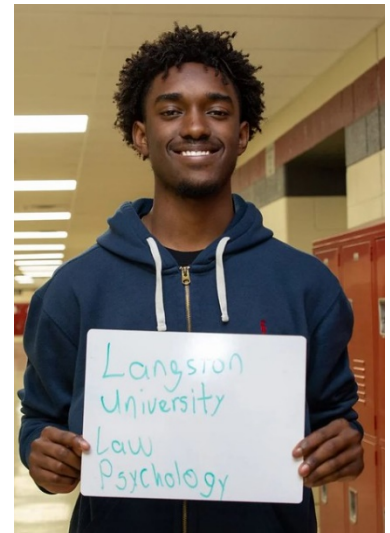
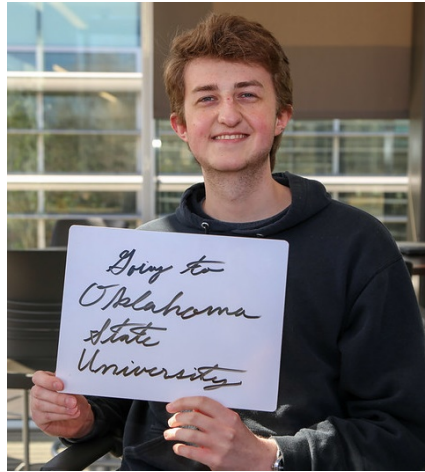




Tulsa Public Schools

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022



DESTINATION EXCELLENCE

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

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

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2022

Prepared by the
Department of Financial Services

Tulsa Public Schools does not discriminate on the basis of race, religion, color, national origin, sex, sexual orientation, gender expression, gender identity, pregnancy, disability, genetic information, veteran status, marital status, age or any other classification protected by applicable law with respect to employment, programs and activities. The district also provides equal access to the Boy Scouts of America and other designated youth groups.

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

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

*Eva Vindas, Human Rights & Title IX Coordinator
Tulsa Public Schools, General Counsel's Office
3027 S. New Haven Ave.
Tulsa, Oklahoma 74114-6131
918-746-6158*

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TABLE OF CONTENTS

Page

Introductory Section (unaudited)	1
School District Officials	3
Organizational Chart	4
Superintendent Profile.....	5
Board District Map.....	6
Board Member Profiles	7
Letter of Transmittal	12
GFOA Certificate of Achievement for Excellence in Financial Reporting	23
ASBO Certificate of Excellence in Financial Reporting	25
Financial Section	27
<i>Independent Auditors' Report</i>	29
<i>Management's Discussion and Analysis (unaudited)</i>	32
<i>Basic Financial Statements</i>	43
Statement of Net Position	45
Statement of Activities.....	46
Balance Sheet – Governmental Funds	47
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	48
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	49
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	50
Notes to the Financial Statements	51
<i>Required Supplementary Information (unaudited)</i>	89
Schedule of the District's Proportionate Share of the Net Pension Liability	91
Schedule of the District's Pension Plan Contributions.....	93
Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset).....	94
Schedule of the District's OPEB Plan Contributions.....	94
Budgetary Comparison Schedule – General Fund	95
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to the Budgetary Comparison Schedule – General Fund	96
Notes to Required Supplementary Information.....	97
<i>Other Supplementary Information</i>	99
Budgetary Comparison Schedule – Debt Service Fund	101
Budgetary Comparison Schedule – Capital Improvements	102
Budgetary Comparison Schedule – Special Revenue Fund.....	103
Combining Balance Sheet – General Funds	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – General Funds	105
Combining Balance Sheet (Nonmajor Funds)	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Nonmajor Funds).....	107

TABLE OF CONTENTS

	<u>Page</u>
Statistical Section (Unaudited)	109
<i>Contents</i>	<i>111</i>
<i>Financial Trends</i>	<i>112</i>
Changes in Net Position.....	112
Changes in Fund Balances – Governmental Funds	114
Net Position By Component.....	116
Fund Balances, Governmental Funds	117
<i>Revenue Capacity</i>	<i>118</i>
Property Tax Rates – Direct and Overlapping Governments	118
Direct and Overlapping Property Tax Rates	118
Assessed Value and Estimated Actual Value of Taxable Property	119
Principal Property Taxpayer.....	120
Property Tax Levies and Collections	121
<i>Debt Capacity</i>	<i>122</i>
Ratios of Total Outstanding Debt by Type.....	122
Ratios of General Net Bonded Debt Outstanding.....	123
Legal Debt Margin Information.....	124
Direct and Overlapping Governmental Debt.....	125
<i>Demographic and Economic Information</i>	<i>126</i>
Tulsa Area Principal Employers.....	126
Population, Per Capita Income and Employment.....	127
<i>Operating Information</i>	<i>128</i>
Net Current Expenditures Per Pupil.....	128
School Food Service Program	129
High School Graduates	130
List of School Buildings: Square Footage, Capacity, Age	131
Number of Schools, Student Enrollment and Attendance Information	133
Schedule of Government Employees by Function.....	134

Introductory Section



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Board of Education
During Fiscal Year 2021-2022

President

Stacey Woolley

Members

E'Lena Ashley (April 2022 through current)
Judith Barba Perez
John Croisant
Jerry Griffin
Shawna Keller (through April 2022)
Susan Lamkin (April 2022 through current)
Jennettie Marshall
Suzanne Schreiber (through April 2022)

Deborah A. Gist, Ed.D.

Superintendent

Jorge Robles

Chief Finance and Operations Officer

George P. Stoeppelwerth

Director of Finance
Treasurer

Alicia A. Srader

Director of Accounting
Encumbrance Clerk



Tulsa Public Schools Superintendent's 2021-2022 Cabinet



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

Dr. Deborah Gist is the superintendent of Tulsa Public Schools, an urban district serving 33,000 students across 78 schools and charter partners.

Dr. Gist's career as an educator started in a classroom at Kirkpatrick Elementary School in Fort Worth, Texas in 1988. Over the next 33 years, she served as a senior policy analyst for the United States Department of Education, executive director of Serve DC in the Executive Office of the Mayor, and was named as the first State Superintendent of Education for Washington, DC.

From 2009-2015, Dr. Gist served as Commissioner of Education for the State of Rhode Island overseeing the redesign of the state's education funding formula, a historic increase in high school graduation rates, two successful applications for \$125 million in federal Race to the Top grant funding, implementation of new college- and career-ready standards, and expanded access to high-quality early childhood programming. As a result of her work in Rhode Island, she was named as one of *Time Magazine's* 100 Most Influential People in the World and as one of *The Atlantic's* Brave Thinkers.



During Superintendent Gist's tenure, the district has seen sustained increases in high school graduation rates, novice teacher retention, employee engagement, and the percentage of students meeting projected reading and math growth. Tulsa Public Schools has expanded its dual language programming, opened the only two public Montessori programs in the state, implemented the Seal of Biliteracy for high school students demonstrating proficiency in at least two languages, launched a unified enrollment system, and successfully passed a five-year \$415 million bond that will transform teaching and learning experiences across the city.

The district has also been recognized nationally for its work around social emotional learning, expanded learning, and response to the COVID-19 pandemic and is considered a national leader in developing and implementing culturally relevant and sustaining curricula about the 1921 Tulsa Race Massacre.

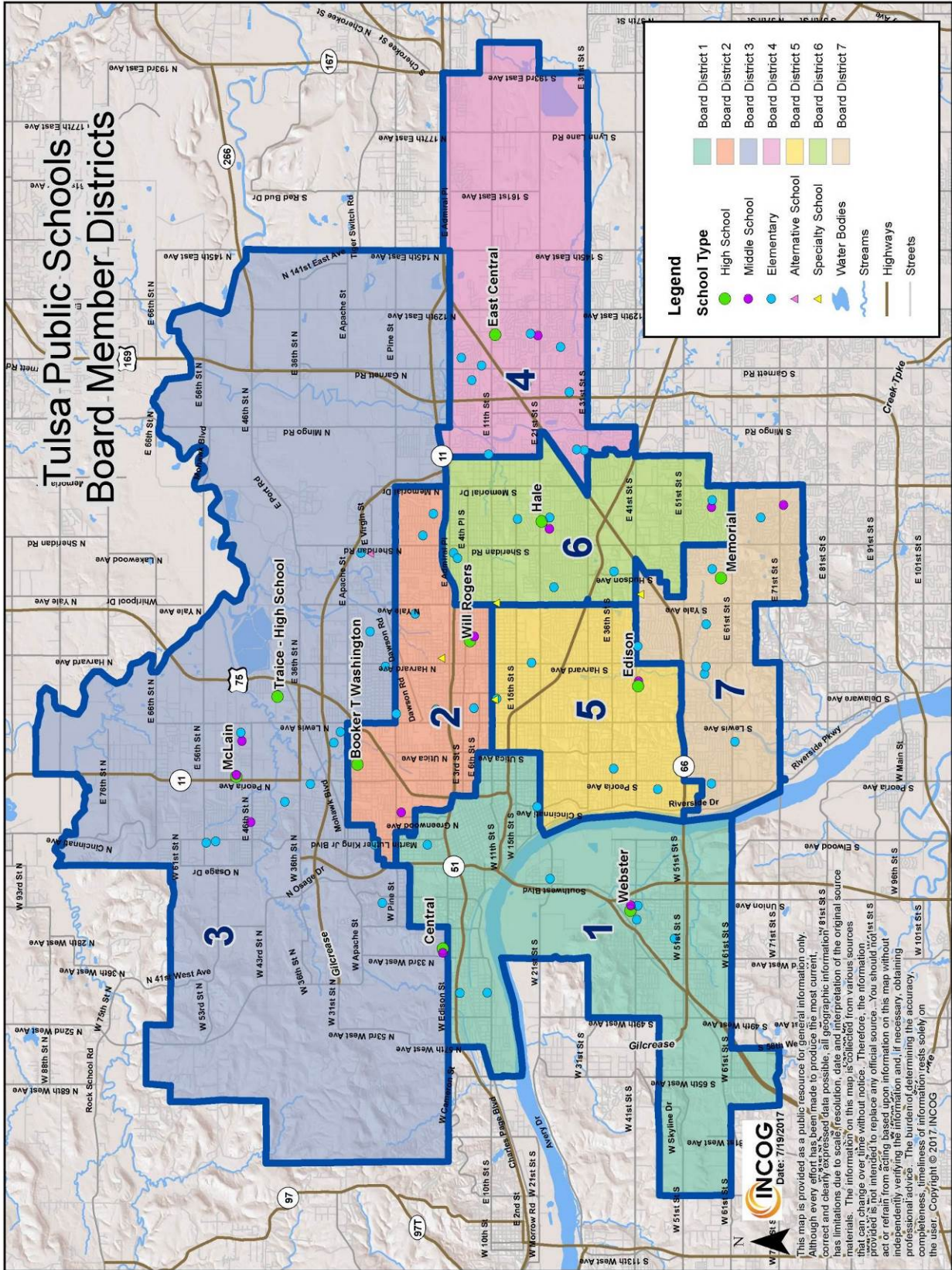
Dr. Gist's proudest moment of her superintendency, however, was in April 2018 when she joined more than 100 educators on a 110-mile march to Oklahoma City to advocate for increases in state education funding to provide the resources that Oklahoma teachers and children need and deserve.

Dr. Gist holds a bachelor's degree in early childhood education from the University of Oklahoma, a master's degree in elementary education and curriculum from the University of South Florida, a master's of public administration from the John F. Kennedy School of Government at Harvard University, and a doctorate from the University of Pennsylvania. She is a member of the 1921 Tulsa Race Massacre Commission and sits on the boards of Greenwood Rising, the Oklahoma Center for Community and Justice, Junior Achievement of Oklahoma, Tulsa Area United Way, Tulsa Educare, and the Boy Scouts of America Indian Nations Council. She is a founding member of Chiefs for Change and an Editorial Advisory Board member for *The Line*, a national publication for K-12 education leaders.








Dr. Gist was recognized as the 2020 Education Pillar community honoree by 100 Black Men of Tulsa and received the 2017 Boomtown Award from Tulsa's Young Professionals, the 2017 Nancy McDonald Award from Oklahomans for Equality, the 2017 Newsmakers Award from the Association for Women in Communications, and the 2016 Madam President Award from the League of Women Voters of Metropolitan Tulsa. She was also named as one of the YWCA Tulsa's 2021 Pinnacle Award winners and as one of Tulsa World's 2021 Tulsans of the Year.

INTRODUCTORY SECTION: BOARD MEMBER PROFILES

Tulsa Public Schools Board Member Districts



Color Legend for Board Member Districts Map

- | | |
|---|--|
|  District 1 – Stacey Woolley |  District 5 – John Croisant |
|  District 2 – Judith Barba Perez |  District 6 – Jerry Griffin |
|  District 3 – Jennettie Marshall |  District 7 – |
|  District 4 – | Suzanne Schreiber (thru Apr 2022) |
| Shawna Keller (thru Apr 2022) | Susan Lamkin (Apr 2022 to Current) |
| E'Lena Ashley (Apr 2022 to Current) | |

District 1 – Stacey Woolley (President)

Ms. Stacey Woolley was elected to the board in April of 2019. Her term expires in April 2023. A mother of five and public school advocate, Ms. Woolley has a master’s of science from the University of Central Oklahoma in Communication Sciences and Disorders as well as a bachelor’s of art in Communication from Southeastern Oklahoma State University. Stacey holds a teaching certificate in the State of Oklahoma and is a certified Speech-Language Pathologist. She is a proud citizen of the Choctaw Nation of Oklahoma. Ms. Woolley and her family have lived in Tulsa for 11 years, and though they are relatively new to town, they think of it as home. She and her husband share the dream that all children in Tulsa would be afforded the best public education experience possible.



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

District 2 – Judith Barba Perez

Ms. Judith Barba Perez was elected to the board in February of 2021. Her term expires in February 2025. Born and raised on Zapotlan Del Rey, Jalisco, Mexico, Ms. Barba Perez emigrated to the United States in 2014, first arriving to California, and then moving to Tulsa, OK in 2015. Board Member Barba Perez worked for the YWCA Tulsa where she discovered and experienced the diversity of the community. She then worked as a success coach and field coordinator for a research program at OSU called “Unidos Se Puede” (Together We Can). Additionally, Ms. Barba Perez has worked as a Hispanic program coordinator for Camp Fire Green Country developing curriculum for youth, and she currently works at Growing Together as a community leadership and mobilization manager. Ms. Judith Barba Perez holds a bachelor's degree in psychology from the Universidad de Guadalajara and a certification on Community Peer Educator from Tulsa Community College. In 2019, Ms. Barba Perez and her family moved to the Kendall-Whittier neighborhood to a Tulsa Habitat Home (now named Green Country Habitat for Humanity). They have enjoyed serving as volunteers in various organizations since they arrived in Tulsa and she is excited to be representing the families of Board District 2.



Schools in Ms. Barba Perez’s election district include Kendall-Whittier, McKinley, Mitchell, Owen, Sequoyah, and Springdale elementary schools; Carver Middle School and Rogers College Middle School; Phoenix Rising 9-12; and Rogers College and Booker T. Washington high schools.

District 3 – Jennettie Marshall

Ms. Marshall was re-elected to her post in April 2021. Her term will expire in February 2025. Ms. Marshall has a strong history of serving people through her ministerial duties, funeral service duties and volunteer work. Ms. Marshall retired from the State of Oklahoma where she worked for the Department of Corrections and the Department of Human Services. She also served the City of Tulsa as a police and fire chaplain and was trained in emergency disaster response and hostage negotiation. In 1994, Ms. Marshall established Reclaim Inc., a program that specializes in serving as a "vehicle of change and redirection" for families, juveniles, and adults. Ms. Marshall holds an associates in political science, bachelor of science in corrections, master’s of science in business management, associates in applied science in funeral service, attended Phillips Theological Seminary and is completing her seminary coursework through Andersonville Theological Seminary. She is the founding pastor of Living Sanctuary Evangelistic Ministries and previously served as Senior Pastor of Snowden Chapel and Macedonia Christian Methodist Episcopal churches.



Schools in Ms. Marshall’s election district include Anderson, Burroughs, Celia Clinton, Felicitas Mendez International School, Greenwood Leadership Academy (Pre-K-5th), Hamilton, Hawthorne, John Hope Franklin, Project Accept (Traice Elementary), Unity Learning Academy, and Whitman elementary schools; TRAICE Middle School, Tulsa Met Middle School, Monroe Demonstration Academy; Central Middle School; Central High School; McLain High School; North Star Academy, TRAICE High School, and Tulsa Met High School.

District 4 –

Shawna Keller (thru April 2022)

Ms. Keller was elected to her post in February 2018. Her term will expire in February 2022. As a fourth generation East Tulsa resident, Ms. Keller attended Disney Elementary School, Foster Middle Schools (currently East Central Junior High School) and East Central High School. Ms. Keller graduated from the University of Tulsa with a bachelor's degree in history and received her teaching certification from Northeastern State University. Ms. Keller also has a master's degree in history from the University of Tulsa. Ms. Keller began teaching at Owasso Ram Academy in 2006 as a history teacher. She was selected as Teacher of the Year at the Ram Academy in 2011. Ms. Keller is an active member of the Oklahoma Education Association.



District 4 –

E'Lena Ashley (April 2022 to Current)

Ms. Ashley was elected to her post in April 2022. Her term will expire in April 2026. Ms. Ashley is a US Army veteran who served her country overseas in US Army Military Intelligence and domestically as an advocate for Veterans Affairs in Washington, DC. Ms. Ashley knows the importance of research, advocacy, and leadership in driving improved outcomes. She developed her love of education and investment in next generations while serving as a paraprofessional at the Los Angeles Unified School District while she completed her bachelor's degree in behavioral science. When the care of her aging parents brought her to Tulsa, Ms. Ashley felt a need to serve the community - and she responded by teaching adults full-time at Tulsa Job Corps and serving as a substitute teacher at Tulsa Public Schools while she completed her master's degree in rehabilitation counseling from Langston University. She also served as a trainer for advocates at the "WAVE," a woman's outreach and advocacy program and a coordinator for the Tulsa Dream Center's youth after-school and counseling programs. Ms. Ashley's advocacy experience over the years has cemented her expertise in building partnerships with communities, executive boards, and oversight committees - all of whom she will work alongside to answer the needs of Tulsa parents, families, and schools!



Schools in Ms. Ashley's election district include: Cooper, Disney, Huerta, Kerr, Lewis and Clark, Lindbergh, Peary, and Skelly elementary schools; East Central Middle School and East Central High School.

District 5 – John Croisant

Mr. John Croisant was elected to his post in June 2020. His term will expire in April 2024. Born and raised in Tulsa, Mr. Croisant attended Jenks Public Schools (K thru 12) and later received his degree in political science from the University of Tulsa. After completing his pre-law certificate and secondary education requirements, Mr. Croisant decided to focus his career on education. With more than a decade in the classroom, he has seen first-hand the effects of under-funded schools on both the students and community. After completing his teacher certification, Mr. Croisant moved to Louisiana and began his career in public schools in the New Orleans metro area. He returned to Tulsa after Hurricane Katrina and became a coach and teacher at Edison Preparatory. He taught 6th grade geography and was the head girls soccer coach for 12 years, before retiring in 2018 to open his own insurance agency. However, with the help of Allstate and UpliftEd Mr. Croisant has remained involved with TPS with several grants to help students and teachers across the district. He is also a member of the Tulsa Rotary Club and the Tulsa Regional Chamber. He says, “Education is the foundation which we build our community on. It is time for strong leadership that is going to put education first today, to ensure the success of Tulsa tomorrow. Tulsa’s next generation of leaders and citizens are in Tulsa Public Schools right now, so let’s make sure they have the tools and opportunities to succeed.”



Schools in Mr. Croisant’s election district include Eliot, Lanier, Mayo elementary schools; and Edison Middle School and Edison High School.

District 6 – Dr. Jerry Griffin

Dr. Jerry Griffin was elected to his post in June 2020. His term will expire in April 2024. He has lived in Tulsa more than 40 years and is a proud graduate of Edison High School. Following high school graduation, he joined the United States Marine Corps. During his Marine Corps service, he was stationed many places including a stint with HMM-364 (The Purple Foxes) in the Republic of South Vietnam and Okinawa. He received an honorable discharge and returned to Tulsa where he served as a Tulsa police officer, while attending the University of Tulsa where he earned his bachelor’s degree in business administration. Subsequent educational experiences earned him a master’s degree in business administration from Southern Methodist University, a doctoral degree in education from the University of Tulsa, and an Executive Juris Doctorate from Purdue University Global. He has written several books of which one has been translated into Japanese and Portuguese and he has authored several journal articles. One of his most exciting acts of service was serving in the United States Peace Corps for two years where he was sent to Botswana, Africa. While in Botswana he was a Senior Consultant and traveled to other countries, including Lesotho and Swaziland. Dr. Griffin is certified in Oklahoma to teach middle level social studies. He has over 40 years of teaching experience and has taught at Texas State University – San Marcos, Wichita State University and in the virtual program at Oklahoma University. His philosophy of education centers around learning as a life-long process, and that learning (at all ages) must be an active process and become a value of the learner. He believes learners must have the basic foundational skills taught in an environment of critical thinking before moving on to higher-order learning. Dr. Griffin has traveled the country teaching others to take personal responsibility for their learning. His research interests include Organizational Development, Critical Thinking, and Servant-Leader Policing.



Schools in Dr. Griffin’s election district include Bell, Hoover, MacArthur, Salk, and Zarrow International elementary schools; Hale Middle School and Memorial Middle School; Hale High School and Street School.

District 7 –

Suzanne Schreiber (thru April 2022)

Ms. Schreiber was elected to her post in February 2018. Her term will expire February 2022. She has lived in Tulsa more than 20 years. Her passion for public education is fueled by the belief that every child can learn and our community is stronger when all children have access to a quality education. Ms. Schreiber has always been active in civic life, participating in everything from student government, leadership organizations and charitable boards to middle school mentor and homeroom mother at Grimes Elementary. She is a graduate of the University of Tulsa and the University of Tulsa Law School. She works for the George Kaiser Family Foundation on a variety of community improvement projects. Prior to her position at George Kaiser Family Foundation, Ms. Schreiber practiced law in the private sector and served as a federal law clerk at both the district and appellate levels.



District 7 –

Susan Lamkin (April 2022 to Current)

Ms. Susan Lamkin was elected to her post in April 2022. Her term will expire in April 2026. Ms. Lamkin has lived in District 7 of Tulsa Public Schools for 19 years. She is the proud mother of four Tulsa Public Schools graduates, and she also graduated from Tulsa Public Schools. For 16 years, Ms. Lamkin has been an involved parent and Parent Teacher Association leader in District 7 schools and a steadfast advocate for Tulsa teachers and students. Ms. Lamkin is a volunteer with Girl Scouts of Eastern Oklahoma, Boy Scouts of America, New Haven United Methodist Church and other community organizations. She is proud to be a part of her students' education and school activities and plans to be a voice for the schools, teachers and families that she has formed relationships with through the years and will meet as a member of the Board of Education.



Schools in Ms. Lamkin's election district include Carnegie, Eisenhower International, Grissom, Key, Marshall, McClure, and Patrick Henry elementary schools; Thoreau Demonstration Academy; and Memorial High School.



February 1, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the Independent School District No. I-1, Tulsa Public Schools, ("district"), for the fiscal year ended June 30, 2022, is hereby submitted. The ACFR has been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental entities. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of the district. Disclosures necessary to enable the reader to gain understanding of such financial operations have been included. The management's discussion and analysis (MD&A) section provides a brief overview of these financial reports. This transmittal letter is designed to be read in conjunction with the MD&A.

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

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

PROFILE OF THE TULSA PUBLIC SCHOOLS

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

The governing body of the district is the Board of Education, which is composed of seven elected members who serve four-year terms. The appointed superintendent is the executive officer of the district. The district is fully accredited by the Oklahoma Department of Education and by the North Central Association.

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

Tulsa Public Schools is a 173 square mile school district serving the city of Tulsa, the county seat of Tulsa County and the surrounding area in Tulsa, Creek, Osage and Wagoner Counties. The Tulsa metropolitan area (MSA) supports a population of 783,000 with an average household income of \$60,382 (2021 estimate, US census bureau). Approximately 94 percent of the district is located inside the city limits of the city of Tulsa, Oklahoma. The remaining six percent lies in surrounding portions of Tulsa, Creek, Osage and Wagoner Counties.

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

During fiscal year 2020-21, Tulsa Public Schools was the second largest public school district in the State of Oklahoma, with an enrollment (ADM at national collection date October 1, 2021) of 32,624 students. The district is projecting an increase in student enrollment to 33,211 in fiscal year 2021-22. During school year 2021-22 Tulsa Public Schools had an enrollment of 33,211 students making us the largest school district in Oklahoma again. The district is expecting an increase in student enrollment to 33,874 in fiscal year 2022-23.

As of June 30, 2022, the district employed 5,141 employees, of which:

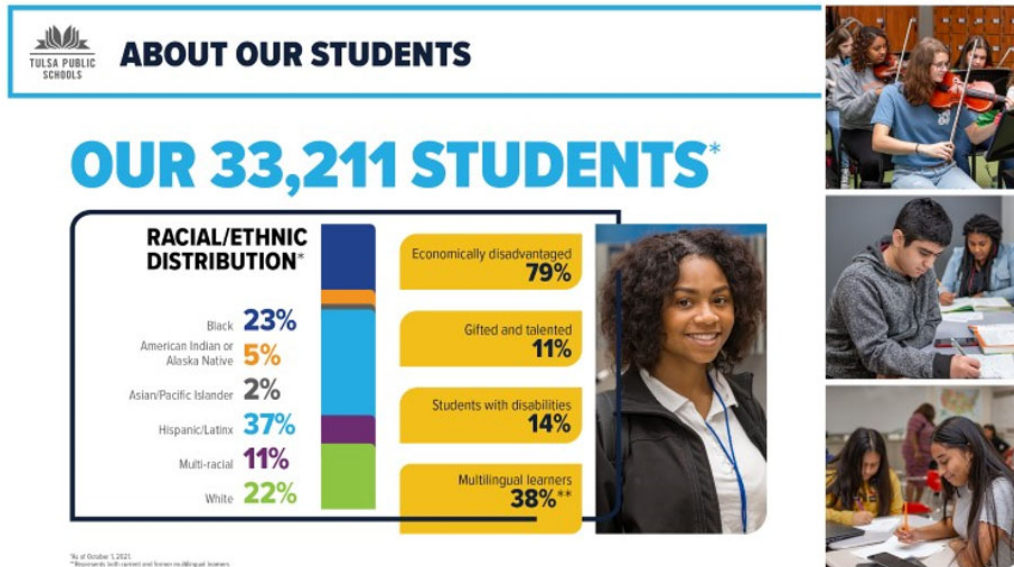
Type	Count
Classroom teachers	1,964
Principals and Assistant Principals	121
Paraprofessionals/teacher assistants	510
School-based support <i>(e.g. office clerks, registrars, secretaries, coaches etc.)</i>	255
District-level certified <i>(e.g. nurses, speech pathologists, mentors, etc.)</i>	114
District-level support <i>(e.g. transportation, executive staff, facilities, child nutrition, maintenance, etc.)</i>	1,431
Part-time staff	746

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

During FY 2021-22 programs were delivered through 45 elementary schools, 10 middle schools, 9 high schools, 7 alternative school sites, and 1 partnership (elementary) school. The district continues to authorize 6 charter schools within its boundaries. In addition, 8 early childhood programs are delivered at school sites operated by not-for-profits or partnerships with county agencies working in cooperation with the district.

Program delivery occurs during the regular school calendar of 168 days of instruction annually. The district also delivers programs through evening school operating year-round and through summer school. During the school year 2021-22 the district continued to operate the Tulsa Virtual Academy serving students from grades pre-kinder through 12 using a blended learning model.

Student demographics for the 2021-22 school year are summarized in the image below:



ECONOMIC OUTLOOK

The fiscal year 2022 preliminary budget was built and adopted by the Board in June of 2021 and was built last spring based on assumptions that we would be in a post pandemic environment during school year 2021-2022. During the first semester of school year 2021-2022 we experienced the challenges of two Covid-19 variants, and throughout the year we were impacted by supply chain issues, labor shortage, while experiencing some the benefits of a recovering economy having a positive impact on both income and oil prices which represent the main source of revenue for the State of Oklahoma. Throughout fiscal year 2022 the district experienced major supply chain disruptions and shortage of key products causing everything to rise in price, including construction, energy, essential supplies and services, which had an impact by increasing expenses for the district's operations. The increase in operational expenses was offset by salary reduction due to vacancies. The district experienced meaningful local workforce and staffing shortages. During the pandemic we had seen higher than normal vacancy levels. The labor shortages increased vacancies throughout the year with the largest variances seen in teachers, teacher assistants, paraprofessionals, bus drivers, custodians, child nutrition personnel, and various central office positions. The State of Oklahoma appropriated \$8.8 billion for the fiscal year 2022 budget, a 14% increase from 2021 and 23% below the fiscal year 2000 (adjusted by inflation & population). Also, the State has increased the education budget for fiscal year 2022. The increase helps to close, only in part, the funding gap (reduction in state aid factor) from the last two years. State Aid factors are expected to increase \$104 per weighted average daily membership (WADM) but will still remain \$86 lower than the fiscal year 2020 factor.

Since March of 2020, Tulsa Public Schools has been allocated 3 rounds of federal recovery funds. These funds are reimbursed by the state after submission of claims that meet the Elementary and Secondary School Emergency Relief (ESSER) investment criteria established by the federal government. Federal recovery expenditures have 3 levels of accountability for legal compliance with the grant: Tulsa Public Schools staff review, Oklahoma State Department of Education review, and external independent auditors. Per federal guidance, all of these funds must be used to "prevent, prepare for, and respond to Coronavirus." The guidance also outlines five basic uses of stimulus funding:

1. Physical health and safety: Investing in resources to implement CDC's K-12 operational strategy for in-person learning.

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

2. Family, Community, and Youth Empowerment: Funding crucial summer, afterschool, and other extended learning and enrichment programs.
3. Academic wellness and supports: Implementing strategies to meet the social, emotional, mental health, and academic needs of students hit hardest by the pandemic.
 - a. Supplemental direct student services
 - b. Organizational knowledge, skills, and mindset
4. Fiscal sustainability: Avoiding devastating layoffs and hiring additional educators to address learning loss.
5. Learning Technology: Funding for Wi-Fi hotspots and devices for students without connectivity for remote learning and supporting educators in the effective use of technology.

The table below shows a summary of the Federal recovery funds appropriated by Tulsa Public Schools since the start of the pandemic.

Round of recovery funds	Amount awarded and availability date
CARES/ESSER I - March 2020	~\$16.6M available through 9/30/22
ESSER II - December 2020	~\$58M available through 9/30/23
ESSER III - March 2021	~\$130M available through 9/30/24

As we recently passed the halfway mark for the timeframe allocated to invest federal recovery dollars, our stimulus spend-down is in good shape with regard to rate of spend and what we are investing in. We are seeing results from our investments and will continue to use data to determine what to continue/not continue. The district has a plan for the remainder of the stimulus dollars that are available through September 30, 2024, and we are mindful of external factors that may cause us to spend more or less on individual line items and will adjust the budget accordingly.

In terms of economic outlook for the school year 2022-23 and its impact on Tulsa Public Schools budget, we anticipate the economic activity to continue returning to normal levels. This should have a positive impact on both income and oil prices which represent the main source of revenue for the State of Oklahoma. However, major supply chain disruptions and shortage of key products are causing everything to rise in price, from new construction homes to toilet paper, which will continue to have an impact and likely increase expenses for the district's operations. Lower unemployment and labor shortages are expected to continue, which should continue to create staff shortages for the district through at least the 2023-2024 school year.

State general revenue nearly 20% above projections for this fiscal year, and the Oklahoma legislation submitted a flat FY23 budget for education. Higher costs of goods are expected next year due to higher inflation and supply chain disruptions, and there is no new money through the state aid formula for day-to-day operations or inflationary costs (based on the proposed state budget for schools - HB4465 and SB1040).

Fiscal year 2023 is the first year of implementing HB 2078 passed on March 31, 2021, which changed the formula for distributing state aid to Oklahoma's public schools. HB 2078 removes financial safeguards meant to protect all students from the impact of abrupt changes in the local economy. Under current law, districts use the larger of their past two years' enrollments to calculate state aid and the larger of the past two years or the first nine weeks of the current year to determine mid-year adjustments. The two-year "look back" helps smooth out fluctuations in attendance for budgeting purposes and allow districts suffering large enrollment drops to adjust. HB 2078 shortens that "look-back" to one year, or the first nine weeks for the mid-year adjustment. The district has done a lot of work to increase enrollment through the improved enrollment strategic initiative with a vision to provide Tulsans an enrollment system that is fair

and easy, ensuring all students have equitable access to the available learning experiences of their choice, and to the opportunities to develop their full academic and social potential. The efforts deployed to increase enrollment for school year 2021-2022 were successful. We saw more applicants overall even though the first enrollment window was two weeks shorter and without the advantage of face-to-face support. We also saw an increase in applicants at key transitional grade levels, and 92% of families were placed in their first or second choice school. The overall result was a growth in enrollment to 33,211 students (official October 1, 2021, count) from 32,569 students the prior year, an increase of 642 students which helped the recover from the pandemic and position the district well for the implementation of HB 2078. The efforts continued during school year 2021-2022 resulting in a second consecutive year of enrollment growth to 33,873 students (official October 1, 2022, count), an increase of 662 students over the prior year.

In FY23, we believe it is essential that we launch critical work to achieve board goals over the next five years, and that we continue to focus on re-engaging and supporting our students post-pandemic. In constructing our FY23 budget, we have focused on three priorities:

- Ensure funding for the initiatives that support advancing board goals;
- Continue to invest in student learning recovery from the pandemic and social-emotional supports through our summer programming and extended-learning initiatives;
- Prepare for impact of rising costs due to inflation while maintaining fiscal sustainability and supporting strategic priorities.

Some risks and challenges that Tulsa Public Schools will monitor and manage are:

- Sustained impact of inflation on cost structure and the continuation of supply chain issues. The district planned expenses could see a meaningful increase if inflation and supply chain challenges increase the cost of goods needed to operate schools.
- Sustained local workforce and staffing shortages. If labor shortages continue at high levels, it could have meaningful impact on the district's operations and classroom instruction. It can also generate budgetary pressures by the need to increase compensation in order to be competitive when recruiting in a labor market with less available work force.
- Continue to manage federal recovery funding investments to support students and the plan to sustain high value programs beyond the expiration of stimulus funding in fall 2024 while avoiding a funding cliff.

MAJOR INITIATIVES

Federal Recovery Funding

Tulsa Public Schools has been allocated 3 rounds of federal recovery funds since March of 2020. These funds are reimbursed by the state after submission of claims that meet the ESSER investment criteria established by the federal government. Our investments are generating a positive impact on students and supports for families. Some highlights are:

- July 2021 Ready. Set. Summer!
 - 10,824 students enrolled attended for a weighted average of 16.2 days in July 2021
 - Small but statistically significant increases in reading MAP (.4 percentage points) and math MAP (.6 percentage points) scores
 - Positive effects for attendance for students of color
 - Statistically significant impact on student's returning to school the following year (we expect to retain 6% more of the students who attended as a direct result of their participation)
- July 2022 Ready. Set. Summer!
 - An increase in both MAP Reading (+3.3) and Math (+3.2) achievement percentile for students who participated in Ready. Set. Summer! 2022 from Spring '22 to Fall '23 compared to those that did not

- We estimate that 2.9% of Ready. Set. Summer! 2022 enrolled students were retained as a direct result of participation
- Youth mostly agreed that the experience was Engaging and Enjoying; Staff would recommend to parents and students that they enroll in summer programming next year
- High-dosage tutoring provided by FEV tutor
 - 61,107 hours of services provided per school year
 - 7,108 students scheduled for sessions
- Incentives for employee retention and continuity of service to stabilize operations
 - New for 2022-2023: Additional recruitment incentives
- Maintained staffing levels at school sites above the staffing plan during the 2021-2022 school year; provided additional staff such as interventionists, counselors, and social workers
- Tulsa Virtual Academy - stood up virtual school to support students & families.
 - The school continues to operate and support students in school year 2022-23

We have taken community engagement and survey feedback into consideration, as well as examined our ever-evolving needs of the district as we continue to respond to Covid-19 and have developed a plan to spend the remaining \$106.4M of our stimulus dollars, which includes \$103.2M of American Rescue Plan (ARP) dollars. All the information regarding Tulsa Public Schools COVID-19 Federal Recovery Funds can be found on the district's website (www.tulsaschools.org).

Improved Enrollment

Almost four years ago, we set out to improve our enrollment system for families in Tulsa. Our vision is to provide Tulsans an enrollment system that is fair and easy, ensuring all students have equitable access to the available learning experiences of their choice, and to the opportunities to develop their full academic and social potential. Prior to the pandemic we had seen promising gains from a focus on in-person connection. Student participation increased significantly to more than double participation in 2019, students applied to more schools nearly doubling the number of applications per student, and the community is satisfied with the new system with 82% finding it extremely easy or somewhat easy, 88% satisfied with the application process, and 89% agreed they were able to get the information needed to choose the best school for their child.

The district has continued to put in place a number of efforts during school year 2021-22 support families and grow enrollment post pandemic. Some of the key strategies undertaken to grow enrollment are enrollment expos for families, student shadowing days, parent tours & open houses, facebook live videos, dedicated enrollment support for school leaders, and outreach efforts leveraging school teams and community partners to connect with chronically absent students. The efforts were very successful increasing participation in Enroll Tulsa by 23%, and over 2,400 attendees across 3 School Expos. Overall enrollment has increased 2% each year in the past two years.

2021 Bond for Tulsa Public Schools

On June 8, 2021, Tulsans approved the 2021 Bond for Tulsa Public Schools, a \$414 million investment in Tulsa children, teachers, and families that will make an impact in every school. Bonds have become a critical source for funding the day to day maintenance and operation of all district schools, which is why we have been so grateful for the support of Tulsa voters who passed the 2021 bond with a 73% approval.

**PROPOSITION 1:
SAFE LEARNING
ENVIRONMENTS -
\$166.8 MILLION**
Proposition 1 will keep all of our schools and buildings safe, accessible, and in good repair.

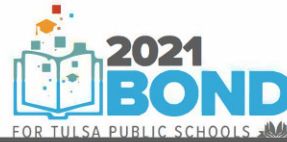
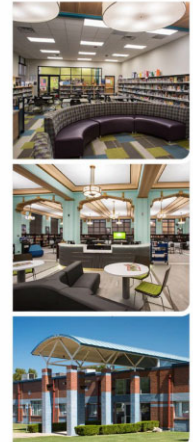
**PROPOSITION 2:
STUDENT AND CLASSROOM
TECHNOLOGY - \$90.7 MILLION**
Proposition 2 ensures that all students and schools have the educational technology that 21st century learners need and deserve.

**PROPOSITION 3:
TRANSPORTATION -
\$17.3 MILLION**
Proposition 3 will provide safe, comfortable, and environmentally sustainable transportation for every Tulsa student.

**PROPOSITION 4:
QUALITY LEARNING
MATERIALS AND PROGRAMS -
\$139.3 MILLION**
Proposition 4 will invest in providing exceptional learning experiences for every child.

The 2021 Bond for Tulsa Public Schools is a \$414 million investment in Tulsa children, teachers, and families that will make an impact in every school:

- » Ensuring that every child learns in a safe, secure, healthy, and accessible environment;
- » Expanding access to programs that prepare every student to succeed in college and careers;
- » Strengthening science, technology, engineering, and math (STEM) programming in all schools;
- » Nurturing the whole child with investments in fine arts, athletics, physical education, wellness, and purposeful play; and
- » Providing state-of-the-art educational technology for every student and every teacher.



Learn more and find voter information at TulsaSchools.org/2021Bond. The proposed 2021 bond package will not increase your tax rates.

Bond investments are monitored and approved by our Citizens Bond Oversight Committee, a group of Tulsans who meet regularly to review progress on our 2021 bond projects. The committee includes board-appointed representatives from each school district and representatives from community groups and organizations. Citizens Bond Oversight Committee members will be appointed upon passage of the 2021 Bond. The Citizens Bond Oversight Committee meets bi-monthly throughout the bond's five-year life to monitor progress on bond projects and hold the district accountable for their completion. Any changes to bond projects are reviewed and approved by this oversight committee.

To date, of the \$414 million authorized by voters, the district has received \$108 million. Below are some 2021 bond projects of notes that have been completed:

- Auditorium improvements for several schools
- HVAC upgrade work at several schools
- School cafeteria remodels at Edison High School and John Hope Franklin elementary school
- East Central Field House
- Booker T Washington tennis courts
- School interior remodels for Skelly elementary school and Hawthorne elementary school
- Textbooks, digital and supplemental curriculum materials ordered for language arts adoption
- All TPS elementary schools now have double secure entries

STRATEGIC PLANNING

In 2022, the district launched its new 2022-2027 strategic plan for Tulsa Public Schools: Pathways to Opportunities. Pathways to Opportunity is the culmination of many candid community conversations, insights and suggestions from every corner of our city, and the very best thinking of our system's educators, school leaders, support professionals, parents, students, partners, and advocates. This plan represents our promises to the people of Tulsa:

- Our schools will be places in which students can find and grow into the best version of themselves.
- Our students will become powerful readers, writers, speakers, and thinkers for whom language is a life-long asset.

- Our high schools will prepare young adults for a rich, choice-filled life.
- Schools have always been the beating heart of vital communities, and Pathways to Opportunity is designed to create robust foundations for children to learn, grow, thrive, and achieve their greatest potential in college, careers, skilled trades, or military service.

Our Board of Education started the planning process in April 2021 with 35 listening sessions to understand what Tulsans expect and need from Tulsa Public Schools. Using the feedback they gathered, our Board developed and voted to adopt a mission, vision, and set of goals and success measures. Across the summer of 2021, we worked with a 30-member community committee to co-develop what became Pathways to Opportunity, the 2022-2027 strategic plan for Tulsa Public Schools.

Board Goals

The Tulsa Board of Education established three broad goals that represent the most important expectations our community holds for our school system. Between 2022-2027, these goals will be the measurable accomplishments upon which we will focus and that will serve as our collective North Star.

Goal 1: The percentage of K-5 students who are eligible for free/reduced lunch who are at/above the 50th percentile indicating grade-level proficiency in reading on MAP will increase from 23% in May 2021 to 37% by May 2027.

Goal 2: The percentage of 6-8 students who are eligible for free/reduced lunch who are at/above the 50th percentile indicating grade-level proficiency in reading on MAP will increase from 22% in May 2021 to 36% by May 2027.

Goal 3: The percentage of graduates earning post-secondary credits and qualifying credentials will increase from 43% in May 2022 to 54% by May 2027.

Our Strategies At-A-Glance

Strategy 1: *Healthy schools in which students develop, achieve, and thrive*

Tulsa Public Schools will provide comprehensive social and emotional support for all students with skilled and supported team members.

Strategy 2: *Rich literacy that provides a lifetime of opportunity*

Tulsa Public Schools will develop students' ability to read, speak, think, and write in all content areas through evidence-based instructional materials and equitable practices.

Strategy 3: *Tulsa as a city of learning and opportunity*

Partner with our community to provide students with intentional learning opportunities in and out of school that spark curiosity and provide real-life experiences.

Strategy 4: *A rich, personalized, and real world-ready high school experience*

Tulsa Public Schools will offer high school courses that provide meaningful credits and credentials that help launch a choice-filled adult life.

Strategy 5: *A skilled team that reflects our community and is deeply valued for their contributions*

Tulsa Public Schools will cultivate a skilled, valued, and culturally responsive team that is motivated to stay and grow through multiple career pathways.

Strategy 6: *Welcome and value every family as their child's first, most important, and lifelong teachers*

Tulsa Public Schools will support, develop, and organize all of our team members to create an inclusive, engaging, and collaborative environment with families.

The strategies and initiatives in this plan are designed to align to goals, guardrails, and interim measures.

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

The Board of Education and district administration will be measuring and tracking our progress periodically and discussing that monitoring during board meetings. More detailed information regarding Tulsa Public School's strategic plan can be found in the district's website at www.tulsaschools.org.

AWARDS

In 2022, the Financial Services Department received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association (GFOA) for the June 30, 2021 Annual Comprehensive Financial Report (ACFR). To receive the Certificate of Achievement for Excellence, applicants must prepare an ACFR that meets rigorous program standards as well as generally accepted accounting principles and applicable statutory requirements. We believe that the ACFR for the year ended June 30, 2022 conforms to the Certificate of Achievement program requirements, and will submit this report to GFOA for review.

The Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting was also awarded for the June 30, 2021 Annual Comprehensive Financial Report (ACFR). This award recognizes school districts that produce an ACFR meeting the principles and standards of financial reporting as adopted by ASBO. We believe that the ACFR for the year ended June 30, 2022 meets these requirements and will submit this report to ASBO in application for this esteemed award.

REVENUES

Tulsa Public School's 2021-22 general fund revenue totaled \$381.5 million. The primary funding source was the State of Oklahoma, with state revenue comprising 39.1 percent of the total, or \$147.5 million. The following table further illustrates the funding source breakdown (millions):

<u>Sources of Revenue</u>	<u>2022</u>	<u>Percent</u>
Local	\$ 109.0	28.5%
Intermediate	10.8	2.9%
State	147.5	39.1%
Federal	106.8	28.3%
Other	7.4	1.2%
Total	<u>\$ 381.5</u>	<u>100.0%</u>

Of those amounts, ad valorem tax revenue totaled \$107.3 million.

Ad valorem tax revenues account for 94 percent of the building fund deferred outflows and total \$15.3 million.

The child nutrition fund collects 87 percent of fund revenues from the federal nutrition program, administered through the U.S. Department of Agriculture.

CAPITAL PLANNING AND BOND FUNDS

The district continues to follow a capital improvement plan developed in 1994 at the request of and with the input of the citizen's bond development committee. This plan addressed the needs of approximately 8 million square feet of space owned and maintained by Tulsa Public Schools.

The average age of the district's educational buildings is 64 years, and 98 percent of the buildings are 37 years old or older. Since 1996 and including the 2021 bond approved June 8, 2021, voters have approved bonds totaling \$1,727.4 million for new facilities, technology, media centers, school buses and textbooks for all students. Bond issues have received strong community support.

On June 8, 2021, Tulsans approved the 2021 Bond for Tulsa Public Schools, a \$414 million investment in Tulsa children, teachers, and families that will make an impact in every school. The four proposals included \$166.8 million for safe learning environments, \$90.7 million for student & classroom technology, \$17.3 million for transportation, and \$139.3 million for quality learning materials & programs. As of June 30, 2022 the district has \$346 million in bonds remaining to be issued as authorized by 2021 election. The district's bonds are rated AA by Standard & Poor's. Furthermore, in fiscal year 2022, S&P Global Ratings views the outlook for this rating as stable.

FINANCIAL POLICIES AND CONTROLS

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

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

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

Types of funds – Establishes separate funds for accounting purposes.

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

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

Solicitation requirements – Defines requirements for solicitations and competitive procurement.

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

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

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

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

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

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

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

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

Budgetary control – The objective of the district’s budgetary controls is to ensure compliance with legal appropriation limitations and to provide an operating plan for the district’s resources. The annual appropriated budget includes the general fund, special revenue funds for building and child nutrition, capital improvement funds, and debt services fund. Preliminary budgets are adopted at the commencement of the fiscal year with periodic amendments approved by the Board of Education. Budgetary control for accounts without a project is generally at the full account level. For accounts within a project the budgetary control is generally maintained by fund, project and site. These appropriated budgets represent the legally adopted fiscal plan of the district. Board of Education approval is required for budgetary transfers totaling \$25,000 and greater. The district utilizes an encumbrance system as a budgetary control mechanism.

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

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

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

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

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

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,



Deborah A. Gist, Ed.D.
Superintendent



Jorge Robles
Chief Finance and Operations Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Tulsa Public Schools
Independent School District No. I-1
Oklahoma**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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

**Tulsa Public Schools,
Independent School District I-1**

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

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



W. Edward Chabal
President

David J. Lewis
Executive Director

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Financial Section



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RSM US LLP

Independent Auditor's Report

Board of Education
Tulsa Public Schools
Tulsa, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Tulsa Public Schools (*the District*), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

We did not audit the financial statements of the Foundation for Tulsa Schools (the Foundation), a discretely presented component unit, which represents 100% of the assets, net position and revenues of the discretely presented component unit opinion unit as of June 30, 2022. Those statements were audited by other auditors whose reports have been furnished to us and our opinions, insofar as it relates to the amounts included for the Foundation, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit were audited by other auditors and were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit.

Emphasis of Matter

As discussed in Note 17, the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the current year. As a result, beginning net position of the governmental activities was restated as of July 1, 2021. Our opinions are not modified with respect to this matter.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of the District's pension plan contributions, the schedule of the District's proportionate share of the net OPEB liability (asset), the schedule of the District's OPEB plan contributions, the General Fund budgetary comparison schedule, the reconciliation of the General Fund statement of revenues, expenditures and changes in fund balances to the budgetary comparison schedule, and the related notes to required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023 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 District's internal control over financial reporting and compliance.

RSM US LLP

Oklahoma City, Oklahoma
March 30, 2023

Our discussion and analysis of the financial performance of Independent School District No. I-1, Tulsa Public Schools, ("district"), provides an overview of the district's financial activities for the fiscal year ended June 30, 2022. The intent of this management discussion and analysis is to look at the district's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the district's financial performance.

FINANCIAL HIGHLIGHTS

At fiscal 2022 year end, total fund balance of governmental funds was \$237.7 million, an increase of \$42.0 million, primarily due to a net decrease of \$27.0 million in liabilities and deferred inflows combined with a large increase in total assets of \$69.0 million. Bond proceeds of \$100.5 million was \$20.5 million more than proceeds in fiscal 2021. The district issues these debt offerings to further fund capital improvements and acquisitions while our overall credit rating remained strong and the millage rate did not increase. The district was given a "AA" rating by Standard and Poor's for the general obligation bonds issued during the year and furthermore, Moody's Investor Service, affirmed the district's outstanding Aa2 general obligation unlimited tax (GOULT) rating and revised the outlook from negative to stable.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances.

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

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 45 and 46 of this report.

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations are on pages 48 and 50, respectively.

The basic governmental fund financial statements can be found on pages 47 and 49 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51 through 88 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the district's budget process. The district adopts an annual expenditure budget for all governmental funds. A budgetary comparison schedule has been provided for the general fund as required supplementary information. Required supplementary information also includes the district's contributions to Oklahoma Teacher's Retirement System and the district's proportionate share of the net pension liability. The required supplementary information can be found on pages 91 through 97 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator of a government's financial position over time. In the case of the district, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$352.3 million as of June 30, 2022 compared to \$288.2 million as of June 30, 2021 as restated, an increase of \$64.1 million, or 22.2%. This increase is primarily due to a net \$40.4 million increase in total assets less a decrease of deferred outflows for pension and a net decrease of \$22.2 million in total liabilities and deferred inflows of resources.

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

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

students; consequently, these assets are *not* available for future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

	Statement of Net Position at June 30,	
	2022	2021
	(millions)	
Current assets	\$ 397.0	\$ 355.5
Noncurrent assets	119.9	88.4
Capital assets, net	651.1	631.6
Total assets	1,168.0	1,075.5
Deferred outflows of resources	76.0	128.1
Current liabilities	137.0	126.9
Long-term liabilities	413.4	568.5
Total liabilities	550.4	695.4
Succeeding year property taxes	208.1	190.2
Deferred pension and OPEB inflows	133.2	28.3
Total deferred inflows of resources	341.3	218.5
Net position:		
Net investment in capital assets	408.7	399.7
Restricted	96.4	96.7
Unrestricted	(152.8)	(206.6)
Total net position	\$ 352.3	\$ 289.8

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

- Long-term liabilities decreased \$155.1 million due to a large decrease in the pension liability of \$180.6 million and an increase in bonds and leases of \$24.5 million.
- Total assets increased due to a net increase in current and non-current investments of \$95.8 million and an over 40% increase in construction in progress during the current fiscal year.

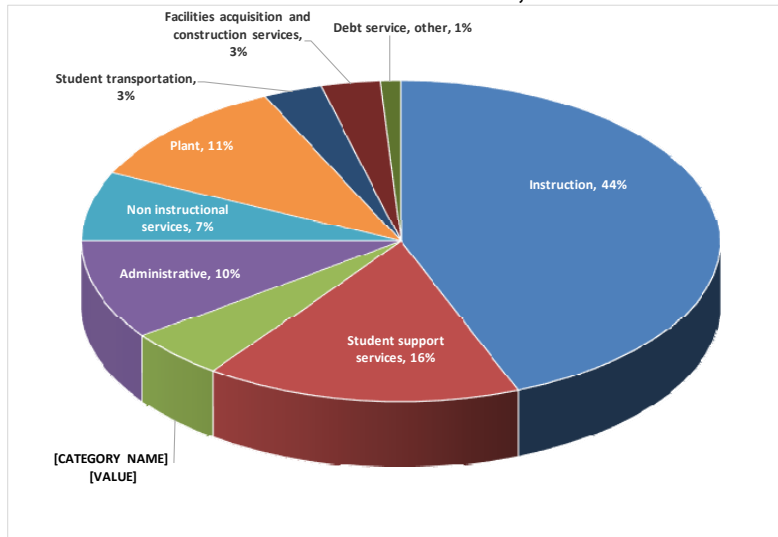
Changes in net position. The district's total revenues were \$502.0 million, an increase of \$45.2 million from the prior fiscal year total of \$456.8 million primarily due to increases in property taxes of \$22.8 million and operating grants and contributions of \$33.2 million for increased federal ESSER funding revenue during the year. The total cost of all programs and services was \$438.2 million and \$474.5 million for the fiscal years ended June 30, 2022 and 2021, respectively. Though most expenses increased by a net of \$44.1 million, the overall decrease of \$36.3 million in district expenses from the prior year is mostly due to a large decrease of \$59.7 million in instruction and instruction-related services. A change in state law regarding the flow of charter school funding through public school districts is also reflected as a decrease from prior year of \$18.8 million.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table presents a summary of the change in net position for the fiscal years ended June 30, 2022 and 2021:

	<u>Statement of Activities</u>	
	<u>2022</u>	<u>2021</u>
	(millions)	
Revenues:		
Program revenues:		
Charges for services	\$ 4.7	\$ 3.3
Operating grants and contributions	139.6	106.4
General revenues:		
Property taxes	201.8	179.0
State aid - formula grants	87.3	79.2
Dedicated state revenue	54.3	65.6
County revenue	10.8	12.3
Unrestricted investment earnings	(5.4)	0.5
Other local revenue	8.9	10.5
Total revenues	<u>502.0</u>	<u>456.8</u>
Expenses:		
Instruction and instruction-related services	190.7	250.4
Support services - student and staff	70.0	61.3
Instructional and school leadership	23.2	21.9
Administrative support services	43.5	40.6
Operation of non-instructional services	31.4	24.2
Operation and maintenance of plant services	47.3	39.8
Student transportation services	13.7	12.0
Facilities acquisition and construction services	15.4	0.6
Charter schools	-	18.8
Interest on long-term debt	3.0	4.9
Total expenses	<u>438.2</u>	<u>474.5</u>
Increase/(Decrease) in net position	<u>63.8</u>	<u>(17.7)</u>
Net position - ending	<u><u>\$ 353.6</u></u>	<u><u>\$ 289.8</u></u>

**District Expenses by Function – Governmental Funds
Fiscal Year Ended June 30, 2022**



FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	<u>Total</u> <u>Expense</u>	<u>Net</u> <u>Expense</u> (millions)	<u>% Net</u> <u>Expense</u>
Instruction and instruction-related services	\$ 190.7	\$ 78.9	28%
Support services - student and staff	70.0	67.2	24%
Instructional and school leadership	23.2	23.2	8%
Administrative support services	43.5	43.5	16%
Operation of non-instructional services	31.4	9.6	3%
Operation and maintenance of plant services	47.3	39.0	14%
Student transportation services	13.7	12.0	4%
Facilities acquisition and construction services	15.4	0.6	0%
Charter schools	-	-	0%
Interest on long-term debt	3.0	4.9	2%
Total	\$ 438.2	\$ 278.9	100%

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

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

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

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

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

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

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

The district maintains three major governmental funds: general, capital projects, and debt service. The following schedules present a summary of each major fund's revenues and other financing sources by type and expenditures by program for the period ended June 30, 2022 as compared to June 30, 2021. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.

General Fund

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

	2022 Amount	2021 Amount	2022 Percent Of Total	Increase (Decrease) From 2021	Percent Increase (Decrease) From 2021
Revenues:					
Property taxes	\$ 99.3	\$ 99.4	26.4%	(0.1)	-0.1%
Other local sources	9.7	10.4	2.1%	(0.8)	-7.2%
Intermediate sources	10.8	12.3	2.9%	(1.5)	-12.4%
Fees and charges	1.5	1.4	0.4%	0.1	8.6%
State aid	147.5	164.2	39.1%	(16.7)	-10.2%
Federal aid	106.8	68.1	28.3%	38.7	56.9%
Earnings on investments	0.1	0.9	0.2%	(0.8)	-85.6%
Miscellaneous	5.8	2.0	0.6%	3.8	187.5%
Revenues	\$ 381.5	\$ 358.7	100.0%	22.8	6.4%
Other financing sources	0.4	0.5	0.1%	(0.1)	-20.0%
Total	\$ 381.9	\$ 359.2	100.0%	22.7	6.3%

Revenues increased by \$22.7 million. A large increase of \$38.7 million in federal aid due to pandemic assistance grants was offset by a decrease of \$16.7 million in state aid.

**Expenditures
(Millions)**

	2022 Amount	2021 Amount	2022 Percent Of Total	Increase (Decrease) From 2021	Percent Increase (Decrease) From 2021
Instruction and instruction-related services	\$ 194.9	\$ 181.8	53.3%	13.1	7.2%
Support services - student and staff	59.1	54.9	16.3%	4.2	7.7%
Instructional and school leadership	23.1	21.9	6.4%	1.2	5.5%
Administrative support services	25.5	25.7	7.1%	(0.2)	-0.8%
Operation of non-instructional services	3.0	4.7	0.8%	(1.7)	-36.2%
Operation and maintenance of plant services	27.9	22.2	7.6%	5.7	25.7%
Student transportation services	11.6	9.2	3.2%	2.4	26.1%
Facilities acquisition and construction services	19.2	4.2	5.3%	15.0	0.0%
Charter schools	0.1	18.8	0.0%	(18.7)	-99.5%
Debt Service	0.0	0.3	0.0%	(0.3)	0.0%
Total	\$ 364.4	\$ 343.7	100.1%	20.7	6.0%
Change in fund balance	\$ 17.5	\$ 15.5			

Expenditures increased by \$20.7 million primarily due to increased spending in instruction and related services of \$13.1 million due to the return to in-person learning schedules after the pandemic. Increased spending in the general fund of \$15 million for facilities acquisition and construction services is reflective of how some of the pandemic federal aid funds were used for continued improvements to school safety for better air quality and outdoor spaces.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Projects Fund

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

	2022	2021	2022	Increase	Percent
	Amount	Amount	Percent	(Decrease)	Increase
			Of Total	2021	(Decrease)
					From 2021
Revenues:					
Earnings (loss) on investments	(2.2)	(0.1)	-2.2%	(2.1)	0.0%
Other financing sources	100.5	85.4	102.2%	15.1	17.7%
Total	\$ 98.3	\$ 85.3	100.0%	\$ 13.0	15.3%

Other financing sources increased \$13.0 million from fiscal year 2021, due to the increase of \$15.1 million in bonds issued.

**Expenditures
(Millions)**

	2022	2021	2022	Increase	Percent
	Amount	Amount	Percent	(Decrease)	Increase
			Of Total	From 2021	(Decrease)
					From 2021
Instruction and instruction-related services	\$ 3.5	\$ 17.3	4.9%	\$ (13.8)	-79.8%
Support services - student and staff	7.8	3.5	10.9%	4.3	122.9%
Administrative support services	11.1	7.4	15.5%	3.7	50.0%
Operation and maintenance of plant services	2.4	1.2	3.3%	1.2	100.0%
Student transportation services	1.3	1.3	1.8%	-	0.0%
Facilities acquisition and construction services	45.6	26.5	63.6%	19.1	72.1%
Debt Service	-	12.3	0.0%	(12.3)	-100.0%
Total	\$ 71.7	\$ 69.5	100%	\$ 2.2	3.2%
Change in fund balance	\$ 26.6	\$ 15.8			

Capital expenditures increased by \$2.2 million primarily due to an increase of construction service costs by \$19.1 million and decreased instruction and instruction-related services of \$13.8 million.

Debt Service Fund

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

	2022	2021	2022	Increase	Percent
	Amount	Amount	Percent	(Decrease)	Increase
			Of Total	2021	(Decrease)
					2021
Revenues:					
Property taxes	\$ 73.6	\$ 75.9	90.2%	(2.3)	-3.0%
Earnings(loss) on investments	(3.2)	(0.7)	-3.9%	(2.5)	357.1%
Other financing sources	1.7	1.4	2.1%	0.3	21.4%
Total	\$ 72.1	\$ 76.6	100.0%	\$ (4.5)	-5.9%

Debt service revenues decreased by \$4.5 million to provide debt service for the general obligation bonds.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

**Expenditures
(Millions)**

	2022 <u>Amount</u>	2021 <u>Amount</u>	2022 <u>Percent Of Total</u>	Increase (Decrease) <u>2021</u>	Percent Increase (Decrease) <u>2021</u>
Debt service	76.4	79.8	93.6%	(3.4)	
Change in fund balance	\$ (4.3)	\$ (3.2)			-4.3%

Debt service expenditures decreased by \$3.4 million due to the decrease in current principal and interest payments on the general obligation bonds.

BUDGETARY HIGHLIGHTS

The district's budget is prepared according to Oklahoma law and is based on accounting for certain transactions in appropriated funds on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund, which, including the fund balance, represented 55% of all original budgets of appropriated funds. Only the general fund is discussed below.

For 2022, the district originally budgeted general fund revenues of \$399.2 million and expenditures of \$399.0 million. Plans were revised and an amended budget was filed in April 2022. The revised budget decreased revenue expectations to \$370.9 million and decreased projected expenditures to \$360.0 million.

Actual revenue on a budgetary basis for the general fund was \$0.8 million less than projected.

Actual expenditures for the year were \$10.9 million less than the final budget. Expenditures were less than expected in several areas: Salary and benefits were down \$2.8 million, purchased services (down \$3.5 million) and supplies and materials (down \$4.4 million). These less than projected expenditures were related to higher than expected vacancies, air quality work not realized as well as less than expected supply purchases.

Expenditures for instruction and instruction-related services, support services, instructional and school leadership were budgeted at a final budget of \$272.8 million or 76% of total budgeted expenditures. Actual expenditures for these same items were \$262.3 million or 75% of total actual expenditures.

The actual fund balance carry forward of \$58.8 million was \$12.4 million more than the final budgeted amount of \$46.4 million due to the lower than expected expenses that higher vacancies and supply chain issues created.

Capital assets. As of June 30, 2022, the district had invested \$651.0 million, net of accumulated depreciation of \$514.9 million, in capital assets including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represented a net increase of \$21.4 million, or 3.4%.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

<u>Capital assets (at cost)</u>	<u>June 30, 2021, as restated</u>	<u>Increases</u>	<u>Decreases and Transfers</u>	<u>June 30, 2022</u>
				(millions)
Land	\$ 5.9	\$ -	\$ -	\$ 5.9
Construction in progress	20.7	57.3	(40.0)	38.0
Assets out of service	1.2	-	-	1.2
Buildings	1,000.3	-	39.9	1,040.2
Equipment and vehicles	78.0	1.0	(0.9)	78.1
Right of use - buildings	2.3		0.1	
Right of use - equipment/vehicles	0.2	0.2	0.8	1.2
Total asset cost	<u>1,108.6</u>	<u>58.3</u>	<u>(1.0)</u>	<u>1,165.9</u>
<u>Accumulated depreciation/amortization</u>	<u>(479.0)</u>	<u>(36.8)</u>	<u>0.9</u>	<u>(514.9)</u>
<u>Capital assets (net)</u>	<u>\$ 629.6</u>	<u>\$ 21.5</u>	<u>\$ (0.1)</u>	<u>651.0</u>

Additional information related to the district's capital assets can be found in note 6 on page 69 of this report.

Debt administration. At the end of the fiscal year, the district had \$285.4 million in bonds and capital leases outstanding, \$77.0 million due within one year. The following table presents a summary of the district's outstanding long-term debt for the fiscal years ending June 30, 2022 and 2021.

	<u>June 30,</u>		
	<u>2022</u>	<u>2021</u>	<u>Change</u>
			(millions)
Leases (at present value)	\$ 1.5	\$ 2.5	\$ (1.0)
General obligation bonds	283.9	254.6	29.3
Net unamortized bond premium	4.3	3.0	1.3
Total	<u>\$ 289.6</u>	<u>\$ 260.1</u>	<u>\$ 29.5</u>

State statutes currently limit the amount of total aggregate net indebtedness to ten percent of the net assessed valuation of taxable property within the district. As of June 30, 2022, the district had a legal debt limitation of \$281.0 million, which was \$68.0 million more than the district's net bonded indebtedness.

In March 2015, the electors approved authority for the issuance of \$415 million in combined purpose bonds for building improvement and equipment acquisitions. At June 30, 2022, the entire amount of \$415.0 million had been issued.

In June of 2021 the electors approved authority for the issuance of \$414 million in combined purpose, general obligation school bonds for safe learning environments, student and classroom technology, transportation, and quality learning materials. As of June 30, 2021 the district had issued \$68.0 million had been issued with \$346.0 remaining available for future issuances.

See note 8 for additional information regarding the district's long-term debt on pages 71-72.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Tulsa Public Schools
Jorge Robles
Chief Finance and Operations Officer
3027 S. New Haven Ave.
Tulsa, OK 74114
Or visit our website at: www.tulsaschools.org

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Basic Financial Statements

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FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2022

(Thousands)

	<u>Governmental Activities</u>	<u>Component Unit</u>
ASSETS		
Current		
Cash and cash equivalents	\$ 79,076	\$ 9,361
Investments	74,620	1,521
Receivables net of allowance for uncollectibles	240,145	2,504
Lease receivable	28	-
Inventories and other assets	3,102	20
Total current assets	<u>396,971</u>	<u>13,406</u>
Noncurrent:		
Investments	115,244	-
Net OPEB asset	4,699	-
Lease receivable	324	-
Capital assets		
Land, construction in progress, and assets out of service	45,131	-
Other capital assets/leases net of accumulated depreciation/amortization	605,957	-
Total noncurrent assets	<u>771,355</u>	<u>-</u>
Total assets	<u>1,168,326</u>	<u>13,406</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB outflows	863	-
Deferred pension plan outflows	75,134	-
Total deferred outflows of resources	<u>75,997</u>	<u>-</u>
LIABILITIES		
Current:		
Accounts payable and other current liabilities	55,658	82
Current portion of bonds and leases	76,981	-
Accrued interest	1,588	-
Compensated absences	830	-
Insurance claims	1,894	-
Total current liabilities	<u>136,951</u>	<u>82</u>
Noncurrent:		
Bonds and leases	212,639	-
Compensated absences	7,350	-
Net pension liability	188,469	-
Insurance claims	4,944	-
Total long-term liabilities	<u>413,402</u>	<u>-</u>
Total liabilities	<u>550,353</u>	<u>82</u>
DEFERRED INFLOWS OF RESOURCES		
Succeeding year property tax	208,148	-
Deferred pension plan inflows	129,944	-
Deferred OPEB inflows	3,256	-
Deferred lease inflows	347	-
Total deferred inflows of resources	<u>341,695</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	408,691	-
Restricted for:		
Debt service	71,721	-
Building	8,271	-
Other	16,383	11,099
Unrestricted (deficit)	(152,791)	2,244
Total net position	<u>\$ 352,275</u>	<u>13,324</u>

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Statement of Activities
For the Year Ended June 30, 2022
(Thousands)**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Component Unit The Foundation
Primary Government:					
Instruction and instruction-related services	\$ 190,737	\$ 997	\$ 110,823	\$ (78,917)	\$ -
Support services - student and staff	69,970	464	2,290	(67,216)	-
Instructional and school leadership	23,243	-	-	(23,243)	-
Administrative support services	43,455	-	-	(43,455)	-
Operation of non-instructional services	31,404	1,984	26,514	(2,906)	-
Operation and maintenance of plant services	47,251	1,231	-	(46,020)	-
Student transportation services	13,732	-	-	(13,732)	-
Facilities acquisition and construction services	15,416	-	-	(15,416)	-
Charter schools	-	-	-	-	-
Interest on long-term debt	2,990	-	-	(2,990)	-
Total primary government	\$ 438,198	\$ 4,676	\$ 139,627	\$ (293,895)	\$ -
Component Unit:					
School District support	\$ 7,771	\$ -	\$ 7,816	\$ -	\$ 45
General revenues:					
Taxes:					
Property taxes, levied for general purposes				127,449	-
Property taxes, levied for debt service				74,344	-
County 4 mill levy and apportionment				10,779	-
State aid - formula grants				87,290	-
Unrestricted dedicated state revenue				54,305	-
Unrestricted investment loss				(5,397)	(120)
Gain on sale of capital assets				315	-
Other local revenue				8,904	-
Total general revenues				357,989	(120)
Change in net position				64,094	(75)
Net position - beginning as restated				288,181	13,399
Net position - ending				\$ 352,275	\$ 13,324

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Balance Sheet - Governmental Funds
June 30, 2022
(Thousands)**

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 38,268	\$ 20,957	\$ 11,090	\$ 8,761	\$ 79,076
Investments	71,327	47,405	59,574	11,558	189,864
Receivables net of allowance for uncollectibles	131,370	-	91,572	17,203	240,145
Lease receivable	-	-	-	352	352
Inventories and prepaid items	1,490	807	-	805	3,102
Total Assets	<u>\$ 242,455</u>	<u>\$ 69,169</u>	<u>\$ 162,236</u>	<u>\$ 38,679</u>	<u>\$ 512,539</u>
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	39,993	14,012	-	1,653	55,658
Claims and judgments	133	-	-	-	133
Total liabilities	<u>40,126</u>	<u>14,012</u>	<u>-</u>	<u>1,653</u>	<u>55,791</u>
DEFERRED INFLOWS OF RESOURCES					
Succeeding year property tax	107,319	-	85,498	15,331	208,148
Unavailable revenue	5,759	-	3,429	1,356	10,544
Lease revenue	-	-	-	347	347
Total deferred inflows of resources	<u>113,078</u>	<u>-</u>	<u>88,927</u>	<u>17,034</u>	<u>219,039</u>
FUND BALANCES					
Non-spendable					
Inventories and prepaids	1,490	807	-	805	3,102
Endowments	-	-	-	25	25
Restricted					
Federal and state allocation carryover	2,356	-	-	-	2,356
Capital projects	-	54,350	-	-	54,350
Debt service	-	-	73,309	-	73,309
Building	-	-	-	8,271	8,271
Child nutrition	-	-	-	3,188	3,188
Gifts	-	-	-	3,156	3,156
Flexible benefit	-	-	-	2	2
Arbitrage	-	-	-	13	13
Student activities	-	-	-	4,532	4,532
Assigned					
Purchases on order	3,242	-	-	-	3,242
Unassigned	82,163	-	-	-	82,163
Total fund balances	<u>89,251</u>	<u>55,157</u>	<u>73,309</u>	<u>19,992</u>	<u>237,709</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 242,455</u>	<u>\$ 69,169</u>	<u>\$ 162,236</u>	<u>\$ 38,679</u>	<u>\$ 512,539</u>

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022
(Thousands)**

Total fund balances - governmental funds \$ 237,709

Net OPEB asset is not a current financial resource and so is not recorded in the governmental funds 4,699

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

Land	\$	5,967	
Construction in progress		37,981	
Assets out of service		1,183	
Buildings		1,040,176	
Furniture and equipment		78,003	
Right of use lease assets		2,712	
Accumulated depreciation/amortization		<u>(514,934)</u>	651,088

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

Bonds and leases	\$	(289,620)	
Interest payable		(1,588)	
Compensated absences		(8,180)	
Net pension liability		(188,469)	
Insurance claims		<u>(6,705)</u>	(494,562)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 10,544

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

Deferred OPEB outflows		863	
Deferred OPEB inflows		(3,256)	
Deferred pension outflows		75,134	
Deferred pension inflows		<u>(129,944)</u>	

Total net position **\$ 352,275**

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2022 (Thousands)

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 99,325	\$ -	\$ 73,557	\$ 14,209	\$ 187,091
Other local sources	9,646	-	-	2,803	12,449
Intermediate sources	10,779	-	-	-	10,779
Fees and charges	1,517	-	-	3,159	4,676
State aid	147,508	-	-	3,215	150,723
Federal aid	106,824	-	-	25,231	132,055
Earnings (Loss) on investments	133	(2,170)	(3,191)	(170)	(5,398)
Miscellaneous	5,746	-	-	1,917	7,663
Total revenues	<u>381,478</u>	<u>(2,170)</u>	<u>70,366</u>	<u>50,364</u>	<u>500,038</u>
EXPENDITURES					
Current:					
Instruction and instruction-related services	194,901	-	-	2,884	197,785
Support services - student and staff	59,145	-	-	765	59,910
Instructional and school leadership	23,125	-	-	76	23,201
Administrative support services	25,469	-	-	281	25,750
Operation of non-instructional services	2,978	-	-	28,439	31,417
Operation and maintenance of plant services	27,854	-	-	14,154	42,008
Student transportation services	11,645	-	-	62	11,707
Facilities acquisition and construction services	19,239	-	-	1,276	20,515
Debt service					
Principal	29	-	71,250	124	71,403
Interest	2	-	5,172	45	5,219
Capital Outlay					
Instruction and instruction-related services	-	3,467	-	-	3,467
Support services - student and staff	-	7,790	-	-	7,790
Instructional and school leadership	-	41	-	-	41
Administrative support services	-	11,141	-	-	11,141
Operation of non-instructional services	-	-	-	159	159
Operation and maintenance of plant services	-	2,392	-	-	2,392
Student transportation services	-	1,283	-	-	1,283
Facilities acquisition and construction services	-	45,606	-	-	45,606
Total expenditures	<u>364,387</u>	<u>71,720</u>	<u>76,422</u>	<u>48,265</u>	<u>560,794</u>
Excess (deficiency) revenues over expenditures	<u>17,091</u>	<u>(73,890)</u>	<u>(6,056)</u>	<u>2,099</u>	<u>(60,756)</u>
OTHER FINANCING SOURCES					
Lease	-	-	-	159	159
Bond issuances	-	100,515	-	-	100,515
Premium on bond issuances	-	-	1,690	-	1,690
Proceeds from sale of capital assets	430	-	-	-	430
Total other financing sources	<u>430</u>	<u>100,515</u>	<u>1,690</u>	<u>159</u>	<u>102,794</u>
Net change in fund balances	<u>17,521</u>	<u>26,625</u>	<u>(4,366)</u>	<u>2,258</u>	<u>42,038</u>
Fund balances -- June 30, 2021	71,730	28,532	77,675	17,734	195,671
Fund balances -- June 30, 2022	<u>\$ 89,251</u>	<u>\$ 55,157</u>	<u>\$ 73,309</u>	<u>\$ 19,992</u>	<u>\$ 237,709</u>

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2022
(Thousands)**

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

Net changes in fund balances - total governmental funds	\$	42,038
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which the capital outlays exceeded depreciation/amortization and retirements in the period.</p>		
Capital outlays	58,323	
Depreciation expense	<u>(36,803)</u>	21,520
<p>The effect of miscellaneous transactions involving capital assets.</p>		
Proceeds from the sale of capital assets	(430)	
Gain on sale of capital assets	<u>315</u>	(115)
<p>Repayments of principal on long-term debt are expenditures in the governmental funds but reduce long-term liabilities in the statement of net position and do not affect the statement of activities. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Proceeds from the sale of new bonds are other financing sources in the governmental funds but have no impact on the statements of activities.</p>		
Principal payments and amortization of bond premium	71,667	
Proceeds from the sale of bonds, leases, and premium on the issuance of bonds	(102,364)	
Lease payments	1,205	
Change in accrued interest payable	<u>762</u>	(28,730)
<p>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.</p>		
		2,252
<p>Some expenses (compensated absences, insurance claims, OPEB and pension expense) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated Absences Expense	146	
Insurance Reserve	622	
OPEB Benefit	(1,056)	
Pension Benefit	<u>(26,841)</u>	<u>27,129</u>
Change in net position of governmental activities	\$	<u>64,094</u>

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Reporting Entity

The Independent School District No. I-1, Tulsa Public Schools, ("district"), is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and is, accordingly, a separate entity for operating and financial reporting purposes. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes. The district is part of the public school system of Oklahoma under the general direction and control of the state Board of Education. The district is the primary government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. The governing body of the district, the Board of Education, is composed of elected members. The appointed superintendent is the executive officer of the district.

As required by accounting principles generally accepted in the United States of America, the basic financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the district's basic financial statements to be misleading.

The Foundation for Tulsa Schools (the Foundation) is a legally separate, not-for-profit component unit of Tulsa Public Schools. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the school district and its students. The Foundation is committed to raising revenues to increase educational opportunities, enlisting community support and business assistance in providing educational resources and opportunities. Although Tulsa Public Schools does not control the timing or amount of receipts from the Foundation, the majority of resources that the foundation holds (either with or without donor restrictions) and invests are restricted to support the activities of the school district. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, Tulsa Public Schools, the Foundation is considered a component unit of the school district and is discretely presented in the school district's financial statements.

During the year ended June 30, 2022, the Foundation's expenses totaled \$7.8 million of which \$7.3 million was distributed to the school district for unrestricted purposes. These funds are included in the operating grants and contributions program revenues on the school district's Statement of Activities. Complete financial statements for the foundation can be obtained from 3027 South New Haven Avenue, Tulsa, OK 74114.

Basic Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Funds

The district reports its financial activities through the use of fund accounting. This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities plus deferred inflows of resources is reported as fund balance.

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

The following are the district's major governmental funds:

General fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. The general fund includes the accounts and activities of the workers compensation fund. Combining schedules are included to show the separate accounting for workers compensation and general fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction, and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The following are the district's nonmajor governmental funds:

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

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

Child nutrition fund – The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

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

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

Arbitrage rebate fund – The arbitrage rebate fund is used to pay the rebatable arbitrage of certain bond issues to which the Internal Revenue Service arbitrage rules apply. These funds will either be retained or transferred to the Internal Revenue Service, depending on future financial events and computations. There was no activity in this fund during the year ended June 30, 2022.

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are budgeted. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension, claims and judgments, are recorded only when payment is due.

All sources of revenue associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year to the extent the availability criteria discussed above was met.

Cash and Cash Equivalents

The district considers all cash on hand, demand deposits and highly liquid investments with original maturity of three months or less when purchased to be cash and cash equivalents.

Investments

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment, vehicles and fixtures	5-15
Right-of-use assets	5-15

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the year ended June 30, 2022 consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. See note 11 for additional discussion regarding pension deferred outflows of resources. 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 12 for additional discussion regarding other postemployment benefit deferred outflows of resources.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The governmental fund balance sheet includes deferred inflows of resources related to unavailable local sources of revenues and succeeding year property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available, or the period levied for and budgeted. In the district's government-wide statements, the property tax revenues for the succeeding year remain a deferred inflow and will be recognized as revenue in the year for which they are levied and budgeted for. The district's government-wide statements also consist of unrecognized items not yet charged to pension expense. See note 11 for additional discussion regarding pension deferred inflows of resources. 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 12 for additional discussion regarding other postemployment benefit deferred inflows of resources. Also, the district has reported deferred inflows of resources related to the unrecognized future expected revenues due from four long-term property leases for cell towers. See Note 7 for additional discussion regarding leases.

Compensated Absences

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

accrual has been reduced to the maximum amount allowed by the district's policy as a termination payment.

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

Accrued Compensation

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

Long-term Liabilities

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, as current period activity. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as current year expenditures. Principal and interest payments are recorded as debt service expenditures.

Leases

As lessee for some noncancellable leases of equipment/vehicles and building, the district has recognized a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. A lease is recognized when the lease term is greater than one year, including all renewal options reasonably certain to be exercised, and includes noncancellable period(s). Lease payments included in the measurement of the lease liability are composed of fixed payments and some agreements may also include a purchase option price that the district is reasonably certain to exercise.

Leased assets are reported with capital assets and amortized on a straight-line basis over the term of the lease. If the district exercises an option to purchase, the leased asset is amortized over the remaining useful life of the asset.

The district is a lessor of four long-term cell tower land leases. The district has recognized a current and non-current lease receivable and a deferred lease inflow of resources on the statement of net position. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at commencement of the lease term that relate to future periods.

For all leases, the district uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not available, the district will use its estimated incremental borrowing rate as the discount rate for the leases.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, for all leases, the district monitors changes in circumstances that would require a remeasurement of its leases and would adjust the calculated right of use asset, lease liability, lease receivable and deferred lease inflows accordingly.

Net Position and Fund Balances

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

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

Restricted for specific purposes – the component of net position that reports the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of certain programs should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The restricted net position for other purposes is made up of the following (000's):

Child nutrition	3,836
Gifts	3,313
Flexible benefit	2
Arbitrage	13
Student activities	4,532
Endowments	25
Federal and state allocation carryover	2,356
Net OPEB	2,306
	<u>16,383</u>

Unrestricted – the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources that is not reported in net investment in capital assets or net position restricted for specific purposes.

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

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

For purposes of committed fund balance, the district's Board of Education is considered to be its highest level of decision making. Funds set aside by the Board of Education as committed fund balance requires a resolution by the Board of Education. Such resolution must be made prior to the district's fiscal year-end in order for it to be applicable to the district's fiscal year-end, although it is permitted for the specific amount of the commitment to be determined after the fiscal year-end if additional information is required in order to determine the exact amount to be committed. The Board of Education has the authority to remove or change the commitment of funds by resolution. The district had no committed fund balance at June 30, 2022.

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

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

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

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

District's Use of Estimates

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements Adopted in Fiscal Year 2022

The district adopted the following new accounting pronouncements during the year ended June 30, 2022 as follows:

- **Statement No. 87, *Leases***

GASB Statement No. 87 issued June 2017 will be effective for the district beginning with its fiscal year ending June 30, 2022. 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.

Refer to note 17 for the impact on the financial statements with the adoption of GASB 87.

New Accounting Pronouncements Issued Not Yet Adopted

The GASB has issued new accounting pronouncements which will be effective to the district in fiscal years ending June 30, 2023 and 2024. A description of the new accounting pronouncements is described below:

- **Statement No. 96, *Subscription-Based Information Technology Arrangements***

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

- **Statement No. 100, *Accounting Changes and Error Corrections – Amendment of GASB Statement No. 62***

GASB Statement No. 100 prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2023.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Statement No. 101, *Compensated Absences***

GASB Statement No. 101 clarifies the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2023.

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 2. REVENUES

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

Property Taxes

The district is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the district. These property taxes are distributed to the district's general, building fund and debt service funds based on the levies approved for each fund. The district receives property taxes from four counties. The county assessor for each county, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

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

Intermediate Sources of Revenues

Revenue from intermediate sources is the amount of money collected by an intermediate administrative unit, or a political subdivision between the district and the state, and distributed to districts in amounts that differ in proportion to those which are collected within such systems. Tulsa County is the political subdivision to the district from which we received \$8.0 million from the county 4-mill tax levy dedicated to school districts and \$2.3 million from the county apportionment of mortgage taxes distributed to local schools based on average daily attendance. Revenue is recognized when it is both measurable and available.

Fees and Charges

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

State Aid Revenues

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

After review and verification of reports and supporting documentation, the state Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 2. REVENUES (continued)

Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

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

As of June 30, 2022 \$2.1 million of state revenue was carried forward into fiscal year 2023. The state Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Aid Revenues

Federal revenues consist of revenues from the federal government in the form of operating grants, entitlements, or commodities. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass through from another government, such as the state.

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

Federal rules require that revenue earmarked for federal programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. As of June 30, 2022 \$0.2 million of federal revenue was carried forward into fiscal year 2023.

The majority of federal revenues received by the district are apportioned to the general fund. The district maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Other Local Sources

Other local sources of revenues consist of receipts for non-federal grants, student activities, miscellaneous income as well as gifts and donor contributions. Revenue is recognized when it is both measurable and available.

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of bank failure, the district may not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. The district's policy requires that all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2022, all of the district's deposits were either covered by insurance or were collateralized at 110% of the investment principal. Collateral was held by the pledging financial institution's trust department or agent in the district's name.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the district, and are held by counterparty or the counterparty's trust department but not in the name of the district. The district's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2022, all of the district's investments were either covered by federal deposit insurance or were fully collateralized. Further, all of the district's investments are held by its agent in the district's name. Accordingly, no investments are subject to custodial credit risk.

Credit Risk

The district's fixed-income securities are subject to credit risk. However, the district policy on credit quality limitations upholds a very high standard by limiting investments to either direct obligations of the US government or investments backed 110% by collateral. At June 30, 2022, the district's investment portfolio had invested \$97.4 million in mortgage-backed securities, which are considered agency securities of the U.S. government and therefore carry the same credit ratings of the government. The credit ratings of the agency securities are Moody's Aaa, Standard and Poor AA+, and Fitch AAA. The remaining \$92.5 million is invested in certificates of deposit which are not subject to credit risk.

Concentration of Credit Risk

The district's investment policy requires that, except for direct obligations of the U.S. government, its agencies or instrumentalities, or certificates of deposit secured by diversified pledges of collateral, the district's investment portfolio will be diversified to avoid incurring undue concentration in securities of one type. At June 30, 2022, all investments were in agency securities of the U.S. government or certificates of deposit. The concentration of the investments are listed below.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The district's investment policy limits the duration of investments to a maximum maturity from the date of purchase of sixty months, (excluding the Endowment funds which may be invested up to 120 months), provided that sufficient liquidity is available to meet the district's major cash outlays. The district monitors investment performance on an ongoing basis to limit the district's interest rate risk.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

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

Maturities of investments and percentages held by issuer as of June 30, 2022 are as follows (000's):

Investment Type	% of Portfolio	Investment Maturities (in Years)			
		Fair Value	Less Than 1	1-5	6-10
Negotiable certificates of deposit	1%	\$ 942	\$ -	\$ 942	-
US T-Bills & Notes	45%	81,530	64,620	16,910	-
Mortgage-backed Securities					-
Federal Home Loan Bank	49%	87,638	-	87,638	-
Federal Farm Credit Bank	4%	6,871	-	6,871	-
Freddie Mac	2%	2,858	-	2,858	-
Fannie Mae	0%	25	-	-	25
Total	100%	\$ 179,864	\$ 64,620	\$ 115,219	25

Deposits	Cost	Less Than 1	1-5	6-10
Non-Negotiable certificates of deposit	\$ 10,000	\$ 10,000	\$ -	-
Total investments on Statement of Net Position:	189,864	74,620	115,219	25

*20,987 in US T-Bills are listed cash equivalents in our statement of net position and not included in this table.

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

Fair Value Measurements

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

As of June 30, 2022, all of the district's investments are valued using level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

Investment Authority

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2022

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

The district treasurer shall limit investments to:

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

Investment Philosophy

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

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

- **Prohibition of speculation:** The purchase of an investment to be sold before its maturity will normally result in either a gain or loss for the district and is therefore “speculative” by definition. This practice is prohibited.
- **Yield:** The portfolio will be designed to attain maximum yield within each class of investment instrument, consistent with the safety of the funds invested and taking into account investment risk and liquidity needs.
- **Maturity:** Investments will be purchased with expectation that they will be held to maturity. Investments in the sinking fund may have maturities extending to 60 months and investments in the Endowment Fund may have maturities extending to 120 months. Investments in all other funds may have maturities extending to 36 months, provided sufficient liquidity is available to meet major outlays, and except that general fund investments may not exceed 18 months. Any investment collateralized by a pledge of a surety bond or letter of credit as permitted by OAC 735, Chapter 20, may not have a maturity date after the expiration of the surety bond or letter of credit.
- **Capability of investment management:** The superintendent shall be responsible for seeing that the treasurer and any assistant treasurer are qualified and capable of managing the investment portfolio and satisfactorily complete any investment education programs required by state law or by the board.
- **Collateral:** Securities pledged to the district to secure investments shall be limited to the type and terms acceptable to the treasurer of the State of Oklahoma under the Oklahoma Administrative Code Title 735, Chapter 20. Such securities shall be diversified as to type and maturity. Such securities shall be valued at no more than market value and such pledged value shall be at least 110 percent of the investment principal being secured on the date of the pledge. Changes in the market value of the pledged securities occurring during the life of the pledge that would cause the value of the pledge to be less than 110 percent of the principal being secured shall be supplemented by the pledgor with additional securities. The treasurer shall have the authority to sign forms and contracts with financial institutions or the Federal Reserve to enter into agreements for the safekeeping of collateral.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 4. RECEIVABLES (NET OF ALLOWANCE FOR UNCOLLECTIBLES)

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

<u>Receivables</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Due from other governments				
Local - current year property tax	\$ 8,950	\$ 6,261	\$ 1,149	\$ 16,360
Local - succeeding year property tax	107,587	85,712	15,370	208,669
Federal	13,745	-	-	13,745
Other receivables	1,610	-	759	2,369
Gross receivables	\$ 131,892	\$ 91,973	\$ 17,278	\$ 241,143
Less: Allowance for uncollectible property tax	(522)	(401)	(75)	(998)
Net receivables	<u>\$ 131,370</u>	<u>\$ 91,572</u>	<u>\$ 17,203</u>	<u>\$ 240,145</u>

Receivables which are not collected within the availability period, 60 days of the year end, are recorded in the governmental fund financial statements as deferred inflows of resources. At June 30, 2022, \$219.0 million of receivables were considered to be unavailable revenue and were recorded as deferred inflows of resources in the governmental fund balance sheet, of which \$208.1 million was succeeding year property tax. On the statement of net position, \$10.5 million was reclassified to revenue from unavailable revenue, while succeeding year property taxes remain deferred inflows of resources.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 5. INVENTORIES AND PREPAID ITEMS

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

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

The inventories and prepaid items on hand at June 30, 2022 were comprised of the following categories (000's):

<u>Inventory and prepaid items</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Inventory				
Food service supplies	\$ -	\$ -	\$ 648	\$ 648
Classroom supplies	44	-	-	44
Custodial supplies	601	-	-	601
Total inventory	\$ 645	\$ -	\$ 648	\$ 1,293
Prepaid items	845	807	157	1,809
Total Inventory and prepaid items	\$ <u>1,490</u>	\$ <u>807</u>	\$ <u>805</u>	\$ <u>3,102</u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows (000's):

<u>Governmental Activities:</u>	<u>Beginning Balance, as restated</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 5,967	\$ -	\$ -	\$ -	5,967
Construction in progress	20,689	57,299	(40,007)	-	37,981
Assets out of service	1,183	-	-	-	1,183
Total capital assets not being depreciated	<u>\$ 27,839</u>	<u>\$ 57,299</u>	<u>\$ (40,007)</u>	<u>\$ -</u>	<u>45,131</u>
Capital assets being depreciated/amortized:					
Buildings	\$ 1,000,301	\$ -	\$ 40,007	\$ (132)	1,040,176
Equipment and vehicles	77,998	865	-	(860)	78,003
Right of use- building	2,327	-	-	-	2,327
Right of use- equipment/vehicles	226	159	-	-	385
Total capital assets being depreciated/amortized	<u>\$ 1,080,852</u>	<u>\$ 1,024</u>	<u>\$ 40,007</u>	<u>\$ (992)</u>	<u>1,120,891</u>
Less accumulated depreciation/amortization for:					
Buildings	\$ (429,823)	\$ (30,730)	\$ -	\$ 116	(460,437)
Equipment and vehicles	(49,185)	(4,442)	-	761	(52,866)
Right of use- building	-	(1,470)	-	-	(1,470)
Right of use- equipment/vehicles	-	(161)	-	-	(161)
Total accumulated depreciation/amortization	<u>\$ (479,008)</u>	<u>\$ (36,803)</u>	<u>\$ -</u>	<u>\$ 877</u>	<u>(514,934)</u>
Net of capital assets being depreciated/amortized	<u>\$ 601,844</u>	<u>\$ (35,779)</u>	<u>\$ 40,007</u>	<u>\$ (115)</u>	<u>605,957</u>
Governmental activities capital assets, net	<u>\$ 629,683</u>	<u>\$ 21,520</u>	<u>\$ -</u>	<u>\$ (115)</u>	<u>651,088</u>

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

Governmental activities:	
Instruction and instruction-related services	\$ 19,212
Support services - student and staff	2,051
Administrative support services	6,754
Operation of non-instructional services	3,726
Operation and maintenance of plant services	2,050
Student transportation services	<u>3,010</u>
	<u>\$ 36,803</u>

Assets Out of Service

Assets out of service includes sites identified as surplus properties under the Project Schoolhouse initiative. The district has not yet determined the ultimate disposition of these assets. As of June 30, 2022 the net book value of assets out of service was approximately \$1.2 million.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 7. LEASES

As Lessee

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

The District entered into an agreement for the acquisition of compressed natural gas (CNG) buses, of which the natural gas conversion equipment on each bus will be leased for 39 months before being paid in full. The contract on June 30, 2019 for 15 buses. This arrangement allows Midwest Transport Solutions to pass along to the District a federal income tax credit creating a 6% savings on the total price of each bus. Exercising the purchase options for each bus after leasing for 39 months will cost a total of \$204 thousand.

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

The district also has an annual contract that began July 1, 2021, with four optional renewal years, for disposal services which includes the use of dumpsters that are provided by the vendor. It is reasonably certain the agreement will be renewed for all optional terms.

The future right of use lease payments as of June 30, 2022, are as follows (000's):

Years ending June 30:	Principal	Interest	Total
2023	\$ 1,408	\$ 21	\$ 1,230
2024	32	2	34
2025	33	1	34
2026	33	91	124
	<u>\$ 1,506</u>	<u>\$ 115</u>	<u>\$ 1,422</u>

As Lessor

The district leases land for cell towers. These leases have terms between 60 months and 25 years, with payments required monthly or annually.

The total amount of inflows of resources recognized for the period ending June 30, 2022 is (000's):

	Inflows
Lease revenue	\$ 31
Interest income	11
Total	<u>\$ 42</u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 8. LONG-TERM DEBT

2015 School Bond

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

As of June 30, 2022 the entire amount of \$415.0 million has been issued.

2021 School Bond

In June of 2021 the electors approved authority for the issuance of \$414 million in combined purpose, general obligation school bonds which include \$166.8 million for safe learning environments; \$90.7 million for student and classroom technology; \$17.3 million for transportation; and \$139.2 million for quality learning materials.

As of June 30, 2022 \$68.0 million has been issued leaving \$346.0 million remaining for future issuances.

Current year Combined Purpose Bond issuances (Series 2021B and 2022A) and Technology Equipment Bond issuance (Series 2021C)

In September 2021 and March 2022, the district issued \$25.0 and \$38.0 million respectively in combined purpose bonds; and in September 2022, \$5.0 million in technology equipment bonds. The proceeds from these bonds will be used to construct and renovate school facilities, for library improvements, transportation equipment, and to acquire classroom materials and technology.

Bonds sold at discounts decrease the carrying value of the bond, and bonds sold at a premium increase the carrying value. The discount or premium is then amortized as an increase or decrease, respectively, to the coupon interest payment in reporting interest expense. The district uses the effective interest rate method for amortizing premiums and discounts. Amortization expense on bond premiums for the year ended June 30, 2022 is approximately \$0.4 million. The net amount of unamortized premium at June 30, 2022 was approximately \$4.3 million.

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

Series		Outstanding June 30, 2021, as restated	Issuances	Retirements	Outstanding June 30, 2022	Due within one year
		\$	\$	\$	\$	\$
Bonds Payable						
2022A	2021 Combined Purpose	-	38,000	-	38,000	-
2021C	2015 & 2021 Technology Equipment	-	10,000	-	10,000	-
2021B	2015 & 2021 Combined Purpose	-	52,515	-	52,515	-
2021A	2015 Combined Purpose	21,000	-	-	21,000	5,250
2020C	2015 Combined Purpose	9,000	-	-	9,000	2,250
2020B	2015 Combined Purpose	50,000	-	-	50,000	12,500
2020A	2015 Combined Purpose	23,000	-	5,750	17,250	5,750
2019C	2015 Technology Equipment	9,500	-	2,375	7,125	2,375
2019B	2015 Combined Purpose	21,430	-	5,355	16,075	5,355
2019A	2015 Combined Purpose	16,875	-	5,625	11,250	5,625
2018C	2015 Technology Equipment	7,500	-	2,500	5,000	2,500
2018B	2015 Combined Purpose	43,340	-	14,445	28,895	14,445
2018A	2015 Combined Purpose	13,500	-	6,750	6,750	6,750
2017B	2015 Combined Purpose	22,000	-	11,000	11,000	11,000
2017A	2015 Combined Purpose	8,750	-	8,750	-	-
2016B	2015 Combined Purpose	8,700	-	8,700	-	-
Total bonds payable		254,595	100,515	71,250	283,860	73,800
Premium on bonds		2,982	1,690	417	4,254	1,773
Leases		2,552	159	1,205	1,506	1,408
Total bonds and leases \$		\$ 260,129	\$ 102,364	\$ 72,872	\$ 289,620	\$ 76,981

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 8. LONG-TERM DEBT (continued)

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

Fiscal Year	Principal	Coupon Interest	Total
2023	\$ 73,800	\$ 3,512	\$ 77,312
2024	81,190	2,061	83,251
2025	58,605	1,112	59,717
2026	45,125	520	45,645
2027	25,140	170	25,310
	<u>\$ 283,860</u>	<u>\$ 7,375</u>	<u>\$ 291,235</u>

Interest rates on the bonds range from 0.45% to 3.11% and nominal rates range from 0.45% to 3.06%. Original amount and principal payments (000's):

	Issue Date	Original Amount	Final Maturity	Annual Principal Payments	Coupon Rate	Nominal Rate
2022A	3/1/2022	\$ 38,000	3/1/2027	\$ 9,500	1.35%	1.35%
2021C	9/1/2021	10,000	9/1/2026	2,500	0.67%	0.67%
2021B	9/1/2021	52,515	9/1/2026	13,125	0.50%	0.50%
2021A	3/1/2021	21,000	3/1/2026	5,250	0.45%	0.45%
2020C	8/1/2020	9,000	8/1/2025	2,250	1.45%	1.44%
2020B	8/1/2020	50,000	8/1/2025	12,500	1.52%	1.51%
2020A	3/1/2020	23,000	3/1/2024	5,750	1.12%	1.12%
2019C	8/1/2019	9,500	8/1/2025	5,355	1.45%	1.44%
2019B	8/1/2019	21,430	8/1/2025	12,500	1.52%	1.51%
2019A	4/1/2019	22,500	4/1/2024	5,625	1.80%	1.79%
2018C	8/1/2018	10,000	8/1/2023	2,500	3.11%	3.06%
2018B	8/1/2018	57,785	8/1/2023	14,445	2.12%	2.10%
2018A	3/1/2018	27,000	3/1/2023	6,750	1.82%	1.81%
2017B	8/1/2017	44,000	8/1/2022	11,000	1.51%	1.50%
2017A	3/1/2017	35,000	3/1/2022	8,750	1.78%	1.77%
2016B	8/1/2016	34,770	8/1/2021	8,690	1.09%	1.08%

Interest expense on bonds during the year ended June 30, 2022 totaling \$5.2 million is reported in the debt service fund.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 9. RISK MANAGEMENT

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Commercial policies in force during the year contained the following deductibles:

Property, fire and extended coverage	\$ 100,000
Charter school locations	75,000
Windstorm and hail (3% per occurrence, per building)	100,000 up to 4,500,000
Automobile liability (per occurrence)	1,000,000
General liability (per occurrence)	1,000,000
Inland marine (per occurrence)	10,000
School leader legal (per claim)	1,000,000
Cyber liability and breach response (per occurrence)	100,000
Equipment breakdown (per occurrence)	25,000

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

The district is self-insured for workers' compensation claims. Premiums are paid into the workers' compensation fund, which is combined with the general fund for purposes of financial statement presentation, from the general fund and child nutrition fund. Liabilities are reported in the government-wide statements when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities are reported in the general fund statements to the extent these amounts are payable with expendable available financial resources. Liabilities in the government-wide statements also include an amount for claims that have been incurred but not reported (IBNR). The result of this process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. For example, estimated recoveries from salvage or subrogation are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$1,000,000 up to the statutory limit. Settlements did not exceed coverage for the past three years.

At June 30, 2022, the district had established liabilities for workers compensation claims and deductibles on commercial coverage of \$6.1 million and \$0.8 million, respectively. Changes in the balances of claims liability for the past three years are as follows (000's):

	<u>2022</u>	<u>2021</u>
Unpaid claims, beginning of year	\$ 6,207	\$ 7,063
Incurred claims (including IBNRs)	3,038	1,217
Claim payments	<u>(2,407)</u>	<u>(2,073)</u>
Unpaid claims, end of year	<u>\$ 6,838</u>	<u>\$ 6,207</u>

Approximately \$1.9 million of the amount unpaid at June 30, 2022 is expected to be paid out in the next fiscal year from the general fund.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 10. COMMITMENTS AND CONTINGENT LIABILITIES

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

General Fund	\$ 6,622
Capital Projects Fund	43,317
Nonmajor Funds	<u>2,179</u>
Total	<u>\$ 52,118</u>

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

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

As of March 2021, the United States Congress has approved three coronavirus relief bills primarily to provide COVID-19 support to the district with an expiration of funds (i.e. must be spent) by September 30, 2024. The first pandemic relief package was approved in March 2020 and the district was allocated \$16.3 million. The second pandemic relief package was approved by Congress in December 2020 of which \$58.3 million has been appropriated to the school district. In March 2021, Congress approved the third pandemic relief package, of which \$130.7 million has been appropriated to the school district. These are reimbursement grants; therefore, the district must first spend the funds then submit a claim for reimbursement to the Oklahoma State Department of Education.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2022

Note 11. PENSION BENEFITS

Plan description

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

Participation in the plan is required for certified teachers, administrators, as well as certain non-certified administrators. Other permanent, support employees working at least half time are eligible for participation in the plan at their option. At June 30, 2022, there were 3,775 active employees of the district participating in the plan, comprising 4.01% of the total teacher's retirement system participants.

Benefits provided

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

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined OTRS on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2 percent of final compensation for each year of credited service.
- Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the joint survivor benefit option.
- Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 11. PENSION BENEFITS (continued)

- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions

The contribution requirements of OTRS are at an established rate determined by Oklahoma statute and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual compensation. The district's contribution rate is 9.5 percent for the year ended June 30, 2022. In addition, the district is required to match the state's contribution rate on salaries that are paid with federal funds. The district's total contribution to OTRS in 2022 was \$23.6 million.

The state makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2022, the state paid approximately \$1.4 million on behalf of teachers employed at the district. In accordance with generally accepted accounting practices, the district recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements.

The state is also required to contribute to the system on behalf of the participating employers. For 2022, the state contributed 3.75 percent of state revenues from sales and use taxes, individual income taxes and lottery proceeds, to the system on behalf of participating employers. The district has estimated the amounts contributed to the system by the state on its behalf based on a contribution rate provided to the district. For the year ended June 30, 2022, the total amount contributed to the system by the state on behalf of the district was approximately \$3.6 million. In accordance with generally accepted accounting principles, district recognized the on-behalf payments as revenue and expenditures in the fund financial statements. In government-wide statement of activities, revenue is recognized for the state's on-behalf contribution on an accrual basis of approximately \$11.8 million.

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

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

At June 30, 2022, the district reported a liability of \$188.5 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2021. Based upon this information, the district's proportion was 3.69%. The change in proportion from the June 30, 2020 measurement date was an increase of 0.20%. Net pension liability will generally be liquidated from the general fund.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 11. PENSION BENEFITS (continued)

For the year ended June 30, 2022, the district recognized pension expense of \$11.0 million. At June 30, 2022, 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	\$ 12,427	\$ (7,009)
Changes of assumptions	29,318	(1,877)
Net difference between projected and actual earnings on pension plan investments	-	(97,889)
Changes in proportion and differences between District contributions and proportionate share of contributions	9,741	(23,169)
Total Deferred amount to be recognized in pension expense in future periods	51,486	(129,944)
District contributions subsequent to the measurement date	23,648	-
Total deferred amount related to pension:	\$ 75,134	\$ (129,944)

Deferred pension outflows totaling \$23.6 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, 2023. Net deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Other deferred inflows and outflows are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (18,893)
2024	(12,799)
2025	(14,328)
2026	(31,395)
2027	(1,043)
	\$ (78,458)

Actuarial assumptions

The total pension liability as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial cost method – Entry age normal
- Inflation – 2.25 percent
- Future ad hoc cost-of-living increases – None
- Salary increases – Composed of 2.25 percent wage inflation plus .75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment rate of return – 7.00 percent

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 11. PENSION BENEFITS (continued)

- Retirement age—Experience-based table of rates based on age, service, and gender. Adopted by the board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.
- Mortality rates after retirement— Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
- Mortality rates for active members— Pub 2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	43.5%	4.3%
International Equity	19.0%	5.2%
Fixed Income	22.0%	0.4%
Real Estate	9.0%	4.3%
Alternative Assets	6.5%	6.5%
Total	<u>100%</u>	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.0 percent. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the state's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions. Based on the stated assumptions and the projection of cash flows, OTRS' fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 11. PENSION BENEFITS (continued)

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 7.0 percent, as well as what the district's net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's net pension liability	<u>\$ 308,056</u>	<u>\$ 188,469</u>	<u>\$ 89,468</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of OTRS, which can be located at www.ok.gov/TRS.

Note 12. 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.

Oklahoma Teachers Retirement System – OPEB Subsidy

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

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 0.12 percent of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the System were \$224 thousand.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

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

OPEB liabilities (assets), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2022, the District reported a Net OPEB asset of \$4.7 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. 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, 2021. Based upon this information, the District's proportion was 3.69 percent, a decrease of 0.2% from the last measurement date of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB benefit of \$2.31 million. At June 30, 2022, 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	\$ -	\$ (736)
Changes of assumptions	639	
Net difference between projected and actual earnings on pension plan investments	-	(2,520)
Total Deferred amount to be recognized in pension expense in future periods	639	(3,256)
District contributions subsequent to the measurement date	224	-
Total deferred amount related to OPEB:	\$ 863	\$ (3,256)

The \$224 thousand 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ (523)
2024	(523)
2025	(523)
2026	(523)
2027	(523)
	\$ (2,617)

Actuarial assumptions: The total OPEB liability as of June 30, 2022, was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial cost method – Entry age normal
- Inflation – 2.25 percent
- Future ad hoc cost-of-living increases – None
- Salary increases – Composed of 2.25 percent wage inflation plus .75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment rate of return – 7.00 percent

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

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

- Retirement age—Experience-based table of rates based on age, service, and gender. Adopted by the board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.
- Mortality rates after retirement— Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
- Mortality rates for active members— Pub 2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	43.5%	4.3%
International Equity	19.0%	5.2%
Fixed Income	22.0%	0.4%
Real Estate	9.0%	4.3%
Alternative Assets	6.5%	6.5%
Total	<u>100%</u>	

Discount rate: A single discount rate of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00 percent. Based on the stated assumptions and the projection of cash flows, the OPEB plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. 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 7.0 percent, 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District’s net OPEB liability (asset)	<u>\$ (3,019)</u>	<u>\$ (4,699)</u>	<u>\$ (6,122)</u>

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 (asset).

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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 13. COMPENSATED ABSENCES

Sick Pay Benefits

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

Vacation Benefits

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

The activity related to these benefits during the year ended June 30, 2022 is as follows (000's):

	Balance 6/30/2021	Accruals	Payments	Balance 6/30/2022
Vacation	\$ 4,736	\$ 3,802	\$ 3,924	\$ 4,615
Sick	3,298	10,373	10,105	3,566
Total	<u>\$ 8,034</u>	<u>\$ 14,175</u>	<u>\$ 14,030</u>	<u>\$ 8,180</u>

In past years, general, building, and child nutrition funds have been used to liquidate this liability. Of the total, \$0.8 million is expected to be paid out in the next fiscal year to employees upon termination.

Note 14. SUBSEQUENT EVENTS

Combined Purpose Bonds (Series 2022B)

In August 2022, the district issued \$33.8 million in Combined Purpose Bonds Series 2022B. The proceeds from these bonds will be used to construct and renovate school facilities, for library improvements, transportation equipment, and to acquire classroom materials and technology. This bond has a coupon rate of 2.2%, a nominal rate of 2.2%, and a maturity date of August 1, 2027.

Technology Equipment Bonds (Series 2022C)

In August 2022, the district issued \$6.2 million in Technology Equipment Bonds Series 2022C. The proceeds from these bonds will be used to acquire technology infrastructure, and computer hardware and software. This bond has a coupon rate of 3.5%, a nominal rate of 3.4%, and a maturity date of August 1, 2027.

Combined Purpose Bonds (Series 2023A)

In March 2023, the district issued \$34.5 million in Combined Purpose Bonds Series 2023A. The proceeds from these bonds will be used to construct and renovate school facilities, student and classroom learning technology improvements and to acquire classroom materials and computer hardware and software. This bond has a coupon rate of 2.7%, and a nominal rate of 2.6%. and a maturity date of March 1, 2028.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 15. TAX ABATEMENT DISCLOSURES

The City of Tulsa provides ad valorem tax abatements to promote development within an enterprise zone in downtown Tulsa. The district is impacted by tax abatements provided by the City of Tulsa under the Tax Incentive District Number One economic development program. The abatements were established to encourage the development, renovation and redevelopment of residential, both single-family and multiple-unit dwellings, as well as commercial space and hotels. The abatements up to 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, are administered as a reduction in the tax bill, and last for up to 6 years (or fewer, if the property is sold). The district participates in the ad valorem tax abatement of 55.3%. For the fiscal year ended June 30, 2022, the City of Tulsa had ten active agreements which resulted in a total tax abatement of approximately \$1.06 million, of which the district's share is approximately \$0.6 million, and two other agreements which are currently under construction and will not result in tax abatements until such time that the project is completed and the ad valorem taxes are developed by the Tulsa County Tax Assessor. In all cases of the ten active agreements, the district receives ad valorem taxes at the market value of the property prior to the abatement.

The State of Oklahoma grants a 5-year exemption of ad valorem taxes for certain new manufacturing or research and development equipment and facilities. Pursuant to Section 193 of Title 62 of the Oklahoma Statutes, the state will reimburse the district for foregone property taxes as a result of this exemption. During the year ended June 30, 2022, the amount of foregone tax revenues as a result of this exemption were \$5.4 million.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2022

Note 16. DISCRETELY PRESENTED COMPONENT UNIT – THE FOUNDATION FOR TULSA SCHOOLS
(not in thousands)

Summary of Significant Accounting Policies

Basis of presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the statements of financial position, statements of activities and cash flows of the Foundation.

Description of the two net asset categories and the types of transactions included in each category are as follows:

Without donor restrictions – Net assets not subject to donor-imposed restrictions that are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time-to-time, the Board may designate a portion of these net assets for specific purposes, making them unavailable for use at management's discretion.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. When a restriction has been fulfilled, net assets subject to donor-imposed restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Also included in this category are net assets whose use is limited by donor-imposed restrictions that require such resources be maintained in perpetuity and the related income utilized for operating or other donor-restricted purposes.

Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes.

Contributions

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Conditional promises to give, which contain donor-imposed conditions that include one or more barriers that must be overcome as well as a right of return or release from the obligation, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Transfers of assets under conditional promises, which are received by the Foundation prior to fulfilling these conditions, are recorded as a liability (i.e., refundable advance) until the conditions are substantially met or explicitly waived by the donor.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 16. DISCRETELY PRESENTED COMPONENT UNIT – THE FOUNDATION FOR TULSA SCHOOLS
(not in thousands) (continued)

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts and historical collection experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. At June 30, 2022, there was no allowance for uncollectible contributions receivable.

Investments

Investments, including investments restricted for endowment, are held under managerial agency agreements and include money market funds, fixed income securities and equity securities, which are carried at fair value based upon quoted market prices or dealer quotes. Net unrealized gains and losses, including investment expenses, are reported in the statement of activities. Interest and gains earned on investments are considered unrestricted as to their use unless their use is restricted by donor stipulation.

Investments consist of the following at June 30, 2022:

	2022
Fixed income securities	\$ 743,700
Equity securities	637,620
Money market	139,651
Total investments	\$ <u>1,520,971</u>

Concentrations and risks

The Foundation received contributions from three donors accounting for approximately 70% of the Foundation's total revenue during the year ended June 30, 2022. One donor accounted for approximately 90% of the Foundation's contributions receivable at June 30, 2022.

The Foundation's investments are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of activities. Significant fluctuations in fair values could occur from year-to-year, and the amounts the Foundation will ultimately realize could differ materially.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 16. DISCRETELY PRESENTED COMPONENT UNIT – THE FOUNDATION FOR TULSA SCHOOLS
(not in thousands) (continued)

Fair Value Measurements

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2022. During the year ended June 30, 2022, there were no transfers of financial instruments between Level 1 and Level 2 or transfers into or out of Level 3. The following is a description of the valuation methodologies used for assets measured at fair value:

The fair value of investments in money market funds and equity securities are based upon quoted market prices for identical assets and are classified within Level 1.

Fixed income securities (including government and agency securities) are valued by the asset custodian who uses independent pricing services or by dealers who make markets in such securities. Pricing services consider yield or price of bonds of comparable quality, coupon, maturity and type as well as available dealer supplied prices. Certain securities may be valued by a single source or dealer. Fixed income securities are classified within Level 2.

Beneficial interest in assets held by community foundation is measured at fair value using Level 2 inputs. Since TCF maintains variance power for the beneficial interests held, there is no potential market for the beneficial interests or similar assets. Consequently, the valuation is determined by aggregating the valuation of the underlying investments of the beneficial interest. The underlying investments include cash equivalents, corporate obligations, equity securities and other investments. The fair values of the underlying investments are based on quoted prices from active and inactive markets.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2022:

	2022		
	Level 1	Level 2	Total
Fixed income securities	\$ -	\$ 743,700	\$ 743,700
Equity securities	637,620	-	637,620
Money market	139,651	-	139,651
Total Investments	777,271	743,700	1,520,971
Beneficial interest in assets held by community foundation	-	13,343	13,343
	\$ 777,271	\$ 757,043	\$ 1,534,314

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 16. DISCRETELY PRESENTED COMPONENT UNIT – THE FOUNDATION FOR TULSA SCHOOLS
(not in thousands) (continued)

Restricted Net Position

Restricted net position for other purposes at June 30, 2022 are as follows:

	<u>2022</u>
Restricted for purpose:	
Early Childhood Development Initiative	\$ 4,394,115
TPS Priorities and Strategies	1,495,155
Innovative Partners Program	2,893,466
TPS High School Redesign	110,511
QT Cares Enrollment Initiative	<u>2,178,678</u>
Total funds restricted for purpose	11,071,925
Restricted for use in future period (time restricted)	-
Endowment funds held in perpetuity	<u>27,015</u>
Total restricted net position	<u>\$ 11,098,940</u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2022

Note 17. GASB 87 Implementation

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new standard requires reporting certain leased assets and liabilities which may not have been previously reported. The result of these changes had no effect on the beginning net position. However, since the district had already been reporting leased assets, a result of GASB 87 implementation required those continuing leases to be recalculated as of July 1, 2021. Thus, the treatment of the previously reported leased assets and their accumulated depreciation needed to be reclassified to be recognized as right of use assets with accumulated amortization.

The results of these adjustments to ending net position as previously reported on June 30, 2021 are as follows (000's):

	Buildings Capital Assets	Equipment/ Vehicles Capital Assets	Accumulated Depreciation of Buildings	Accumulated Depreciation of Equipment/ Vehicles	Long-term Lease Obligations Outstanding	Right of use Assets	Lease Receivable	Deferred Inflow of Resources	Net Position
Balance June 30, 2021, as previously reported	\$ 1,004,801	78,260	(430,081)	(49,236)	(2,807)	-	-	-	(289,827)
Change to implement GASB 87	(4,500)	(262)	258	51	255	2,552	347	(347)	1,646
Restated balance July 1, 2021	\$ 1,000,301	77,998	(429,823)	(49,185)	(2,552)	2,552	347	(347)	(288,181)

Required Supplementary Information

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FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2021	June 30, 2020	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 (asset)	3.69%	3.89%	3.65%	4.06%	4.05%	4.03%	4.10%	4.18%
District's proportionate share of the net pension liability (asset) \$	188,469 \$	369,062 \$	241,594 \$	245,365 \$	268,340 \$	336,547 \$	249,031 \$	224,675
District's covered payroll \$	176,301 \$	181,364 \$	176,340 \$	158,490 \$	161,626 \$	163,790 \$	163,115 \$	161,383
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	106.90%	203.49%	137.00%	154.81%	166.03%	205.47%	152.67%	139.22%
Plan fiduciary net position as a percentage of the total pension liability	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

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

CHANGES OF BENEFIT TERMS

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

CHANGES OF ASSUMPTIONS

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

June 30, 2021	No change from prior year.
June 30, 2020	Increases were composed of 2.25% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
June 30, 2019	No change from prior year.
June 30, 2018	Increases were composed of 2.5% inflation, plus 0.75% productivity increase rate, plus step-
June 30, 2017	No change from prior year.
June 30, 2016	Increases were composed of 3.25 percent wage inflation, including 2.50 percent price inflation, plus a service related component ranging from 0.00 percent to 8.00 percent based on years of service.
June 30, 2015	Increases were composed of 3.75 percent wage inflation, including 3.00 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of services.
June 30, 2014	Increases were composed of 3.00 percent inflation, plus 1.00 percent productivity increase rate, plus step rate promotional increases for members with less than 25 years of service.

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

June 30, 2021	No change from prior year.
June 30, 2020	Determined using the Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five year experience study for the period ending June 30, 2019
June 30, 2019	No change from prior year.
June 30, 2018	No change from prior year.
June 30, 2017	No change from prior year.
June 30, 2016	No change from prior year.
June 30, 2015	Determined using the experience based table developed from a five year experience study for the period ending June 30, 2014. This table was adopted by the OTRS Board in May 2015.
June 30, 2014	Determined using the experience-based table developed from a five year experience study for the period ending June 30, 2009. This table was adopted by the OTRS Board in September 2010.

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

June 30, 2021	2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
June 30, 2020	Mortality Rates after Retirement— Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. Mortality Rates for Active Members— Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.
June 30, 2019	No change from prior year.
June 30, 2018	No change from prior year.
June 30, 2017	No change from prior year.
June 30, 2016	No change from prior year.
June 30, 2015	Rates for active employees were determined using the RP-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent. Rates for retired males were determined using the RP-2000 combined health Mortality Table for males with white collar adjustments and the generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Rates for retired females were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105 percent and the generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
June 30, 2014	Rates were determined using the RP-2000 Combined Mortality table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females.

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

June 30, 2021	No change from prior year.
June 30, 2020	Return was 7.00 percent per year
June 30, 2019	No change from prior year.
June 30, 2018	No change from prior year.

FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution \$	23.6	18.4	18.8	18.4	16.5	16.8	17.1	17.1	16.9	16.7
Contributions in relation to the contractually required contribution	<u>(23.6)</u>	<u>(18.4)</u>	<u>(18.8)</u>	<u>(18.4)</u>	<u>(16.5)</u>	<u>(16.8)</u>	<u>(17.1)</u>	<u>(17.1)</u>	<u>(16.9)</u>	<u>(16.7)</u>
Contribution deficiency (excess) \$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll \$	207	176	181	176	158	162	164	163	N/A	N/A
Contributions as a percentage of covered payroll	11.40%	10.45%	10.39%	10.45%	10.44%	10.37%	10.43%	10.49%	N/A	N/A

Notes to Schedule:

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

1. July 1, 2011 to present 9.50%

FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability (asset)	3.69%	3.89%	3.65%	4.06%	4.05%
District's proportionate share of the net OPEB liability (asset) \$	(4,699)	(385)	(2,257)	(2,624)	(1,807)
District's covered payroll \$	176	181	176	158	162
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-2669.79%	-212.71%	-1282.39%	-1660.76%	-1115.43%
Plan fiduciary net position as a percentage of the total OPEB liability	129.91%	102.30%	115.07%	115.41%	110.40%

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution \$	225.0	36.0	32.0	118.0	118.0	264.0
Contributions in relation to the statutorily required contribution	225.0	36.0	32.0	118.0	118.0	264.0
Contribution deficiency (excess) \$	-	-	-	-	-	-
District's covered payroll \$	207,142	176,301	181,364	176,340	158,490	161,626
Contributions as a percentage of covered payroll	0.11%	0.02%	0.02%	0.07%	0.07%	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.

**Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2022
(Thousands)**

	Original	Final	Actual (Budgetary Basis)	Variance Final Budget
REVENUES				
Local and intermediate sources	\$ 122,919	\$ 125,455	\$ 122,527	\$ (2,928)
State program revenues	156,164	138,821	137,773	(1,048)
Federal program revenues	120,152	106,665	109,890	3,225
Total revenues	399,235	370,941	370,190	(751)
EXPENDITURES				
Current:				
Salaries	233,477	217,627	214,837	(2,790)
Benefits	65,109	65,138	65,166	28
Purchased services	57,112	50,463	46,910	(3,553)
Supplies	22,394	24,701	20,231	(4,470)
Property/Equipment	37	69	67	(2)
Other expenditures	2,691	1,310	1,362	52
Other outlays	18,215	692	496	(196)
Total expenditures	399,035	360,000	349,069	(10,931)
Excess (deficiency) of revenues over expenditures	200	10,941	21,121	10,180
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year and fund transfer	(200)	1,300	3,554	2,254
Net change in fund balances	-	12,241	24,675	12,434
Fund balance -- June 30, 2021	32,921	34,145	34,145	-
Fund balance -- June 30, 2022	\$ 32,921	\$ 46,386	\$ 58,820	\$ 12,434

See Notes to Required Supplementary Information

**Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Budgetary Comparison
Schedule - General Fund (Unaudited)
For the Year Ended June 30, 2022
(Thousands)**

Change in fund balance of governmental funds - General Fund	\$ 17,521
Revenues are recognized when earned in the governmental funds but are recognized when received for budgetary purposes. During the year, \$8,666 was received that was attributable to prior year activities and \$9,379 of revenue was realized but not received by the close of the year.	6,711
Expenditures for supplies and materials and prepaids are shown when they are used in the governmental funds but reported as expenses when they are purchased for budgetary purposes. The district purchased more supplies and materials than it used during the year, resulting in a decrease in inventories from \$591 to \$507 and prepaids decreased by \$83.	(374)
Obligations are accrued when incurred and measurable in the governmental funds but reported when expended for budgetary purposes. There was a decrease of \$1,409 in the accounts payable accrual.	1,082
A decrease of \$33 in the liability insurance reserve and a decrease of \$4,603 in the reserve for workers compensation was made to comply with modified accrual standards.	1,978
Fair market value adjustment for long-term investments	259
Encumbrances are included in expenditures for budgetary purposes but not for the governmental fund financial statements.	(4,824)
Expenditures in the governmental fund financial statements include those paid with prior year encumbrances, which are excluded on the budgetary basis.	989
Expenditures for worker's compensation claims are shown in a separate fund for budgetary purposes but combined with the general fund in the governmental funds.	<u>(2,221)</u>
Excess (deficiency) of revenues over expenditures - budgetary basis	\$ <u>21,121</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2022

Note 1. BUDGETS AND BUDGETARY ACCOUNTING

BUDGETARY COMPARISON SCHEDULE

A cash basis of accounting is used to prepare the budgetary comparison schedule. A reconciliation from the cash basis to the modified accrual basis of accounting, which is generally accepted accounting principles (GAAP), is presented on the face of the schedule.

BUDGET LAW AND PRACTICE

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

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

The district presents the budget in four funds: the general fund, capital projects fund, debt service fund and the special revenue fund which includes the child nutrition and building funds. Budgetary control for accounts without a project is generally at the full account level. For accounts within a project the budgetary control is generally maintained by fund, project and site. The district superintendent or designee may transfer an unexpended and unencumbered appropriation from one account to another within the same fund. Line item transfers that are not original budget items in excess of \$25,000 require board approval. Whenever the necessity for maintaining any special fund of a school district has ceased to exist and a balance remains in the fund, the governing body may authorize the transfer of the balance to the general fund. Applicable law governs the use or transfer of any remaining balance in the debt service or capital projects fund.

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

ENCUMBRANCES

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

REVENUES

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

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Other Supplementary Information

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**Budgetary Comparison Schedule - Debt Service
For the Year Ended June 30, 2022
(Thousands)**

	Original	Final	Actual (Budgetary Basis)	Variance Final Budget
REVENUES				
Local and intermediate sources	\$ 75,464	\$ 73,811	\$ 72,721	\$ (1,090)
Total revenues	75,464	73,811	72,721	(1,090)
EXPENDITURES				
Current:				
Other expenditures	152,009	151,431	76,422	(75,009)
Total expenditures	152,009	151,431	76,422	(75,009)
Excess (deficiency) of revenues over expenditures	(76,545)	(77,620)	(3,701)	73,919
OTHER FINANCING SOURCES				
Premium on bonds sold	1,000	1,038	1,690	652
Net change in fund balances	(75,545)	(76,582)	(2,011)	74,571
Fund balance -- June 30, 2021	75,545	76,582	76,582	-
Fund balance -- June 30, 2022	\$ -	\$ -	\$ 74,571	\$ 74,571

**Budgetary Comparison Schedule - Capital Improvements
For the Year Ended June 30, 2022
(Thousands)**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 83,515	\$ 100,515	\$ 100,515	\$ -
Total revenues	<u>83,515</u>	<u>100,515</u>	<u>100,515</u>	<u>-</u>
EXPENDITURES				
Current:				
Purchased services	69,790	50,364	65,286	14,922
Supplies	26,630	59,244	20,068	(39,176)
Property	3,923	9,694	7,186	(2,508)
Other expenditures	-	-	-	-
Total expenditures	<u>100,343</u>	<u>119,302</u>	<u>92,540</u>	<u>(26,762)</u>
Excess (deficiency) of revenues over expenditures	<u>(16,828)</u>	<u>(18,787)</u>	<u>7,975</u>	<u>26,762</u>
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year	4,000	10,000	8,519	(1,481)
Fund Net change in fund balances	<u>(12,828)</u>	<u>(8,787)</u>	<u>16,494</u>	<u>25,281</u>
Fund balance -- June 30, 2021	12,828	8,787	8,787	-
Fund balance -- June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,281</u>	<u>\$ 25,281</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule -Special Revenue Funds
For the Year Ended June 30, 2022
(Thousands)**

	BUILDING FUND				CHILD NUTRITION FUND			
	Original	Final	Actual (Budgetary Basis)	Variance Final Budget	Original	Final	Actual (Budgetary Basis)	Variance Final Budget
REVENUES								
Local and intermediate sources	\$ 14,238	\$ 15,730	\$ 17,092	\$ 1,362	\$ 1,942	\$ 2,615	\$ 1,994	\$ (621)
State program revenues	1,100	1,101	941	(160)	2,694	2,694	2,273	(421)
Federal program revenues	-	-	-	-	22,010	21,110	26,354	5,244
Total revenues	<u>15,338</u>	<u>16,831</u>	<u>18,033</u>	<u>1,202</u>	<u>26,646</u>	<u>26,419</u>	<u>30,621</u>	<u>4,202</u>
EXPENDITURES								
Current:								
Salaries	7,434	7,405	6,998	(407)	10,387	9,872	9,673	(199)
Benefits	2,097	2,097	2,020	(77)	3,637	3,637	3,154	(483)
Purchased services	5,796	6,397	5,862	(535)	9,978	10,148	10,067	(81)
Supplies	854	806	701	(105)	197	230	172	(58)
Property	52	52	5	(47)	46	44	45	1
Other expenditures	3,650	3,691	21	(3,670)	1,701	1,700	1,609	(91)
Total expenditures	<u>19,883</u>	<u>20,448</u>	<u>15,607</u>	<u>(4,841)</u>	<u>25,946</u>	<u>25,631</u>	<u>24,720</u>	<u>(911)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,545)</u>	<u>(3,617)</u>	<u>2,426</u>	<u>6,043</u>	<u>700</u>	<u>788</u>	<u>5,901</u>	<u>5,113</u>
OTHER FINANCING SOURCES								
Lapsed appropriations from prior year and fund transfer	100	325	295	-	100	12	(3,657)	(3,669)
Net change in fund balances	(4,445)	(3,292)	2,721	6,013	800	800	2,244	1,444
Fund balance -- June 30, 2021	4,944	4,292	4,292	-	-	-	-	-
Fund balance -- June 30, 2022	<u>\$ 499</u>	<u>\$ 1,000</u>	<u>\$ 7,013</u>	<u>\$ 6,013</u>	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 2,244</u>	<u>\$ 1,444</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet

General Fund

June 30, 2022

(Thousands)

	<u>General Fund</u>	<u>Workers Compensation Fund</u>	<u>Total General Fund</u>
ASSETS			
Cash and cash equivalents	\$ 35,024	\$ 3,244	\$ 38,268
Investments	71,327	-	71,327
Receivables net of allowance for uncollectibles	131,370	-	131,370
Lease receivable	-	-	-
Inventories and prepaid items	1,490	-	1,490
Total Assets	<u>239,211</u>	<u>3,244</u>	<u>242,455</u>
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	39,844	149	39,993
Claims and judgments	-	133	133
Total liabilities	<u>39,844</u>	<u>282</u>	<u>40,126</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	107,319	-	107,319
Unavailable revenue	5,759	-	5,759
Lease revenue	-	-	-
Total deferred inflows of resources	<u>113,078</u>	<u>-</u>	<u>113,078</u>
FUND BALANCES			
Non-spendable			
Inventories and prepaids	1,490	-	1,490
Restricted			
Federal and state allocation carryover	2,356	-	2,356
Assigned			
Purchases on order	3,242	-	3,242
Unassigned	79,201	2,962	82,163
Total fund balances	<u>86,289</u>	<u>2,962</u>	<u>89,251</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>239,211</u>	\$ <u>3,244</u>	\$ <u>242,455</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2022
(Thousands)**

	General Fund	Workers Compensation Fund	Total General Fund
REVENUES			
Property taxes	\$ 99,325	\$ -	\$ 99,325
Other local sources	7,415	2,231	9,646
Intermediate sources	10,779	-	10,779
Fees and charges	1,517	-	1,517
State aid	147,508	-	147,508
Federal aid	106,824	-	106,824
Earnings (Loss) on investments	133	-	133
Miscellaneous	3,746	2,000	5,746
Total revenues	<u>377,247</u>	<u>4,231</u>	<u>381,478</u>
EXPENDITURES			
Current:			
Instruction and instruction-related services	193,752	1,149	194,901
Support services - student and staff	58,979	166	59,145
Instructional and school leadership	23,099	26	23,125
Administrative support services	25,373	96	25,469
Operation of non-instructional services	2,824	154	2,978
Operation and maintenance of plant services	27,622	232	27,854
Student transportation services	11,459	186	11,645
Facilities acquisition and construction services	19,239	-	19,239
Charter schools	-	-	-
Debt service			
Principal	29		29
Interest	2		2
Total expenditures	<u>362,378</u>	<u>2,009</u>	<u>364,387</u>
Excess (deficiency) revenues over expenditures	<u>14,869</u>	<u>2,222</u>	<u>17,091</u>
OTHER FINANCING SOURCES			
Insurance recoveries	-	-	-
Proceeds from sale of capital assets	430	-	430
Total other financing sources	<u>430</u>	<u>-</u>	<u>430</u>
Net change in fund balances	<u>15,299</u>	<u>2,222</u>	<u>17,521</u>
Fund balances -- June 30, 2021	70,990	740	71,730
Fund balances -- June 30, 2022	\$ <u>86,289</u>	\$ <u>2,962</u>	\$ <u>89,251</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Balance Sheet
Nonmajor Funds
June 30, 2022
(Thousands)**

	Special Revenue Funds						Permanent	Total
	Building	Child	Gifts	Flexible	Arbitrage	Student	Endowment	
	Fund	Nutrition	Fund	Benefit	Fund	Activities	Fund	Funds
ASSETS								
Cash and cash equivalents	\$ 2,660	\$ 90	\$ 1,469	\$ 2	\$ 13	\$ 4,527	\$ -	\$ 8,761
Investments	5,477	4,337	1,719	-	-	-	25	11,558
Receivables net of allowance for uncollectibles	16,445	749	1	-	-	8	-	17,203
Lease receivable	352	-	-	-	-	-	-	352
Inventories and prepaid items	-	648	157	-	-	-	-	805
Total Assets	<u>24,934</u>	<u>5,824</u>	<u>3,346</u>	<u>2</u>	<u>13</u>	<u>4,535</u>	<u>25</u>	<u>38,679</u>
LIABILITIES								
Liabilities:								
Accounts payable and accrued liabilities	<u>378</u>	<u>1,239</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>1,653</u>
Total liabilities	<u>378</u>	<u>1,239</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>1,653</u>
DEFERRED INFLOWS OF RESOURCES								
Succeeding year property tax	15,331	-	-	-	-	-	-	15,331
Unavailable revenue	607	749	-	-	-	-	-	1,356
Lease revenue	<u>347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347</u>
Total deferred inflows of resources	<u>16,285</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,034</u>
FUND BALANCES								
Non-spendable								
Inventories and prepaids	-	648	157	-	-	-	-	805
Endowments	-	-	-	-	-	-	25	25
Restricted								
Building	8,271	-	-	-	-	-	-	8,271
Child nutrition	-	3,188	-	-	-	-	-	3,188
Gifts	-	-	3,156	-	-	-	-	3,156
Flexible benefit	-	-	-	2	-	-	-	2
Arbitrage	-	-	-	-	13	-	-	13
Student activities	-	-	-	-	-	4,532	-	4,532
Total fund balances	<u>8,271</u>	<u>3,836</u>	<u>3,313</u>	<u>2</u>	<u>13</u>	<u>4,532</u>	<u>25</u>	<u>19,992</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,934</u>	<u>\$ 5,824</u>	<u>\$ 3,346</u>	<u>\$ 2</u>	<u>\$ 13</u>	<u>\$ 4,535</u>	<u>\$ 25</u>	<u>\$ 38,679</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Funds
For the Year Ended June 30, 2022
(Thousands)**

	Special Revenue Funds					Permanent Fund	Total Nonmajor Funds
	Building Fund	Child Nutrition Fund	Gifts Fund	Flexible Benefit Fund	Arbitrage Fund	Student Activities Fund	
REVENUES							
Property taxes	\$ 14,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,209
Other local sources	965	-	1,571	-	-	267	2,803
Fees and charges	46	1,580	1	-	-	1,532	3,159
State aid	941	2,274	-	-	-	-	3,215
Federal aid	-	25,231	-	-	-	-	25,231
Earnings (Loss) on investments	(53)	(65)	(50)	-	-	3	(170)
Miscellaneous	1,904	-	-	-	-	13	1,917
Total revenues	<u>18,012</u>	<u>29,020</u>	<u>1,522</u>	<u>-</u>	<u>-</u>	<u>1,815</u>	<u>50,364</u>
EXPENDITURES							
Current:							
Instruction and instruction-related services	-	1,609	376	-	-	899	2,884
Support services - student and staff	-	-	141	-	-	624	765
Instructional and school leadership	-	-	26	-	-	50	76
Administrative support services	13	(2)	256	-	-	14	281
Operation of non-instructional services	-	28,115	122	-	-	202	28,439
Operation and maintenance of plant services	14,149	-	-	-	-	5	14,154
Student transportation services	-	-	23	-	-	39	62
Facilities acquisition and construction services	1,261	-	15	-	-	-	1,276
Debt service							
Principal	124	-	-	-	-	-	124
Interest	45	-	-	-	-	-	45
Capital Outlay							
Operation and maintenance of plant services	159	-	-	-	-	-	159
Total expenditures	<u>15,751</u>	<u>29,722</u>	<u>959</u>	<u>-</u>	<u>-</u>	<u>1,833</u>	<u>48,265</u>
Excess (deficiency) revenues over expenditures	<u>2,261</u>	<u>(702)</u>	<u>563</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>2,099</u>
OTHER FINANCING SOURCES							
Lease	159	-	-	-	-	-	159
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Net change in fund balances	<u>2,420</u>	<u>(702)</u>	<u>563</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>2,258</u>
Fund balances -- June 30, 2021	5,851	4,538	2,750	2	13	4,550	17,734
Fund balances -- June 30, 2022	<u>\$ 8,271</u>	<u>\$ 3,836</u>	<u>\$ 3,313</u>	<u>\$ 2</u>	<u>\$ 13</u>	<u>\$ 4,532</u>	<u>\$ 19,992</u>

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Statistical Section



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ANNUAL COMPREHENSIVE FINANCIAL REPORT STATISTICAL SECTION (Unaudited)

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

Contents	Page
Financial Trends	112
These schedules contain trend information to help the reader understand how the district’s financial performance has changed over time.	
Revenue Capacity	118
These schedules present information to help the reader assess the district’s major revenue sources.	
Debt Capacity	122
These schedules present information to help the reader assess the affordability of the district’s current levels of outstanding debt and the district’s ability to issue additional debt in the future.	
Demographic and Economic Information	126
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district’s financial activities take place.	
Operating Information	128
These schedules contain service and infrastructure data to help the reader understand how the information in the district’s financial report relates to the services the district provides and the activities it performs.	

Sources

Unless otherwise noted, the information contained herein is derived from the annual comprehensive financial reports for the relevant year.

STATISTICAL SECTION: FINANCIAL TRENDS

Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Thousands)

	Fiscal Year Ended June 30,			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses				
Governmental activities:				
Instruction and instruction-related services	\$ 190,737	\$ 250,404	\$ 211,830	\$ 208,287
Support services - student and staff	69,970	61,291	56,754	54,614
Instructional and school leadership	23,243	21,894	23,705	23,261
Administrative support services	43,455	40,619	45,554	42,117
Operation of non-instructional services	31,404	24,200	31,069	33,496
Operation and maintenance of plant services	47,251	39,801	38,695	35,994
Student transportation services	13,732	11,967	13,213	14,201
Facilities acquisition and construction services	15,416	650	5,985	3,304
Charter schools	-	18,783	17,748	13,921
Interest on long-term debt	2,990	4,855	4,476	4,463
Unrestricted investment loss/gain	-	-	-	-
Total primary governmental activities expense	<u>438,198</u>	<u>474,464</u>	<u>449,029</u>	<u>433,658</u>
Program Revenues				
Governmental activities:				
Charges for services				
Operation of non-instructional services	1,984	395	5,192	5,660
Student transportation services	-	-	-	-
Other	2,692	2,909	6,583	5,285
Operating grants and contributions	139,627	106,407	94,805	87,648
Capital grants and contributions	-	-	-	-
Total primary governmental activities program revenues	<u>144,303</u>	<u>109,711</u>	<u>106,580</u>	<u>98,593</u>
Net Expense				
Total primary governmental activities net expenses	<u>(293,895)</u>	<u>(364,753)</u>	<u>(342,449)</u>	<u>(335,065)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	201,793	179,045	189,524	182,719
State aid - formula grants	87,290	79,161	100,699	101,893
Dedicated state revenue	54,305	65,605	71,119	66,609
County revenue	10,779	12,252	11,251	10,537
Unrestricted investment earnings	(5,397)	508	2,909	4,570
Gain (loss) on sale of real estate	430	509	636	246
Gain on early lease payoff	-	-	-	-
Insurance recovery	-	-	14	19
Other local revenue	8,474	10,042	6,300	2,795
Total primary governmental activities	<u>357,674</u>	<u>347,122</u>	<u>382,452</u>	<u>369,388</u>
Change in Net Position				
Total primary government	<u>\$ 63,779</u>	<u>\$ (17,631)</u>	<u>\$ 40,003</u>	<u>\$ 34,323</u>

STATISTICAL SECTION: FINANCIAL TRENDS

	2018	2017	2016	2015	2014	2013
\$	200,943	\$ 204,832	\$ 189,926	\$ 181,819	\$ 198,500	\$ 188,002
	47,986	49,129	50,977	45,399	45,168	46,942
	20,781	20,667	21,890	21,389	20,394	17,051
	36,569	31,430	34,328	43,169	36,711	28,713
	30,181	30,437	29,665	30,923	26,071	28,519
	34,249	37,732	35,922	37,238	35,757	34,385
	10,329	11,151	11,603	12,800	15,246	12,714
	3,393	1,895	2,497	2,443	52	6,998
	11,183	9,491	7,566	5,424	4,306	4,249
	3,450	3,341	3,234	3,775	3,139	2,935
	-	8	-	-	-	-
	<u>399,064</u>	<u>400,113</u>	<u>387,608</u>	<u>384,379</u>	<u>385,344</u>	<u>370,508</u>
	4,667	5,278	5,612	5,406	5,548	5,722
	-	-	-	-	1,435	1,263
	818	565	669	774	662	636
	75,989	77,728	73,847	76,880	72,202	74,612
	-	-	-	-	-	-
	<u>81,474</u>	<u>83,571</u>	<u>80,128</u>	<u>83,060</u>	<u>79,847</u>	<u>82,233</u>
	<u>(317,590)</u>	<u>(316,542)</u>	<u>(307,480)</u>	<u>(301,319)</u>	<u>(305,497)</u>	<u>(288,275)</u>
	180,025	166,402	160,160	159,678	147,823	144,602
	85,468	88,459	89,424	95,126	94,787	97,186
	63,557	63,653	64,551	65,260	63,792	63,360
	10,632	10,410	10,186	9,927	9,807	10,194
	1,674	-	1,476	591	857	389
	883	296	550	218	(27)	-
	-	-	-	-	-	-
	16	7	100	69	6,112	-
	1,900	2,493	2,236	304	496	1,507
	<u>344,155</u>	<u>331,720</u>	<u>328,683</u>	<u>331,173</u>	<u>323,647</u>	<u>317,238</u>
\$	<u>26,565</u>	\$ <u>15,178</u>	\$ <u>21,203</u>	\$ <u>29,854</u>	\$ <u>18,150</u>	\$ <u>28,963</u>

STATISTICAL SECTION: FINANCIAL TRENDS

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

	Fiscal Year Ended June 30,			
	2022	2021	2020	2019
Revenues				
Property taxes	\$ 187,091	\$ 189,458	\$ 191,184	\$ 181,361
Other local sources	12,449	12,227	20,152	15,632
Intermediate sources	10,779	12,251	11,251	10,537
Fees and charges	4,676	2,243	6,072	6,247
State aid	150,723	167,689	195,593	189,020
Federal aid	132,055	83,010	53,316	54,875
Earnings on investments	(5,398)	526	2,971	4,640
Miscellaneous	7,663	4,562	2,640	2,401
Total revenues	500,038	471,966	483,179	464,713
Expenditures				
Instruction and instruction-related services	201,252	200,251	203,231	204,502
Support services - student and staff	67,700	59,236	54,787	52,783
Instructional and school leadership	23,242	21,928	23,704	23,261
Administrative support services	36,891	34,151	39,423	37,288
Operation of non-instructional services	31,417	21,778	28,893	31,388
Operation and maintenance of plant services	44,400	37,946	32,604	35,474
Student transportation services	12,990	10,570	15,001	15,982
Facilities acquisition and construction services	66,121	31,939	58,690	61,772
Charter schools	-	18,783	17,748	13,921
Debt service:	-	-	-	-
Principal	71,403	87,668	79,154	71,843
Interest	5,219	5,902	6,665	5,115
Total expenditures	560,635	530,152	559,900	553,329
Excess of expenses over revenues	(60,597)	58,186	(76,721)	(88,616)
Other financing sources				
Leases	159	5,446	7,127	4,510
Bond issuances	102,205	81,419	54,726	91,775
Insurance recoveries	-	-	-	10
Proceeds from sale of Capital Assets	430	509	636	246
Total other financing sources	102,794	87,374	62,489	96,541
Net change in fund balances	\$ <u>42,197</u>	\$ <u>29,188</u>	\$ <u>(14,232)</u>	\$ <u>7,925</u>
Debt service as a percentage of noncapital expenditures	15.25%	18.78%	16.90%	15.72%

STATISTICAL SECTION: FINANCIAL TRENDS

	2018	2017	2016	2015	2014	2013
\$	180,398	\$ 166,402	\$ 160,161	\$ 153,943	\$ 145,061	\$ 144,601
	12,171	13,062	6,890	11,001	8,168	7,056
	10,631	10,410	10,186	9,927	9,807	10,194
	5,308	5,845	6,286	6,187	6,224	6,427
	165,626	164,700	168,126	174,496	171,526	167,754
	50,157	52,440	54,789	54,270	57,065	62,689
	1,743	61	1,503	644	917	410
	2,808	2,985	2,702	2,312	2,263	2,128
	<u>428,842</u>	<u>415,905</u>	<u>410,643</u>	<u>412,780</u>	<u>401,031</u>	<u>401,259</u>
	186,343	182,384	189,630	190,655	191,443	192,258
	46,163	47,404	49,303	44,034	44,227	46,144
	20,781	20,668	21,890	21,389	20,394	17,050
	30,420	26,015	28,841	41,959	38,446	25,347
	27,746	29,961	28,213	28,914	27,151	26,237
	32,245	36,381	35,228	36,239	37,000	33,706
	13,229	15,592	16,093	13,621	14,676	13,133
	53,889	37,506	40,761	43,972	34,008	52,898
	11,183	9,491	7,566	5,424	4,305	4,249
	66,417	62,314	78,202	53,790	51,925	50,175
	4,489	4,969	3,405	4,166	3,985	4,654
	<u>492,905</u>	<u>472,685</u>	<u>499,132</u>	<u>484,163</u>	<u>467,560</u>	<u>465,851</u>
	<u>(64,063)</u>	<u>(56,780)</u>	<u>(88,489)</u>	<u>(71,383)</u>	<u>(66,529)</u>	<u>(64,592)</u>
	263	3,547	-	-	1,024	11,936
	72,153	71,062	66,761	95,777	58,535	48,432
	16	7	99	56	6,113	-
	883	296	851	216	2,317	-
	<u>73,315</u>	<u>74,912</u>	<u>67,711</u>	<u>96,049</u>	<u>67,989</u>	<u>60,368</u>
\$	<u>9,252</u>	<u>18,132</u>	<u>(20,778)</u>	<u>24,666</u>	<u>1,460</u>	<u>(4,224)</u>
	16.19%	15.56%	17.93%	13.39%	13.32%	13.34%

STATISTICAL SECTION: FINANCIAL TRENDS

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets:	\$ 408,691	\$ 399,731	\$ 384,762	\$ 368,816	\$ 351,812	\$ 335,360	\$ 323,765	\$ 326,777	\$ 318,867	\$ 303,399
Restricted for:										
Debt service	71,721	75,327	78,957	78,365	76,228	69,380	65,971	52,882	45,494	47,125
Building	8,271	5,851	5,631	5,088	5,994	6,253	7,060	8,272	8,377	5,608
Other	16,383	15,492	16,007	12,979	6,210	6,513	11,924	1,232	1,194	1,209
Unrestricted	<u>(152,791)</u>	<u>(206,574)</u>	<u>(177,899)</u>	<u>(197,157)</u>	<u>(211,692)</u>	<u>(215,519)</u>	<u>(234,341)</u>	<u>(222,911)</u>	<u>44,316</u>	<u>42,757</u>
Total primary governmental activities net position	<u>\$ 352,275</u>	<u>\$ 289,827</u>	<u>\$ 307,458</u>	<u>\$ 268,091</u>	<u>\$ 228,552</u>	<u>\$ 201,987</u>	<u>\$ 174,379</u>	<u>\$ 166,252</u>	<u>\$ 418,248</u>	<u>\$ 400,098</u>

STATISTICAL SECTION: FINANCIAL TRENDS

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Non-spendable										
Inventories and prepaids	\$ 1,490	\$ 1,116	\$ 743	\$ 745	\$ 890	\$ 676	\$ 720	\$ 489	\$ 400	\$ 624
Restricted										
Federal and state allocation carryover	2,356	2,358	2,730	1,067	615	523	5,559	8,212	1,640	1,443
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,242	20,119	4,211	1,835	3,157	2,931	3,604	8,439	15,998	14,264
Unassigned	82,163	48,137	48,569	48,930	50,121	45,924	37,263	36,052	36,137	35,855
Total general fund	<u>\$ 89,251</u>	<u>\$ 71,730</u>	<u>\$ 56,253</u>	<u>\$ 52,577</u>	<u>\$ 54,783</u>	<u>\$ 50,054</u>	<u>\$ 47,146</u>	<u>\$ 53,192</u>	<u>\$ 54,175</u>	<u>\$ 52,186</u>
All Other Governmental Funds										
Non-spendable										
Inventories and prepaids	\$ 1,612	\$ 1,469	\$ 1,623	\$ 1,548	\$ 2,197	\$ 1,916	\$ 1,200	\$ 1,105	\$ 1,227	\$ 705
Endowments	25	-	30	30	30	30	30	30	30	30
Restricted										
Capital projects	54,350	54,359	11,759	31,688	22,656	24,800	12,204	40,762	18,634	19,418
Debt service	73,309	73,309	80,845	80,914	77,965	70,861	67,927	52,882	45,494	47,125
Building	8,271	8,276	5,631	5,088	5,994	6,239	7,046	8,258	8,377	5,608
Child nutrition	3,188	3,188	2,724	2,808	3,346	3,783	4,256	4,266	3,668	2,442
Gifts	3,156	3,312	2,895	1,467	1,339	1,367	1,109	1,202	1,194	1,209
Flexible benefits	2	2	2	-	-	10	10	9	11	16
Arbitrage	13	13	13	-	-	-	-	-	-	-
Student activities	4,532	4,532	4,708	4,580	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 148,458</u>	<u>\$ 148,460</u>	<u>\$ 110,230</u>	<u>\$ 128,123</u>	<u>\$ 113,527</u>	<u>\$ 109,006</u>	<u>\$ 93,782</u>	<u>\$ 108,514</u>	<u>\$ 78,635</u>	<u>\$ 76,553</u>

STATISTICAL SECTION: REVENUE CAPACITY

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

Fiscal Year Ended June 30,	Total Taxable Assessed Value (000's)				Direct Tax Rate*				Total Direct Tax Rate*
	Tulsa County	Creek County	Osage County	Wagoner County	Tulsa County	Creek County	Osage County	Wagoner County	
2022	\$ 2,749,728	\$ 18,361	\$ 42,027	\$ 241	71.92	70.77	72.47	71.43	71.92
2021	2,682,541	17,809	40,993	235	68.70	67.55	69.25	68.21	68.70
2020	2,585,202	19,809	39,463	221	71.70	70.55	72.25	71.21	71.70
2019	2,495,072	16,482	40,030	209	71.92	70.77	72.47	71.43	71.92
2018	2,427,514	16,996	37,733	217	71.86	70.71	72.41	71.37	71.86
2017	2,358,291	16,218	37,726	196	70.27	69.12	70.82	69.78	70.27
2016	2,272,340	16,332	35,976	184	68.96	67.81	69.51	68.47	68.96
2015	2,213,584	15,625	35,545	209	68.99	67.84	69.54	68.50	68.99
2014	2,170,858	14,166	34,595	213	64.65	63.50	65.20	64.16	64.91
2013	2,173,975	13,513	33,884	225	64.65	63.50	65.20	64.16	64.65

*Mills per \$1,000.00 assessed valuation.

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

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tulsa Public Schools Rates										
General Fund	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05
Building Fund	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
Sinking Fund	26.63	27.50	30.50	30.72	30.66	29.07	27.76	27.79	23.71	23.45
Total Direct Rate	\$ 67.83	\$ 68.70	\$ 71.70	\$ 71.92	\$ 71.86	\$ 70.27	\$ 68.96	\$ 68.99	\$ 64.91	\$ 64.79
Tulsa Community College	7.21	7.21	7.21	7.21	7.21	7.21	7.21	7.21	7.21	7.21
Tulsa County Vo-Tech	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33
Tulsa County	23.26	23.25	22.66	22.74	22.24	22.24	22.22	22.23	22.23	22.24
City of Tulsa	20.44	17.78	22.12	22.14	22.44	21.20	22.79	20.24	20.24	20.16
Total For All Governments	\$ 132.07	\$ 130.27	\$ 137.02	\$ 137.34	\$ 137.08	\$ 134.25	\$ 134.51	\$ 132.00	\$ 127.92	\$ 127.58

Source: Tulsa County Assessor's Office.

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

Fiscal Year Ended June 30,	Total Taxable Assessed Value (000's)			Total Direct Tax Rate*	Estimated Actual Value (000's)	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property	Public Service			
2022	\$ 2,132,020	\$ 511,292	\$ 167,045	67.83	\$ 25,221,201	11.14%
2021	2,069,851	507,813	163,914	68.70	24,607,628	11.14%
2020	1,989,562	500,476	154,168	71.70	23,761,987	11.13%
2019	1,930,006	468,937	152,849	71.92	22,899,446	11.14%
2018	1,862,313	471,575	148,571	71.86	22,291,830	11.14%
2017	1,815,016	454,190	143,225	70.27	21,693,068	11.12%
2016	1,759,111	437,249	128,472	68.96	20,948,369	11.10%
2015	1,712,885	422,032	130,046	68.99	20,383,119	11.11%
2014	1,678,771	392,152	148,909	64.91	19,859,929	11.18%
2013	1,661,274	370,958	189,365	64.65	19,672,823	11.29%

*Mills per \$1,000.00 assessed valuation.

Source: Tulsa County Assessor's Office.

STATISTICAL SECTION: REVENUE CAPACITY

Principal Property Taxpayers

Taxpayer	Year Ended June 30,					
	2022			2013		
	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value
HollyFrontier Tulsa Refining	\$ 78,298	1	2.8%	\$ 44,172	3	2.0%
Public Service Company of Oklahoma	63,688	2	2.3%	48,474	2	2.2%
FC Tulsa OK Landlord LLC	38,059	3	1.4%	n/a	n/a	n/a
Oklahoma Natural Gas Company	30,428	4	1.1%	28,056	5	1.3%
AHS/VTR Hillcrest/Tulsa Holdings	27,152	5	1.0%	28,755	4	1.3%
Helmerich & Payne	20,027	6	0.7%	9,521	10	0.4%
AAON Inc.	19,102	7	0.7%	n/a	n/a	n/a
Quick Trip Corp	18,542	8	0.7%	n/a	n/a	n/a
Warren Foundation	16,842	9	0.6%	13,397	7	0.6%
AT&T Companies/Services	16,619	10	0.6%	55,368	1	2.5%
Williams Companies	n/a	n/a	n/a	13,884	6	0.6%
Cox Communications	n/a	n/a	n/a	11,230	8	0.5%
Cellco Partnership	n/a	n/a	n/a	10,917	9	0.5%
Total	\$ 328,757		11.7%	\$ 263,774		12.1%

Source: Tulsa County Assessor's Office.

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

Fiscal Year Ended June 30,	Gross Tax Levy*	Collected within Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	190,628	177,803	93.27%	-	177,803	93.27%
2021	188,348	181,653	96.45%	4,044	185,697	98.59%
2020	189,623	180,738	95.31%	5,515	186,253	98.22%
2019	183,528	171,623	93.51%	10,536	182,159	99.25%
2018	177,189	173,086	97.68%	5,396	178,482	100.73%
2017	169,524	162,172	95.66%	6,522	168,694	99.51%
2016	160,321	154,998	96.68%	5,246	160,244	99.95%
2015	156,261	150,106	96.06%	5,853	155,959	99.81%
2014	143,515	138,723	96.66%	4,735	143,458	99.96%
2013	143,629	139,486	97.12%	3,682	143,168	99.68%

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

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

Fiscal Year Ended June 30,	Total General Obligation Bonded Debt (1) (thousands)	Capital Leases (1) (thousands)	Total Debt (1) (thousands)	Tulsa County Personal Income (2) (thousands)	Debt Percentage of Total Personal Income	Tulsa County Population (2) (thousands)	Total Debt Per Capita (thousands)
2022	\$ 288,114	\$ 1,506	\$ 289,620	44,768,664	0.65%	673	\$ 430
2021	257,577	2,807	260,384	43,084,636	0.60%	669	389
2020	251,523	10,893	262,416	42,154,762	0.62%	652	402
2019	273,243	7,634	280,877	33,592,968	0.84%	648	433
2018	254,669	3,194	257,863	33,592,968	0.77%	648	398
2017	250,118	2,977	253,095	33,489,286	0.76%	646	392
2016	241,882	-	241,882	36,831,531	0.66%	645	375
2015	224,096	30,507	254,603	40,175,553	0.63%	640	398
2014	182,344	30,852	213,196	44,611,605	0.48%	631	338
2013	176,044	29,907	205,951	40,896,611	0.50%	624	330
2012	178,460	17,722	196,182	36,362,176	0.54%	615	319

Source:

(1) Note 8. Long-term debt

STATISTICAL SECTION: DEBT CAPACITY

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

Fiscal Year Ended June 30,	Total General Obligation Bonded Debt (1) (thousands)	Sinking Fund Balance (thousands)	Net General Obligation Bonded Debt (thousands)	Estimated Actual Value (2) (thousands)	Ratio of Net General Obligation Bonded Debt to Estimated Actual Value	Tulsa County Population (3) (thousands)	Net General Obligation Bonded Debt Per Capita
2022	\$ 288,114	\$ 74,571	\$ 213,543	\$ 25,221,201	0.85%	673	\$ 317
2021	257,577	76,582	180,995	24,607,628	0.74%	669	271
2020	251,523	78,598	172,925	23,761,987	0.73%	669	258
2019	273,243	78,329	194,914	22,899,446	0.85%	652	299
2018	254,669	77,894	176,775	22,291,830	0.79%	648	273
2017	253,095	71,024	182,071	21,693,068	0.84%	646	282
2016	241,882	66,079	175,803	20,948,369	0.84%	645	273
2015	224,096	53,013	171,083	20,383,119	0.84%	640	267
2014	182,344	45,494	136,850	19,859,929	0.69%	631	217
2013	176,044	47,125	128,919	19,672,823	0.66%	624	207

Source:

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

STATISTICAL SECTION: DEBT CAPACITY

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 281,036	\$ 274,158	\$ 264,469	\$ 255,179	\$ 248,246	\$ 241,243	\$ 232,483	\$ 226,494	\$ 221,983	\$ 222,160
Net Debt Applicable to Limit	213,038	183,802	183,818	202,279	173,501	175,746	172,671	166,231	66,079	127,745
Legal Debt Margin	<u>\$ 67,998</u>	<u>\$ 90,356</u>	<u>\$ 80,651</u>	<u>\$ 52,900</u>	<u>\$ 74,745</u>	<u>\$ 65,497</u>	<u>\$ 59,812</u>	<u>\$ 60,263</u>	<u>\$ 155,904</u>	<u>\$ 94,414</u>
Total net debt applicable to the limit as a percentage of debt limit	75.80%	67.04%	69.50%	79.27%	69.89%	73.39%	29.77%	57.50%	59.20%	58.72%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed Value	\$ 28,103,567
Debt Limit (10% of assessed value)	281,036
Total Bonded Indebtedness	289,620
Debt service fund balance	<u>76,582</u>
Net Bonded Indebtedness	213,038
Legal Debt Margin	<u>\$ 67,998</u>

Sources:

Certificate of excise board estimate of needs for 2021-2022, Total Valuation
Oklahoma State Department of Education 2022-OCAS District Check Report
Note 8. Long -term debt

**Direct and Overlapping Governmental Debt
June 30, 2022
(Thousands)**

Governmental Unit	Net Indebtedness	Estimated % Applicable to the District	Estimated Share of Overlapping Debt
City of Tulsa	\$ 280,330 *	64.91%	\$ 181,953
Tulsa Community College	-	40.71%	-
Tulsa County	15,749 *	40.71%	2,857
Tulsa Vo-Tech #18	-	37.79%	-
Creek County	-	3.15%	-
Osage County	-	9.09%	-
Wagoner County	-	0.03%	-
Subtotal, overlapping debt			\$ 184,810
Tulsa School District Direct Debt			262,416
Total Direct and Overlapping Debt			\$ 447,226

*As of June 30, 2021

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

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

Tulsa Area Principal Employers

Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment *	Employees	Rank	Percentage of Total Employment *
Saint Francis Healthcare System	8,000	1	1.66%	6,500	4	1.40%
Ascension St. Johns Health System	7,000	2	1.45%	6,500	5	1.40%
Tulsa Public Schools	6,000	3	1.25%	7,000	2	1.51%
Wal-Mart/Sam's Club	5,500	4	1.14%	7,500	1	1.62%
Hillcrest Healthcare System	5,500	5	1.14%	5,000	6	1.08%
American Airlines	5,000	6	1.04%	7,000	3	1.51%
City of Tulsa	3,500	7	0.73%	4,000	7	0.86%
Broken Arrow Public Schools	2,500	8	0.52%			
Cherokee Nation and Casion	2,500	9	0.52%	3,000	9	0.65%
QuikTrip	2,500	10	0.52%			
Sprint AeroSystems	-		-	3,000	8	0.65%
Reasor's (all Tulsa Area)	-		-	2,500	10	0.54%
	<u>48,000</u>		<u>9.97%</u>	<u>52,000</u>		<u>11.22%</u>

*Tulsa MSA

Sources: City of Tulsa CAFR and district records

Note: Information is not available for fiscal year 2022.

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

Fiscal Year Ended	Tulsa County					
	Population	Personal Income (000's)	Per Capita Personal Income	Labor Force	Number Employed	Unemployment Rate
June 30, 2021	672,858	\$ 44,768,664	\$ 66,535	481,572	462,277	4.0%
2020	669,279	43,084,636	65,519	324,010	302,728	6.6%
2019	651,552	42,154,762	64,699	323,670	313,397	3.2%
2018	648,360	40,688,491	62,756	322,030	311,265	3.3%
2017	646,727	37,525,897	58,024	320,152	306,536	4.3%
2016	646,396	34,720,064	53,713	318,576	303,691	4.7%
2015	640,979	40,534,679	63,239	318,248	305,047	4.1%
2014	631,441	45,104,490	71,431	311,497	298,129	4.3%
2013	624,173	41,650,779	66,730	311,042	295,184	5.1%
2012	615,594	36,889,336	59,925	310,018	294,043	5.2%
2011	609,392	32,422,450	53,205	304,059	285,655	6.1%

Note: Information not available for fiscal year 2022

Sources:

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

Bureau of Labor Statistics

US Census Bureau

STATISTICAL SECTION: OPERATING INFORMATION

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

Regular Education													Total - Net Current Expenditures Per Pupil	Average Daily Membership
Fiscal Year	Support Services Instruction	Administrative Support & Staff Services	Instructional and School Leadership	Central Services	Operation & Maintenance of Plant Facilities	Child Nutrition	Total	Facility Acquisition and Construction	Student Transportation	Other				
2021-22	\$ 5,827	\$ 2,008	\$ 186	\$ 705	\$ 961	\$ 1,338	\$ 748	\$ 11,772	2,513	434	155	14,874	32,624	
2020-21	5,752	1,945	204	692	975	1,246	647	11,461	1,873	404	676	14,414	31,625	
2019-20	5,331	1,510	163	661	875	1,075	736	10,353	1,011	357	573	12,294	35,351	
2018-19	5,189	1,439	171	644	954	1,005	702	10,103	1,738	447	474	12,762	36,552	
2017-18	4,453	1,263	148	577	734	950	717	8,842	1,505	367	372	11,086	36,718	
2016-17	4,635	1,265	142	545	603	997	695	8,882	1,139	370	340	10,732	37,932	
2015-16	4,400	1,253	148	563	589	927	669	8,549	1,546	399	281	10,631	38,855	
2014-15	4,319	1,157	161	544	851	955	678	8,665	1,367	390	189	10,467	39,497	
2013-14	4,266	1,117	198	514	872	1,053	630	8,650	809	325	163	9,832	39,705	
2012-13	4,231	1,172	253	436	410	966	633	8,101	1,010	421	269	9,588	39,596	

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

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

	<u>2022</u>	<u>2021**</u>	<u>2020*</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Number of operating cafeterias	68	65	73	77	80	81	84	84	82	82
Number of schools participating in Federal lunch program	68	69	73	77	80	81	84	84	82	82
Student lunches served:										
Free lunches	3,373,640	1,619,524	2,425,759	3,802,553	3,846,247	3,647,979	3,649,019	3,709,060	3,672,403	3,671,959
Reduced price lunches	n/a	n/a	98,038	116,960	117,773	104,276	350,079	386,566	343,268	394,713
Paid lunches	n/a	n/a	436,110	174,745	162,021	611,223	518,242	521,208	534,142	567,143
Total student lunches served	<u>1,619,524</u>	<u>1,619,524</u>	<u>2,959,907</u>	<u>4,409,258</u>	<u>4,126,041</u>	<u>4,363,478</u>	<u>4,517,340</u>	<u>4,616,834</u>	<u>4,549,813</u>	<u>4,633,815</u>
Adult lunches served	n/a	n/a	11,232	16,852	21,156	30,538	40,801	49,606	53,738	58,971
Ala Carte lunches:										
Student daily equivalent meals	n/a	n/a	366	549	557	641	726	766	892	1,061
Adult daily equivalent meals	n/a	n/a	62	93	98	109	98	145	167	114
Daily average lunches served (including ala carte lunches):										
Student	14,797	5,565	24,264	25,513	25,135	25,977	27,615	28,247	25,226	28,643
Adult	n/a	n/a	92	195	128	182	341	440	454	465
Average Daily Membership (ADM)	14,797	31,625	35,035	36,278	37,433	38,587	39,101	39,666	39,588	39,551
Percent of student lunches served to ADM	100.0%	17.6%	69.2%	70.3%	67.1%	67.3%	70.6%	71.2%	63.7%	72.4%

**2021 District records does not have data in this format that is comparable to prior years due to the continued disruption of the COVID-19 pandemic where the district elected to be in a distance learning model for most of the 2020-2021 school year. Meals were served under the allowance of the federal seamless summer food program during the entire year whether students were learning in person or not. Due to the pandemic, the district also consolidated site operations to support meal delivery in a "grab and go" format during distance learning. The number of days when the district provided meal services also increased (impacting the daily average lunches served statistic) since Tulsa Public Schools delivered meals on weekends and holidays to support food security for our students and families.

*2020 District records does not have data in this format for the final quarter of the year due to the disruption of the COVID-19 pandemic closure in March 2020. Child Nutrition services to serve meals under the USDA's seamless summer program until end of fiscal year. From the March closure to the last school day in May the following total meals were served to our students: Breakfast 581,901: Lunch 586,183.

Source: District records.

**High School Graduates
Last Ten Fiscal Years**

School Year	Central	East Central	Edison	Hale	Memorial	Rogers	McLain	Washington	Webster	Total
2021-22	46	194	231	126	146	186	56	294	76	1,355
2020-21	76	220	240	134	163	200	94	298	73	1,498
2019-20	109	253	261	199	181	184	85	310	82	1,664
2018-19	114	207	242	164	184	154	103	313	99	1,580
2017-18	103	197	227	215	188	138	87	314	94	1,563
2016-17	106	225	241	193	226	134	96	277	96	1,594
2015-16	124	187	244	155	182	145	96	350	99	1,582
2014-15	153	216	243	215	174	103	67	314	87	1,572
2013-14	116	193	231	203	162	61	66	306	89	1,427
2012-13	73	168	216	226	189	0	(1)	78	74	1,320

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

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

**List of School Buildings: Square Footage, Capacity, Age
June 30, 2022**

School Building*	Physical Address	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/ Construction Date(1)	Depreciation Effective Date(2)
Greenwood Leadership	1789 W. Seminole Street	53,377	339	582	58%	1973	1982
Anderson	1921 E. 29th Street North	86,908	331	602	55%	1960	1972
Bell	6304 E. Admiral Boulevard	92,724	390	674	58%	1952	1972
Burroughs	1924 N. MLK Jr. Boulevard	59,064	265	454	58%	1925	1972
Carnegie	4309 E. 56th Street	54,580	412	467	88%	1958	1972
C. Clinton	1740 N. Harvard Avenue	82,118	499	707	71%	1953	1982
Wayman Tisdale Fine Arts Academy	4132 W. Cameron Street	84,183	332	645	51%	1958	1979
Clinton West	2224 W. 41st Street	123,811	344	700	49%	2009	2010
Delores Huerta	10620 E. 27th Street	50,366	322	513	63%	1971	1985
Cooper	1808 S. 123rd East Avenue	85,545	616	888	69%	1966	1979
Disney	11702 E. 25th Street	83,564	715	993	72%	1969	1982
Felicitas Mendez International	2703 N. Yorktown Place	44,065	263	355	74%	1955	1955
John Hope Franklin	5402 N. MLK Jr. BLVD	69,709	300	579	52%	1958	1979
Eisenhower	3111 East 56th Street	101,868	508	641	79%	1961	1979
Eliot	1442 E. 36th Street	47,504	320	480	67%	1928	1979
Emerson	909 N. Boston Avenue	78,050	427	549	78%	1976	1979
Eugene Field	2249 S. Phoenix Avenue	56,802	309	503	61%	2005	2006
Grissom	6646 S. 73rd East Avenue	59,084	282	444	64%	1969	1979
Hamilton	2316 N. Norwood Place	120,896	337	750	45%	1957	1974
Hawthorne	1105 E. 33rd Street North	59,151	286	559	51%	1952	1982
Hoover	2327 S. Darlington Avenue	71,755	377	638	59%	1954	1979
Unity Learning Academy	2137 N. Pittsburg Avenue	55,974	257	536	48%	1959	1972
Kendall Whittier	2601 E. 5th Place	125,520	793	1,230	64%	1998	1998
Kerr	202 S. 117th East Avenue	64,365	439	697	63%	1964	1981
Key	5702 S. Irvington Avenue	67,054	272	628	43%	1961	1979
Lanier	1727 S. Harvard Avenue	51,183	268	398	67%	1925	1972
Council Oaks	1920 S. Cincinnati Avenue	48,271	438	503	87%	1918	1972
Lewis & Clark	737 S. Garnett Road	105,666	456	704	65%	1971	1982
Lindbergh	931 S. 89th East Avenue	61,862	491	536	92%	1957	1979
MacArthur	2182 S. 73rd East Avenue	66,320	406	635	64%	1957	1979
Marshall	1142 E. 56th Street	64,478	255	605	42%	1953	1974
Mayo	1127 South Columbia Avenue	60,008	346	424	82%	1926	1982
McClure	1770 E. 61st Street	80,816	427	776	55%	1957	1979
McKinley	6703 E. King Street	72,341	441	763	58%	1956	2000
Mitchell	733 N. 73rd East Avenue	58,814	408	664	61%	1960	1979
Owen	1132 N. Vandalia Avenue	61,139	428	582	74%	1952	1979
Patrick Henry	3820 E. 41st Street	60,396	420	550	76%	1957	1974
Peary	10818 E. 17th Street	45,657	314	444	71%	1968	1982
Project Accept	1202 West Newton Street	31,928	125	160	78%	1910	1910
Robertson	2721 W. 50th Street	55,352	220	513	43%	2003	2003
Salk	7625 E. 58th Street	65,922	422	707	60%	1964	1979
Sequoyah	724 N Birmingham Avenue	121,029	341	743	46%	1926	1974
Skelly	2940 S. 90th East Avenue	156,454	736	1,230	60%	1966	1979
Springdale	2510 E. Pine Street	54,924	358	628	57%	1925	1972
Whitman	3924 N. Lansing Avenue	54,333	258	500	52%	1961	1980
Zarrow	3613 S. Hudson Avenue	57,735	449	516	87%	1959	1979

STATISTICAL SECTION: OPERATING INFORMATION

**List of School Buildings: Square Footage, Capacity, Age
June 30, 2022**

School Building*	Physical Address	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/ Construction Date(1)	Depreciation Effective Date(2)
Carver	624 E. Oklahoma Place	113,029	619	735	84%	1928	1972
East Central JH	12121 E. 21st Street	127,548	645	920	70%	1967	1979
Edison MS	2906 E. 41st Street	116,047	830	900	92%	1954	1979
Hale JH	2177 S. 67th East Avenue	132,777	528	915	58%	1960	1974
Memorial JH	7502 E. 57th Street	128,733	606	645	94%	1966	1982
Monroe	2010 E. 48th Street North	151,234	718	1,035	69%	1958	1979
Thoreau	7370 East 71st Street	123,110	448	675	66%	1973	1984
Central JR/HS	3101 W. Edison Street	176,925	603	986	61%	1976	1988
East Central	12150 E. 11th Street	276,721	1,044	1,254	83%	1966	1979
Edison	2906 E. 41st Street	287,018	1,055	1,388	76%	1957	1979
Hale	6960 E. 21st Street	251,413	902	1,296	70%	1959	1979
McLain HS	4929 N. Peoria Avenue	272,623	600	1,156	52%	1959	1988
Memorial	5840 S. Hudson Avenue	278,863	885	1,326	67%	1962	1988
Rogers JR/HS	3909 E. 5th Place	298,334	1,645	1,682	98%	1939	1972
Washington	1514 E. Zion Street	259,805	1,284	1,400	92%	2001	2004
Webster MS/HS	1919 W. 40th Street	208,807	647	933	69%	1938	1972
Tulsa MET JR/HS	6201 E. Virgin Street	57,850	120	290	41%	1929	1929
Traice MS/HS	2740 E. 41st Street North	45,075	116	215	54%	1957	1957

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

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

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

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

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

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

Fiscal Year Ended June 30,	Total Number of Schools			Total Student Enrollment	Average Daily Membership (ADM)	Average Daily Attendance (ADA)	Ratio ADA to ADM
	Elementary Schools	Middle Schools	High Schools				
2022	46	10	9	32,785	32,624	28,091	86.10%
2021	46	10	9	33,224	31,625	26,735	84.54%
2020	52	11	9	35,403	35,351	32,202	91.09%
2019	52	11	9	36,203	36,552	33,484	91.61%
2018	52	11	9	37,054	36,718	33,750	91.92%
2017	54	12	9	38,628	37,932	35,082	92.49%
2016	54	12	9	39,451	38,855	36,002	92.66%
2015	54	12	9	39,999	39,497	36,416	92.20%
2014	54	12	9	40,026	39,705	36,695	92.42%
2013	54	12	9	40,252	39,596	36,630	92.51%

Source: District records.

Note: Enrollment figures exclude charter school enrollment within the District.

STATISTICAL SECTION: OPERATING INFORMATION

Schedule of Government Employees by Function

Function	Number of Employees at June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction and instruction-related services	2,919	3,261	3,257	3,474	3,348	3,260	3,560	4,501	4,619	4,222
Support services - student and staff	612	711	599	628	621	623	727	575	589	716
Instructional and school leadership	354	379	363	379	386	396	404	257	211	212
Administrative support services	153	159	163	166	164	152	156	114	163	153
Operation of non-instructional services	451	557	563	665	649	615	611	587	453	586
Operation and maintenance of plant services	450	455	492	497	487	494	557	480	554	529
Student transportation services	202	248	318	279	252	343	337	290	251	289
Total Government Employees	<u>5,141</u>	<u>5,770</u>	<u>5,755</u>	<u>6,088</u>	<u>5,907</u>	<u>5,883</u>	<u>6,352</u>	<u>6,804</u>	<u>6,840</u>	<u>6,707</u>

Source: District records.

Tulsa Public Schools

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

Single Audit Report
June 30, 2022

Contents

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
Report on compliance for the major federal program; report on internal control over compliance and report on schedule of expenditures of federal awards as required by the Uniform Guidance	3-5
Schedule of expenditures of federal awards	6-7
Notes to schedule of expenditures of federal awards	8
Summary schedule of prior audit findings	9
Schedule of findings and questioned costs	10-13
Corrective action plan	14-16



RSM US LLP

**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***

Independent Auditor's Report

Board of Education
Tulsa Public Schools
Tulsa, Oklahoma

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tulsa Public Schools (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 30, 2023. Our report includes a reference to other auditors who audited the financial statements of the Foundation for Tulsa Schools, Inc. (the Foundation), as described in our report on the District's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Audit Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the aggregate discretely presented component union or that are reported on separately by those auditors who audited the financial statements of the Foundation. Our report contained an emphasis of matter paragraph as, the District's July 1, 2021 financial statements have been restated due to the implementation of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion was not modified with respect to this matter.

Report on 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 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 a 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we considered to be material weaknesses.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
March 30, 2023



RSM US LLP

**Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Education
Tulsa Public Schools
Tulsa, Oklahoma

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Tulsa Public Schools' (the District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated March 30, 2023, which contained an unmodified opinions on those financial statements. The District's July 1, 2021 financial statements have been restated due to the implementation of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Oklahoma City, Oklahoma
March 30, 2023

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

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	Pass-through Grantor's Project Number	Total Expenditures
U.S. Department of Agriculture			
Passed Through Oklahoma Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	764	\$ 4,822,676
National School Lunch Programs	10.555	763	11,499,473
Summer Food Services Program	10.559	766	1,760,790
Child Nutrition Discretionary Grants Limited Availability	10.579	791	40,130
Passed through Oklahoma Department of Human Services			
National School Lunch Program-Commodity	10.555	773	<u>1,488,043</u>
Total Child Nutrition Cluster			<u>19,611,112</u>
Commodity Credit Corporation (CCC)	10.555	759	655,502
Fresh Fruit/Vegetable Program	10.582	768	921,024
Child and Adult Care Program	10.558	769	<u>745,721</u>
Total U.S. Department of Agriculture			<u>21,933,359</u>
U.S. Department of the Interior			
Direct Programs			
477 Cluster:			
Creek Nation:			
Johnson O'Malley	15.130	n/a	14,525
Johnson O'Malley C/O	15.130	n/a	26,759
Cherokee Nation:			
Johnson O'Malley	15.130	n/a	<u>25,957</u>
Total U.S. Department of the Interior			<u>67,241</u>
U.S. Department of Education			
Direct Program			
Title VII Indian Education	84.060	n/a	617,669
Passed through Oklahoma Department of Education			
Special Education Cluster (IDEA):			
Engage/Develep Monitoring	84.027	615	82,464
IDEA-B Flowthrough	84.027 A	621	5,606,440
IDEA-B Early Intervening	84.027 A	623	315,608
IDEA-B Private Schools	84.027 A	625	11,778
IDEA-B High Cost Fund	84.027 A	626	164,189
IDEA-B Preschool	84.173 A	641	136,909
COVID-19 - ARP-American Rescue Plan-IDEA-B	84.027 X	628	<u>99,817</u>
Total Special Education Cluster (IDEA)			<u>6,417,205</u>

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

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	Pass-through Grantor's Project Number	Total Expenditures
Title I	84.010	511	17,284,333
Title I Neglected/Delinquent Children	84.010	532	31,438
Title I School Support	84.010	515	2,196,366
OK Striving Readers Comprehension	84.371	538	3,311
Title IV Student Supt & A	84.424	552	1,452,881
Supplemental School Improvement	84.377	519	93,525
Title I - CAC	84.010	786	<u>949,944</u>
			22,011,798
McKinney Homeless Youth	84.196	596	63,998
Title II Part A Improve Teachers	84.367	541	2,111,860
Title III Part A English Language	84.365	572	687,063
Title III Part A-Immigrant Education Act	84.365	571	<u>151,179</u>
			838,242
Supporting Effective Educator Development (SEED)	84.423 A	n/a	940
COVID-19 - ARP ESSER-American Rescue Plan Elementary and Secondary School Emergency Relief Fund-Summer Learning	84.425 U	558	41,302
COVID-19 - ARP ESSER-American Rescue Plan Elementary and Secondary School Emergency Relief Fund-School Counselor Corps Grant	84.425 U	722	186,602
COVID-19 - ESF-Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425 A	788	4,004,445
COVID-19 - ESSER-Elementary and Secondary School Emergency Relief Fund I	84.425 D	789	120,738
COVID -19 - ESSER-Elementary and Secondary School Emergency Relief Fund II	84.425 D	793	40,613,461
COVID-19 - ARP ESSER- American Rescue Plan Elementary and Secondary School Emergency Relief Fund III	84.425 U	795	27,767,371
COVID-19 - ARP ESSER- American Rescue Plan Elementary and Secondary School Emergency Relief Fund-Homeless II	84.425 U	797	202,264
Passed through Oklahoma Department of Career and Technology Education			
Carl Perkins Grant	84.048	421	522,665
Carl Perkins Supplemental Grant	84.048	424	<u>5,530</u>
			528,195
Passed through Oklahoma Department of Rehabilitation Services			
DRS-Voc Ed Rehab	84.126	456	1,969
Total U.S. Department of Education			<u>105,528,059</u>
U.S. Department of Health and Human Services			
Passed through Oklahoma Department of Human Services			
Medicaid Cluster:			
Medical Assistance Program	93.778	698	<u>88,945</u>
Total Medicaid Cluster			88,945
CDC-Epidemiology and Laboratory Capacity- Reopening Schools	93.323	723	<u>393,413</u>
Total U.S. Department of Health and Human Services			<u>482,358</u>
Total Federal Assistance			<u>\$ 128,011,017</u>

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

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

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, 2022. 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 of 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 modified 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 includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$953,426 related to USDA Commodities grants (Assistance Listing Number 10.555) provided by the U.S. Department of Agriculture and passed through the Oklahoma Department of Human Services.



**Summary Schedule of Prior Audit Findings
For the year ended June 30, 2022**

Compliance Findings

2021-001

Finding: The District does not have sufficient procedures in place to ensure proper review of schedules necessary to prepare their year-end entries in accordance with generally accepted accounting principles (GAAP).

Corrective Actions Taken or Planned: Corrected. In 2022.

DESTINATION EXCELLENCE

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

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No
 Significant deficiencies identified? Yes None Reported
 Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with
 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425A, 84.425D, and 84.425U	COVID-19 - Education Stabilization Fund (ESF) - Elementary and Secondary School

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

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

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022**

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

A. Internal Control

Finding 2022-001

Material weakness in internal control over financial reporting

Criteria: Management of the District is responsible for establishing and maintaining effective internal controls. The design and operation of these controls should allow management or employees, in the normal course of performing their assigned functions to, prevent, or detect and correct, misstatements, fraud, waste or abuse on a timely basis.

Condition: The District did not have effective internal controls in place over the procurement and cash disbursement process for certain payments to vendors. The former Chief Talent and Equity Officer circumvented internal controls in order to make payments to certain vendors for which there was no clear business purpose for the payments or verification of the benefit received by the District.

Cause: Internal controls over procurement and cash disbursements were overridden by the former Chief Talent and Equity Officer. Employees were instructed to approve vendors without following the District's procurement policy, create purchase orders, and expedite payments to the vendors. In addition, there was ineffective oversight and monitoring of these contracts to verify the services were provided to the District and were for the intended purpose and a benefit to the District.

Effect or Potential Effect: District management has identified three vendors as having received payments by the District for what appears to be questionable expenditures between the years ending June 30, 2019 through June 30, 2022. Two of the vendors were paid approximately \$364,000 in which there was no clear business purpose documented. A third vendor was paid approximately \$658,000 during this four-year period, a portion of which has been identified by the District as not having a clear business purpose, while the total amount of questionable payments to this vendor are unknown. This matter is also the subject of an external ongoing investigation by legal authorities, who have not quantified the alleged inappropriate expenditures.

Recommendation: The District should ensure that sufficient and effective internal control policies and procedures are established to prevent the establishment of and the payment to vendors for which there is no business purpose or services have not been performed by the vendor to benefit the District.

District's Management Response: The issues described in Audit Finding 2022-001 relate to three Talent Management department vendors, to which Tulsa Public Schools paid the following amounts: the first roughly \$648,000 over four fiscal years; the second roughly \$343,000 over three fiscal years; and the third \$21,000 in one fiscal year.

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

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022**

The issues relating to these vendors were initially discovered by the District in the course of its investigations relating to the matters described in Audit Finding 2022-002, which pertains to the vendor receiving a total of \$648,000 from the District. As described in the management response relating to that finding, Tulsa Public Schools responded swiftly and appropriately upon learning about those concerns. It took necessary personnel action and promptly notified law enforcement officials. District staff - to the maximum extent appropriate given the ongoing law enforcement investigation - informed the Board of Education and stakeholders of the situation immediately.¹

Shortly after the initial report to law enforcement, more internal investigation work by Tulsa Public Schools uncovered an additional vendor (the vendor paid roughly \$343,000 by the District) connected to the former Chief Talent and Equity Officer that had received payments from the District without a clear business purpose. The District immediately notified the authorities of the second vendor, providing them records and information, and notified the Board of Education. Subsequent ongoing internal investigation work uncovered a third vendor (the vendor paid \$21,000 by Tulsa Public Schools) in one fiscal year with suspiciously similar characteristics to the first two vendors, resulting in additional reporting and information sharing with law enforcement officials for their review.

After turning all information over to appropriate law enforcement officials, Tulsa Public Schools promptly initiated additional reviews, both internal and external, to assess and strengthen the District's internal controls and procedures, as well as assist the District in determining whether there were any other procurements of concern. No other procurements with similar concerns have been identified. The District reviewed all recommendations and made systemic improvements.

**Finding 2022-002
Material weakness in internal control over financial reporting**

Criteria: District Policy #4409, *Employee Conflict of Interest* states that under no circumstances is it permissible to accept or offer a gift of cash or cash equivalents from any person or business organization that does, or seeks to do business, with the District.

Condition: During the fiscal year ended June 30, 2021, the former Chief Talent and Equity Officer used a personal credit card to purchase computer software, at a cost of \$32,513. A District vendor then reimbursed the former Chief Talent and Equity Officer \$49,780 for this purchase. The vendor also reimbursed the former Chief Talent and Equity Officer an additional \$3,922 during the year ended June 30, 2021. In addition, during fiscal years ended June 30, 2021 and 2022, the former Chief Talent and Equity Officer directed this vendor to make "bonus" payments to certain District employees. The total amount of the bonus payments were \$14,000 in FY 2021 and \$3,000 in FY 2022. The former Chief Talent and Equity Officer also directed the vendor to make a \$25,000 payment to one employee (former employee as of the date of this report) in fiscal year 2021. The acceptance of these payments are a violation of District Policy #4409.

¹ This vendor was paid a total of \$648,000 from the district over four fiscal years. While the total amount of questionable payments to this vendor are unknown, over this period, there was a significant body of meaningful services with a clear business purpose that was provided. This included developing strategies and improving processes related to teacher recruitment, hiring, onboarding, retention; coaching, strategic planning sessions, and tailored support for the Talent Management team; and talent management-related project planning and management.

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

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022**

Cause: The former Chief Talent and Equity Officer overrode internal controls and District policies and procedures in directing the vendor to make these payments to District employees.

Effect or Potential Effect: These expenditures violated the District's conflict of interest policy. This matter is the subject of an ongoing investigation by legal authorities.

Recommendation: The District should implement policies and procedures to effectively communicate the District's conflict of interest policy to all employees at least annually and to enforce these policies on an ongoing basis.

District's Management Response: Audit finding 2022-002's description of a reimbursement by a vendor and payments to individual employees are matters Tulsa Public Schools discovered in its initial investigation in June, 2022. Tulsa Public Schools promptly reported its findings to law enforcement officials and the District's Board of Education. Tulsa Public Schools took the necessary personnel action (including suspending the Chief Talent and Equity Officer and notifying him of the intention to terminate his employment), and its investigators turned over all records and information to the authorities. The District - to the maximum extent appropriate given the ongoing law enforcement investigation - informed the Board of Education and stakeholders of the situation immediately.

With respect to the payments to the individual employees, the District's internal investigation suggests that the former Chief Talent and Equity Officer misrepresented to the involved employees the validity of the payments from the vendor. As noted above, all available documentation related to these payments was provided to the appropriate authorities.

B. Instance of Noncompliance

See findings 2022-001 and 2022-002 above.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters to report.

B. Instances of Noncompliance

No matters to report.



Corrective Action Plan For year ended June 30, 2022

Compliance Findings

2022-001

Finding: The District did not have effective internal controls in place over the procurement and cash disbursement process for certain payments to vendors. The former Chief Talent and Equity Officer circumvented internal controls in order to make payments to certain vendors for which there was no clear business purpose for the payments or verification of the benefit received by the District.

Corrective Actions Taken or Planned:

Tulsa Public Schools discovered issues related to Finding 2022-001 and immediately reviewed and strengthened internal controls and procedures. Below are the efforts already implemented and underway in team Finance and across the district:

1. Improvement and assurance of sufficient and effective internal controls, including
 1. A multi-level review of all purchasing documents, including detailed work scopes.
 2. Rigorous adherence to multi-level approval of all vendor purchased services.
 3. Implement periodic reviews to enhance guidance and processes to ensure that they are comprehensive and effective over time.
2. Improvement and enhancement of procedures related to vendor verification and onboarding, including:
 1. Additional vendor information verification to ensure a proper business purpose.
 2. Addition of steps to current review of affiliations to ensure that there are no foreseeable conflicts of interest.
3. Review and strengthening of procedures related to procurement, invoicing and processing of vendor payment/cash disbursement including:
 1. Increased requirements for specific, detailed and appropriate vendor work scopes prior to requisition approval; and
 2. Multi-level review of detailed invoicing and evidence of work performance prior to vendor payment.
4. Expanded oversight of all vendors sourcing and payment, including
 1. Routine requests for additional documentation verifying performance of work.
 2. Retraining of staff on requirements of procurement, vendor engagement, management, and accountability to further strengthen controls that require a requisition be prepared and approved to issue a printed purchase order before goods/services are ordered or committed for purchase.

3. Increased collaboration between departments with cross-functional duties to ensure consistent practices.

Owner: Chief Finance and Operations Officer

2022-002

Finding: During the fiscal year ended June 30, 2021, the former Chief Talent and Equity Officer used a personal credit card to purchase computer software, at a cost of \$32,513. A District vendor then reimbursed the former Chief Talent and Equity Officer \$49,780 for this purchase. The vendor also reimbursed the former Chief Talent and Equity Officer an additional \$3,922 during the year ended June 30, 2021. In addition, during fiscal years ended June 30, 2021 and 2022, the former Chief Talent and Equity Officer directed this vendor to make “bonus” payments to certain District employees. The total amount of the bonus payments were \$14,000 in FY 2021 and \$3,000 in FY 2022. The former Chief Talent and Equity Officer also directed the vendor to make a \$25,000 payment to one employee (former employee as of the date of this report) in fiscal year 2021. The acceptance of these payments are a violation of District Policy #4409.

Corrective Actions Taken or Planned:

To address this issue, Tulsa Public Schools took action that falls into three categories.

First, the staff involved in the FY21 and FY22 vendor payments addressed in this audit received individual counseling sessions with the new Chief Talent and Equity Officer in July 2022.² These sessions included a review of board policy 4409 with a focus on its applicability to vendor payments. Further, as of March 2023, the employees who had not already initiated repayments of the money were directed to return the funds that they received to the District.

Second, Tulsa Public Schools took action to strengthen and document employee understanding of District Policy 4409, Employee Conflict of Interest. In September 2022, Tulsa Public Schools issued 4409-R, a four-page set of new [regulations](#) to support the effective implementation of Board Policy 4409. This included a detailed explanation of the variety of scenarios and criteria associated with a conflict of interest. After issuing the new regulation, Tulsa Public Schools shared the regulation and required it be reviewed, along with the policy, by district and school leaders, who then had to confirm that they read and understood policy 4409 and 4409-R. Further dissemination and required review by additional staff has already begun and should be complete before the end of March 2023.

² These conduct review sessions involved the four affected staff who, as of July 2022, were still employed by Tulsa Public Schools.

Third, Tulsa Public Schools reviewed employee onboarding materials to ensure and confirm that all employees are provided with full access to board policies and regulations as part of routine hiring

procedures. To further strengthen employee understanding of policy 4409, Tulsa Public Schools will highlight and emphasize policy 4409 as part of the policy review attestation that all new employees must complete. This will be complete by April 2023.

Finally, before June 2023, Tulsa Public Schools will initiate an annual process of providing all staff with information about board policy 4409 and 4409-R and reminders about its importance.

Owner: Chief Talent Officer

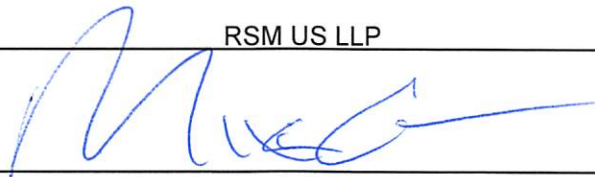
TULSA PUBLIC SCHOOLS INDEPENDENT SCHOOL DISTRICT NO. I-1
TULSA COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT

Year Ended June 30, 2022

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 Tulsa Public Schools Independent School District No. I-1 for the audit year ended June 30, 2022.

RSM US LLP



Signature of Authorized Agent

Michael J. Gibson

Printed Name of Authorized Agent

Subscribed and sworn to before me on this

28th Day of March, 2023


NOTARY PUBLIC

My commission expires on:

18th Day of September, 2025

Commission No. 17008665

