

**Independent School District No. 89  
of Oklahoma County, Oklahoma,  
also known as the Oklahoma City  
Public Schools**

Financial Statements and Schedule of Expenditures of  
Federal Awards with Reports of Independent Auditor's  
June 30, 2020

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**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**District Profile**

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**Board of Education**

<i>Name</i>	<i>Office</i>	<i>District</i>	<i>Term of Office</i>	<i>End of Term</i>
Paula Lewis	Board Chairperson		4 yrs	2021
Charles Henry	Member	1	4 yrs	2021
Rebecca Budd	Member	2	4 yrs	2021
Carrie Jacobs	Vice Chairperson through March 9, 2020	3	4 yrs	2024
Mark Mann	Vice Chairperson from March 9, 2020	4	4 yrs	2024
Ruth Veales	Member	5	4 yrs	2022
Gloria Torres	Member	6	4 yrs	2023
Meg McElhaney	Member	7	2 yrs	2021

**Superintendent**

Dr. Sean McDaniel

**Chief Financial Officer**

Jean Bostwick, CPA

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# **FINANCIAL SECTION**



## Independent Auditor's Report

RSM US LLP

Board of Education  
Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

### 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 Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of the District's contributions to Oklahoma Teachers Retirement System for pensions, the schedule of the District's proportionate share of the Net OPEB Liability (Asset), the schedule of the District's contributions to the Oklahoma Teachers Retirement System for OPEB, and the budgetary comparison schedule for the General Fund 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 combining financial statements, budgetary schedules, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 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. These statements and schedules have 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 Other Information section, 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*RSM US LLP*

Oklahoma City, Oklahoma  
February 10, 2021

## **Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

### **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2020**

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Within the management's discussion and analysis of the Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section. The reports are prepared using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, which also requires that certain comparative information between the current year and the prior year be presented.

Unless specifically stated otherwise, all dollar amounts in this management's discussion and analysis are expressed in thousands.

#### **Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2020 were:

- The District's Statement of Net Position (accrual basis) reported that assets and deferred outflows exceeded liabilities and deferred inflows by \$493.5 million (net position) an increase of \$18.5 million, or 3.9% over the previous year end net position of \$475.0 million.
- General fund expenditures (budgetary basis) of \$360.6 million were less than total revenues (revenues plus lapsed appropriations) of \$374.1 million by \$13.5 million, or 3.6% of total revenues. The fund balance increased to \$40.9 million, or 11.3% of total expenditures.
- Standard & Poor's revised its annual bond rating outlook on the District's general obligation debt outstanding to negative from stable and affirmed its 'AA' rating.
- Per State Department of Education accreditation as of October 1 of the fiscal year, student membership totaled 35,897, a decrease of 1,635 students, or 4.4%, from last year's membership of 37,532.

#### **Overview of the Financial Statements**

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

#### **District-Wide Financial Statements**

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

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

The *Statement of Activities* presents information on 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, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods (e.g., uncollected taxes).



**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

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The district-wide financial statements distinguish functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities).

The governmental activities of the District include regular education, special education, school nutrition services, school activity, transportation and administration.

The district-wide financial statements can be found on pages 16 and 17.

**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 laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are reported separately while all other funds are combined into a single, aggregated presentation.

All District funds are Governmental funds and are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financing requirements. All of the District's basic services are included here, such as regular education, special education, school nutrition, school activity, transportation and administration. Property taxes, federal grants, state grants and state funding provide the financing for most of these activities.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances each provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are presented on pages 18 and 20. Major funds are presented separately, and nonmajor governmental funds are combined into a single column. Individual fund data for each of these nonmajor governmental funds are provided in a combining statement on pages 58 and 59.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

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**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. Notes to the financial statements can be found on pages 22 through 48.

**Required Supplementary Information**

The *Required Supplementary Information* (RSI) section presents information concerning the District's budgeting process. The District adopts an annual appropriated budget for the following funds: general fund, building fund, school nutrition fund, bond funds, debt service fund and insurance fund.

The District is required to present a budget to actual comparison schedule for both the general fund and each major special revenue fund with a legally adopted annual budget. A budgetary comparison schedule has been provided for the general fund, to demonstrate compliance with the budgets. There are no major special revenue funds with a legally adopted annual budget.

Pension and OPEB information are also included in the required supplementary information.

**Other Supplementary Information**

The *Other Supplementary Information* section presents the detailed by fund nonmajor Other Governmental Funds Balance Sheet and Revenues and Expenditures, and Changes in Fund Balances, and budgetary comparison schedules for the nonmajor special revenue funds and other funds: building fund, bond funds, debt service fund and insurance fund.

**District-Wide Financial Analysis**

The following financial analysis discussion reports the District's comparative results for Governmental Activities. As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

**Net Position**

The District's total net position at June 30, 2020 and 2019 was \$493.5 million and \$475.0 million, respectively. During the fiscal year ended June 30, 2020, net position increased \$18.5 million or 3.9%. As a result of the District recording its proportionate share of the net pension liability of the state-administered Oklahoma Teachers Retirement System (OTRS) in accordance with GASB Statement No. 68, the District is unable to report positive unrestricted net position.

The largest portion of the District's net position, \$625.9 million (126.8% of total net position), reflects its net investment in capital assets. The District uses these capital assets to provide instruction, facilities and transportation services; consequently, these assets are not available for future spending. Although the District's investment in 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.

Detailed financial information is available on page 16.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

The following table provides a comparative summary of the District's statements of net position as of June 30, 2020 and 2019:

	Statements of Net Position	
	Governmental Activities	
	2020	2019
Current assets	\$ 439,597	\$ 374,268
Capital assets and other post employment benefits	711,093	700,216
<b>Total assets</b>	<b>1,150,690</b>	<b>1,074,484</b>
<b>Deferred outflows of resources</b>	<b>59,869</b>	<b>52,475</b>
Current liabilities	88,551	70,824
Long-term liabilities	456,741	394,665
<b>Total liabilities</b>	<b>545,292</b>	<b>465,489</b>
<b>Deferred inflows of resources</b>	<b>171,762</b>	<b>186,491</b>
Net position:		
Net investment in capital assets	625,924	615,607
Restricted	70,176	66,601
Unrestricted (deficit)	(202,595)	(207,229)
<b>Total net position</b>	<b>\$ 493,505</b>	<b>\$ 474,979</b>

The District's total assets at June 30, 2020 was \$1,150.7 million, an increase of \$76.2 million, or 7.1%, over last year's assets of \$1,074.5 million.

	Total Assets	
	Governmental Activities	
	2020	2019
Cash and cash equivalents	\$ 177,005	\$ 149,037
Investments	57,383	33,077
Deposits held by a third party	42,627	33,570
Accounts receivables, net of allowances	161,893	158,100
Inventories	689	484
<b>Total current assets</b>	<b>439,597</b>	<b>374,268</b>
Land and construction	25,440	15,108
Other capital assets, net of accumulated depreciation	682,827	682,157
Other noncurrent assets	2,826	2,951
<b>Total noncurrent assets</b>	<b>711,093</b>	<b>700,216</b>
<b>Total assets</b>	<b>\$ 1,150,690</b>	<b>\$ 1,074,484</b>

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

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**Current Assets**

The District’s current assets consist primarily of cash and cash equivalents, investments, deposits held by a third party, receivables, and inventories. Current assets at June 30, 2020, was \$439.6 million, an increase of \$65.3 million, or 17.4%, over last year’s current assets of \$374.3 million. Major transactions/factors were:

- Increase of cash and cash equivalents of \$28.0 million and investments of \$24.3 million over prior year.
- Increase of deposits held by a third party of \$9.1 million is related to an increase of bond principal and interest payments due July 1<sup>st</sup>.
- Increase of accounts receivables of \$3.8 million

**Noncurrent Assets**

The District’s investment in capital assets includes: land; assets under construction; buildings and improvements; technology, appliances and musical instruments; machinery, equipment, furniture and fixtures; and vehicles. Capital assets, net of accumulated depreciation, at June 30, 2020 was \$708.3 million, an increase of \$11.0 million, or 1.6%, over last year’s total net capital assets of \$697.3 million. Major transactions/factors were:

- Increase for capital grants transfers of \$12.9 million for buildings, improvements and technology.
- Increase for assets under construction activity of \$30.2 million.
- Increase for purchasing vehicles of \$3.5 million.
- Decrease for sales of Harding and Green Pastures buildings costing \$11.9 million with a net book value of \$8.1 million. The District received proceeds of \$0.8 million related to the sales.
- Decrease for depreciation expense of \$24.1 million.

The following table provides a comparative summary of the District’s capital assets as of June 30, 2020 and 2019:

	Capital Assets, Net of Accumulated Depreciation Governmental Activities	
	2020	2019
Land	\$ 3,457	\$ 3,594
Assets under construction	21,983	11,514
Buildings and improvements	657,576	662,382
Technology, appliances, and musical instruments	7,798	7,264
Machinery, equipment, furniture and fixtures	6,565	5,095
Vehicles	10,888	7,416
<b>Total capital assets</b>	<b>\$ 708,267</b>	<b>\$ 697,265</b>

Additional information concerning the District’s capital assets is contained in Note 4 to the financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

**Total Liabilities**

The District’s total liabilities at June 30, 2020, was \$545.3 million, an increase of \$79.8 million, or 17.1%, over last year’s total liabilities of \$465.5 million. The following table provides a comparative summary of the District’s liabilities as of June 30, 2020 and 2019:

	Total Liabilities Governmental Activities	
	2020	2019
Current liabilities	\$ 45,336	\$ 37,282
Current portion of long-term liabilities	43,215	33,542
<b>Total current liabilities</b>	<b>88,551</b>	<b>70,824</b>
Long-term portion of GO bonds	146,325	110,575
Premium on bonds	2,275	3,391
Capital lease obligation	-	53
Accrued compensated absences	5,631	4,681
Net pension liability	302,510	275,965
<b>Total noncurrent liabilities</b>	<b>456,741</b>	<b>394,665</b>
<b>Total liabilities</b>	<b>\$ 545,292</b>	<b>\$ 465,489</b>

**Current Liabilities**

The District’s total current liabilities at June 30, 2020, was \$88.6 million, an increase of \$17.8 million, or 25.1%, over last year’s total current liabilities of \$70.8 million. Current liabilities include accounts payables and the current portion of long-term obligations, which were \$43.2 million, an increase of \$9.7 million, or 29.0%, over last year’s balance of \$33.5 million.

**Noncurrent Liabilities**

The District’s total noncurrent liabilities at June 30, 2020, was \$456.7 million, an increase of \$62.0 million or 15.7%, over last year’s total noncurrent liabilities of \$394.7 million. Major transactions/factors were:

- Increase of net pension liability of \$26.5 million.
- Increase of the total long-term portion of general obligation bonds of \$35.8 million, resulting from the 2020 general obligation bond sale of \$76.5 million and the scheduled short-term repayment of \$40.7 million for other existing general obligation bonds.

Additional information concerning the District’s noncurrent liabilities is contained in Note 6 – Long-Term Liabilities and Note 8 – Employee Retirement Plans.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

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**Outstanding Debt**

General obligation bond debt at June 30, 2020, was \$187.1 million, an increase of \$45.2 million or 31.9%, over last year’s total bond debt of \$141.9 million. Changes in the outstanding debt balance reflect the net impact of any increases of debt for new bond sales and any reductions of debt for bond principal payments. Major transactions/factors were:

- Increase for debt associated with the 2016 Bond Sale of \$76.5 million.
- Decrease for general obligation bond principal payments totaling \$31.3 million.

The following table provides a comparative summary of the District’s outstanding debt as of June 30, 2020 and 2019:

	Outstanding Debt Governmental Activities	
	2020	2019
General obligation bonds	\$ 187,075	\$ 141,855
Premium on bonds	2,275	3,391
<b>Total</b>	<b>\$ 189,350</b>	<b>\$ 145,246</b>

**Deferred Outflows** of \$59.4 million consists of items not yet charged to pension expense and contributions from the employer to the pension and OPEB plans after the measurement date but before the end of the employer’s reporting period. Deferred outflows of \$0.5 million relate to debt refunding and equals the difference between the re-acquisition price and the net carrying amount of old debt. The deferred outflows will be recognized as a component of interest expense over the life of the old debt or the life of the new debt, whichever is shorter.

**Deferred Inflows** of \$135.4 million was recorded related to future property tax collections as projected based on the Oklahoma County lien date of January 1, 2020, as these will not be recognized as revenue until the year for which it is budgeted. Deferred inflows of \$36.3 million was recorded related to items not yet recognized as a reduction of pension expense and OPEB expense.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

**Financial Analysis of the District’s Activities**

The District’s statement of activities is reported on the accrual basis. Detailed financial information is available on page 17. The following table provides a comparative summary of the District’s statements of activities for the years ended June 30, 2020 and 2019:

	Statements of Activities Governmental Activities	
	2020	2019
Program revenues:		
Charges for services	\$ 3,887	\$ 5,233
Operating grants and contributions	85,927	80,149
Capital grants and contributions	12,895	7,840
General revenues:		
Property and other taxes	169,292	160,961
State aid, charter schools	44,836	39,680
State aid	148,009	151,225
Support from other governments	7,596	7,471
Interest and dividends	2,109	3,377
Other	5,141	2,704
<b>Total revenues</b>	<b>479,692</b>	<b>458,640</b>
Expenses:		
Instruction	197,380	185,619
Support services	162,528	139,047
Operation of noninstructional services	26,615	28,563
Facilities, acquisitions, and construction	26,617	19,871
Charter schools	44,836	39,680
Other outlays	610	1,011
Interest	2,580	2,493
<b>Total expenses</b>	<b>461,166</b>	<b>416,284</b>
<b>Increase in net position</b>	<b>18,526</b>	<b>42,356</b>
Net position, beginning	474,979	432,623
Net position, ending	\$ 493,505	\$ 474,979

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

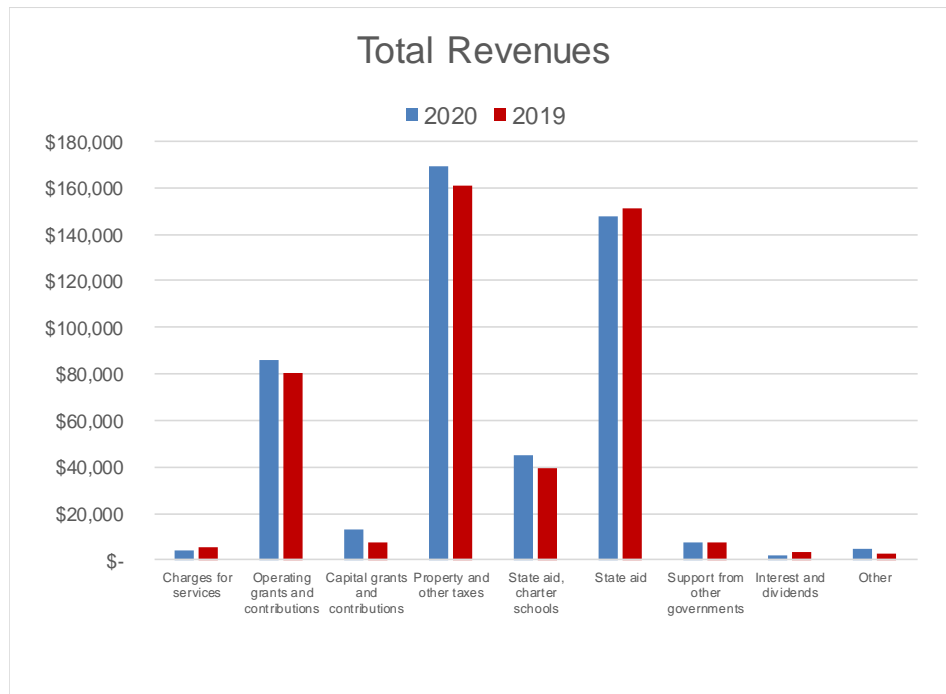
**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

**Revenues**

The District’s total accrual basis revenues at June 30, 2020, was \$479.7 million, an increase of \$21.1 million, or 4.6%, over last year’s total revenues of \$458.6 million. Major transactions/factors were:

- Revenue from operating and capital grants and contributions was \$98.8 million, an increase of \$10.8 million or 12.3%, over prior year revenues of \$88.0 million.
- Pass-through state funding revenue for charter schools was \$44.8 million, an increase of \$5.1 million or 12.8%, over prior year revenues of \$39.7 million.
- Revenue from property and other taxes was \$169.3 million, an increase of \$8.3 million or 5.2%, over prior year revenues of \$161.0 million.
- Revenue from state aid was \$148.0 million, a decrease of \$3.2 million or 2.1%, over prior year revenues of \$151.2 million.
- Revenue from interest was \$2.1 million, a decrease of \$1.3 million or 38.2%, over prior year revenues of \$3.4 million.

As graphically portrayed below, the District is heavily reliant on state aid to support operations. Property and other taxes support both general fund and building fund operations and provide proceeds for bond indebtedness.





**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

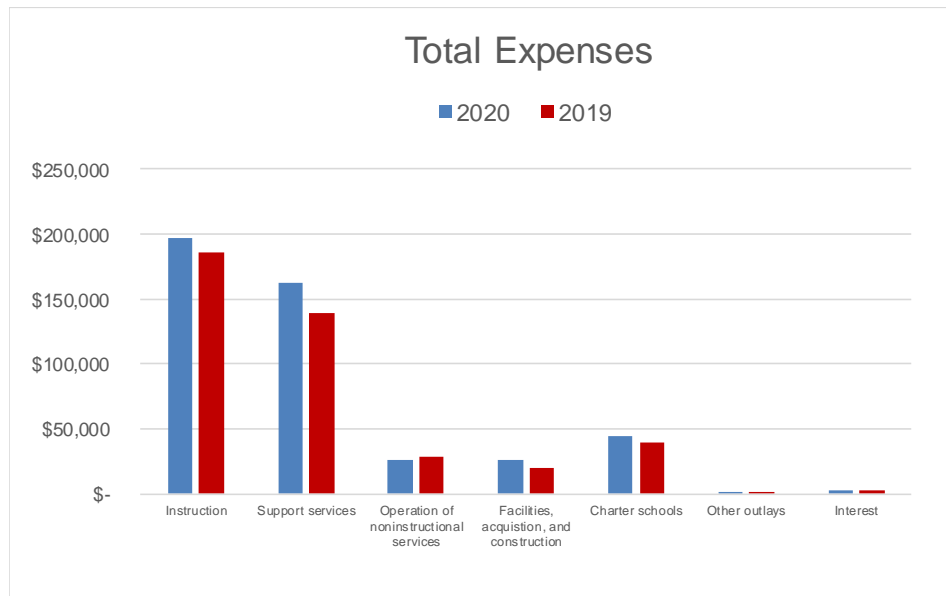
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**Expenses**

The District’s total accrual basis expenses at June 30, 2020, was \$461.2 million, an increase of \$44.9 million, or 10.8%, over last year’s total expenses of \$416.3 million.

Financial transactions benefiting the District that reflect both revenue and expense impact include the Federal Grant Programs (such as Title I) and on-behalf teacher retirement contributions by the State of Oklahoma. These financial transactions are generally reflected within instructional costs classification. Major transactions/factors were:

- Instructional costs was \$197.4 million, an increase of \$11.8 million or 6.4% over last year’s expenses of \$185.6 million.
- Support costs was \$162.5 million, an increase of \$23.5 million or 16.9% over last year’s expenses of \$139.0 million.
- Facilities costs were \$26.6 million, an increase of \$6.7 million or 33.7% over last year’s expenses of \$19.9 million.
- Pass-through expense for charter schools was \$44.8 million, an increase of \$5.1 million or 12.8%, over prior year revenues of \$39.7 million.



**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

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**Financial Analysis of the District’s Funds**

Governmental funds: The focus of the District’s governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. Long-term financial reporting, such as fixed assets and long-term debt, are adjusted back to revenue and expenditures to reflect only short-term activity. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. See pages 18 and 20 for detailed reporting.

The District’s main sources of revenues by category are:

- *Local* (including ad valorem, tuition and fees, investment earnings, rentals and reimbursements)
- *Intermediate* (including County Four Mill Ad Valorem)
- *State* (including state taxes and fees, state aid, state grants and state programs)
- *Federal* (federal programs, projects, services and activities)
- *Charter School* (flow-through of charter school state formula funding)
- *Other* (reimbursements and other miscellaneous revenues)

Other financing sources of governmental funds include bond sales, revenue transfers between funds and insurance recoveries.

Total Revenues by Source				
	2020		2019	
Local sources	\$	149,380	\$	145,188
Intermediate sources		15,525		14,006
State sources		199,393		200,417
Federal sources		61,590		57,328
Charter schools		44,836		39,680
Other		202		582
<b>Total sources of revenue</b>	<b>\$</b>	<b>470,926</b>	<b>\$</b>	<b>457,201</b>

The District’s main activities by function are instruction, support services, noninstructional services, facilities acquisition and construction, other outlays (charter school pass-through), and debt service. The following table shows each activity’s total cost before any offsets for fees generated by the activities and intergovernmental aid provided for specific programs, as well as the financial burden that was placed on the State of Oklahoma, federal government, and the District’s taxpayers by each of these functions.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

Total Expenditures by Function		
	2020	2019
Instruction	\$ 189,485	\$ 195,248
Support services	147,610	138,596
Noninstructional services	26,135	29,061
Facilities acquisition and construction	116	8,900
Charter schools	44,836	39,680
Other outlays	573	1,011
Debt service	34,566	44,937
Capital outlay	54,552	22,179
<b>Total cost of service</b>	<b>\$ 497,873</b>	<b>\$ 479,612</b>

**General Fund Budget Discussion**

In accordance with statutory requirements, prior to the end of the current fiscal year, the budget for the subsequent year is prepared and submitted to the Board of Education for approval prior to June 30<sup>th</sup>. Budgets are established based on historical trend information that is adjusted for one-time budget increases that may have occurred, new or ending programs, legislative activity, local economic activity and any changes in priorities or initiatives by the Oklahoma City Public School Board of Education.

**Revenues**

In addition to evaluating historical trends, budget preparation incorporates the District’s student projections, prepared by the PRE (Planning, Research, and Evaluation) department for the upcoming year. State formula funding is the District’s largest revenue stream and is dependent on the WADM (Weighted Average Daily Membership) of the student projections. The second largest revenue stream, federal funding, is budgeted to authorize the full potential allocation of all federal programs. All revenue projections are also evaluated based on any applicable factors that may be impactful including interest rates and specific economic trends.

**Expenditures**

Similar to the revenue budgeting process, expenditure budgets are heavily reliant on trend information. Employee compensation and benefits are the largest expense of the District. Based on the projected increase or decrease of student enrollment, the related District instructional staffing is evaluated and may be adjusted. All expense projections are also evaluated based on any applicable factors that may be impactful including, teacher shortages, union negotiations and new legislative mandates.

**Economic Outlook**

During FY20, the District continued their commitment to maximizing student and classroom investments and incorporating equity into our decision making processes while protecting the District’s overall financial position.

The State of Oklahoma is experienced a declining state economy as a result of the pandemic, high unemployment and an energy downturn. State Treasurer Randy McDaniel announced Thursday, January 7, 2021 that gross revenue totals \$13.9 billion from calendar year 2020. This is \$520.9 million, or 3.8%, below collections from calendar year 2019.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2020**

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At the end of FY2020, Oklahoma school districts received \$145.0 million of federal relief through the Coronavirus Aid Relief and Economic Security (CARES) Act. Oklahoma City Public Schools' portion was approximately \$17.0 million. The second COVID-19 federal stimulus package, approved in December 2020, will provide Oklahoma school districts \$665.0 million for critical relief as the financial downturn and pandemic impact continues. Oklahoma City Public Schools' portion will be approximately \$73.3 million.

Looking forward, the Oklahoma State Board of Education approved a fiscal year 2022 budget request of \$3.18 billion for common education representing an increase of \$191.0 million which includes restored operational dollars to the state funding formula in the amount of what was cut in the FY21 budget, funding for a School Counselor Corps and additional funds to support districts in purchasing Science textbooks, one of the costlier subject areas, in FY22. This request now goes to the Senate, the House, and the Governor's office as they prepare and finalize the state budget.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's financials and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools  
Financial Services Department  
P.O. Box 36609  
Oklahoma City, Oklahoma 73136

# **BASIC FINANCIAL STATEMENTS**

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Statement of Net Position  
June 30, 2020  
(in thousands)**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 177,005
Investments	57,383
Deposits held by third party	42,627
Receivables:	
Delinquent/protested property taxes, net of allowance	11,832
Property taxes - succeeding year, net of allowance	135,417
Due from other governments	14,478
Other, net of allowance	166
Inventories	689
<b>Total current assets</b>	<u>439,597</u>
Noncurrent assets:	
Capital assets:	
Land and assets under construction	25,440
Other capital assets, net of accumulated depreciation	682,827
Net other postemployment benefits	2,826
<b>Total noncurrent assets</b>	<u>711,093</u>
<b>Total assets</b>	<u>1,150,690</u>
<b>Deferred outflows of resources</b>	
Debt refunding related amounts	469
Other postemployment benefits amounts	299
Pension related amounts	59,101
<b>Total deferred outflows of resources</b>	<u>59,869</u>
<b>Liabilities</b>	
Current liabilities:	
Warrants payable	5,599
Accounts payable and accrued liabilities	37,376
Accrued interest payable	2,361
Current portion of long-term obligations	43,215
<b>Total current liabilities</b>	<u>88,551</u>
Noncurrent liabilities:	
General obligation bonds	146,325
Premium on bonds	2,275
Accrued compensated absences	5,631
Net pension liability	302,510
<b>Total noncurrent liabilities</b>	<u>456,741</u>
<b>Total liabilities</b>	<u>545,292</u>
<b>Deferred inflows of resources</b>	
Property taxes - succeeding year	135,417
Pension related amounts	34,906
Other postemployment benefits amounts	1,439
<b>Total deferred inflows of resources</b>	<u>171,762</u>
<b>Net position</b>	
Net investment in capital assets	625,924
Restricted for:	
Debt service	54,715
Capital projects	10
Building	7,689
School nutrition	2,107
Other	5,655
Unrestricted (deficit)	(202,595)
<b>Total net position</b>	<u>\$ 493,505</u>

See notes to financial statements.

Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

Statement of Activities  
Year Ended June 30, 2020  
(in thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Functions/Programs</b>					
Governmental activities:					
Instruction	\$ 197,380	\$ 518	\$ 30,728	\$ -	\$ (166,134)
Support services	162,528	1,988	29,761	-	(130,779)
Noninstructional services	26,615	1,381	21,938	-	(3,296)
Facilities, acquisitions, and construction	26,617	-	-	12,895	(13,722)
Charter schools	44,836	-	584	-	(44,252)
Other outlays	610	-	2,916	-	2,306
Interest on long-term debt	2,580	-	-	-	(2,580)
<b>Total governmental activities</b>	<b>\$ 461,166</b>	<b>\$ 3,887</b>	<b>\$ 85,927</b>	<b>\$ 12,895</b>	<b>(358,457)</b>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					91,124
Property taxes, levied for debt service					38,956
Other					39,212
State aid not restricted to specific purposes - charter schools					44,836
State aid not restricted to specific purposes					148,009
Support from other local governments, not restricted to specific purposes					7,596
Interest, dividends and investment earnings					2,109
Other					5,141
<b>Total general revenues</b>					<b>376,983</b>
<b>Change in net position</b>					<b>18,526</b>
Net position at beginning of year					474,979
Net position at end of year					<b>\$ 493,505</b>

See notes to financial statements.

Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

Balance Sheet - Governmental Funds  
June 30, 2020  
(in thousands)

	General Fund	Debt Service Fund	2016 Bond Funds	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 48,277	\$ 14,318	\$ 87,671	\$ 26,739	\$ 177,005
Investments	30,463	-	9,928	16,992	57,383
Deposits held by third party	-	42,627	-	-	42,627
Receivables:					
Delinquent/proteted property taxes, net of allowance	7,493	3,352	-	987	11,832
Property taxes - succeeding year, net of allowance	81,906	41,804	-	11,707	135,417
Due from other governments	14,128	271	-	79	14,478
Other, net of allowance	31	-	14	121	166
Inventories	319	-	-	370	689
<b>Total assets</b>	<b>\$ 182,617</b>	<b>\$ 102,372</b>	<b>\$ 97,613</b>	<b>\$ 56,995</b>	<b>\$ 439,597</b>
<b>Liabilities</b>					
Warrants payable	4,803	-	-	796	5,599
Accounts payable and accrued liabilities	25,008	125	7,795	4,448	37,376
<b>Total liabilities</b>	<b>29,811</b>	<b>125</b>	<b>7,795</b>	<b>5,244</b>	<b>42,975</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - delinquent/proteted property taxes	7,493	3,352	-	987	11,832
Unavailable revenue - property taxes - succeeding year	81,906	41,804	-	11,707	135,417
Unavailable revenue - due from other governments	2,010	15	-	-	2,025
<b>Total deferred inflows of resources</b>	<b>91,409</b>	<b>45,171</b>	<b>-</b>	<b>12,694</b>	<b>149,274</b>
<b>Fund balances</b>					
Nonspendable	319	-	-	395	714
Restricted	1,320	57,076	89,818	33,763	181,977
Committed	-	-	-	4,541	4,541
Assigned	6,851	-	-	358	7,209
Unassigned	52,907	-	-	-	52,907
<b>Total fund balances</b>	<b>61,397</b>	<b>57,076</b>	<b>89,818</b>	<b>39,057</b>	<b>247,348</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 182,617</b>	<b>\$ 102,372</b>	<b>\$ 97,613</b>	<b>\$ 56,995</b>	<b>\$ 439,597</b>

See notes to financial statements.



**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Reconciliation of Total Governmental Fund Balances to Net Position  
of Governmental Activities**

**June 30, 2020  
(in thousands)**

Total governmental fund balances	\$	247,348
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Cost of capital assets	\$ 1,026,979	
Accumulated depreciation	<u>(318,712)</u>	708,267
Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent/protested property taxes, net of allowance	11,832	
Due from other governments	2,025	
Net other postemployment benefits	<u>2,826</u>	16,683
Deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources, debt refunding related amounts	469	
Deferred outflows of resources, pension related amounts	59,101	
Deferred outflows of resources, net other postemployment benefits	299	
Deferred inflows of resources, net other postemployment benefits	(1,439)	
Deferred inflows of resources, pension related amounts	<u>(34,906)</u>	23,524
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities consist of:		
General obligation bonds payable	(187,075)	
Premium on bonds	(2,275)	
Capital lease obligation	(53)	
Compensated absences	(8,043)	
Net pension liability	(302,510)	
Accrued interest	<u>(2,361)</u>	(502,317)
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>493,505</u></b>

See notes to financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year Ended June 30, 2020  
(in thousands)**

	General Fund	Debt Service Fund	2016 Bond Funds	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 86,065	\$ 39,720	\$ 620	\$ 22,975	\$ 149,380
Intermediate sources	15,525	-	-	-	15,525
State sources	194,852	-	-	4,541	199,393
Federal sources	40,904	-	-	20,686	61,590
Charter schools	44,836	-	-	-	44,836
Other	197	-	-	5	202
<b>Total revenues</b>	<b>382,379</b>	<b>39,720</b>	<b>620</b>	<b>48,207</b>	<b>470,926</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Instruction	189,454	-	-	31	189,485
Support services	130,628	125	871	15,986	147,610
Noninstructional services	1,340	-	-	24,795	26,135
Facilities, acquisitions, and construction	116	-	-	-	116
Charter schools	44,836	-	-	-	44,836
Other outlays	373	-	-	200	573
<b>Debt service:</b>					
Principal payments	255	31,280	-	-	31,535
Interest and fiscal charges	9	3,022	-	-	3,031
<b>Capital outlay:</b>					
Instruction	6,378	-	206	498	7,082
Support services	2,110	-	13,484	2,372	17,966
Noninstructional services	-	-	-	325	325
Facilities, acquisitions, and construction	92	-	12,396	16,654	29,142
Other outlays	37	-	-	-	37
<b>Total expenditures</b>	<b>375,628</b>	<b>34,427</b>	<b>26,957</b>	<b>60,861</b>	<b>497,873</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>6,751</b>	<b>5,293</b>	<b>(26,337)</b>	<b>(12,654)</b>	<b>(26,947)</b>
<b>Other financing sources:</b>					
Bond issuances	-	-	76,500	-	76,500
Premium on bond issuances	-	2	-	-	2
Insurance recoveries	70	-	-	21	91
<b>Total other financing sources</b>	<b>70</b>	<b>2</b>	<b>76,500</b>	<b>21</b>	<b>76,593</b>
<b>Net change in fund balances</b>	<b>6,821</b>	<b>5,295</b>	<b>50,163</b>	<b>(12,633)</b>	<b>49,646</b>
Fund balances, beginning of year	54,576	51,781	39,655	51,690	197,702
Fund balances, end of year	\$ 61,397	\$ 57,076	\$ 89,818	\$ 39,057	\$ 247,348

See notes to financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2020  
(in thousands)**

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Net changes in fund balances - total governmental funds	\$	49,646
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Amounts reported for governmental activities and the statement of activities are different because:

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

Capital outlay expenditures capitalized	\$	37,058	
Depreciation expense		(24,074)	
Contributed capital		6,161	
Loss on disposal of capital assets		<u>(8,143)</u>	11,002

Repayments of principal on long-term debt are expenditures in 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		32,398	
Proceeds from the sale of bonds and premium on the issuance of bonds		(76,502)	
Capital lease payments		<u>256</u>	(43,848)

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.

2,522

Some expenses 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.

Compensated absences			(1,356)
Interest expense recognized in the statement of activities			(668)
Net other postemployment benefit expense			483
Pension expense, net of state on-behalf payments of \$15.1 million			<u>745</u>

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>18,526</u></b>
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See notes to financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies**

**Nature of operations:** Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools (the District), is a corporate body for public purposes created under Title 70 of Oklahoma Statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the Oklahoma State Department of Education. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes. The District is a 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 Superintendent is appointed by the Board and is the chief executive officer of the District.

**Significant accounting policies:** The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for school districts are defined as those principles promulgated by the Governmental Accounting Standards Board (GASB).

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements are as follows:

**Reporting entity:** 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 would 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.

**District wide and fund financial statements:** The district-wide financial statements (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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not report any business-type activities.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental funds:** Governmental funds are used to account for all or most of the government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds).

The District reports the following major governmental funds:

- **General Fund:** The General Fund is established as the District's primary operating fund and is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation and incentive aid program, and federal and state restricted monies that must be expended for specific programs.
- **Debt Service Fund:** The Debt Service Fund (the Sinking Fund) is established to account for the local property tax proceeds levied specifically for debt service retirement and related investment interest earnings and the general obligation bond debt obligations and payments.
- **2016 Bond Funds:** The 2016 Bond Funds, capital project funds, are established to account for the various general obligation bond sale proceeds and expenditures as authorized by the voters on November 8, 2016. These resources are used exclusively for maintaining, renovating, and equipping school facilities, enhancing safety and security, and acquiring technology and transportation equipment. The total bond issue authorized by the voters was \$180 million, and consisted of the following separately approved propositions:
  - *Proposition 1:* \$106.34 million for school building maintenance, including roofing, heating, air conditioning, safety improvements, and general equipment;
  - *Proposition 2:* \$54.46 million for technology infrastructure upgrades, student and testing labs, and computers;
  - *Proposition 3:* \$19.20 million to replace school buses and update the support vehicle fleet.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

The District reports the following nonmajor governmental funds:

- **Building Fund:** The Building Fund, a special revenue fund, is established to account for the proceeds of the local property taxes levied specifically for the Building Fund. These resources may be used for building operations and maintenance including supplies, services and personnel.
- **School Nutrition Services:** The School Nutrition Services program, a special revenue fund, is established to account for revenues collected, including federal and state, for meals served, and for associated costs of the program.
- **MAPS Sales Tax Fund:** The MAPS Sales Tax Fund, a special revenue fund, was established to account for capital assets and other tangible property funded from the Oklahoma City limited purpose sales tax levied January 2002 through January 2009. As the District receives transfers from the City of Oklahoma City and/or property is placed into service, the District records an asset or expenditure with the related in-kind revenue entry to comply with generally accepted accounting principles.
- **Gifts and Endowments Fund:** The Gifts and Endowments Fund, a special revenue fund, is established to account for any receipt of assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. Income derived from such funds may be expended, but the principal must remain intact.
- **2007 Bond Funds:** The 2007 Bond Funds, capital project funds, are established to account for the various general obligation bond sale proceeds and expenditures as authorized by the voters on October 9, 2007. These resources are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, enhancing safety and security, and acquiring technology and transportation equipment. The total bond issue authorized by the voters was \$248.3 million, and consisted of the following separately approved propositions:
  - *Proposition 1:* \$212 million for capital improvements for elementary school gymnasiums, 54 new classrooms, and routine maintenance;
  - *Proposition 2:* \$21 million to provide network system upgrades to better track and evaluate students and update and add library materials;
  - *Proposition 3:* \$7.3 million to replace school buses more than 10 years old and update the support vehicle fleet; and
  - *Proposition 4:* \$8 million to improve safety and security equipment throughout the District.
- **Casualty Flood Insurance Recovery Fund:** The Casualty Flood Insurance Recovery Fund, a capital projects fund, was established July 2, 2007 by Board of Education Resolution in order to establish a reserve for repairs or replacement of District property that has been destroyed or damaged or lost by a hazard or cause which is either excluded from coverage in the policy of the insurance procured by the District or which falls within the self-insured retention (deductible) of the policy.
- **School Activity Fund:** The School Activity Fund is a special revenue fund established to account for all financial transactions related to the fundraising efforts of students and District-sponsored groups.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

**Basis of accounting, measurement focus, and financial statement presentation:** The government-wide statement of net position and statement of activities financial statements are reported on the accrual basis of accounting using the economic resources 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

The Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds financial statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. 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.

All revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Property tax and other revenues collected within the time frame noted are therefore susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent the availability criteria discussed above was met.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, and other postemployment benefit obligations, are only recorded when the payment is due.

**Cash and cash equivalents and investments:** The District considers all cash on hand, demand deposits, interest-bearing checking accounts, high yield savings accounts and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. As of June 30, 2020, the District investments were in sweep accounts which meet the definition of cash equivalents and certificates of deposit and the District's position in the Oklahoma Public School Liquid Asset Pool (the Pool) which are classified as investments. Certificates of deposit have maturities of one year or less and are recorded at amortized cost. In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the sponsors (Oklahoma State School Boards Association, Cooperative Council of Oklahoma School Administration, Organization of Rural Oklahoma Schools, and Oklahoma Association of School Business Officials), although it is not registered with the SEC.

**Receivables:** Uncollected taxes assessed on valuations made each year are recorded in the District's financial statements. An allowance for doubtful accounts for property taxes receivable is calculated based on an aged analysis of protested and delinquent tax receivables and historical collection data.

**Interfund transactions:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. There were no amounts due to/from other funds as of June 30, 2019. Transfers move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. Transfers within governmental activities are eliminated upon consolidation. During the year ended June 30, 2020, there were no interfund transactions.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

**Inventories:** Inventories are carried at cost (FIFO method, or first-in, first-out) and are recorded as expenditures when consumed rather than when purchased. Inventories include fuel, maintenance stock, and food service supplies.

**Capital assets:** Capital assets, which include land, buildings, and improvements; machinery and equipment; vehicles; and computers and technology, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial unit cost or an estimated acquisition value at the date of donation equal to or greater than \$5,000 (not in thousands).

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The District incurred no interest expense for construction of capital assets during the year ended June 30, 2020.

Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Type of Asset	Years
Buildings	50
Land improvements	15
Machinery, equipment, furniture and fixtures	10
Vehicles	10
Technology, appliances, and musical instruments	5

**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). It will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources include the debt refunding loss equal to the difference between the reacquisition price and the net carrying amount of the old debt. The deferred outflow will be recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Deferred outflows of resources also 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 8 for additional discussion regarding pension deferred outflows of resources. In addition, the District has reported deferred outflows of resources for contributions made subsequent to the measurement date for its other postemployment benefit liability. See Note 9 for additional discussion regarding other post-employment benefit deferred outflows of resources.



**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

**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). It will not be recognized as an inflow of resources (revenue) until then. The governmental fund balance sheet includes unavailable revenues from delinquent property taxes, succeeding year property taxes, and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's district-wide statement of net position, 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 budgeted. The district-wide statement of net position also consists of deferred inflows related to unrecognized items not yet charged to pension expense. See Note 8 for additional discussion regarding pension deferred inflows of resources. In addition, the District has reported deferred inflows of resources related to unrecognized items not yet charged to expense related to its other postemployment benefits. See Note 9 for additional discussion regarding other post-employment benefit deferred inflows of resources.

**Long-term liabilities:** In the governmental fund financial statements, principal and interest on long-term debt and other long-term obligations are recognized as liabilities only when payment has matured or become due. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources. Discounts are reported as other financing uses. Principal payments and bond issuance costs are reported as debt service expenditures.

Long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the debt using a method which approximates the effective interest method. Bond issue costs are recorded as an expense when incurred.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension 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.

**Postemployment Benefits Other Than Pensions (OPEB):** 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.

**Compensated absences:** The liability for compensated absences attributable to the District's governmental funds is recorded in the district-wide financial statements. Vested compensated absence balances are reported as a long-term liability with an estimated short-term portion recorded as due within one year.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

**Equalized pay:** Oklahoma City Public Schools utilizes equalized pay to provide equal base pay amounts each pay period to employees throughout the year including intercession periods.

To provide equalized base pay throughout the year, including times when employees do not work, a liability account is maintained for each employee who has a specific annual work schedule. The liability account increases when the employee earns more than equalized base pay and decreases when the employee is not working as many days in a pay period, or is not working at all during intercession periods. This account is zero at the end of the contract year, which can be different than the fiscal year.

**Net position and fund balance:** The district-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets:** This component of net position reports capital assets less both 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 net position:** This component of net position 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: student services \$2,866; and state allocation carryover \$2,789.

Net position totaling \$10,478 is restricted by enabling legislation. The remaining \$59,698 is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

- **Unrestricted net position:** Net position that does not meet the definition of net investment in capital assets or restricted are classified as unrestricted.

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

Governmental fund equity is classified as fund balance. Fund balance consists of five categories, defined 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 long-term 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.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

- **Committed fund balance:** The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the District's Board of Education). Such constraints can only be removed or changed by the same form of formal action.

Funds set aside by the Board of Education as committed fund balance requires the approval of a resolution by a majority vote of the members of the Board of Education. Such approval must take place prior to the District's fiscal year-end in order for it to be applicable to that fiscal year. It is permitted for the specific amount of the commitment to be determined after the fiscal year-end if any additional information is required in order to determine the exact amount. The Board of Education has the authority to remove or change the commitment of funds with a resolution.

- **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 given authority to its Chief Financial Officer as the Board approved Encumbrance Clerk to assign funds for specific purposes.
- **Unassigned fund balance:** The unassigned fund balance classification is the residual classification for the General Fund only. It is also where negative residual amounts for all other governmental funds must be reported. Unassigned fund balance essentially consists of excess funds that have not been classified in the other four fund balance categories mentioned above.

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

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

The following table shows the fund balance classifications as shown on the governmental funds balance sheet:

	Major Funds			Nonmajor		Total Governmental Funds
	General Fund	Debt Service Fund	2016 Bond Funds	Other Governmental Funds		
<b>Nonspendable:</b>						
Inventories	\$ 319	\$ -	\$ -	\$ 370	\$	689
Gifts	-	-	-	25	\$	25
	<u>319</u>	<u>-</u>	<u>-</u>	<u>395</u>		<u>714</u>
<b>Restricted for:</b>						
Capital projects	10	-	89,818	\$ 19,646		109,474
Debt service	-	57,076	-	\$ -		57,076
Building	-	-	-	\$ 7,689		7,689
Student services	21	-	-	\$ 2,820		2,841
School nutrition services	-	-	-	\$ 2,108		2,108
State allocation carryover	1,289	-	-	\$ 1,500		2,789
	<u>1,320</u>	<u>57,076</u>	<u>89,818</u>	<u>\$ 33,763</u>		<u>181,977</u>
<b>Committed for,</b>						
Capital projects	-	-	-	\$ 4,541		4,541
<b>Assigned for:</b>						
Compensated absences	6,851	-	-	\$ -		6,851
Capital projects	-	-	-	\$ 358		358
	<u>6,851</u>	<u>-</u>	<u>-</u>	<u>\$ 358</u>		<u>7,209</u>
<b>Unassigned</b>						
	52,907	-	-	\$ -		52,907
Total fund balance	<u>\$ 61,397</u>	<u>\$ 57,076</u>	<u>\$ 89,818</u>	<u>\$ 39,057</u>	<u>\$</u>	<u>247,348</u>

**State revenues:** Revenues from state sources for current operations are primarily governed by the state aid formula under the provision of Article XVIII, Title 70, Oklahoma Statutes. The Oklahoma State Department 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 Oklahoma State Department of Education may adjust subsequent fiscal period allocations of money due to changes in state revenue actual collections versus appropriated funds.

The District receives revenues from the state to administer certain categorical educational programs. Oklahoma State Department of Education rules require that revenues earmarked for these programs are expended only for the program for which the money is provided and require that money not expended as of the close of the fiscal year be carried forward into the following fiscal year to be expended for the same categorical programs. The Oklahoma State Department of Education requires that categorical educational program revenue be accounted for in the general fund. Approximately \$1,289 of state categorical revenue was carried forward to fiscal year 2021.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

**Property tax revenue:** The District is authorized by state law to levy property taxes. Property tax is levied each October 1<sup>st</sup> on the assessed valuation of real and personal property within the District as of the preceding January 1<sup>st</sup>, the lien date. The county assessor, upon receipt of the certification of tax levies from the Oklahoma County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer. All taxes levied upon an ad valorem basis for each fiscal year shall become due and payable on the first day of November.

The first half of taxes is due prior to January 1, and the second half is due prior to April 1. If the first half of tax payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes are delinquent on April 1 of the year following the year of assessment. Mortgage servicers are prohibited from paying in halves; ad valorem from mortgage servicers is due prior to January 1. The Oklahoma County Treasurer conducts an annual Resale the second Monday in June. Property with taxes delinquent of four years are sold at Resale. A successful bidder at Resale will be issued a deed to the property by the next business day. Any property not sold at Resale will be deeded to Oklahoma County.

Property tax receivables are recorded on the lien date, 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.

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred inflows and outflows, liabilities, and net position; the disclosure of contingent assets and liabilities; and the reported revenues and expenditures. Actual results could differ from those estimates.

**New accounting pronouncements adopted in fiscal year 2020:** The District adopted the following new accounting pronouncements during the year ended June 30, 2020:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued in May 2020, and was effective for the District in the fiscal year ended June 30, 2020. The statement allows for the delay of previously issued standards due to the effects of the COVID-19 pandemic. Those later effective dates are reflected in the section below.

**New accounting pronouncements issued not yet adopted:** The GASB has issued several new accounting pronouncements that will be effective in future years. Only the following issued pronouncements are believed to have a significant impact to the District.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2022, with earlier adoption encouraged. 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 that this new standard may have on its financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 1. Nature of Operations and Significant Accounting Policies (Continued)**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The statement will be effective for the District with its year ending June 30, 2022. The District is currently evaluating the impact that this new standard may have on its financial statements.

**Note 2. Deposits and Investments**

**Custodial credit risk – deposits:** Custodial credit risk is the risk that in the event of failure of the counterparty, the District may not be able to recover the value of its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. The District's policy requires all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2020, all of the District's deposits were either covered by federal deposit insurance or were collateralized with securities held by the pledging financial institution's trust department 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 a counterparty or the counterparty's trust department but not in the name of the District. The District's investments in sweep accounts, totaling \$177.8 million, are not deposits or obligations of any bank, are not guaranteed by any bank and are not insured or guaranteed by the FDIC, the Federal Reserve Board, or any other government agency, and are therefore exposed to custodial credit risk. The District mitigates this risk by investing in sweep accounts that invest primarily in short-term U.S. Treasury and government securities, in accordance with State Statutes. In addition, the District's investments in certificates of deposit classified as investments, totaling \$17.0 million, are held by its agent in the District's name and fully insured or collateralized and are therefore not exposed to custodial 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. As of June 30, 2019, the District's investment portfolio was invested in sweep accounts (76%), the Oklahoma Public School Liquid Asset Pool (17%), and certificates of deposit (7%).

**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 does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy does limit investment maturities for purposes of liquidity management. District sources of funding limit investments to be very short-term in nature. Funds are strategically placed for meeting cash flow needs for all areas of cash management. As of June 30, 2020, the District's investments were in sweep accounts that mature daily, six and twelve-month certificates of deposit, or the Oklahoma Public School Liquid Asset Pool from which funds can be withdrawn on a daily basis.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 3. Receivables**

Total receivables before provision for allowances for uncollectible accounts at June 30, 2020, for the District's governmental funds are as follows:

	Governmental Activities				Total Governmental Activities
	General Fund	Debt Service Fund	2016 Bond Funds	Other Governmental Funds	
Delinquent/protested property taxes	\$ 9,073	\$ 4,006	\$ -	\$ 1,210	\$ 14,289
Property taxes receivable - succeeding year	85,352	43,538	-	12,201	141,091
Due from other governments	14,128	271	-	79	14,478
Other	418	-	14	242	674
<b>Total</b>	<b>\$ 108,971</b>	<b>\$ 47,815</b>	<b>\$ 14</b>	<b>\$ 13,732</b>	<b>\$ 170,532</b>

Total allowances for uncollectible accounts are as follows:

	Governmental Activities				Total Governmental Activities
	General Fund	Debt Service Fund	2016 Bond Funds	Other Governmental Funds	
Allowances for uncollectible accounts attributable to:					
Delinquent/protested property taxes	\$ 1,580	\$ 654	\$ -	\$ 223	\$ 2,457
Property taxes - succeeding year	3,446	1,734	-	494	5,674
Other	387	-	-	121	508
<b>Total</b>	<b>\$ 5,413</b>	<b>\$ 2,388</b>	<b>\$ -</b>	<b>\$ 838</b>	<b>\$ 8,639</b>

Total receivables, net of allowances for uncollectible accounts, are as follows:

	Governmental Activities				Total Governmental Activities
	General Fund	Debt Service Fund	2016 Bond Funds	Other Governmental Funds	
Delinquent/protested property taxes	\$ 7,493	\$ 3,352	\$ -	\$ 987	\$ 11,832
Property taxes receivable - succeeding year	81,906	41,804	-	11,707	135,417
Due from other governments	14,128	271	-	79	14,478
Other	31	-	14	121	166
<b>Total</b>	<b>\$ 103,558</b>	<b>\$ 45,427</b>	<b>\$ 14</b>	<b>\$ 12,894</b>	<b>\$ 161,893</b>

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 4. Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reclassifications	Disposals	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 3,594	\$ -	\$ (132)	\$ (5)	\$ 3,457
Assets under construction	11,514	30,158	(19,689)	-	21,983
Total capital assets not being depreciated	15,108	30,158	(19,821)	(5)	25,440
Capital assets being depreciated:					
Buildings and improvements	871,134	6,063	15,770	(11,903)	881,064
Technology, appliances, and musical instruments	80,925	817	2,554	(491)	83,805
Machinery, equipment, furniture and fixtures	11,640	996	1,497	(96)	14,037
Vehicles	17,448	5,185	-	-	22,633
Total assets being depreciated	981,147	13,061	19,821	(12,490)	1,001,539
Accumulated depreciation for:					
Buildings and improvements	(208,752)	(18,509)	-	3,773	(223,488)
Technology, appliances, and musical instruments	(73,661)	(2,834)	-	488	(76,007)
Machinery, equipment, furniture and fixtures	(6,545)	(1,018)	-	91	(7,472)
Vehicles	(10,032)	(1,713)	-	-	(11,745)
Total accumulated depreciation	(298,990)	(24,074)	-	4,352	(318,712)
Total capital assets being depreciated, net	682,157	(11,013)	19,821	(8,138)	682,827
Governmental activities capital assets, net	\$ 697,265	\$ 19,145	\$ -	\$ (8,143)	\$ 708,267

Depreciation expense for the year ended June 30, 2020, was charged to functions/programs of the District as follows:

Governmental activities:	
Instruction	\$ 211
Support services	5,194
Noninstruction services	161
Facilities, acquisitions, and construction	18,508
Total governmental activities	\$ 24,074



**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 5. Compensated Absences**

Upon retirement or resignation in good standing, the District pays eligible employees for unused sick leave at a set daily rate as determined by classification and/or length of service. The length of service required to receive the sick leave payout is determined by the employee's applicable collective bargaining agreement for the District's school administrators, support, and certified staff and District policy for all other pro-tech/administrative staff. The number of allowed sick leave carryforward days for support, professional/technical and principals is 200 days. Certified employees (teachers) may carryover 201 days.

Unused vacation leave is calculated at hourly rates. The maximum carryover of vacation leave is two times the allowable annual accrued amount.

Personal days not used by employees by June 30 become sick days subject to the accrual calculation and limitations above. As of June 30, 2020, the District had an outstanding liability for unused sick, vacation, and personal leave totaling approximately \$6.14 million and a related liability for payroll taxes associated with the unused sick, vacation, and personal leave totaling approximately \$1.90 million. The activity for the year is as follows:

Beginning balance	\$	6,687
Leave earned		4,088
Leave used		(2,732)
Ending balance	\$	<u>8,043</u>

This liability is typically liquidated from the fund balance of the General, Building and School Nutrition funds.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 6. Long-Term Liabilities**

Oklahoma Statutes prohibit the District from becoming indebted in an amount exceeding revenues to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue.

As of June 30, 2020, the District had the following long-term liabilities:

Governmental Activities:

\$60.0 million general obligation bonds of 2014, dated January 1, 2014, due in annual installments of \$12 million beginning July 1, 2016 through July 1, 2020, plus interest of 2.00%.	\$ 12,000
\$37.5 million general obligation bonds of 2015, dated June 1, 2015, due in annual installments of \$9.375 million beginning July 1, 2017 through July 1, 2020, plus interest ranging from 0.05% to 3.00%	9,375
\$10.0 million general obligation bonds of 2016, dated June 16, 2016, due in annual installments of \$2.5 million beginning in July 1, 2018 through July 1, 2021, plus interest ranging from 1.50% to 2.00%	5,000
\$9.0 million general obligation bonds of 2017, dated April 20, 2017, due in annual installments of \$2.25 million beginning in July 1, 2019 through July 1, 2022, plus interest ranging from 2.00% to 3.00%	6,750
\$30.985 million general obligation bonds of 2017, dated June 9, 2017, due in varying annual installments beginning July 1, 2018 with an installment of \$7.38 million and a final installment of \$3.775 million due July 1, 2024, plus interest ranging from 4.00% to 5.00%	18,450
\$44.0 million general obligation bonds of 2018, dated July 5, 2017, due in annual installments of \$11 million beginning in July 1, 2020 through July 1, 2023, plus interest ranging from 0.05% to 3.00%	44,000
\$15.0 million general obligation bonds of 2019, dated January 24, 2019, due in annual installments of \$5 million beginning in July 1, 2021 through July 1, 2023, plus interest ranging from 2.00% to 3.00%.	15,000
\$76.5 million general obligation bonds of 2020, dated January 28, 2020, due in annual installments of \$25.5 million beginning in July 1, 2022 through July 1, 2024, plus interest ranging from 0.05% to 2.50%	76,500
Total general obligation bonds outstanding – at face value	<u>187,075</u>
Premium on bonds outstanding	2,275
Total general obligation bonds outstanding	<u>189,350</u>
Capital lease obligation	53
Compensated absences and related taxes	8,043
Net pension liability	302,510
Total long-term liabilities for governmental activities	<u>\$ 499,956</u>

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 6. Long-Term Liabilities (Continued)**

During the year ended June 30, 2020, long-term liability transactions were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	One Year
Governmental Activities:					
General obligation bonds:					
2014 general	\$ 24,000	\$ -	\$ 12,000	\$ 12,000	\$ 12,000
2015 general	18,750	-	9,375	9,375	9,375
2016 general	7,500	-	2,500	5,000	2,500
2017 general	9,000	-	2,250	6,750	2,250
2017 general	23,605	-	5,155	18,450	3,625
2018 general	44,000	-	-	44,000	11,000
2019 general	15,000	-	-	15,000	-
2020 general	-	76,500	-	76,500	-
Total general obligation bonds	141,855	76,500	31,280	187,075	40,750
Premium on bonds	3,391	2	1,118	2,275	-
Capital lease obligation	309	-	256	53	53
Total Governmental Activities	<u>\$ 145,555</u>	<u>\$ 76,502</u>	<u>\$ 32,654</u>	189,403	40,803

**Reconciliation to Statement**

**of Net Position:**

Plus: Net pension liability	302,510	-
Plus: Compensated absences	8,043	2,412
	<u>\$ 499,956</u>	<u>\$ 43,215</u>

Debt service requirements to maturity over the next five years and in five-year increments thereafter are as follows:

Year ending June 30,	General Obligation Bonds	
	Principal	Interest
2021	\$ 40,750	\$ 2,825
2022	24,405	3,643
2023	47,435	2,128
2024	45,210	1,121
2025	29,275	235
Total long-term liabilities	<u>\$ 187,075</u>	<u>\$ 9,952</u>

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 6. Long-Term Liabilities (Continued)**

Interest expense on general obligation bonds during the year ended June 30, 2020, totaling approximately \$2.57 million is recorded in the debt service fund.

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, using the effective interest method, as an increase or decrease, respectively, to the coupon interest payment in reporting interest expense. Amortization expense on bond premiums for the year ended June 30, 2020, is approximately \$1.12 million. The net amount of unamortized premium at June 30, 2020, is approximately \$2.28 million.

**Capital leases:** The District records lease agreements that qualify as capital leases for accounting purposes at the present value of their future minimum lease payments at their inception date. The present value is calculated based on the lessor's implicit interest rate.

In December 2016, the District entered into a 60-month equipment lease purchase agreement with Dell totaling approximately \$259. At the end of the lease, the District can exercise the option to purchase the equipment for one dollar. Principal and interest is due in annual installments of approximately \$54.

The future lease payments as of June 30, 2020, are as follows:

Year ending June 30,		
2021	\$	54
Total minimum lease payments		54
Less amount representing interest		(1)
Present value of minimum lease payments	\$	<u>53</u>

The gross amount of assets acquired under capital leases, accumulated depreciation, and net book value by major asset class are as follows:

Technology, appliances, and musical instruments	\$	2,079
Accumulated depreciation		(1,924)
Net book value	\$	<u>155</u>

**Note 7. Risk Management**

The District purchases commercial insurance for all types of risk including, but not limited to, property, casualty, worker's compensation, auto, crime, malicious acts, and surety bonds. The deductibles for property claims is \$500 per occurrence. The deductible for vehicle and general/professional liability claims is \$200 per occurrence. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 8. Employee Retirement Plans**

The District participates in the state-administered Oklahoma Teachers Retirement System (OTRS). Additionally, the District provides a defined contribution plan for eligible employees.

**Oklahoma Teachers Retirement System**

**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 OTRS. OTRS issues a publicly available annual financial report that can be obtained at [www.ok.gov/TRS/](http://www.ok.gov/TRS/).

**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 who joined OTRS prior to November 1, 2017, became 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined after November 1, 2017, will become 100% vested after seven years. 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 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and receive unreduced benefits based on their years of service at age 62 or 65, respectively, depending on if they joined prior to or after November 1, 2011. The maximum retirement benefit is equal to 2% 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 joined 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 (not in thousands), 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 State's 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% 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.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 8. Employee Retirement Plans (Continued)**

- Upon the death of a retired member, OTRS will pay \$5,000 (not in thousands) 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 Internal Revenue Code (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 who are non-retired members of OTRS are required to contribute 7% of their annual compensation. Annual compensation is defined as the salary plus fringe benefits (excluding flexible benefit allowance). For employees who are covered by the American Federation of Teachers (AFT) Certified Collective Bargaining Agreement (CBA), the District paid 7% of the employee's annual compensation minus the OTRS service credit. For building administrators who are covered by the Oklahoma City Business Administrator (OCBA) CBA and Central Office/professional and technical staff, the District paid 100% of the 7% up to \$60,000 (not in thousands) of annual compensation, then the District paid 90% and the employee paid 10% of the 7% of annual compensation for the rest of the fiscal year. For support employees who are covered by the Oklahoma City Federation of Classified Employees (OCFCE) CBA, the District paid 90% of the 7% and the employee paid 10% of the 7% up to \$40,000 (not in thousands) of annual compensation, then the employee contributed the full 7% of annual compensation for the rest of the fiscal year. For all retired OTRS members employed by the District, the District paid 16.5% (the employee and District/employer portions) of the employee's annual compensation. If a member's salary is paid from federal funds or certain grant money, an additional contribution (the grant matching contribution) is required. The matching contribution rate is set by the Board of Trustees annually and is expressed as a percentage of federal/grant salaries. This is currently set to 7.7%.

The amount paid by the District for employees totaled approximately \$13.12 million for the year ended June 30, 2020. The District's contribution rate is 7% for the year ended June 30, 2020. In addition, the District is required to match the State of Oklahoma's contribution rate on salaries that are paid with grant funds. The District's contributions to OTRS in 2020 was \$21.08 million, equal to the annual required contributions. The District's matching contributions to OTRS in 2020 was \$2.08 million.

The State of Oklahoma 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 recognized by the District and ranges from \$60.15 actual dollars per year for 0 years of service to \$1,410.53 actual dollars per year for 25 years or more of service. For the fiscal year ended June 30, 2020, the State paid approximately \$1.65 million on behalf of teachers employed at the District. In accordance with generally accepted accounting principles, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the district-wide and fund financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 8. Employee Retirement Plans (Continued)**

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2020, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2020, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$15.10 million. In accordance with generally accepted accounting principles, District recognized the on-behalf-of payments as revenue and expenditure in the governmental fund financial statements. In the government-wide statement of activities, revenue is recognized for the State's on-behalf contributions on an accrual basis of approximately \$15.71 million.

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

**Pension liabilities, pension expense, and deferred inflows/outflows of resources related to pensions:** At June 30, 2020, the District reported a liability of \$302.51 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2019. Based upon this information, the District's proportion was 4.57101307%. The change in proportion from June 30, 2018, was an increase of 0.00517175%.

For the year ended June 30, 2020, the District recognized pension expense of \$40.81 million. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,529	\$ 12,963
Changes of assumptions	15,882	10,209
Net difference between projected and actual earnings on pension plan investments	2,052	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,478	11,734
Total deferred amounts to be recognized in pension expense in future periods	35,941	34,906
District contributions subsequent to the measurement date	23,160	-
Total deferred amounts related to pension	<u>\$ 59,101</u>	<u>\$ 34,906</u>

Deferred pension outflows totaling \$23.16 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, 2021. 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.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 8. Employee Retirement Plans (Continued)**

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:		
2021	\$	6,749
2022		(10,987)
2023		(2,967)
2024		7,028
2025		1,212
	\$	<u>1,035</u>

**Actuarial assumptions:** The total pension liability was determined based on an actuarial valuation prepared using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Future ad hoc cost-of-living increases	None
Salary increases	Composed of 3.25% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service
Investment return	7.50%
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 ended June 30, 2014.
Mortality rates after retirement	<i>Healthy males:</i> RP-2000 Combined Healthy Mortality Table for Males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. <i>Healthy females:</i> 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% and female rates multiplied by 50%

The mortality rates were developed based upon the June 30, 2014 experience study.

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.



**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 8. Employee Retirement Plans (Continued)**

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	38.50%	7.50%
International Equity	19.00	8.50
Fixed Income	23.50	2.50
Real Estate*	9.00	4.50
Alternative Assets	10.00	6.10
Total	100.00%	

\* The Real Estate total expected return is a combination of U.S. Direct Real Estate (unleveraged) and U.S. Value Added Real Estate (unleveraged).

**Discount rate:** The discount rate used to measure the total pension liability was 7.5%. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.5%. 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%, 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 or 1-percentage point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's net pension liability	\$ 426,269	\$ 302,510	\$ 198,979

**Defined Contribution Plan**

**Plan description:** The District provides a defined contribution plan under section 401(a) of the Internal Revenue Code to eligible employees. Eligible employees include administrators, professional/technical staff, and building administrators (e.g., principals). Administrators and professional/technical staff must complete three years of continuous service, and building administrators must complete two years of continuous service in order for the employee to receive an employer contribution at the end of the fiscal year.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 8. Employee Retirement Plans (Continued)**

**Funding policy:** Eligible administrators, professional/technical staff members, and building administrators receive a contribution of \$700 actual dollars per year. Upon termination or retirement, each of these employees can receive the money paid for them in either a lump sum or in any other benefit option available. This plan is administered by Variable Annuity Life Insurance Company (VALIC). The District contributed \$257 to the plan during the year ended June 30, 2020.

**Note 9. Other Postemployment Insurance Benefits**

**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 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.

**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% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the System were \$299.

**OPEB liabilities (assets), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB:** At June 30, 2020, the District reported an asset of \$2,826 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2019. 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, 2019. Based upon this information, the District proportion was 4.57101307%. The change in proportion from June 30, 2018 was an increase of 0.00517175%.

For the year ended June 30, 2020, the District recognized OPEB benefit of \$441. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,033
Net difference between projected and actual earnings on plan investments	-	406
District contributions subsequent to the measurement date	299	-
Total	<u>\$ 299</u>	<u>\$ 1,439</u>

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 9. Other Postemployment Insurance Benefits (Continued)**

The \$299 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, 2021. Net deferred outflows resulting from the difference between projected and actual earnings on OPEB plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Other deferred inflows 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.

Deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (510)
2021	(510)
2022	(230)
2023	(73)
2024	(94)
Thereafter	(22)
Total	<u>\$ (1,439)</u>

**Actuarial assumptions:** The total OPEB liability (asset) as of June 30, 2020, was determined based on an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Future ad hoc cost-of-living increases	None
Salary increases	Composed of 3.25% inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% on years of service
Investment rate of return	7.50%
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 ended June 30, 2014.
Mortality rates after retirement	<i>Males:</i> 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. <i>Females:</i> 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 Employer Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%

The mortality rates were developed based upon the June 30, 2014 experience study.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

**Note 9. Other Postemployment Insurance Benefits (Continued)**

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.50%	7.50%
International Equity	19.00%	8.50%
Fixed Income	23.50%	2.50%
Real Estate*	9.00%	4.50%
Alternative Assets	10.00%	6.10%
Total	100.00%	

\*The Real Estate total expected return is a combination of U.S. Direct Real Estate (unleveraged) and U.S. Value Added Real Estate (unleveraged)

**Discount rate:** A single discount rate of 7.5% was used to measure the total OPEB liability (asset) as of June 30, 2019. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.5%. 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%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's net OPEB liability (asset)	\$ (947)	\$ (2,826)	\$ (4,432)

**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).

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 10. Commitments and Contingencies**

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

2016 Bond Funds	\$	8,642
Other governmental funds		4,750
	\$	<u>13,392</u>

The District receives grant funds from various federal and state grantor agencies. Under the terms of the grants, periodic audits are required, and certain costs may be questioned as not being allowable expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. The District management believes disallowances, if any, would be immaterial to the accompanying financial statements.

The District is a defendant in various lawsuits. The District intends to vigorously defend itself on the various lawsuits. Although the outcome of these lawsuits is not presently determinable, and the amounts are not readily estimable, the District believes the resolution of these matters will not have a material adverse effect on the financial statements and may be settled by the District's insurance carrier.

**COVID-19:** The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses, state and local governments, and people throughout the United States. Further, financial markets have experienced significant volatility attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the District's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operation and financial impact to the District, but such an impact could have a material adverse effect on the financial condition of the District.

**Note 11. Charter Schools**

The District is the pass-through agency of state funds for seven charter schools, which are considered to be operationally independent of the District. State funding sources are received by the District and distributed to the charter schools monthly. In addition, certain payments are made and costs incurred by the District to benefit various charter schools through such programs as the School Nutrition Services program, alternative education, at risk sites for adequate yearly progress, and certain contractually obligated costs for custodial care and supplies. The District charges each charter school an administrative fee of 3.00% of state funding sources. In addition to the seven charter schools for which the District is a pass-through agency of state funds, there is one charter school within the District that receives state funds directly from the State and does not pay the District an administrative fee.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)**

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**Note 12. Enterprise Schools**

The District has four enterprise schools. An enterprise school is a District school that has established its own governing board. This governing board has contracted with the District to allow for more authority to make certain independent decisions impacting that school. All employees and operating costs are budgeted and processed within the District's regular financial operations. However, the enterprise school can direct their dollars with regard to curriculum and admission standards within the legal laws governing public schools as well as within the specifics of their contract.

**Note 13. Tax Abatements**

The Oklahoma City Economic Development Trust (Trust) was established by Oklahoma City Council resolution on October 9, 2007, to support the City's economic and community development goals. The City has designated the Trust to manage economic development, including incentives. The Trust provides economic development incentives in the form of development financing or performance based incentives that reduce ad valorem increment allocated to the City, and therefore, the District. These economic development project plans have been adopted by the Trust pursuant to the Local Development Act, Title 60 of the Oklahoma Statutes, Sections 850, et. seq. It is noted that the incentives do not meet the criteria of tax abatement defined in the Oklahoma Local Development Act. The City of Oklahoma City's active TIF agreements resulted in a reduction of reported property tax revenues of approximately \$3,343. The District's share of that tax revenue abatement is 55.03%, for a reduction of \$1,840 of property tax revenues to the District. In all cases of the active agreements, the District receives ad valorem taxes at the assessed valuation of the property prior to the TIF agreement.

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, 2020, the amount of foregone tax revenues as a result of this exemption was \$1,898, all of which was reimbursed by the State during the year ended June 30, 2020, in connection with the abated tax revenues.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Oklahoma Teachers Retirement System  
Last Ten Fiscal Years\*  
(in thousands)**

	As of June 30,					
	2020	2019	2018	2017	2016	2015
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	4.57101307%	4.56584132%	4.58531210%	4.88242665%	4.98137440%	4.81459900%
District's proportionate share of the net pension liability	\$ 302,510	\$ 275,965	\$ 303,608	\$ 407,466	\$ 302,507	\$ 259,019
District's covered payroll	\$ 217,262	\$ 203,999	\$ 181,767	\$ 195,534	\$ 195,499	\$ 184,945
District's proportionate share of the net pension liability as a percentage of its covered payroll	139.24%	135.28%	167.03%	208.39%	154.74%	140.05%
Plan fiduciary net position as a percentage of the total pension liability	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

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



**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Required Supplementary Information  
Notes to Schedule of the District's Proportionate Share of the Net Pension Liability**

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**Note 1. Changes in benefit terms:** There were no significant changes of benefit terms.

**Note 2. Changes of assumptions:**

The following information is as of the measurement date:

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

June 30, 2019 No changes from prior year.

June 30, 2018 No changes from prior year.

June 30, 2017 No changes from prior year.

June 30, 2016 Increases are composed of 3.25% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.

June 30, 2015 Increases are composed of 3.75% wage inflation, including 3.00% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.

June 30, 2014 Increases were composed of 3.00% inflation, plus 1.00% 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, 2019 No changes from prior year.

June 30, 2018 No changes from prior year.

June 30, 2017 No changes from prior year.

June 30, 2016 No changes from prior year.

June 30, 2015 The retirement age was determined using the experience-based table developed from a five-year experience study for the period ended 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 ended June 30, 2009. This table was adopted by the OTRS Board in September 2010.

(Continued)

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
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**Required Supplementary Information**

**Notes to Schedule of the District's Proportionate Share of the Net Pension Liability**

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

June 30, 2019 No changes from prior year.

June 30, 2018 No changes from prior year.

June 30, 2017 No changes from prior year.

June 30, 2016 No changes from prior year.

June 30, 2015 Rates for active employees were determined using the RP-200 Employee Mortality Tables, with male rates multiplied by 60% and female rates multiplied by 50%. The mortality rates for males after retirement were determined using the RP-2000 Combined Health Mortality Table for Males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000 were used. The mortality rates for females after retirement were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the tables' base year of 2012 were used.

June 30, 2014 Rates were determined using the RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

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

June 30, 2019 No changes from prior year.

June 30, 2018 No changes from prior year.

June 30, 2017 No changes from prior year.

June 30, 2016 Return was 7.50% per year, net of investment-related expenses and compounded annually, composed of an assumed 2.50% inflation rate and a 5.00% net real rate of return.

June 30, 2015 No changes from prior year.

June 30, 2014 Return was 8.00% per year, net of investment-related expenses and compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return.

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Required Supplementary Information  
Schedule of District Contributions  
Oklahoma Teachers Retirement System  
(in thousands)**

Fiscal year ending:	Statorily Required Contribution	Contributions in Relation to the Statorily Required Contribution	Contributions Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>2020</b>	<b>\$ 21,078</b>	<b>\$ 21,078</b>	<b>\$ -</b>	<b>\$ 217,262</b>	<b>9.70%</b>
2019	19,750	19,750	-	203,999	9.68
2018	17,714	17,714	-	183,373	9.66
2017	19,156	19,156	-	181,767	10.54
2016	20,764	20,764	-	195,534	10.62
2015	20,780	20,780	-	195,499	10.63
2014	19,677	19,677	-	184,945	10.64
2013	18,914	18,914	-	177,916	10.63
2012	18,506	18,506	-	173,534	10.66
2011	17,079	17,079	-	164,455	10.39

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

- July 1, 2010 to present 9.50%

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
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**Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset)  
Oklahoma Teachers Retirement System  
Last Ten Fiscal Years\*  
(in thousands)**

	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability (asset)	4.57101307%	4.56584132%	4.58531210%
District's proportionate share of the net OPEB liability (asset)	\$ (2,826)	\$ (2,951)	\$ (2,048)
District's covered payroll	\$ 217,262	\$ 203,999	\$ 183,373
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-1.30%	-1.45%	-1.12%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	115.07%	115.41%	110.40%

\*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.

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Required Supplementary Information  
Schedule of District Contributions to the OPEB Plan  
Oklahoma Teachers Retirement System  
(in thousands)**

Fiscal year ending:	Statorily Required Contribution	Contributions in Relation to the Statorily Required Contribution	Contributions Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>2020</b>	<b>\$ 299</b>	<b>\$ 299</b>	<b>\$ -</b>	<b>\$ 217,262</b>	<b>0.14%</b>
2019	299	299	-	203,999	0.15%
2018	299	299	-	183,373	0.16%
2017	299	299	-	181,767	0.16%

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.

Independent School District No. 89 of Oklahoma County, Oklahoma,  
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**Budgetary Comparison Schedule (Budgetary Basis) - General Fund**  
**Year Ended June 30, 2020**  
**(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ 83,948	\$ 83,948	\$ 86,098	\$ 2,150
Intermediate sources	14,490	14,490	15,430	940
State sources	224,612	224,612	178,056	(46,556)
Federal sources	39,232	39,232	46,623	7,391
Nonrevenue receipts	360	360	45,031	44,671
<b>Total revenues</b>	<b>362,642</b>	<b>362,642</b>	<b>371,238</b>	<b>8,596</b>
<b>Expenditures:</b>				
Instruction	194,158	194,158	186,302	(7,856)
Support services	126,330	126,330	127,379	1,049
Operation of noninstruction services	507	507	1,340	833
Facilities acquisition and construction services	142	142	208	66
Other	38,079	38,079	45,360	7,281
<b>Total expenditures</b>	<b>359,216</b>	<b>359,216</b>	<b>360,589</b>	<b>1,373</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,426</b>	<b>3,426</b>	<b>10,649</b>	<b>7,223</b>
<b>Other financing sources:</b>				
Lapsed appropriations	1,530	1,530	2,814	1,284
<b>Total other financing sources</b>	<b>1,530</b>	<b>1,530</b>	<b>2,814</b>	<b>1,284</b>
Net change in fund balances	4,956	4,956	13,463	8,507
Fund balances, beginning of year	30,262	30,262	27,429	(2,833)
Fund balances, end of year	\$ 35,218	\$ 35,218	\$ 40,892	\$ 5,674

See notes to required supplementary information.

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Notes to Budgetary Comparison Schedule**

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**Budgetary comparison schedule – general fund:** The budgetary comparison schedule is prepared using the cash plus encumbrances basis of accounting. A reconciliation from this basis to the modified accrual basis of accounting, which is generally accepted accounting principles (GAAP), is included below.

**Budgetary reconciliation – general fund:** Item required to adjust actual revenues, expenditures and fund balance reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2020, are as follows (in thousands):

Fund balance - budgetary basis	\$ 40,892
Current year revenue accrual less portion deferred in fund statements	12,148
Grant revenue received, but not expended (deferred for budgetary purposes)	442
Inventory	319
Encumbrances outstanding	745
Compensated absences	6,851
	<hr/>
Fund balance - fund financial statements	<u>\$ 61,397</u>
Revenues - budgetary basis	\$ 371,238
Current year revenue accrual	103,557
Prior year revenue accrual	(102,764)
Current year revenue deferred in fund statements	(91,409)
Prior year deferred revenue recognized in fund statements in current year	87,093
Current year grant revenue received, but not expended (deferred for budgetary purposes)	442
Insurance recoveries reported in other financing sources in the fund statements	(69)
Other	49
Prior year grant revenue recognized in the current year	(1,601)
On-behalf payments	15,843
	<hr/>
Revenues - fund financial statements	<u>\$ 382,379</u>
Expenditures - budgetary basis	\$ 360,589
Change in encumbrance payable	230
Change in compensated absences	(1,083)
Change in inventory	(1)
Other	50
On-behalf payments	15,843
	<hr/>
Expenditures - fund financial statements	<u>\$ 375,628</u>

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
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**Notes to Budgetary Comparison Schedule**

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**Budget law and practice:** The following is the budget development process for all funds appropriated on an annual basis (General Fund, Building Fund, School Nutrition Services Fund, and Sinking Fund). For each fiscal year of the District, which begins on July 1, a tentative, or preliminary, budget is presented to the Board of Education at the first meeting in July, if not earlier. As required by the School District Budget Act (adopted June 4, 2001), a public hearing on the proposed budget summary shall be held within five days' notice published in a newspaper of general circulation in the school district. Within the 30-day period preceding the beginning of each fiscal year, a budget for the school district shall be approved by the Board of Education. The District may amend the budget after June 30 and present it for the Board of Education approval, as required by law, and filed (the legal appropriation establishing revenue, tax levies, and ad valorem valuations) with the county excise board and the State of Oklahoma Auditor and Inspector.

The Board of Education must approve revisions to the final budget and ensure it will not exceed the level of appropriation for each fund as established by temporary budget or supplemental appropriation, according to law. The budget is updated and reported to the superintendent and Board of Education as needed.

The following is the budget development process for all funds operated on an overall budget basis (Bond Funds and Casualty Flood Insurance Recovery Fund). Based on available bonding capacity, the superintendent and staff prepare a list of projects determined by the needs within the District and with available monies. This list, once approved by the Board of Education, becomes the resolution that is then presented to the voters in the District. Oklahoma laws allow schools to be indebted to a maximum of 110% of the net assessed valuation of the District.

The following is the budget administration and management process. Each fund has a budget that is assigned by cost center. This budget is administered by a designee authorized by the superintendent to monitor and control the budget in compliance with Board of Education policies and state law.

Budget expenditures are monitored through the financial management system, which will not allow expenditures to exceed the appropriated budget. The District's superintendent or designee may transfer an unexpended and unencumbered appropriation from one account to another within the same fund. Purchase orders are submitted to the Board of Education for approval of payment.

The budgets for the School Activity Fund, MAPS Sales Tax Fund, or the Gifts and Endowments Fund are not approved.

**Encumbrances:** Encumbrances represent commitments related to unperformed contracts for goods and/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 as 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, except for federal 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. Federal revenues are recognized for any prior year April through June 30 collections deferred and for any collections received July 1 through March 31 of the current year. Any federal cash collections received April 1 through June 30 are deferred into the subsequent year.



# **OTHER SUPPLEMENTARY INFORMATION**

Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2020  
(in thousands)

	Special Revenue Funds					Capital Projects Funds		Total
	Building Fund	School Nutrition Services	Student Activity Fund	Gifts and Endowments Fund	MAPS Sales Tax Fund	2007 Bond Funds	Casualty Flood Insurance Recovery Fund	
<b>Assets</b>								
Cash and cash equivalents	\$ 6,554	\$ 5,445	\$ 2,913	\$ 26	\$ -	\$ 10,902	\$ 899	\$ 26,739
Investments	3,008	-	-	-	-	9,984	4,000	16,992
Receivables:								
Delinquent/protested property taxes, net of allowance	987	-	-	-	-	-	-	987
Property taxes receivable - succeeding year net of allowance	11,707	-	-	-	-	-	-	11,707
Due from other governments	74	5	-	-	-	-	-	79
Other, net of allowance	102	18	-	-	-	1	-	121
Inventories	-	370	-	-	-	-	-	370
<b>Total assets</b>	<b>\$ 22,432</b>	<b>\$ 5,838</b>	<b>\$ 2,913</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 20,887</b>	<b>\$ 4,899</b>	<b>\$ 56,995</b>
<b>Liabilities</b>								
Warrants payable	\$ 363	\$ 380	\$ 53	\$ -	\$ -	\$ -	\$ -	\$ 796
Accounts payable and accrued liabilities	1,686	1,481	40	-	-	1,241	-	4,448
<b>Total liabilities</b>	<b>2,049</b>	<b>1,861</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>1,241</b>	<b>-</b>	<b>5,244</b>
<b>Deferred inflows of resources</b>								
Unavailable revenue - delinquent/protested property taxes	987	-	-	-	-	-	-	987
Unavailable revenue - property taxes - succeeding year	11,707	-	-	-	-	-	-	11,707
<b>Total deferred inflows of resources</b>	<b>12,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,694</b>
<b>Fund balances</b>								
Nonspendable	-	370	-	25	-	-	-	395
Restricted	7,689	3,607	2,820	1	-	19,646	-	33,763
Committed	-	-	-	-	-	-	4,541	4,541
Assigned	-	-	-	-	-	-	358	358
<b>Total fund balances</b>	<b>7,689</b>	<b>3,977</b>	<b>2,820</b>	<b>26</b>	<b>-</b>	<b>19,646</b>	<b>4,899</b>	<b>39,057</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 22,432</b>	<b>\$ 5,838</b>	<b>\$ 2,913</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 20,887</b>	<b>\$ 4,899</b>	<b>\$ 56,995</b>

Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Year Ended June 30, 2020  
(in thousands)

	Special Revenue Funds					Capital Projects Funds		Total
	Building Fund	School Nutrition Services	Student Activity Fund	Gifts and Endowments Fund	MAPS Sales Tax Fund	2007 Bond Funds	Casualty Flood Insurance Recovery Fund	
Revenues:								
Local sources	\$ 19,574	\$ 1,008	\$ 2,149	\$ -	\$ -	\$ 244	\$ -	\$ 22,975
State sources	1,107	3,434	-	-	-	-	-	4,541
Federal sources	-	20,686	-	-	-	-	-	20,686
Other sources	5	-	-	-	-	-	-	5
<b>Total revenues</b>	<b>20,686</b>	<b>25,128</b>	<b>2,149</b>	<b>-</b>	<b>-</b>	<b>244</b>	<b>-</b>	<b>48,207</b>
Expenditures:								
Current:								
Instruction	-	-	31	-	-	-	-	31
Support services	14,723	-	1,041	-	-	222	-	15,986
Noninstructional	-	24,286	509	-	-	-	-	24,795
Facilities acquisition and constructions	-	-	-	-	-	-	-	-
Other outlays	-	-	200	-	-	-	-	200
Capital outlay								
Instruction	-	-	8	-	-	490	-	498
Support services	552	-	153	-	-	1,667	-	2,372
Noninstructional	-	325	-	-	-	-	-	325
Facilities acquisition and constructions	7,570	243	4	-	-	8,786	51	16,654
<b>Total expenditures</b>	<b>22,845</b>	<b>24,854</b>	<b>1,946</b>	<b>-</b>	<b>-</b>	<b>11,165</b>	<b>51</b>	<b>60,861</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,159)</b>	<b>274</b>	<b>203</b>	<b>-</b>	<b>-</b>	<b>(10,921)</b>	<b>(51)</b>	<b>(12,654)</b>
Other financing sources:								
Insurance recoveries	21	-	-	-	-	-	-	21
<b>Total other financing sources</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>
<b>Net change in fund balances</b>	<b>(2,138)</b>	<b>274</b>	<b>203</b>	<b>-</b>	<b>-</b>	<b>(10,921)</b>	<b>(51)</b>	<b>(12,633)</b>
Fund balances, beginning of year	9,827	3,703	2,617	26	-	30,567	4,950	51,690
Fund balances, end of year	\$ 7,689	\$ 3,977	\$ 2,820	\$ 26	\$ -	\$ 19,646	\$ 4,899	\$ 39,057

Independent School District No. 89 of Oklahoma County, Oklahoma,  
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Budgetary Comparison Schedule (Budgetary Basis) - 2007 Bond Funds  
Year Ended June 30, 2020  
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 530	\$ 530	\$ 243	\$ (287)
<b>Total revenues</b>	<b>530</b>	<b>530</b>	<b>243</b>	<b>(287)</b>
Expenditures:				
Instruction	-	-	474	474
Support services	1,421	1,421	1,316	(105)
Facilities, acquisition, and construction services	24,951	24,951	8,024	(16,927)
	<b>26,372</b>	<b>26,372</b>	<b>9,814</b>	<b>(16,558)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(25,842)</b>	<b>(25,842)</b>	<b>(9,571)</b>	<b>16,271</b>
Other financing sources, prior year lapsed appropriations	1,000	1,000	162	(838)
<b>Net change in fund balances</b>	<b>(24,842)</b>	<b>(24,842)</b>	<b>(9,409)</b>	<b>15,433</b>
Fund balances, beginning of year	24,842	24,842	26,347	1,505
Fund balances, end of year	\$ -	\$ -	\$ 16,938	\$ 16,938

Independent School District No. 89 of Oklahoma County, Oklahoma,  
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Budgetary Comparison Schedule (Budgetary Basis) - Debt Service Fund  
Year Ended June 30, 2020  
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 39,253	\$ 39,253	\$ 39,630	\$ 377
Nonrevenue receipts	3,747	3,747	2	(3,745)
<b>Total revenues</b>	<b>43,000</b>	<b>43,000</b>	<b>39,632</b>	<b>(3,368)</b>
Expenditures:				
Other	43,923	43,923	34,302	(9,621)
	43,923	43,923	34,302	(9,621)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(923)	(923)	5,330	6,253
Other financing sources, prior year lapsed appropriations	-	-	-	-
<b>Net change in fund balances</b>	(923)	(923)	5,330	6,253
Fund balances, beginning of year	60,846	60,846	51,615	(9,231)
Fund balances, end of year	<b>\$ 59,923</b>	<b>\$ 59,923</b>	<b>\$ 56,945</b>	<b>\$ (2,978)</b>

Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

**Budgetary Comparison Schedule (Budgetary Basis) - Building Fund**  
**Year Ended June 30, 2020**  
**(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 23,460	\$ 23,460	\$ 20,026	\$ (3,434)
State sources	633	633	805	172
Nonrevenue receipts	-	-	5	5
<b>Total revenues</b>	<b>24,093</b>	<b>24,093</b>	<b>20,836</b>	<b>(3,257)</b>
Expenditures:				
Support services	11,446	11,446	15,635	4,189
Facilities, acquisition, and construction services	13,632	13,632	3,558	(10,074)
<b>Total expenditures</b>	<b>25,078</b>	<b>25,078</b>	<b>19,193</b>	<b>(5,885)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(985)</b>	<b>(985)</b>	<b>1,643</b>	<b>2,628</b>
Other financing sources, prior year lapsed appropriations	600	600	703	103
<b>Net change in fund balances</b>	<b>(385)</b>	<b>(385)</b>	<b>2,346</b>	<b>2,731</b>
Fund balances, beginning of year	2,442	2,442	1,154	(1,288)
Fund balances, end of year	<u>\$ 2,057</u>	<u>\$ 2,057</u>	<u>\$ 3,500</u>	<u>\$ 1,443</u>

Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

**Budgetary Comparison Schedule (Budgetary Basis) - School Nutrition Services Fund**  
**Year Ended June 30, 2020**  
**(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ 712	\$ 712	\$ 1,075	\$ 363
State sources	3,002	3,002	2,831	(171)
Federal sources	23,706	23,706	19,020	(4,686)
<b>Total revenues</b>	<b>27,420</b>	<b>27,420</b>	<b>22,926</b>	<b>(4,494)</b>
<b>Expenditures:</b>				
Noninstructional	27,397	27,397	24,060	(3,337)
Facilities, acquisition, and construction services	-	-	511	511
	<b>27,397</b>	<b>27,397</b>	<b>24,571</b>	<b>(2,826)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>23</b>	<b>23</b>	<b>(1,645)</b>	<b>(1,668)</b>
Other financing sources, prior year lapsed appropriations	400	400	72	(328)
<b>Net change in fund balances</b>	<b>423</b>	<b>423</b>	<b>(1,573)</b>	<b>(1,996)</b>
Fund balances, beginning of year	367	367	3,073	2,706
Fund balances, end of year	<b>\$ 790</b>	<b>\$ 790</b>	<b>\$ 1,500</b>	<b>\$ 710</b>

Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

**Budgetary Comparison Schedule (Budgetary Basis) - Casualty Flood Insurance Recovery Fund**  
**Year Ended June 30, 2020**  
(in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Instruction	-	-	-	-
Support services	2,212	2,212	-	(2,212)
Facilities, acquisition, and construction services	2,622	2,622	-	(2,622)
	<b>4,834</b>	<b>4,834</b>	<b>-</b>	<b>(4,834)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,834)</b>	<b>(4,834)</b>	<b>-</b>	<b>4,834</b>
Other financing sources, prior year lapsed appropriations	-	-	-	-
<b>Net change in fund balances</b>	<b>(4,834)</b>	<b>(4,834)</b>	<b>-</b>	<b>4,834</b>
Fund balances, beginning of year	4,834	4,834	4,899	65
Fund balances, end of year	\$ -	\$ -	\$ 4,899	\$ 4,899



Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

**Budgetary Comparison Schedule (Budgetary Basis) - 2016 Bond Funds**  
**Year Ended June 30, 2020**  
**(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 2,000	\$ 2,000	\$ 664	\$ (1,336)
Nonrevenue receipts	65,000	65,000	76,500	11,500
<b>Total revenues</b>	<b>67,000</b>	<b>67,000</b>	<b>77,164</b>	<b>10,164</b>
Expenditures:				
Instruction	7,100	7,100	191	(6,909)
Support services	37,624	37,624	12,100	(25,524)
Facilities, acquisition, and construction services	46,122	46,122	15,530	(30,592)
	<b>90,846</b>	<b>90,846</b>	<b>27,821</b>	<b>(63,025)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(23,846)</b>	<b>(23,846)</b>	<b>49,343</b>	<b>73,189</b>
Other financing sources, prior year lapsed appropriations	1,000	1,000	1,870	870
<b>Net change in fund balances</b>	<b>(22,846)</b>	<b>(22,846)</b>	<b>51,213</b>	<b>74,059</b>
Fund balances, beginning of year	22,846	22,846	29,491	6,645
Fund balances, end of year	\$ -	\$ -	\$ 80,704	\$ 80,704

# **OTHER INFORMATION**

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Schedule of Surety Bonds  
Year Ended June 30, 2020**

The District provides the following surety bonds, compliant with 70 Oklahoma Statute §5-116a and §5-129 (E) requirements for any Superintendent or financial officer or other relevant employee of the school district who has supervision of or authority to expend school district funds. The District had the following Surety Bonds for fiscal year 2020:

Effective July 1, 2019 through June 30, 2020  
Insurance Carrier: Ohio Casualty

Position/Description	Bond #	Amount
<b>District Officers</b>		
Treasurer	LSF041268/1597454 \$	1,000,000
Assistant Treasurer	LSF041268/1597454	1,000,000
Director of Purchasing	LSF041268/1597454	750,000
Encumbrance Clerk/Chief Financial Officer	LSF041268/1597454	500,000
Superintendent	LSF041268/1597454	500,000
Chief of Staff	LSF041268/1597454	500,000
Minute Clerk & Board Clerk	LSF041268/1597454	10,000
<b>Activity Funds</b>		
Activity Fund Custodian - Administration	1597443	25,000
Activity Fund Custodian - High Schools	1597443	25,000
Activity Fund Custodian - Middle Schools	1597443	10,000
Activity Fund Custodian - Elementary Schools	1597443	2,500
Financial/Principal Secretary	1597443	2,500

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Charter School Membership  
Year Ended June 30, 2020**

Charter school membership for the year ended June 30, 2020 was as follows:

	Membership
Dove (Elementary School and Science Academy)	1,292
Harding Charter Preparatory High School	455
Harding Fine Arts Center	357
Independence Charter Middle School	308
John W. Rex Charter Elementary School	643
KIPP Reach College Preparatory	290
Santa Fe South	3,495
Stanley Hupfeld Academy at Western Village	329
<b>Total</b>	<u><u>7,169</u></u>

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Enterprise School Membership  
Year Ended June 30, 2020**

Enterprise school membership for the year ended June 30, 2020 was as follows:

Enterprise School	Membership
Belle Isle Enterprise Middle School	592
Mary Golda Ross Enterprise Elementary School	873
John Marshall Enterprise Middle School	839
John Marshall Enterprise High School	716
<b>Total</b>	<u><u>3,020</u></u>

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Schedule of MAPS Sales Tax Funded Transfers and Classification  
Year Ended June 30, 2020**

A schedule of MAPS sales tax funded transfers and classification is reported as follows (in thousands):

Sales Tax Project ID	Description	Value
ED-085/086	Capitol Hill High School Parking Improvements	2,145
	<b>Total Transferred in FY 2020</b>	<u>2,145</u>
	<b>Total Retirements FY 2020</b>	(4,442)
	<b>Total Transferred FY 2005 - FY 2019</b>	373,267
	<b>Total Transferred through June 30, 2020</b>	<u>\$ 370,970</u>
	<b>TOTAL Technology</b>	24,719
	<b>TOTAL Other Construction/FFE etc.</b>	343,740
	<b>TOTAL Transportation</b>	<u>2,511</u>
		<u>\$ 370,970</u>

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**School Activity Fund - State Regulatory Basis  
Year Ended June 30, 2020  
(in thousands)**

<hr/>	
Revenues:	
Local sources	\$ 2,149
Nonrevenue receipts	-
<b>Total revenues</b>	<u>2,149</u>
Expenditures:	
Instruction	42
Support services	1,195
Noninstructional	509
Facilities, acquisition, and construction services	-
Other	200
<b>Total expenditures</b>	<u>1,946</u>
<b>Excess (deficiency) of revenues         over (under) expenditures</b>	203
Other financing sources, prior year lapsed appropriations	<u>2</u>
<b>Net change in fund balances</b>	205
Fund balances, beginning of year	<u>2,596</u>
Fund balances, end of year	<u><u>\$ 2,801</u></u>

**REPORTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*  
AND UNIFORM GUIDANCE**



**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards**

RSM US LLP

**Independent Auditor's Report**

Board of Education  
Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 10, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Oklahoma City, Oklahoma  
February 10, 2021

**Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance**

RSM US LLP

**Independent Auditor's Report**

Board of Education  
Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools

**Report on Compliance for Each Major Federal Program**

We have audited the Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools' (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions and grants of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each of the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of the major federal programs and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Oklahoma City, Oklahoma  
February 10, 2021

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

Federal Grantor/Program	Federal CFDA Number	Pass-through Grantor	Pass-through		Federal Expenditures
			Grantor's Project Number	Passed Through to Subrecipients	
<b>U.S. Department of Education</b>					
<b>Direct Program</b>					
Indian Education - Grant to Local Educational Agencies	84.060	N/A	N/A	\$ -	\$ 555,478
<b>U.S. Department of Agriculture</b>					
Child Nutrition Cluster:					
School Breakfast Program, (SBP)	10.553	Oklahoma Department of Education	764	-	3,965,289
National School Lunch Program (NSLP)	10.555	Oklahoma Department of Education	763	-	11,599,122
Passed-Through Oklahoma Department of Human Services					
Commodities (Noncash)	10.555	Oklahoma Department of Human Services	773	-	1,666,282
Summer Food Program	10.559	Oklahoma Department of Education	766	-	2,843,661
<b>Total Child Nutrition Cluster</b>				-	20,074,354
Child and Adult Care Food Program	10.558	Oklahoma Department of Human Services	769	-	69,257
Farm Equipment Grant	10.579	Oklahoma Department of Education	791	-	4,513
Fresh Fruit/Vegetable Program	10.582	Oklahoma Department of Education	768	-	555,218
<b>Total U.S. Department of Agriculture</b>				-	20,703,342
<b>U.S. Department of the Interior</b>					
Title VII, Johnson O'Malley	15.130	Oklahoma Department of Education	563	-	204,142
<b>U.S. Department of Education</b>					
Title I, Part A, Basic	84.010	Oklahoma Department of Education	511	-	19,745,612
Title I, School Support	84.010	Oklahoma Department of Education	515	-	1,154,987
Title I, Part A, Neglected	84.010	Oklahoma Department of Education	518	-	250,388
Consolidated Administrative Fund	84.010	Oklahoma Department of Education	786	-	779,422
<b>Subtotal</b>				-	21,930,409
Title I, Part D, Local Delinquent Program	84.013	Oklahoma Department of Education	532	-	250,342
Special Education Cluster:					
Discretionary PL 108-446, IDEA, Part B	84.027	Oklahoma Department of Education	621	-	8,769,669
Flow Through, PL 108-446, IDEA Part B Private Schools	84.027	Oklahoma Department of Education	625	-	76,222
Special Education Professional Development District					
Sponsored	84.027	Oklahoma Department of Education	615	-	10,066
Preschool, Ages 3-5 PL 108-446, IDEA Part B	84.173	Oklahoma Department of Education	641	-	130,602
<b>Total Special Education Cluster</b>				-	8,986,559
Carl Perkins Secondary	84.048	Oklahoma Department of Career and Technology Education	421	-	1,060,964

(Continued)

**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2020**

Federal Grantor/Program	Federal CFDA Number	Pass-through Grantor	Pass-through Grantor's Project Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education (Continued)</b>					
Job Training - OJT	84.126	Oklahoma Department of Rehabilitation Services	456	\$ -	\$ 62,589
Title X, Part C, Education for Homeless Children and Youth	84.196	Oklahoma Department of Education	596	-	57,167
GEAR-UP - Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	University of Oklahoma	772	-	676,034
Title III, Part A, Immigrant Education Act	84.365	Oklahoma Department of Education	571	-	236,069
Title III, Part A, English Language Acquisition, Language Enhancement and Academic Achievement	84.365	Oklahoma Department of Education	572	-	2,109,399
<b>Subtotal</b>				-	2,345,468
Title II, Part A, Teacher and Principal Training	84.367	Oklahoma Department of Education	541	-	2,877,598
Title I, Part E, Striving Readers Comprehensive Literacy Program	84.371	Oklahoma Department of Education	538	-	294,010
ESSERF/CARES Act Coronavirus Aid, Relief, and Economic Security Act	84.425D	Oklahoma Department of Education	788	-	1,179,808
<b>Total U.S. Department of Education</b>				-	39,720,948
<b>U.S. Department of Health and Human Services</b>					
Maternal, Infant & Early Childhood Home Visiting (MIECHV) - PAT	93.505	Oklahoma Department of Human Services	771	-	442,220
DayCare @ sites	93.575	Oklahoma Department of Human Services	775	-	240
Head Start Cluster: Head Start Funds to Schools	93.600	Oklahoma Department of Commerce	691	-	280,057
<b>Total U.S. Department of Health and Human Services</b>				-	722,517
<b>Total expenditures of federal awards</b>				\$ -	\$ 61,906,427

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, and expended during the year are included in this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion on the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4. Noncash Assistance**

The schedule include federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$1,666,282 related to USDA Commodities grants (CFDA Number 10.555) provided by the U.S. Department of Agriculture and passed through the Oklahoma Department of Human Services.

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020**

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Number	Comment	Status	Corrective Action or Other Explanation
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The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved prior findings exist from the prior year's *Summary of Prior Audit Findings*.



**Independent School District No. 89 of Oklahoma County, Oklahoma,  
also known as the Oklahoma City Public Schools**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

**I. Summary of the Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- . Material weakness(es) identified?  Yes  No
- . Significant deficiency(ies) identified?  Yes  None Reported
- . Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- . Material weakness(es) identified?  Yes  No
- . Significant deficiency(ies) identified?  Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

- . Any audit findings disclosed that are required to be reported  
in accordance with Section 2 CFR 200 516(a)?  Yes  No

**Identification of major program:**

CFDA Number	Name of Federal Program
84.027, 84.173	Special Education Cluster
84.365	Title III - English Language Acquisition State Grants
84.425D	CARES Act - Elementary and Secondary School Emergency Relief (ESSER) Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 1,857,192

Auditee qualified as low-risk auditee?  Yes  No

**Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2020**

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**II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards***

**A. Internal Control**

None reported.

**B. Compliance Findings**

None report.

**III. Findings and Questioned Costs for Federal Awards**

**A. Internal Control**

None reported.

**B. Compliance Findings**

None reported.

OKLAHOMA CITY INDEPENDENT SCHOOL DISTRICT NO. I-089  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT

Year Ended June 30, 2020

STATE OF OKLAHOMA  
COUNTY OF OKLAHOMA

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm did have, in full force and effect, Accountant's Professional Liability Insurance, in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with Oklahoma City Independent School District No. I-089 for the audit year ended June 30, 2020.

RSM US LLP



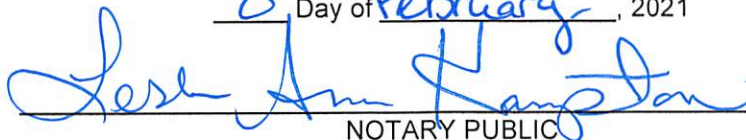
Signature of Authorized Agent

Michael J. Gibson

Printed Name of Authorized Agent

Subscribed and sworn to before me on this

8<sup>th</sup> Day of February, 2021

  
NOTARY PUBLIC

My commission expires on:

18<sup>th</sup> Day of September, 2021

Commission No. 17008665

