-instructional services	-	50	-	-	50
Operation and maintenance of plant services	-	249	-	-	249
Student transportation services	-	4,182	-	-	4,182
Facilities acquisition and construction services	-	56,679	-	-	56,679
Total expenditures	<u>342,340</u>	<u>82,180</u>	<u>76,924</u>	<u>51,885</u>	<u>553,329</u>
Excess (deficiency) revenues over expenditures	<u>(2,462)</u>	<u>(81,742)</u>	<u>1,459</u>	<u>(5,871)</u>	<u>(88,616)</u>
<b>OTHER FINANCING SOURCES</b>					
Capital lease	-	330	-	4,180	4,510
Bond issuances	-	90,285	-	-	90,285
Premium on bond issuances	-	-	1,490	-	1,490
Insurance recoveries	10	-	-	-	10
Proceeds from sale of capital assets	246	-	-	-	246
Total other financing sources	<u>256</u>	<u>90,615</u>	<u>1,490</u>	<u>4,180</u>	<u>96,541</u>
Net change in fund balances	<u>(2,206)</u>	<u>8,873</u>	<u>2,949</u>	<u>(1,691)</u>	<u>7,925</u>
Fund balances -- June 30, 2018, as restated	<u>54,783</u>	<u>23,975</u>	<u>77,965</u>	<u>16,067</u>	<u>172,790</u>
Fund balances -- June 30, 2019	<u>\$ 52,577</u>	<u>\$ 32,848</u>	<u>\$ 80,914</u>	<u>\$ 14,376</u>	<u>\$ 180,715</u>

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

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## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

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### Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2019 (Thousands)

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

Net changes in fund balances - total governmental funds	\$	7,925
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which the capital outlays exceeded depreciation and retirements in the period.

Capital outlays	63,809	
Depreciation expense	<u>(31,813)</u>	31,996

The effect of miscellaneous transactions involving capital assets.

Proceeds from the sale of capital assets	(246)	
Loss on sale of capital assets	<u>(563)</u>	(809)

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

Principal payments and amortization of bond premium	73,200	
Proceeds from the sale of bonds, capital leases, and premium on the issuance of bonds	(96,284)	
Capital lease payments	28	
Change in accrued interest payable	<u>(810)</u>	(23,866)

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

They are, however, recorded as revenues in the statement of activities.	6,159
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Some expenses (compensated absences, insurance claims, OPEB and pension expense) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

12,918
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#### Change in net position of governmental activities

<u>\$</u>	<u>34,323</u>
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The accompanying notes to the financial statements are an integral part of this statement.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2019

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#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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##### Basis of Presentation

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

##### Reporting Entity

The district is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and is, accordingly, a separate entity for operating and financial reporting purposes. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes. The district is part of the public school system of Oklahoma under the general direction and control of the state Board of Education. The district is the primary government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. 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.

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

##### 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 included among program revenues are reported as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

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#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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##### 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.

##### 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 and liabilities plus deferred inflows of resources is reported as fund balance.

All governmental funds can be classified into one of five types: the general fund, capital projects funds, debt service funds, special revenue funds and permanent funds. In the fund financials, data from each *major* fund is presented in a separate single column while data from all the nonmajor funds are aggregated into a single column.

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. The general fund includes the accounts and activities of the workers compensation fund. Combining schedules are included to show the separate accounting for workers compensation and 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, acquiring transportation, equipment, textbooks and classroom learning materials.

**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.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2019

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#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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The following are the district's nonmajor governmental funds:

**Special revenue funds** – Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

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

**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.

**Arbitrage rebate fund** – The arbitrage rebate fund is used to pay the rebatable arbitrage 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, 2019.

**Student activity fund** – The student activity fund is used to account for monies collected principally through fundraising efforts of the students and district sponsored groups.

**Permanent fund** – Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's program.

**Endowment fund** – The Texaco endowment scholarship fund accounts for an endowment whose earnings are restricted to expenditures for awarding college scholarships to Memorial high school graduates.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. The *economic resources measurement focus* is not applicable to the agency funds (which comprise the entire fiduciary fund category) and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are budgeted. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. All sources of revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under



## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

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#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension, claims and judgments, are recorded only when payment is due.

All 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.

#### Investments

Investments consist of United States Treasury and agencies securities and certificates of deposit. Investments, except for non-negotiable certificates of deposit, are recorded at fair value. See note 3 for discussion regarding fair value measurements. The investment income including the net change in fair value of investments is recognized and reported as earnings (loss) on investments. Non-negotiable certificates of deposit are recorded at cost.

#### Inventories and Prepaid Items

All inventories are valued at the lower of cost or net realizable value using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

#### Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Assets	Years
Buildings and building improvements	20-50
Equipment, vehicles and fixtures	5-15

## **FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS** **Year ended June 30, 2019**

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#### **Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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##### **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 represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the year ended June 30, 2019 consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. See note 11 for additional discussion regarding pension deferred outflows of resources.

##### **Deferred Inflows of Resources**

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

##### **Compensated Absences**

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

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

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#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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##### 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, as current period activity. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as current year expenditures. Principal and interest payments are recorded as debt service expenditures.

##### Net Position and Fund Balances

The government wide financial statements utilize a net position presentation. Net position on the statement of net position include the following:

**Net investment in capital assets** – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, if any.

**Restricted for specific purposes** – the component of net position that reports the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of certain programs 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. The restricted net position for other purposes is made up of the following (000's):

Child nutrition	3,195
Gifts	1,468
Flexible benefit	2
Arbitrage	13
Student activities	4,580
Endowments	30
Federal and state allocation carryover	1,067
Net OPEB assets	2,624
	<u>12,979</u>

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

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#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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**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 or net position restricted for specific purposes.

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

Governmental fund equity is classified as fund balance. Fund balance refers to the difference between assets and liabilities plus deferred inflows of resources in the governmental funds balance sheet. Fund balance consists of five categories, defined in GASB Statement No. 54, as follows:

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

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

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

For purposes of committed fund balance, the district's Board of Education is considered to be its highest level of decision making. Funds set aside by the Board of Education as committed fund balance requires a resolution by the Board of Education. Such resolution must be made prior to the district's fiscal year-end in order for it to be applicable to the district's fiscal year-end, although it is permitted for the specific amount of the commitment to be determined after the fiscal year-end if additional information is required in order to determine the exact amount to be committed. The Board of Education has the authority to remove or change the commitment of funds by resolution. The district had no committed fund balance at June 30, 2019.

**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*

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

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#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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governmental funds would be reported. Unassigned fund balance essentially consists of excess funds that have not been classified in the four above fund balance categories.

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

#### District's Use of Estimates

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

#### New Accounting Pronouncements Adopted in Fiscal Year 2019

The district adopted the following new accounting pronouncements during the year ended June 30, 2019 as follows:

- **Statement No. 84, *Fiduciary Activities***

The objective of GASB Statement No. 84, issued February 2017, is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

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

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

See Note 16 for additional discussion regarding the adoption of GASB Statement No. 84.

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**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 ending June 30, 2020 and 2021. A description of the new accounting pronouncements are described below:

- **Statement No. 87, Leases**

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

The district is currently evaluating the impact this new standard may have on its financial statements.



## **FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS** **Year ended June 30, 2019**

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#### **Note 2. REVENUES**

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A description of the district's revenue sources is included below. Revenue is recognized as described below in the government-wide statements and as described below, to the extent the availability criteria has been met, in the governmental fund statements.

##### **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. 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.

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

##### **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. Revenue is recognized when it is both measurable and available.

##### **Fees and Charges**

Fees and charges include tuition, fees, rentals, disposals, commissions, and reimbursements. These are recorded as revenue when services are provided.

##### **State Revenues**

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

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

The district receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the

## **FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS** **Year ended June 30, 2019**

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#### **Note 2. REVENUES (continued)**

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fiscal year be carried forward into the following year to be expended for the same categorical programs.

As of June 30, 2019 \$0.7 million of state revenue was carried forward into fiscal year 2020. 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.

Revenue is recognized when eligibility requirements have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met.

Federal rules require that revenue earmarked for federal programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. As of June 30, 2019 \$0.4 million of federal revenue was carried forward into fiscal year 2020.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

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**Note 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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**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, 2019, all of the district's deposits were either covered by insurance or were collateralized at 110% of the investment principal. Collateral was held by the pledging financial institution's trust department or agent in the district's name.

**Custodial Credit Risk - Investments**

For an investment, custodial credit risk is the risk that the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the district, and are held by counterparty or the counterparty's trust department but not in the name of the district. The district's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2019, all of the district's investments were either covered by federal deposit insurance or were fully collateralized. Further, all of the district's investments are held by its agent in the district's name. Accordingly, no investments are subject to custodial credit risk.

**Credit Risk**

The district's fixed-income securities are subject to credit risk. However, the district policy on credit quality limitations upholds a very high standard by limiting investments to either direct obligations of the US government or investments backed 110% by collateral. At June 30, 2019, the district's investment portfolio had invested \$63.5 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 \$111.3 million is invested in certificates of deposit and US Treasuries, for \$16.1 and \$95.2 respectively, 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, 2019, 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, 2019, all of the district's investments were scheduled to mature in 5 years or less.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

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

Maturities of investments and percentages held by issuer as of June 30, 2019 are as follows (000's):

Investment Type	% of Portfolio	Investment Maturities (in Years)		
		Fair Value	Less Than 1	1-5
Negotiable certificates of deposit	7%	\$ 12,129	\$ 9,499	\$ 2,630
US Treasury Securities	56%	95,244	95,244	-
Mortgage-backed securities				
Federal Home Loan Bank	14%	23,948	8,965	14,983
Federal Farm Credit Bank	6%	9,993	7,993	2,000
Freddie Mac	9%	15,035	6,000	9,035
Fannie Mae	8%	14,489	14,489	-
Total	100%	\$ 170,838	\$ 142,190	\$ 28,648
Deposits		Cost	Less Than 1	1-5
Non-Negotiable certificates of deposit		\$ 4,000	\$ 4,000	\$ -
Total investments on Statement of Net Position:		174,838	146,190	28,648

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

#### Fair Value Measurements

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

As of June 30, 2019, all of the district's investments are valued using level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

#### Investment Authority

The district treasurer is required by the board to invest district monies in the custody of the treasurer in those investments permitted by law. The treasurer shall, to the extent practicable, use competitive bids when purchasing direct obligations of the United States Government or other obligations of the United States Government, its agencies, or instrumentalities.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2019

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

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The district treasurer shall limit investments to:

- Direct obligations of the United States government to the payment of which the full faith and credit of the government of the United States is pledged; provided the district treasurer, after completion of an investment education program in compliance with applicable law, may invest funds in the investment account in other obligations of the United States government, its agencies or instrumentalities;
- Obligations to the payment of which the full faith and credit of the state is pledged;
- Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as defined in this policy.
- Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation;
- Repurchase agreements that have underlying collateral consisting of those items specified above including obligations of the United States, its agencies and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;
- County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds, or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued as defined in this policy.
- Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in this policy;
- Warrants, bonds or judgments of the district;
- Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board has voted to be a member, the investments of which consist of those items specified in this policy, as well as obligations of the United States agencies and instrumentalities; or
- Any other investment that is authorized by law.

#### Investment Philosophy

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

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

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

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



**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

**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):

<u>Receivables</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Due from other governments				
Local - current year property tax	\$ 9,074	\$ 7,364	\$ 1,282	\$ 17,720
Local - succeeding year property tax	95,341	80,936	13,223	189,500
County	127	-	-	127
State	1,984	-	-	1,984
Federal	4,128	-	178	4,306
Other receivables	761	-	438	1,199
Gross receivables	\$ 111,415	\$ 88,300	\$ 15,121	\$ 214,836
Less: Allowance for uncollectible property tax	(468)	(397)	(66)	(931)
Net receivables	<u>\$ 110,947</u>	<u>\$ 87,903</u>	<u>\$ 15,055</u>	<u>\$ 213,905</u>

Receivables which are not collected within the availability period, 60 days of the year end, are recorded in the governmental fund financial statements as deferred inflows of resources. At June 30, 2019, \$201.2 million of receivables were considered to be unavailable revenue and were recorded as deferred inflows of resources in the governmental fund balance sheet, of which \$188.8 million was succeeding year property tax. On the statement of net position, \$12.5 million was reclassified to revenue from unavailable revenue, while succeeding year property taxes remain deferred inflows of resources.

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

**Note 5. INVENTORIES AND PREPAID ITEMS**

Inventories are valued at average cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures/ expenses when consumed rather than when purchased.

Prepaid maintenance agreements are for technology-related equipment, software subscriptions and licensing and have terms ranging from 12 months to 72 months. These are amortized over the life of the service agreement and recorded as expenditures/expenses as services are provided rather than when purchased.

The inventories and prepaid items on hand at June 30, 2019 were comprised of the following categories (000's):

<u>Inventory and prepaid items</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Inventory				
Food service supplies \$	- \$	- \$	386 \$	386
Classroom supplies	299	-	-	299
Custodial supplies	292	-	-	292
Total inventory	\$ 591	\$ -	\$ 386	\$ 977
Prepaid items	154	1,160	1	1,315
Total Inventory and prepaid items	\$ 745	\$ 1,160	\$ 387	\$ 2,292

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

#### Note 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows (000's):

Governmental Activities:	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 5,017	\$ -	\$ 921	\$ -	\$ 5,938
Construction in progress	44,104	58,468	(60,247)	-	42,325
Assets out of service	2,422	-	-	(20)	2,402
Total capital assets not being depreciated	\$ 51,543	\$ 58,468	\$ (59,326)	\$ (20)	\$ 50,665
Capital assets being depreciated:					
Buildings	\$ 856,073	\$ -	\$ 59,326	\$ (2,108)	\$ 913,291
Equipment and vehicles	71,735	5,341	-	(1,186)	75,890
Total capital assets being depreciated	\$ 927,808	\$ 5,341	\$ 59,326	\$ (3,294)	\$ 989,181
Total assets	\$ 979,351	\$ 63,809	\$ -	\$ (3,314)	\$ 1,039,846
Less accumulated depreciation for:					
Buildings	\$ (351,552)	\$ (26,230)	\$ -	\$ 1,478	\$ (376,304)
Equipment and vehicles	(42,099)	(5,583)	-	1,027	(46,655)
Total accumulated depreciation	\$ (393,651)	\$ (31,813)	\$ -	\$ 2,505	\$ (422,959)
Governmental activities capital assets, net	\$ 585,700	\$ 31,996	\$ -	\$ (809)	\$ 616,887

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

Governmental activities:	
Instruction and instruction-related services	\$ 16,890
Support services - student and staff	1,852
Administrative support services	6,402
Operation of non-instructional services	2,578
Operation and maintenance of plant services	2,058
Student transportation services	2,033
	<u>\$ 31,813</u>

#### Assets Out of Service

Assets out of service includes sites identified as surplus properties under the Project Schoolhouse initiative. The district has not yet determined the ultimate disposition of these assets. As of June 30, 2019 assets out of service were approximately \$2.4 million.

#### Construction Commitments

The district has active construction projects as of June 30, 2019. These projects include new construction and renovations of schools. At year-end, the district had approximately \$35.8 million in outstanding construction encumbrances.

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

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**Note 7. CAPITAL LEASES**

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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.

On July 5, 2016, the District entered into an agreement to upgrade the compressed natural gas (CNG) pump station at the East transportation lot for \$3.5 million. Under the agreement, BMS will offset the cost of the compressed natural gas equipment with federal income tax credits which lower the district's cost by approximately \$0.8 million. The district will exercise a purchase option of \$2.4 million after 39 months.

The District entered into two agreements for the acquisition of compressed natural gas (CNG) buses, of which the natural gas conversion equipment on each bus will be leased for 39 months before being paid in full. The first contract on August 24, 2017 was for 18 buses and the second was February 5, 2018 for 22 buses. These arrangements allow Midwest Transport Solutions to pass along to the District a federal income tax credit creating a 6% savings on the total price of each bus. Exercising the purchase options for each bus after leasing for 39 months will cost a total of \$459 thousand.

November 1, 2018 the district entered into an agreement to purchase LED lighting equipment for a district wide lighting retrofit for \$4.5 million to be paid over a term of 48 months. The retrofit includes replacement of existing light fixture and bulbs with LED fixtures and bulbs in order to realize significant cost savings resulting from the lower utility costs and increased lifespan.

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

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2018
Equipment	\$ 3,194	\$ 4,510	\$ 28	\$ 7,676
Less: Current portion				(4,081)
Total long-term capitalized lease obligations outstanding				<u>\$ 3,595</u>

Net book value of assets acquired under capital lease as of June 30, 2019:

Capitalized equipment	\$ 4,155
Depreciation	(670)
Net book value	<u>\$ 3,485</u>

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

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**Note 7. CAPITAL LEASES (continued)**

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The future lease payments as of June 30, 2019, are as follows (000's):

<u>Fiscal Year(s)</u>	<u>Equipment</u>	<u>Total</u>
2020	\$ 4,166	\$ 4,166
2021	1,444	1,444
2022	1,364	1,364
2023	945	945
Total lease payments		<u>7,919</u>
Less imputed interest		<u>(243)</u>
Present value of minimum lease payment		<u>\$ 7,676</u>

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

**Note 8. LONG-TERM DEBT**

**2015 School Bond**

On March of 2015 the electors approved authority for the issuance of \$415 million in combined purpose, general obligation school bonds which include \$239.7 million for building construction and repairs; \$19.8 million for library additions, renovations and materials; \$17 million for transportation; and \$138.4 million for text books and classroom learning materials.

As of June 30, 2019 \$248.6 million has been issued leaving \$166.4 million remaining for future issuances.

**Current year Combined Purpose Bond issuances (Series 2018B and 2019A) and Technology Equipment Bond issuance (Series 2018C)**

In August 2018 and April 2019, the district issued \$57.8 and \$22.5 million respectively in combined purpose bonds; and in August 2018, \$10.0 million in technology equipment bonds. The proceeds from these bonds will be used to construct and renovate school facilities, for library improvements, transportation equipment, and to acquire classroom materials and 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, 2019 is approximately \$1.4 million. The net amount of unamortized premium at June 30, 2019 was approximately \$3.4 million.

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

Series		Outstanding June 30, 2018	Issuances	Retirements	Outstanding June 30, 2019	Due within one year
2019A	2015 Combined Purpose	\$ -	\$ 22,500	\$ -	\$ 22,500	\$ -
2018C	2015 Technology Equipment	-	10,000	-	10,000	-
2018B	2015 Combined Purpose	-	57,785	-	57,785	-
2018A	2015 Combined Purpose	27,000	-	-	27,000	6,750
2017B	2015 Combined Purpose	44,000	-	-	44,000	11,000
2017A	2015 Combined Purpose	35,000	-	8,750	26,250	8,750
2016B	2015 Combined Purpose	34,770	-	8,690	26,080	8,690
2016A	2015 Combined Purpose	5,625	-	1,875	3,750	1,875
2015E	2010 Combined Purpose	22,575	-	7,525	15,050	7,525
2015D	2015 Combined Purpose	7,500	-	2,500	5,000	2,500
2015C	2010 Combined Purpose	13,425	-	4,475	8,950	4,475
2015B	2013 Technology Equipment	6,840	-	3,420	3,420	3,420
2015A	2010 Combined Purpose	16,160	-	8,080	8,080	8,080
2014D	2013 Technology Equipment	3,580	-	1,790	1,790	1,790
2014C	2010 Combined Purpose	20,420	-	10,210	10,210	10,210
2014B	2013 Technology Equipment	1,790	-	1,790	-	-
2014A	2010 Combined Purpose	2,710	-	2,710	-	-
2013C	2013 Technology Equipment	2,500	-	2,500	-	-
2013B	2010 Combined Purpose	7,500	-	7,500	-	-
Total Long-term debt		251,395	90,285	71,815	269,865	75,065
Premium on bonds		3,274	1,489	1,385	3,378	-
Capital leases		3,194	4,510	28	7,676	4,081
Total bonds, capital leases and contracts \$		\$ 257,863	\$ 96,284	\$ 73,228	\$ 280,919	\$ 79,146



**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

**Note 8. LONG-TERM DEBT (continued)**

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

Fiscal Year	Principal	Coupon Interest	Total
2020	\$ 75,065	\$ 5,177	\$ 80,242
2021	74,135	3,140	77,275
2022	57,770	1,969	59,739
2023	40,320	986	41,306
2024	22,575	293	22,868
	<u>\$ 269,865</u>	<u>\$ 11,565</u>	<u>\$ 281,430</u>

Interest rates on the bonds range from 1.02% to 3.11% and nominal rates range from 1.01% to 3.06%. Original amount and principal payments (000's):

	Issue Date	Original Amount	Final Maturity	Annual Principal Payments	Coupon Rate	Nominal Rate
2019A	4/1/2019	\$ 22,500	4/1/2024	\$ 5,625	1.80%	1.79%
2018C	8/1/2018	10,000	8/1/2023	2,500	3.11%	3.06%
2018B	8/1/2018	57,785	8/1/2023	14,445	2.12%	2.10%
2018A	3/1/2018	27,000	3/1/2023	6,750	1.82%	1.81%
2017B	8/1/2017	44,000	8/1/2022	11,000	1.51%	1.50%
2017A	3/1/2017	35,000	3/1/2022	8,750	1.78%	1.77%
2016B	8/1/2016	34,770	8/1/2021	8,690	1.09%	1.08%
2016A	5/1/2016	7,500	5/1/2021	1,875	1.37%	1.37%
2015E	11/1/2015	30,100	11/1/2020	7,525	1.31%	1.31%
2015D	8/1/2015	10,000	8/1/2020	2,500	1.89%	1.88%
2015C	8/1/2015	17,900	8/1/2020	4,475	1.68%	1.67%
2015B	1/1/2015	13,680	1/1/2020	3,420	1.19%	1.18%
2015A	1/1/2015	32,320	1/1/2020	8,080	1.17%	1.17%
2014D	7/1/2014	7,160	7/1/2019	1,790	1.15%	1.14%
2014C	7/1/2014	40,840	7/1/2019	10,210	1.11%	1.11%
2014B	3/1/2014	7,160	3/1/2019	1,790	1.03%	1.03%
2014A	3/1/2014	10,840	3/1/2019	2,710	1.02%	1.01%
2013C	8/1/2013	10,000	8/1/2018	2,500	1.55%	1.54%
2013B	8/1/2013	30,000	8/1/2018	7,500	1.59%	1.58%

Interest expense on bonds during the year ended June 30, 2019 totaling \$5.1 million is reported in the debt service fund.

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

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**Note 9. RISK MANAGEMENT**

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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
Charter school locations	75,000
Windstorm and hail (3% per occurrence, per building)	100,000 up to 4,500,000
Automobile liability	175,000
General liability	175,000
Inland marine	2,500
School leader legal	175,000
Cyber liability and breach response	25,000

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. Premiums are paid into the workers' compensation fund, which is combined with the general fund for purposes of financial statement presentation, from the general fund and child nutrition fund. Liabilities are reported in the government-wide statements when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities are reported in the general fund statements to the extent these amounts are payable with expendable available financial resources. Liabilities in the government-wide statements also include an amount for claims that have been incurred but not reported (IBNR). The result of this 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 \$1,000,000 up to the statutory limit. Settlements did not exceed coverage for the past three years.

At June 30, 2019, the district had established liabilities for workers compensation claims and deductibles on commercial coverage of \$7.0 million and \$1.2 million, respectively. Changes in the balances of claims liability for the past three years are as follows (000's):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning of year	\$ 9,512	\$ 9,890	\$ 12,442
Incurred claims (including IBNRs)	1,625	3,485	1,946
Claim payments	<u>(2,926)</u>	<u>(3,863)</u>	<u>(4,498)</u>
Unpaid claims, end of year	<u>\$ 8,211</u>	<u>\$ 9,512</u>	<u>9,890</u>

Approximately \$2.6 million of the amount unpaid at June 30, 2019 is expected to be paid out in the next fiscal year from general funds.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

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#### Note 10. COMMITMENTS AND CONTINGENT LIABILITIES

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Encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances represent commitments related to unperformed contracts for goods or services. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows (000's):

General Fund	\$ 4,782
Capital Projects Fund	35,814
Nonmajor Funds	<u>1,122</u>
Total	<u>\$ 41,718</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

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##### Plan description

The district participates in the OTRS, a cost-sharing multiple-employer public employee retirement system that is self-administered. OTRS provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma State Statutes assigns the authority for management and operation of OTRS to the Board of Trustees of the OTRS. OTRS issues a publicly available annual financial report that can be obtained at [www.ok.gov/TRS/](http://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, 2019, there were 3,775 active employees of the district participating in the plan, comprising 4% of the total teacher's retirement system participants.

##### Benefits provided

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

Benefit provisions include:

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2019

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#### Note 11. PENSION BENEFITS (continued)

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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 year ended June 30, 2019. In addition, the district is required to match the state's contribution rate on salaries that are paid with federal funds. The district's total contribution to OTRS in 2019 was \$18.4 million.

The state makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2019, the state paid approximately \$1.6 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 2019, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the system on behalf of participating employers. The district has estimated the amounts contributed to the system by the State of Oklahoma on its behalf based on a

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

**Note 11. PENSION BENEFITS (continued)**

contribution rate provided to the district. For the year ended June 30, 2019, the total amount contributed to the system by the State of Oklahoma on behalf of the district was approximately \$13.5 million. In accordance with generally accepted accounting principles, district recognized the on-behalf payments as revenue and expenditures in the fund financial statements. In government-wide statement of activities, revenue is recognized for the state's on-behalf contribution on an accrual basis of approximately \$12.9 million.

These on-behalf payments do not meet the definition of a special funding situation.

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

At June 30, 2019, the district reported a liability of \$245.4 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2018. Based upon this information, the district's proportion was 4.05957110%. The change in proportion from the June 30, 2017 measurement date was a decrease of 0.00689595%.

For the year ended June 30, 2019, the district recognized pension expense of \$19.1 million. At June 30, 2019, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (16,918)
Changes of assumptions	21,849	(12,546)
Net difference between projected and actual earnings on pension plan investments	-	(4,426)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,449	(5,478)
Total Deferred amount to be recognized in pension expense in future periods	23,298	(39,368)
District contributions subsequent to the measurement date	18,440	-
Total deferred amount related to pension:	\$ 41,738	\$ (39,368)

Deferred pension outflows totaling \$18.4 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, 2020. Net deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Other deferred inflows and outflows are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. Other amounts reports as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2019

#### Note 11. PENSION BENEFITS (continued)

Year ended June 30:		
2020	\$	5,933
2021		698
2022		(14,984)
2023		(7,601)
2024		(116)
	\$	<u>(16,070)</u>

#### Actuarial assumptions

The total pension liability as of June 30, 2018 was determined based on an actuarial valuation prepared as of June 30, 2018 using the following actuarial assumptions:

- Actuarial cost method—Entry age normal
- Inflation—2.50 percent
- Future ad hoc cost-of-living Increases—None
- Salary increases—Composed of 3.25 percent wage inflation, including 2.50 percent price inflation, plus a service related component ranging from 0.00 percent to 8.00 percent based on years of service.
- Investment rate of return—7.50 percent
- Retirement age—Experience-based table of rates based on age, service, and gender. Adopted by the board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014.
- Mortality rates after retirement—Males: RP-2000 Combined Health Mortality Table for males with white collar adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality rates for active members—RP-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent.

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	23.5%	2.5%
Real Estate	9.0%	4.5%
Alternative Assets	10.0%	6.1%
Total	<u>100%</u>	

\*\*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**  
**Year ended June 30, 2019**

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**Note 11. PENSION BENEFITS (continued)**

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**Discount Rate**

The discount rate used to measure the total pension liability was 7.5 percent, no change from prior year. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.5 percent. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the state's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions. Based on the stated assumptions and the projection of cash flows, OTRS' fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the net pension liability of the district calculated using the discount rate of 7.5 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 (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's net pension liability	\$ 349,314	\$ 245,365	\$ 158,884

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**Note 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Oklahoma Teachers Retirement System (OTRS) and additions to/deductions from these fiduciary net positions has been determined on the same basis as they are 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.

**Oklahoma Teachers Retirement System – OPEB Subsidy**

**Plan description:** The District, as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Teachers Retirement System (OTRS). Title 74 O. S. Sec. 1316.3 defines the health insurance benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at [www.ok.gov/TRS](http://www.ok.gov/TRS).

**Benefits provided:** OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 per month, provided the member has ten (10) years of Oklahoma service prior to retirement.



**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

**Note 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**Contributions:** Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 8; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.15 percent of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the System were \$118.

**OPEB liabilities (assets), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB:** At June 30, 2019, the District reported a Net OPEB asset of \$2.6 Million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB asset was based on the District's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2018. Based upon this information, the District's proportion was 4.06 percent.

For the year ended June 30, 2019, the District recognized OPEB benefit expense of \$185 thousand. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (615)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(869)
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Total Deferred amount to be recognized in pension expense in future periods	-	(1,484)
District contributions subsequent to the measurement date	118	-
Total deferred amount related to OPEB:	\$ 118	\$ (1,484)

The \$118 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2020	\$ 334
2021	333
2022	333
2023	333
2024	151
	<u>\$ 1,484</u>

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

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**Note 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

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**Actuarial assumptions:** The total OPEB liability (asset) as of June 30, 2019, was determined based on an actuarial valuation prepared as of June 30, 2018 using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Inflation – 2.50 percent
- Future Ad Hoc Cost-of-Living Increases – None
- Salary Increases – Composed of 3.25 percent inflation, including 2.50 percent price inflation, plus a service-related component ranging from 0.00 percent to 8 percent based on years of service.
- Investment Rate of Return – 7.50 percent
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 30, 2014.
- Mortality Rates after Retirement – Males: RP-2000 Combined Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105 percent. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality Rates for Active Members – RP – 2000 Employer Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	23.5%	2.5%
Real Estate	9.0%	4.5%
Alternative Assets	10.0%	6.1%
Total	<u>100%</u>	

**Discount rate:** A single discount rate of 7.50 percent was used to measure the total OPEB liability (asset) as of June 30, 2018. This single discount rate was based on solely on the expected rate of return on OPEB plan investments of 7.50 percent. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

**Sensitivity of the District's proportionate share of the net OPEB liability (asset) to changes in the discount rate:** The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.5 percent, as well as what the Plan's net OPEB liability (asset) would be if it were

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS  
Year ended June 30, 2019

Note 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's net OPEB liability (asset)	\$ (921,425)	\$ (2,623,517)	\$ (4,077,914)

**Sensitivity of the District's proportionate share of the net OPEB liability (asset) to changes in the healthcare cost trend rate:** The benefits paid by the OTRS OPEB Plan are not impacted by healthcare cost trend rates. As a result, changes in the healthcare cost trend rate assumption will have no impact on the net OPEB liability.

**OPEB plan fiduciary net position:** Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at [www.ok.gov/TRS](http://www.ok.gov/TRS).

Note 13. 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 an additional \$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, 2019 is as follows (000's):

	Balance 6/30/2018	Accruals	Payments	Balance 6/30/2019
Vacation	\$ 3,451	\$ 4,156	\$ 3,433	\$ 4,174
Sick	4,092	- 8,197	8,185	4,104
Total	\$ 7,543	\$ 12,353	\$ 11,618	\$ 8,278

In past years, general, building, and child nutrition funds have been used to liquidate this liability. Of the total, \$0.7 million is expected to be paid out in the next fiscal year to employees upon termination.

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended June 30, 2019**

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**Note 14. SUBSEQUENT EVENTS**

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**Combined Purpose Bonds (Series 2019B)**

In August 2019, the district issued \$21.4 million in Combined Purpose Bonds Series 2019B. The proceeds from these bonds will be used to construct and renovate school facilities, for library improvements, transportation equipment, and to acquire classroom materials and technology. This bond has a coupon rate of 1.42%, a nominal rate of 1.41%, and a maturity date of August 1, 2024.

**Technology Equipment Bonds (Series 2019C)**

In August 2019, the district issued \$9.5 million in Technology Equipment Bonds Series 2019C. The proceeds from these bonds will be used to acquire technology infrastructure, and computer hardware and software. This bond has a coupon rate of 2.11%, a nominal rate of 2.09%, and a maturity date of August 1, 2024.

**Note 15. TAX ABATEMENT DISCLOSURES**

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The City of Tulsa provides ad valorem tax abatements to promote development within an enterprise zone in downtown Tulsa. The district is impacted by tax abatements provided by the City of Tulsa under the Tax Incentive District Number One economic development program. The abatements were established to encourage the development, renovation and redevelopment of residential, both single-family and multiple-unit dwellings, as well as commercial retail space and hotels. The abatements up to 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, are administered as a reduction in the tax bill, and last for up to 6 years (or fewer, if the property is sold). The district participates in the ad valorem tax abatement of 55.3%. For the fiscal year ended June 30, 2019, the City of Tulsa had eight active agreements which resulted in a total tax abatement of approximately \$0.9 million, of which the district's share is approximately \$0.5 million, and five other agreements which are currently under construction and will not result in tax abatements until such time that the project is completed and the ad valorem taxes are developed by the Tulsa County Tax Assessor. In all cases of the eight active agreements, the district receives ad valorem taxes at the market value of the property prior to the abatement.

The State of Oklahoma grants a 5-year exemption of ad valorem taxes for certain new manufacturing or research and development equipment and facilities. Pursuant to Section 193 of Title 62 of the Oklahoma Statutes, the state will reimburse the district for foregone property taxes as a result of this exemption. During the year ended June 30, 2019, the amount of foregone tax revenues as a result of this exemption were \$4.2 million, all of which was recorded by the district as a receivable at year end.

**Note 16. ADOPTION OF GASB STATEMENT NO. 84**

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Effective with the year ended June 30, 2019, the district adopted GASB Statement No. 84, Fiduciary Activities. As a result of the adoption, the district determined that student activity funds which had previously been reported as fiduciary (agency) funds needed to be reported as governmental (special revenue) funds. The effects of adopting GASB Statement No. 84 on net position / fund balance as of July 1, 2018 were as follows:

	Governmental Activities (000s)	Nonmajor Funds (000s)
Beginning net position/fund balance, as previously reported	\$ 228,552	\$ 11,589
Adoption of GASB Statement No. 84	5,216	4,478
Beginning net position/fund balance, as restated	<u>\$ 233,768</u>	<u>\$ 16,067</u>

## **Required Supplementary Information**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	4.06%	4.05%	4.03%	4.10%	4.18%
District's proportionate share of the net pension liability (asset) \$	245,365	\$ 268,340	\$ 336,547	\$ 249,031	\$ 224,675
District's covered payroll \$	158,490	\$ 161,626	\$ 163,790	\$ 163,115	\$ 161,383
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	154.81%	166.03%	205.47%	152.67%	139.22%
Plan fiduciary net position as a percentage of the total pension liability	72.74%	69.32%	62.24%	70.31%	72.43%

\*Only five fiscal years are presented because 10-year data is not yet available.

## CHANGES OF BENEFIT TERMS

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



## CHANGES OF ASSUMPTIONS

### Assumptions for salary increases have changed for the measurement dates as follows:

June 30, 2018	Increases were composed of 2.5% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
June 30, 2017	No change from prior year.
June 30, 2016	Increases were composed of 3.25 percent wage inflation, including 2.50 percent price inflation, plus a service related component ranging from 0.00 percent to 8.00 percent based on years of service.
June 30, 2015	Increases were composed of 3.75 percent wage inflation, including 3.00 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of services.
June 30, 2014	Increases were composed of 3.00 percent inflation, plus 1.00 percent productivity increase rate, plus step rate promotional increases for members with less than 25 years of service.

### Assumptions for retirement age determination have changed for the measurement dates as follows:

June 30, 2018	No change from prior year.
June 30, 2017	No change from prior year.
June 30, 2016	No change from prior year.
June 30, 2015	Determined using the experience based table developed from a five year experience study for the period ending June 30, 2014. This table was adopted by the OTRS Board in May 2015.
June 30, 2014	Determined using the experience-based table developed from a five year experience study for the period ending June 30, 2009. This table was adopted by the OTRS Board in September 2010.

### Assumptions for mortality rates have changed for the measurement dates as follows:

June 30, 2018	No change from prior year.
June 30, 2017	No change from prior year.
June 30, 2016	No change from prior year.
June 30, 2015	Rates for active employees were determined using the RP-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent. Rates for retired males were determined using the RP-2000 combined health Mortality Table for males with white collar adjustments and the generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Rates for retired females were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105 percent and the generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
June 30, 2014	Rates were determined using the RP-2000 Combined Mortality table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females.

### Assumptions for investment return have changed for the measurement dates as follows:

June 30, 2018	No change from prior year.
June 30, 2017	No change from prior year.
June 30, 2016	Return was 7.50 percent per year, net of investment-related expenses and compounded annually, composed of an assumed 2.50 percent inflation rate and a 5.00 percent net real rate of return.
June 30, 2015	No change from prior year.
June 30, 2014	Return was 8.00 percent per year, net of investment-related expenses and compounded annually, composed of an assumed 3.00 percent inflation rate and a 5.00 percent net real rate of return.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution \$	18.4	\$ 16.5	\$ 16.8	\$ 17.1	\$ 17.1	\$ 16.9	\$ 16.7	\$ 16.0	\$ 16.2	\$ 16.5
Contributions in relation to the contractually required contribution	(18.4)	(16.5)	(16.8)	(17.1)	(17.1)	(16.9)	(16.7)	(16.0)	(16.2)	(16.5)
Contribution deficiency (excess) \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll \$	158	\$ 162	\$ 164	\$ 163	\$ 161	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	11.65%	10.19%	10.24%	10.49%	10.62%	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

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

- |   |       |
|---|-------|
| 1. January 1, 2009 to December 31, 2009 | 9.00% |
| 2. January 1, 2010 to present           | 9.50% |

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

	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability (asset)	4.05957110%	4.05267515%
District's proportionate share of the net OPEB liability (asset) \$	(2,624)	\$ (1,807)
District's covered payroll \$	158	\$ 162
District's proportionate share of the net OBEB liability (asset) as a percentage of its covered payroll	-16.60759494	-11.15432099
Plan fiduciary net position as a percentage of the total OPEB liability	115.41%	110.40%

\*Only two fiscal years are presented because 10-year data is not yet available.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution \$	118.0	\$ 118.0	\$ 264.0
Contributions in relation to the statutorily required contribution	118.0	118.0	264.0
Contribution deficiency (excess) \$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll \$	158	\$ 162	\$ 164
Contributions as a percentage of covered payroll	74.68%	72.84%	160.98%

NOTE - The District is required to present information for 10 years. However, until a full 10 year trend is available, the District will present information for those years which information is available.

**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2019**  
(Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>Final Budget</u>
<b>REVENUES</b>				
Local and intermediate sources	\$ 125,360	\$ 119,945	\$ 133,545	\$ 13,600
State program revenues	167,077	170,113	155,964	(14,149)
Federal program revenues	32,727	34,923	33,946	(977)
Total revenues	<u>325,164</u>	<u>324,981</u>	<u>323,455</u>	<u>(1,526)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	190,928	207,096	206,316	(780)
Benefits	57,983	59,721	65,424	5,703
Purchased services	21,343	28,711	27,259	(1,452)
Supplies	19,248	18,904	14,170	(4,734)
Property	47	60	98	38
Other expenditures	7,483	1,140	1,207	67
Other outlays	38,103	15,049	13,997	(1,052)
Total expenditures	<u>335,135</u>	<u>330,681</u>	<u>328,471</u>	<u>(2,210)</u>
Excess (deficiency) of revenues over expenditures	<u>(9,971)</u>	<u>(5,700)</u>	<u>(5,016)</u>	<u>684</u>
<b>OTHER FINANCING SOURCES</b>				
Lapsed appropriations from prior year and fund transfer	2,000	1,191	1,126	(65)
Net change in fund balances	<u>(7,971)</u>	<u>(4,509)</u>	<u>(3,890)</u>	<u>619</u>
Fund balance -- June 30, 2018	31,987	32,318	32,318	-
Fund balance -- June 30, 2019	<u>\$ 24,016</u>	<u>\$ 27,809</u>	<u>\$ 28,428</u>	<u>\$ 619</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, 2019  
(Thousands)**

<b>Change in fund balance of governmental funds - General Fund</b>	\$ (2,206)
Revenues are recognized when earned in the governmental funds but are recognized when received for budgetary purposes. During the year, \$9,669 was received that was attributable to prior year activities and \$8,132 of revenue was realized but not received by the close of the year.	(1,537)
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 a decrease in inventories from \$605 to \$591 and prepaids decreased by \$135.	145
Obligations are accrued when incurred and measurable in the governmental funds but reported when expended for budgetary purposes. There was a decrease of \$42 in the accounts payable accrual.	(42)
A decrease of \$17 in the liability insurance reserve and an increase of \$1,300 in the reserve for workers compensation was made to comply with modified accrual standards.	(1,316)
Fair market value adjustment for long-term investments	(425)
Encumbrances are included in expenditures for budgetary purposes but not for the governmental fund financial statements.	(4,350)
Expenditures in the governmental fund financial statements include those paid with prior year encumbrances, which are excluded on the budgetary basis.	4,364
Expenditures for worker's compensation claims are shown in a separate fund for budgetary purposes but combined with the general fund in the governmental funds.	<u>351</u>
<b>Excess (deficiency) of revenues over expenditures - budgetary basis</b>	<u><u>\$ (5,016)</u></u>

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2019

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### Note 1. BUDGETS AND BUDGETARY ACCOUNTING

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#### 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.

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## Other Supplementary Information

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**Budgetary Comparison Schedule - Debt Service**  
**For the Year Ended June 30, 2019**  
(Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>Final Budget</u>
<b>REVENUES</b>				
Local and intermediate sources	\$ 77,386	\$ 77,205	\$ 75,870	\$ (1,335)
Total revenues	<u>77,386</u>	<u>77,205</u>	<u>75,870</u>	<u>(1,335)</u>
<b>EXPENDITURES</b>				
Current:				
Other expenditures	154,510	156,148	76,925	(79,223)
Total expenditures	<u>154,510</u>	<u>156,148</u>	<u>76,925</u>	<u>(79,223)</u>
Excess (deficiency) of revenues over expenditures	<u>(77,124)</u>	<u>(78,943)</u>	<u>(1,055)</u>	<u>77,888</u>
<b>OTHER FINANCING SOURCES</b>				
Premium on bonds sold	725	1,049	1,490	441
Net change in fund balances	<u>(76,399)</u>	<u>(77,894)</u>	<u>435</u>	<u>78,329</u>
Fund balance -- June 30, 2018	76,399	77,894	77,894	-
Fund balance -- June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,329</u>	<u>\$ 78,329</u>

**Budgetary Comparison Schedule - Capital Improvements**  
**For the Year Ended June 30, 2019**  
(Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>Final Budget</u>
<b>REVENUES</b>				
Local and intermediate sources	\$ 96,001	\$ 90,286	\$ 90,285	\$ (1)
Total revenues	<u>96,001</u>	<u>90,286</u>	<u>90,285</u>	<u>(1)</u>
<b>EXPENDITURES</b>				
Current:				
Purchased services	76,661	76,761	65,953	(10,808)
Supplies	20,450	20,504	21,455	951
Property	5,890	5,890	6,830	940
Other expenditures	-	-	-	-
Total expenditures	<u>103,001</u>	<u>103,155</u>	<u>94,238</u>	<u>(8,917)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,000)</u>	<u>(12,869)</u>	<u>(3,953)</u>	<u>8,916</u>
<b>OTHER FINANCING SOURCES</b>				
Lapsed appropriations from prior year	3,000	6,000	5,856	(144)
Fund Net change in fund balances	(4,000)	(6,869)	1,903	8,772
Fund balance -- June 30, 2018	4,000	6,869	6,869	-
Fund balance -- June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,772</u>	<u>\$ 8,772</u>

## FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

### Budgetary Comparison Schedule -Special Revenue Funds For the Year Ended June 30, 2019 (Thousands)

	BUILDING FUND				CHILD NUTRITION FUND			
	Original	Final	Actual (Budgetary Basis)	Variance Final Budget	Original	Final	Actual (Budgetary Basis)	Variance Final Budget
<b>REVENUES</b>								
Local and intermediate sources	\$ 13,673	\$ 13,794	\$ 13,610	\$ (184)	\$ 3,368	\$ 3,450	\$ 4,322	\$ 872
State program revenues	1,101	1,101	953	(148)	3,124	3,114	2,930	(184)
Federal program revenues	-	-	-	-	19,363	20,501	20,931	430
Total revenues	<u>14,774</u>	<u>14,895</u>	<u>14,563</u>	<u>(332)</u>	<u>25,855</u>	<u>27,065</u>	<u>28,183</u>	<u>1,118</u>
<b>EXPENDITURES</b>								
Current:								
Salaries	6,793	7,231	6,810	(421)	9,648	10,308	11,143	835
Benefits	1,878	1,869	1,805	(64)	4,111	3,821	3,599	(222)
Purchased services	4,728	5,046	5,700	654	1,052	991	867	(124)
Supplies	990	1,069	1,049	(20)	10,542	10,618	9,880	(738)
Property	88	77	143	66	133	117	105	(12)
Other expenditures	5,539	4,401	720	(3,681)	1,110	467	466	(1)
Total expenditures	<u>20,016</u>	<u>19,693</u>	<u>16,227</u>	<u>(3,466)</u>	<u>26,596</u>	<u>26,322</u>	<u>26,060</u>	<u>(262)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,242)</u>	<u>(4,798)</u>	<u>(1,664)</u>	<u>3,134</u>	<u>(741)</u>	<u>743</u>	<u>2,123</u>	<u>1,380</u>
<b>OTHER FINANCING SOURCES</b>								
Lapsed appropriations from prior year	100	173	303	-	100	110	111	1
Net change in fund balances	(5,142)	(4,625)	(1,361)	3,264	(641)	853	2,234	1,381
Fund balance -- June 30, 2018	5,642	5,125	5,125	-	1,641	147	146	(1)
Fund balance -- June 30, 2019	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 3,764</u>	<u>\$ 3,264</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 2,380</u>	<u>\$ 1,380</u>

Combining Balance Sheet

General Fund

June 30, 2019

(Thousands)

	General Fund	Workers Compensation Fund	Total General Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 22,298	\$ 1,080	\$ 23,378
Investments	59,347	1,488	60,835
Receivables net of allowance for uncollectibles	110,947	-	110,947
Inventories and prepaid items	745	-	745
Total Assets	<u>193,337</u>	<u>2,568</u>	<u>195,905</u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued liabilities	41,971	28	41,999
Claims and judgments	(2,661)	2,712	51
Total liabilities	<u>39,310</u>	<u>2,740</u>	<u>42,050</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property tax	95,103	-	95,103
Unavailable revenue	6,175	-	6,175
Total deferred inflows of resources	<u>101,278</u>	<u>-</u>	<u>101,278</u>
<b>FUND BALANCES</b>			
Non-spendable			
Inventories and prepaids	745	-	745
Restricted			
Federal and state allocation carryover	1,067	-	1,067
Assigned			
Purchases on order	1,835	-	1,835
Unassigned	49,102	(172)	48,930
Total fund balances	<u>52,749</u>	<u>(172)</u>	<u>52,577</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>193,337</u>	\$ <u>2,568</u>	\$ <u>195,905</u>

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

**General Fund**

**For the Year Ended June 30, 2019**

**(Thousands)**

	<b>General Fund</b>	<b>Workers Compensation Fund</b>	<b>Total General Fund</b>
<b>REVENUES</b>			
Property taxes	\$ 91,002	\$ -	\$ 91,002
Other local sources	11,813	-	11,813
Intermediate sources	10,537	-	10,537
Fees and charges	2,100	-	2,100
State aid	185,138	-	185,138
Federal aid	34,730	-	34,730
Earnings on investments	2,270	-	2,270
Miscellaneous	2,288	-	2,288
Total revenues	<u>339,878</u>	<u>-</u>	<u>339,878</u>
<b>EXPENDITURES</b>			
Current:			
Instruction and instruction-related services	190,942	352	191,294
Support services - student and staff	48,439	-	48,439
Instructional and school leadership	23,154	-	23,154
Administrative support services	29,376	-	29,376
Operation of non-instructional services	3,439	-	3,439
Operation and maintenance of plant services	20,937	-	20,937
Student transportation services	11,695	-	11,695
Facilities acquisition and construction services	51	-	51
Charter schools	13,921	-	13,921
Debt service			
Principal	28		28
Interest	6		6
Total expenditures	<u>341,988</u>	<u>352</u>	<u>342,340</u>
Excess (deficiency) revenues over expenditures	<u>(2,110)</u>	<u>(352)</u>	<u>(2,462)</u>
<b>OTHER FINANCING SOURCES</b>			
Insurance recoveries	10	-	10
Proceeds from sale of capital assets	246	-	246
Total other financing sources	<u>256</u>	<u>-</u>	<u>256</u>
Net change in fund balances	<u>(1,854)</u>	<u>(352)</u>	<u>(2,206)</u>
Fund balances -- June 30, 2018	54,603	180	54,783
Fund balances -- June 30, 2019	\$ <u><u>52,749</u></u>	\$ <u><u>(172)</u></u>	\$ <u><u>52,577</u></u>



**FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION**

**Combining Balance Sheet  
Nonmajor Funds  
June 30, 2019  
(Thousands)**

	<b>Special Revenue Funds</b>						<b>Permanent Fund</b>	
	<b>Building Fund</b>	<b>Child Nutrition Fund</b>	<b>Gifts Fund</b>	<b>Flexible Benefit Fund</b>	<b>Arbitrage Fund</b>	<b>Student Activities Fund</b>	<b>Endowment Fund</b>	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,601	\$ 2,565	\$ 506	\$ 2	\$ 13	\$ 4,581	\$ -	\$ 9,268
Investments	3,618	-	998	-	-	-	30	4,646
Receivables net of allowance for uncollectibles	14,442	612	1	-	-	-	-	15,055
Inventories and prepaid items	-	387	1	-	-	-	-	388
Total Assets	<u>19,661</u>	<u>3,564</u>	<u>1,506</u>	<u>2</u>	<u>13</u>	<u>4,581</u>	<u>30</u>	<u>29,357</u>
<b>LIABILITIES</b>								
Liabilities:								
Accounts payable and accrued liabilities	519	91	37	-	-	1	-	648
Total liabilities	<u>519</u>	<u>91</u>	<u>37</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>648</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Succeeding year property tax	13,190	-	-	-	-	-	-	13,190
Unavailable revenue	864	278	1	-	-	-	-	1,143
Total deferred inflows of resources	<u>14,054</u>	<u>278</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,333</u>
<b>FUND BALANCES</b>								
Non-spendable								
Inventories and prepaids	-	387	1	-	-	-	-	388
Endowments	-	-	-	-	-	-	30	30
Restricted								
Building	5,088	-	-	-	-	-	-	5,088
Child nutrition	-	2,808	-	-	-	-	-	2,808
Gifts	-	-	1,467	-	-	-	-	1,467
Flexible benefit	-	-	-	2	-	-	-	2
Arbitrage	-	-	-	-	13	-	-	13
Student activities	-	-	-	-	-	4,580	-	4,580
Total fund balances	<u>5,088</u>	<u>3,195</u>	<u>1,468</u>	<u>2</u>	<u>13</u>	<u>4,580</u>	<u>30</u>	<u>14,376</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,661</u>	<u>\$ 3,564</u>	<u>\$ 1,506</u>	<u>\$ 2</u>	<u>\$ 13</u>	<u>\$ 4,581</u>	<u>\$ 30</u>	<u>\$ 29,357</u>

**FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION**

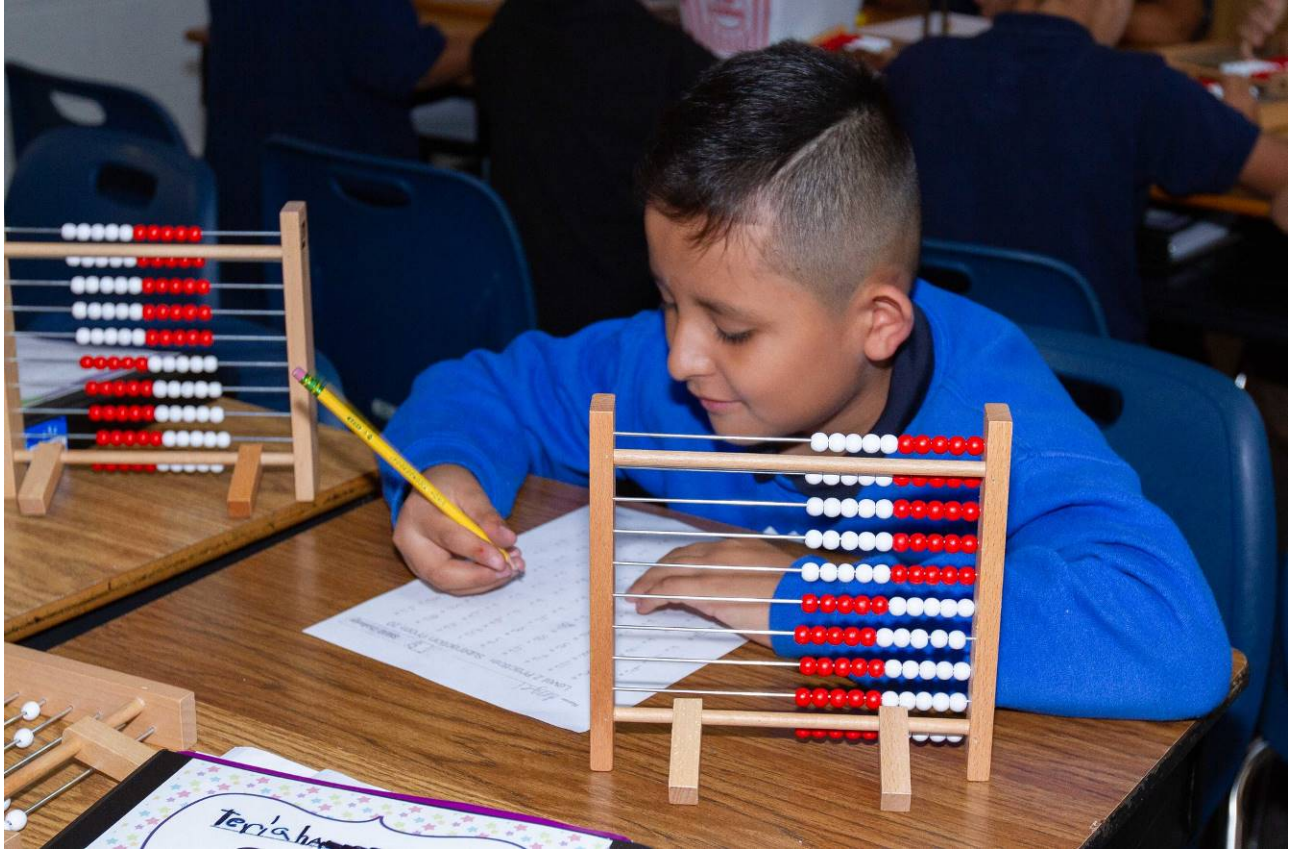
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Funds**  
**For the Year Ended June 30, 2019**  
**(Thousands)**

	Special Revenue Funds					Permanent Fund	
	Building Fund	Child Nutrition Fund	Gifts Fund	Flexible Benefit Fund	Arbitrage Fund	Student Activities Fund	Total Nonmajor Funds
REVENUES							
Property taxes	\$ 12,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,986
Other local sources	-	(8)	1,048	-	-	2,779	3,819
Fees and charges	34	3,885	-	-	-	228	4,147
State aid	953	2,929	-	-	-	-	3,882
Federal aid	-	20,145	-	-	-	-	20,145
Earnings on investments	863	-	28	-	18	13	922
Miscellaneous	100	-	-	-	-	13	113
Total revenues	14,936	26,951	1,076	-	18	3,033	46,014
EXPENDITURES							
Current:							
Instruction and instruction-related services	9	465	511	-	5	1,430	2,420
Support services - student and staff	5	-	237	-	-	923	1,165
Instructional and school leadership	-	-	52	-	-	55	107
Administrative support services	721	-	118	-	-	20	859
Operation of non-instructional services	-	27,515	-	-	-	384	27,899
Operation and maintenance of plant services	14,271	-	5	-	-	12	14,288
Student transportation services	-	-	4	-	-	101	105
Facilities acquisition and construction services	5,017	-	20	-	-	5	5,042
Total expenditures	20,023	27,980	947	-	5	2,930	51,885
Excess (deficiency) revenues over expenditures	(5,087)	(1,029)	129	-	13	103	(5,871)
OTHER FINANCING SOURCES							
Capital lease	4,180	-	-	-	-	-	4,180
Net change in fund balances	(907)	(1,029)	129	-	13	103	(1,691)
Fund balances -- June 30, 2018, as restated	5,995	4,224	1,339	2	-	4,477	16,067
Fund balances -- June 30, 2019	\$ 5,088	\$ 3,195	\$ 1,468	\$ 2	\$ 13	\$ 4,580	\$ 14,376

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## 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.

Contents	Page
<b>Financial Trends</b> .....	<b>100</b>
These schedules contain trend information to help the reader understand how the district's financial performance has changed over time.	
<b>Revenue Capacity</b> .....	<b>106</b>
These schedules present information to help the reader assess the district's major revenue sources.	
<b>Debt Capacity</b> .....	<b>110</b>
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b> .....	<b>114</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	
<b>Operating Information</b> .....	<b>116</b>
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,			
	2019	2018	2017	2016
Expenses				
Governmental activities:				
Instruction and instruction-related services	\$ 208,287	\$ 200,943	\$ 204,832	\$ 189,926
Support services - student and staff	54,614	47,986	49,129	50,977
Instructional and school leadership	23,261	20,781	20,667	21,890
Administrative support services	42,117	36,569	31,430	34,328
Operation of non-instructional services	33,496	30,181	30,437	29,665
Operation and maintenance of plant services	35,994	34,249	37,732	35,922
Student transportation services	14,201	10,329	11,151	11,603
Facilities acquisition and construction services	3,304	3,393	1,895	2,497
Charter schools	13,921	11,183	9,491	7,566
Interest on long-term debt	4,463	3,450	3,341	3,234
Unrestricted investment loss/gain	-	-	8	-
Total primary governmental activities expense	<u>433,658</u>	<u>399,064</u>	<u>400,113</u>	<u>387,608</u>
Program Revenues				
Governmental activities:				
Charges for services				
Operation of non-instructional services	5,660	4,667	5,278	5,612
Student transportation services	-	-	-	-
Other	5,285	818	565	669
Operating grants and contributions	87,648	75,989	77,728	73,847
Capital grants and contributions	-	-	-	-
Total primary governmental activities program revenues	<u>98,593</u>	<u>81,474</u>	<u>83,571</u>	<u>80,128</u>
Net Expense				
Total primary governmental activities net expenses	<u>(335,065)</u>	<u>(317,590)</u>	<u>(316,542)</u>	<u>(307,480)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	182,719	180,025	166,402	160,160
State aid - formula grants	101,893	85,468	88,459	89,424
Dedicated state revenue	66,609	63,557	63,653	64,551
County revenue	10,537	10,632	10,410	10,186
Unrestricted investment earnings	4,570	1,674	-	1,476
Gain (loss) on sale of real estate	246	883	296	550
Gain on early lease payoff	-	-	-	-
Insurance recovery	19	16	7	100
Other local revenue	2,795	1,900	2,493	2,236
Total primary governmental activities	<u>369,388</u>	<u>344,155</u>	<u>331,720</u>	<u>328,683</u>
Change in Net Position				
Total primary government	\$ <u>34,323</u>	\$ <u>26,565</u>	\$ <u>15,178</u>	\$ <u>21,203</u>

**STATISTICAL SECTION: FINANCIAL TRENDS**

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	2015	2014	2013	2012	2011	2010
\$	181,819	\$ 198,500	\$ 188,002	\$ 192,924	\$ 200,810	\$ 201,598
	45,399	45,168	46,942	46,858	51,731	49,917
	21,389	20,394	17,051	16,986	17,192	17,781
	43,169	36,711	28,713	28,765	27,092	27,641
	30,923	26,071	28,519	28,800	26,117	27,375
	37,238	35,757	34,385	36,426	36,498	36,733
	12,800	15,246	12,714	13,753	12,969	13,927
	2,443	52	6,998	2,008	2,396	-
	5,424	4,306	4,249	1,310	1,468	3,461
	3,775	3,139	2,935	3,735	4,490	4,544
	-	-	-	-	-	-
	<u>384,379</u>	<u>385,344</u>	<u>370,508</u>	<u>371,565</u>	<u>380,763</u>	<u>382,977</u>
	5,406	5,548	5,722	5,754	5,429	6,039
	-	1,435	1,263	1,079	1,855	1,736
	774	662	636	378	1,270	699
	76,880	72,202	74,612	87,483	97,373	85,309
	-	-	-	90	167	150
	<u>83,060</u>	<u>79,847</u>	<u>82,233</u>	<u>94,784</u>	<u>106,094</u>	<u>93,933</u>
	<u>(301,319)</u>	<u>(305,497)</u>	<u>(288,275)</u>	<u>(276,781)</u>	<u>(274,669)</u>	<u>(289,044)</u>
	159,678	147,823	144,602	141,061	139,515	140,357
	95,126	94,787	97,186	97,945	94,405	96,698
	65,260	63,792	63,360	61,413	47,055	44,411
	9,927	9,807	10,194	9,581	9,446	9,061
	591	857	389	575	890	396
	218	(27)	-	417	-	-
	-	-	-	359	-	-
	69	6,112	-	-	-	-
	304	496	1,507	529	508	722
	<u>331,173</u>	<u>323,647</u>	<u>317,238</u>	<u>311,880</u>	<u>291,819</u>	<u>291,645</u>
\$	<u>29,854</u>	<u>18,150</u>	<u>28,963</u>	<u>35,098</u>	<u>17,150</u>	<u>2,601</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues				
Property taxes	\$ 181,361	\$ 180,398	\$ 166,402	\$ 160,161
Other local sources	15,632	12,171	13,062	6,890
Intermediate sources	10,537	10,631	10,410	10,186
Fees and charges	6,247	5,308	5,845	6,286
State aid	189,020	165,626	164,700	168,126
Federal aid	54,875	50,157	52,440	54,789
Earnings on investments	4,640	1,743	61	1,503
Miscellaneous	2,401	2,808	2,985	2,702
Total revenues	<u>464,713</u>	<u>428,842</u>	<u>415,905</u>	<u>410,643</u>
Expenditures				
Instruction and instruction-related services	204,502	186,343	182,384	189,630
Support services - student and staff	52,783	46,163	47,404	49,303
Instructional and school leadership	23,261	20,781	20,668	21,890
Administrative support services	37,288	30,420	26,015	28,841
Operation of non-instructional services	31,388	27,746	29,961	28,213
Operation and maintenance of plant services	35,474	32,245	36,381	35,228
Student transportation services	15,982	13,229	15,592	16,093
Facilities acquisition and construction services	61,772	53,889	37,506	40,761
Charter schools	13,921	11,183	9,491	7,566
Debt service:	-			
Principal	71,843	66,417	62,314	78,202
Interest	5,115	4,489	4,969	3,405
Total expenditures	<u>553,329</u>	<u>492,905</u>	<u>472,685</u>	<u>499,132</u>
Excess of expenses over revenues	<u>(88,616)</u>	<u>(64,063)</u>	<u>(56,780)</u>	<u>(88,489)</u>
Other financing sources				
Capital Leases	4,510	263	3,547	-
Bond issuances	91,775	72,153	71,062	66,761
Insurance recoveries	10	16	7	99
Proceeds from sale of Capital Assets	246	883	296	851
Total other financing sources	<u>96,541</u>	<u>73,315</u>	<u>74,912</u>	<u>67,711</u>
Net change in fund balances	\$ <u>7,925</u>	\$ <u>9,252</u>	\$ <u>18,132</u>	\$ <u>(20,778)</u>
Debt service as a percentage of noncapital expenditures	15.72%	16.19%	15.56%	17.93%

## STATISTICAL SECTION: FINANCIAL TRENDS

	2015	2014	2013	2012	2011	2010
\$	153,943	\$ 145,061	\$ 144,601	\$ 141,060	\$ 149,208	\$ 150,748
	11,001	8,168	7,056	8,090		
	9,927	9,807	10,194	9,581	9,446	9,061
	6,187	6,224	6,427	6,222	7,566	7,199
	174,496	171,526	167,754	165,789	151,118	151,481
	54,270	57,065	62,689	79,665	83,271	78,227
	644	917	410	597	972	757
	2,312	2,263	2,128	1,938	1,734	1,547
	<u>412,780</u>	<u>401,031</u>	<u>401,259</u>	<u>412,942</u>	<u>403,315</u>	<u>399,020</u>
	190,655	191,443	192,258	192,615	194,066	197,140
	44,034	44,227	46,144	46,196	50,758	49,112
	21,389	20,394	17,050	16,986	17,197	17,781
	41,959	38,446	25,347	26,208	26,258	24,845
	28,914	27,151	26,237	25,850	25,759	26,303
	36,239	37,000	33,706	35,588	36,309	37,813
	13,621	14,676	13,133	13,948	17,482	15,582
	43,972	34,008	52,898	83,689	42,026	23,348
	5,424	4,305	4,249	1,310	1,468	3,461
	53,790	51,925	50,175	49,593	43,490	44,615
	4,166	3,985	4,654	4,470	5,280	6,320
	<u>484,163</u>	<u>467,560</u>	<u>465,851</u>	<u>496,453</u>	<u>460,093</u>	<u>446,320</u>
	<u>(71,383)</u>	<u>(66,529)</u>	<u>(64,592)</u>	<u>(83,511)</u>	<u>(56,778)</u>	<u>(47,300)</u>
	-	1,024	11,936	17,562	3,848	-
	95,777	58,535	48,432	47,412	40,213	79,011
	56	6,113	-	-	-	-
	216	2,317	-	1,948	-	-
	<u>96,049</u>	<u>67,989</u>	<u>60,368</u>	<u>66,922</u>	<u>44,061</u>	<u>79,011</u>
\$	<u><u>24,666</u></u>	<u><u>1,460</u></u>	<u><u>(4,224)</u></u>	<u><u>(16,589)</u></u>	<u><u>(12,717)</u></u>	<u><u>31,711</u></u>
	13.39%	13.32%	13.34%	13.12%	11.68%	11.81%

## STATISTICAL SECTION: FINANCIAL TRENDS

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets:	\$ 368,816	\$ 351,812	\$ 335,360	\$ 323,765	\$ 326,777	\$ 318,867	\$ 303,399	\$ 280,211	\$ 262,429	\$ 255,543
Restricted for:										
Debt service	78,365	76,228	69,380	65,971	52,882	45,494	47,125	48,500	49,781	48,708
Building	5,088	5,994	6,253	7,060	8,272	8,377	5,608	4,487	1,108	1,191
Other	12,979	6,210	6,513	11,924	1,232	1,194	1,209	1,580	1,810	1,239
Unrestricted	(197,157)	(211,692)	(215,519)	(234,341)	(222,911)	44,316	42,757	36,357	21,175	12,472
Total primary governmental activities net position	<u>\$ 268,091</u>	<u>\$ 228,552</u>	<u>\$ 201,987</u>	<u>\$ 174,379</u>	<u>\$ 166,252</u>	<u>\$ 418,248</u>	<u>\$ 400,098</u>	<u>\$ 371,135</u>	<u>\$ 336,303</u>	<u>\$ 319,153</u>

Note: The District adopted GASB Statement 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 Statement 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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Non-spendable										
Inventories and prepaids	\$ 745	\$ 890	\$ 676	\$ 720	\$ 489	\$ 400	\$ 624	\$ 781	\$ 717	\$ 842
Restricted										
Federal and state allocation carryover	1,067	615	523	5,559	8,212	1,640	1,443	168	387	4,137
Committed	-	-	-	-	-	-	-	4,566	3,976	710
Assigned	1,835	3,157	2,931	3,604	8,439	15,998	14,264	10,766	4,822	6,016
Unassigned	48,930	50,121	45,924	37,263	36,052	36,137	35,855	27,501	21,430	5,124
Total general fund	<u>\$ 52,577</u>	<u>\$ 54,783</u>	<u>\$ 50,054</u>	<u>\$ 47,146</u>	<u>\$ 53,192</u>	<u>\$ 54,175</u>	<u>\$ 52,186</u>	<u>\$ 43,782</u>	<u>\$ 31,332</u>	<u>\$ 16,829</u>
All Other Governmental Funds										
Non-spendable										
Inventories and prepaids	\$ 1,548	\$ 2,197	\$ 1,916	\$ 1,200	\$ 1,105	\$ 1,227	\$ 705	\$ 622	\$ 970	\$ 640
Endowments	30	30	-	30	30	30	30	30	30	30
Restricted										
Capital projects	31,688	22,656	24,800	12,204	40,762	18,634	19,418	22,432	47,563	66,692
Debt service	80,914	77,965	70,861	67,927	52,882	45,494	47,125	48,500	49,781	48,708
Building	5,088	5,994	6,239	7,046	8,258	8,377	5,608	4,487	1,091	1,145
Child nutrition	2,808	3,346	3,783	4,256	4,266	3,668	2,442	1,417	1,668	2,431
Gifts	1,467	1,339	1,367	1,109	1,202	1,194	1,209	1,580	1,780	1,209
Flexible benefits	2	2	10	10	9	11	16	18	23	15
Arbitrage	13	-	-	-	-	-	-	-	9	3
Student activities	4,580	-	-	-	-	-	-	-	9	3
Total all other governmental funds	<u>\$ 128,138</u>	<u>\$ 113,529</u>	<u>\$ 108,976</u>	<u>\$ 93,782</u>	<u>\$ 108,514</u>	<u>\$ 78,635</u>	<u>\$ 76,553</u>	<u>\$ 79,086</u>	<u>\$ 102,924</u>	<u>\$ 120,876</u>

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**STATISTICAL SECTION: REVENUE CAPACITY**

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**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	
2019	\$ 2,495,072	\$ 16,482	\$ 40,030	\$ 209	71.92	70.77	72.47	71.43	71.92
2018	2,427,514	16,996	37,733	217	71.86	70.71	72.41	71.37	71.86
2017	2,358,291	16,218	37,726	196	70.27	69.12	70.82	69.78	70.27
2016	2,272,340	16,332	35,976	184	68.96	67.81	69.51	68.47	68.96
2015	2,213,584	15,625	35,545	209	68.99	67.84	69.54	68.50	68.99
2014	2,170,858	14,166	34,595	213	64.65	63.50	65.20	64.16	64.91
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

\*Mills per \$1,000.00 assessed valuation.

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

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Tulsa Public Schools Rates</b>										
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	30.72	30.66	29.07	27.76	27.79	23.71	23.45	23.59	22.70	23.75
Total Direct Rate	\$ 71.92	\$ 71.86	\$ 70.27	\$ 68.96	\$ 68.99	\$ 64.91	\$ 64.79	\$ 64.79	\$ 63.90	\$ 64.95
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	22.74	22.24	22.24	22.22	22.23	22.23	22.24	22.24	22.21	22.21
City of Tulsa	22.14	22.44	21.20	22.79	20.24	20.24	20.16	20.01	16.98	14.15
Total For All Governments	<u>\$ 137.34</u>	<u>\$ 137.08</u>	<u>\$ 134.25</u>	<u>\$ 134.51</u>	<u>\$ 132.00</u>	<u>\$ 127.92</u>	<u>\$ 127.58</u>	<u>\$ 127.58</u>	<u>\$ 123.63</u>	<u>\$ 121.85</u>

Source: Tulsa County Assessor's Office.

**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			
2019	\$ 1,930,006	\$ 468,937	\$ 152,849	71.92	\$ 22,899,446	11.14%
2018	1,862,313	471,575	148,571	71.86	22,291,830	11.14%
2017	1,815,016	454,190	143,225	70.27	21,693,068	11.12%
2016	1,759,111	437,249	128,472	68.96	20,948,369	11.10%
2015	1,712,885	422,032	130,046	68.99	20,383,119	11.11%
2014	1,678,771	392,152	148,909	64.91	19,859,929	11.18%
2013	1,661,274	370,958	189,365	64.65	19,672,823	11.29%
2012	1,643,445	354,142	185,539	64.79	19,325,190	11.30%
2011	1,627,450	370,050	204,359	63.87	19,424,410	11.34%
2010	1,562,217	379,621	188,715	64.92	19,299,072	11.04%

\*Mills per \$1,000.00 assessed valuation.

Source: Tulsa County Assessor's Office.

Principal Property Taxpayers

Taxpayer	Year Ended June 30,					
	2018			2009		
	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value
Holly Refining & Marketing	\$ 82,182	1	3.3%	\$ n/a	n/a	n/a
Public Service Company of Oklahoma	53,092	2	2.1%	58,619	1	2.8%
AHS Hillcrest/Tulsa Holdings	27,269	3	1.1%	27,745	4	1.3%
Helmerich & Payne	24,745	4	1.0%	7,538	9	0.4%
Oklahoma Natural Gas Company	21,692	5	0.9%	27,065	5	1.3%
AT&T Companies*	19,965	6	0.8%	51,527	2	2.5%
Warren Foundation	14,843	7	0.6%	13,074	7	0.6%
Williams Companies	14,573	8	0.6%	12,060	8	0.6%
H P Financial Services	12,000	9	0.5%	n/a	n/a	n/a
Level 3 Comms LLC	11,067	10	0.4%	n/a	n/a	n/a
Sinclair Oil Company	n/a	n/a	n/a	33,656	3	1.6%
Cox Communications	n/a	n/a	n/a	7,335	10	0.4%
Sun Oil Company	n/a	n/a	n/a	15,645	6	0.7%
Total	\$ 281,428		11.3%	\$ 254,264		12.2%

Source: Tulsa County Assessor's Office.

**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
2019	183,528	171,623	93.51%	-	171,623	93.51%
2018	178,391	173,086	97.03%	3,329	176,415	98.89%
2017	169,524	162,172	95.66%	6,522	168,694	99.51%
2016	160,321	154,998	96.68%	5,246	160,244	99.95%
2015	156,261	150,106	96.06%	5,853	155,959	99.81%
2014	143,515	138,723	96.66%	4,735	143,458	99.96%
2013	143,629	139,486	97.12%	3,682	143,168	99.68%
2012	141,448	134,758	95.27%	4,335	139,093	98.34%
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%

\*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)
2019	\$ 273,243	\$ 7,634	\$ 280,877	33,592,968	0.84%	648	\$ 433
2018	254,669	3,194	257,863	33,592,968	0.77%	648	398
2017	250,118	2,977	253,095	33,489,286	0.76%	646	392
2016	241,882	-	241,882	36,831,531	0.66%	645	375
2015	224,096	30,507	254,603	40,175,553	0.63%	640	398
2014	182,344	30,852	213,196	44,611,605	0.48%	631	338
2013	176,044	29,907	205,951	40,896,611	0.50%	624	330
2012	178,460	17,722	196,182	36,362,176	0.54%	615	319
2011	179,586	3,823	183,409	30,945,188	0.59%	609	301
2010	183,270	2,122	185,392	26,739,944	0.69%	605	306

Source:

(1) Note 8. Long-term debt

(2) See schedule of Demographic and Economic Information

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

Fiscal Year Ended June 30,	Total General Obligation Bonded Debt (1) (thousands)	Sinking Fund Balance (thousands)	Net General Obligation Bonded Debt (thousands)	Estimated Actual Value (2) (thousands)	Ratio of Net General Obligation Bonded Debt to Estimated Actual Value	Tulsa County Population (3) (thousands)	Net General Obligation Bonded Debt Per Capita
2019	\$ 273,243	\$ 78,329	\$ 194,914	\$ 22,899,446	0.85%	648	\$ 301
2018	254,669	77,894	176,775	22,291,830	0.79%	640	276
2017	253,095	71,024	182,071	21,693,068	0.84%	640	284
2016	241,882	67,340	174,542	20,948,369	0.83%	648	269
2015	224,096	52,510	171,586	20,383,119	0.84%	639	269
2014	182,344	45,004	137,340	19,859,929	0.69%	630	218
2013	176,044	47,025	129,019	19,672,823	0.66%	623	207
2012	178,460	48,224	130,236	19,325,190	0.67%	615	212
2011	179,586	49,716	129,870	19,424,410	0.67%	609	213
2010	183,270	48,404	134,866	19,299,072	0.70%	605	223

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

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**STATISTICAL SECTION: DEBT CAPACITY**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt Limit	\$ 264,469	\$ 255,179	\$ 241,243	\$ 232,483	\$ 226,494	\$ 221,983	\$ 222,160	\$ 218,313	\$ 220,186	\$ 218,018
Net Debt Applicable to Limit	202,548	173,501	175,746	172,671	166,231	66,079	127,745	129,233	129,287	134,327
Legal Debt Margin	<u>\$ 61,921</u>	<u>\$ 81,678</u>	<u>\$ 65,497</u>	<u>\$ 59,812</u>	<u>\$ 60,263</u>	<u>\$ 155,904</u>	<u>\$ 94,414</u>	<u>\$ 89,080</u>	<u>\$ 90,899</u>	<u>\$ 83,691</u>
Total net debt applicable to the limit as a percentage of debt limit	76.59%	74.27%	73.39%	29.77%	57.50%	59.20%	58.72%	61.61%	48.33%	51.41%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value	\$ 26,446,946
Debt Limit (10% of assessed value)	264,469
Total Bonded Indebtedness	280,877
Debt service fund balance	<u>78,329</u>
Net Bonded Indebtedness	202,548
Legal Debt Margin	<u>\$ 61,921</u>

Sources:

Certificate of excise board estimate of needs for 2016-2017, Total Valuation  
Oklahoma State Department of Education 2017-OCAS District Check Report  
Note 8. Long -term debt

**Direct and Overlapping Governmental Debt**  
**June 30, 2019**  
**(Thousands)**

Governmental Unit	Net Indebtedness	Estimated % Applicable to the District	Estimated Share of Overlapping Debt
City of Tulsa	\$ 392,806 *	68.66%	\$ 269,712
Tulsa Community College	-	41.08%	-
Tulsa County	6,954 *	41.08%	2,857
Tulsa Vo-Tech #18	-	37.79%	-
Creek County	-	3.14%	-
Osage County	-	9.88%	-
Wagoner County	-	0.04%	-
Subtotal, overlapping debt			\$ 272,569
Tulsa School District Direct Debt			280,877
Total Direct and Overlapping Debt			\$ 553,446

\*As of June 30, 2018

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	2018			2009		
	Employees	Rank	Percentage of Total Employment *	Employees	Rank	Percentage of Total Employment *
Saint Francis Healthcare System	10,000	1	3.13%	4,500	3	1.58%
Wal-Mart/Sam's Club	8,500	2	2.66%			
Tulsa Public Schools	7,500	3	2.34%	7,000	2	
Hillcrest Healthcare System	7,500	4	2.34%			0.98%
American Airlines	7,500	5	2.34%	7,500	1	
St. Johns Health System	7,500	6	2.34%	2,750	5	
City of Tulsa	5,000	7	1.56%	4,437	4	
Reasor's (all Tulsa area locations)	5,000	8	1.56%			
Tulsa County	5,000	9	1.56%			
QuikTrip	5,000	10	1.56%			
BOK Financial Corp.	-		-	2,719	6	0.95%
Tulsa Community College	-		-	2,500	7	0.88%
Broken Arrow Public Schools	-		-	2,300	8	0.81%
ONEOK, Inc.	-		-	2,100	9	0.74%
NORDAM Group, Inc.	-		-	2,000	10	0.70%
Union Public Schools	<u>68,500</u>		<u>21.41%</u>	<u>37,806</u>		<u>14.07%</u>

\*Tulsa MSA

Sources: City of Tulsa CAFR and district records

Note: Information is not available for fiscal year 2019.

**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,						
2018	648,360	\$ 40,688,491	\$ 62,756	322,030	311,265	3.3%
2017	646,727	37,525,897	58,024	320,152	306,536	4.3%
2016	646,396	34,720,064	53,713	318,576	303,691	4.7%
2015	640,979	40,534,679	63,239	318,248	305,047	4.1%
2014	631,441	45,104,490	71,431	311,497	298,129	4.3%
2013	624,173	41,650,779	66,730	311,042	295,184	5.1%
2012	615,594	36,889,336	59,925	310,018	294,043	5.2%
2011	609,392	32,422,450	53,205	304,059	285,655	6.1%
2010	605,008	28,355,369	46,868	306,671	285,120	7.0%
2009	601,961	25,561,640	42,763	293,653	274,468	6.5%

Note: Information not available for fiscal year 2019

Sources:

Bureau of Economic Analysis, U.S. Department of Commerce,  
Bureau of Labor Statistics  
US Census Bureau

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

Fiscal Year	Regular Education								Facility Acquisition and Construction	Student Transportation	Other	Total - Net Current Expenditures Per Pupil	Average Daily Membership
	Instruction	Support Services & Staff	Administrative Support Services	Instructional and School Leadership	Central Services	Operation & Maintenance of Plant Facilities	Child Nutrition	Total					
2018-19	\$ 5,189	\$ 1,439	\$ 171	\$ 644	\$ 954	\$ 1,005	\$ 702	\$ 10,103	1,738	447	474	12,761	36,552
2017-18	4,453	1,263	148	577	734	950	717	8,842	1,505	367	372	11,086	36,718
2016-17	4,635	1,265	142	545	603	997	695	8,882	1,139	370	340	10,732	37,932
2015-16	4,400	1,253	148	563	589	927	669	8,549	1,546	399	281	10,631	38,855
2014-15	4,319	1,157	161	544	851	955	678	8,665	1,367	390	189	10,467	39,497
2013-14	4,266	1,117	198	514	872	1,053	630	8,650	809	325	163	9,832	39,705
2012-13	4,231	1,172	253	436	410	966	633	8,101	1,010	421	269	9,588	39,596
2011-12	4,256	1,172	240	423	433	1,001	592	8,117	1,005	380	277	9,566	40,133
2010-11	4,424	1,229	222	427	434	897	576	8,209	1,944	304	264	10,580	40,540
2009-10	4,724	1,240	252	450	372	957	578	8,573	543	293	399	9,592	39,893

Source: District records.

**STATISTICAL SECTION: OPERATING INFORMATION**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Number of operating cafeterias	77	80	81	84	84	82	82	85	87	89
Number of schools participating in Federal lunch program	77	80	81	84	84	82	82	85	87	89
Student lunches served:										
Free lunches	3,802,553	3,846,247	3,647,979	3,649,019	3,709,060	3,672,403	3,671,959	3,753,767	3,796,583	3,792,050
Reduced price lunches	116,960	117,773	104,276	350,079	386,566	343,268	394,713	420,617	397,012	473,123
Paid lunches	174,745	162,021	611,223	518,242	521,208	534,142	567,143	589,680	626,107	672,277
Total student lunches served	<u>4,409,258</u>	<u>4,126,041</u>	<u>4,363,478</u>	<u>4,517,340</u>	<u>4,616,834</u>	<u>4,549,813</u>	<u>4,633,815</u>	<u>4,764,064</u>	<u>4,819,702</u>	<u>4,937,450</u>
Adult lunches served	16,852	21,156	30,538	40,801	49,606	53,738	58,971	63,945	83,735	101,467
Ala Carte lunches:										
Student daily equivalent meals	549	557	641	726	766	892	1,061	766	980	1,644
Adult daily equivalent meals	93	98	109	98	145	167	114	99	103	152
Daily average lunches served (including ala carte lunches):										
Student	25,513	25135	25977	27,615	28,247	25,226	28,643	29,124	29,499	29,698
Adult	195	128	182	341	440	454	465	480	599	729
Average Daily Membership (ADM)	36,278	37,433	38,587	39,101	39,666	39,588	39,551	40,919	41,224	39,893
Percent of student lunches served to ADM	70.3%	67.1%	67.3%	70.6%	71.2%	63.7%	72.4%	71.2%	71.6%	74.4%

Source: District records.



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**STATISTICAL SECTION: OPERATING INFORMATION**

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**High School Graduates  
Last Ten Fiscal Years**

School Year	Central	East Central	Edison	Hale	Memorial	Rogers	McLain	Washington	Webster	Total
2018-19	114	207	242	164	184	154	103	313	99	1,580
2017-18	103	197	227	215	188	138	87	314	94	1,563
2016-17	106	225	241	193	226	134	96	277	96	1,594
2015-16	124	187	244	155	182	145	96	350	99	1,582
2014-15	153	216	243	215	174	103	67	314	87	1,572
2013-14	116	193	231	203	162	61	66	306	89	1,427
2012-13	73	168	216	226	189	0 (1)	78	296	74	1,320
2011-12	109	176	251	255	194	0 (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

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

## STATISTICAL SECTION: OPERATING INFORMATION

### List of School Buildings: Square Footage, Capacity, Age June 30, 2019

School Building*	Physical Address	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/ Construction Date(1)	Depreciation Effective Date(2)
Academy Central & Greenwood Leadership	1789 W. Seminole Street	53,377	376	582	65%	1973	1982
Anderson	1921 E. 29th Street North	86,908	316	602	59%	1960	1972
Bell	6304 E. Admiral Boulevard	136,955	457	849	63%	1952	1972
Burroughs	1924 N. MLK Jr. Boulevard	56,856	254	545	57%	1925	1972
Carnegie	4309 E. 56th Street	54,580	379	467	86%	1958	1972
C. Clinton	1740 N. Harvard Avenue	82,118	628	707	95%	1953	1982
Wayman Tisdale Fine Arts Academy	4132 W. Cameron Street	84,183	284	645	49%	1958	1979
Clinton West	2224 W. 41st Street	123,811	410	700	66%	2009	2010
Delores Huerta	10620 E. 27th Street	50,366	396	513	74%	1971	1985
Cooper	1808 S. 123rd East Avenue	85,545	685	888	79%	1966	1979
Disney	11702 E. 25th Street	83,564	759	993	74%	1969	1982
Dual Language Immersion	2703 N. Yorktown Place	44,065	281	355	72%	1955	1955
ECDC Bunche	5402 N. MLK Jr. BLVD	69,709	135	360	98%	1958	1979
Eisenhower	3111 East 56th Street	101,868	627	641	95%	1961	1979
Eliot	1442 E. 36th Street	47,504	311	480	74%	1928	1979
Emerson	909 N. Boston Avenue	54,679	322	434	53%	1976	1979
Eugene Field	2249 S. Phoenix Avenue	58,782	371	503	75%	2005	2006
Gilcrease	5550 N. MLK Jr. Boulevard	129,845	372	615	64%	1964	1979
Grimes	3213 E. 56th Street	40,550	202	388	60%	1966	1979
Grissom	6646 S. 73rd East Avenue	54,062	311	444	72%	1969	1979
Hamilton	2316 N. Norwood Place	120,896	453	750	70%	1957	1974
Hawthorne	1105 E. 33rd Street North	59,151	252	559	49%	1952	1982
Hoover	2327 S. Darlington Avenue	71,755	466	638	71%	1954	1979
Unity Learning Academy	2137 N. Pittsburg Avenue	55,974	339	536	66%	1959	1972
Jones	1515 S. 71st East Avenue	46,702	365	444	79%	1962	1971
Kendall Whittier	2601 E. 5th Place	125,520	868	1,230	74%	1998	1998
Kerr	202 S. 117th East Avenue	64,365	556	697	82%	1964	1981
Key	5702 S. Irvington Avenue	59,014	340	648	57%	1961	1979
Lanier	1727 S. Harvard Avenue	46,657	291	375	85%	1925	1972
Council Oaks	1920 S. Cincinnati Avenue	48,271	461	503	90%	1918	1972
Lewis & Clark	737 S. Garnett Road	105,666	552	704	84%	1971	1982
Lindbergh	931 S. 89th East Avenue	61,862	474	536	87%	1957	1979
MacArthur	2182 S. 73rd East Avenue	56,375	307	566	59%	1957	1979
Mark Twain	541 S. 43rd West Avenue	57,462	329	559	72%	1999	2003
Marshall	1142 E. 56th Street	69,758	330	684	42%	1953	1974
Mayo	1127 South Columbia Avenue	60,008	393	424	92%	1926	1982
McClure	1770 E. 61st Street	69,893	455	730	64%	1957	1979
McKinley	6703 E. King Street	56,840	548	704	75%	1956	2000
Mitchell	733 N. 73rd East Avenue	59,474	528	664	73%	1960	1979
Owen	1132 N. Vandalia Avenue	62,459	467	628	83%	1952	1979
Patrick Henry	3820 E. 41st Street	56,378	407	546	79%	1957	1974
Peary	10818 E. 17th Street	45,657	404	444	87%	1968	1982
Penn	2138 E. 48th Street North	53,079	241	467	65%	1959	1983
Project Accept	1202 West Newton Street	31,928	142	160	40%	1910	1910
Robertson	2721 W. 50th Street	51,052	359	467	82%	2003	2003
Salk	7625 E. 58th Street	67,242	624	753	88%	1964	1979

## STATISTICAL SECTION: OPERATING INFORMATION

### List of School Buildings: Square Footage, Capacity, Age June 30, 2019

School Building*	Physical Address	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/ Construction Date(1)	Depreciation Effective Date(2)
Sequoyah	724 N Birmingham Avenue	121,029	562	743	80%	1926	1974
Skelly	2940 S. 90th East Avenue	157,774	883	1,230	72%	1966	1979
Springdale	2510 E. Pine Street	54,924	488	628	80%	1925	1972
Whitman	3924 N. Lansing Avenue	52,913	325	526	68%	1961	1980
Wright	1110 E. 45th Place	99,534	236	632	44%	1959	1974
Zarrow	3613 S. Hudson Avenue	57,735	497	516	93%	1959	1979
Carver	624 E. Oklahoma Place	114,349	645	735	83%	1928	1972
East Central JH	12121 E. 21st Street	127,548	573	920	62%	1967	1979
Edison MS	2906 E. 41st Street	116,047	799	900	92%	1954	1979
Hale JH	2177 S. 67th East Avenue	132,777	494	915	49%	1960	1974
McLain 7th Grade Academy	525 E. 46th Street North	51,625	240	450	53%	1957	1974
Memorial JH	7502 E. 57th Street	128,733	375	645	55%	1966	1982
Monroe	2010 E. 48th Street North	98,155	252	600	47%	1958	1979
Thoreau	7370 East 71st Street	123,110	610	675	94%	1973	1984
Central JR/HS	3101 W. Edison Street	178,245	669	986	70%	1976	1988
East Central	12150 E. 11th Street	276,721	1,139	1,254	86%	1966	1979
Edison	2906 E. 41st Street	287,018	1,144	1,258	91%	1957	1979
Hale	6960 E. 21st Street	251,413	985	1,296	77%	1959	1979
McLain JR/HS	4929 N. Peoria Avenue	221,638	835	1,156	51%	1959	1988
Memorial	5840 S. Hudson Avenue	278,863	939	1,326	73%	1962	1988
Rogers JR/HS	3909 E. 5th Place	286,334	1,318	1,496	85%	1939	1972
Washington	1514 E. Zion Street	259,805	1,321	1,400	95%	2001	2004
Webster MS/HS	1919 W. 40th Street	208,807	831	933	89%	1938	1972
Tulsa MET	6201 E. Virgin Street	57,850	156	290	56%	1929	1929
Traice MS/HS	2740 E. 41st Street North	45,075	1,100	215	98%	1957	1957

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

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

\*\*\* Name changes effective beginning with the 2018/19 school year

(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.

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**STATISTICAL SECTION: OPERATING INFORMATION**

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**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				
2019	52	11	9	36,203	36,552	33,484	91.61%
2018	52	11	9	37,054	36,718	33,750	91.92%
2017	54	12	9	38,628	37,932	35,082	92.49%
2016	54	12	9	39,451	38,855	36,002	92.66%
2015	54	12	9	39,999	39,497	36,416	92.20%
2014	54	12	9	40,026	39,705	36,695	92.42%
2013	54	12	9	40,252	39,596	36,630	92.51%
2012	54	12	9	39,178	40,133	37,044	92.30%
2011	59	15	9	39,957	40,540	37,433	92.33%
2010	59	15	9	40,719	39,893	36,664	91.90%

Source: District records.

Note: Enrollment figures exclude charter school enrollment (currently over 3,600 students) within the District.

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**STATISTICAL SECTION: OPERATING INFORMATION**

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**Schedule of Government Employees by Function**

Function	Number of Employees at June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction and instruction-related services	3,474	3,348	3,260	3,560	4,501	4,619	4,222	4,425	4,657	4,456
Support services - student and staff	628	621	623	727	575	589	716	642	540	563
Instructional and school leadership	379	386	396	404	257	211	212	204	232	218
Administrative support services	166	164	152	156	114	163	153	154	160	163
Operation of non-instructional services	665	649	615	611	587	453	586	529	562	456
Operation and maintenance of plant services	497	487	494	557	480	554	529	562	529	548
Student transportation services	279	252	343	337	290	251	289	329	276	258
Total Government Employees	<u>6,088</u>	<u>5,907</u>	<u>5,883</u>	<u>6,352</u>	<u>6,804</u>	<u>6,840</u>	<u>6,707</u>	<u>6,845</u>	<u>6,956</u>	<u>6,662</u>

Source: District records.