



T U L S A

PUBLIC SCHOOLS

Tulsa Public Schools
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011



Excellence and High Expectations with a Commitment to All

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

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

*Prepared by the
Department of Financial Services*

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

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

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

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TULSA PUBLIC SCHOOLS
2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



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Board of Education

President

Brian Hunt, President

Members

Lana Turner-Addison, Ed.D,
Anna America
Oma Jean Copeland
Ruth Ann Fate
Lois Jacobs
Gary Percefull

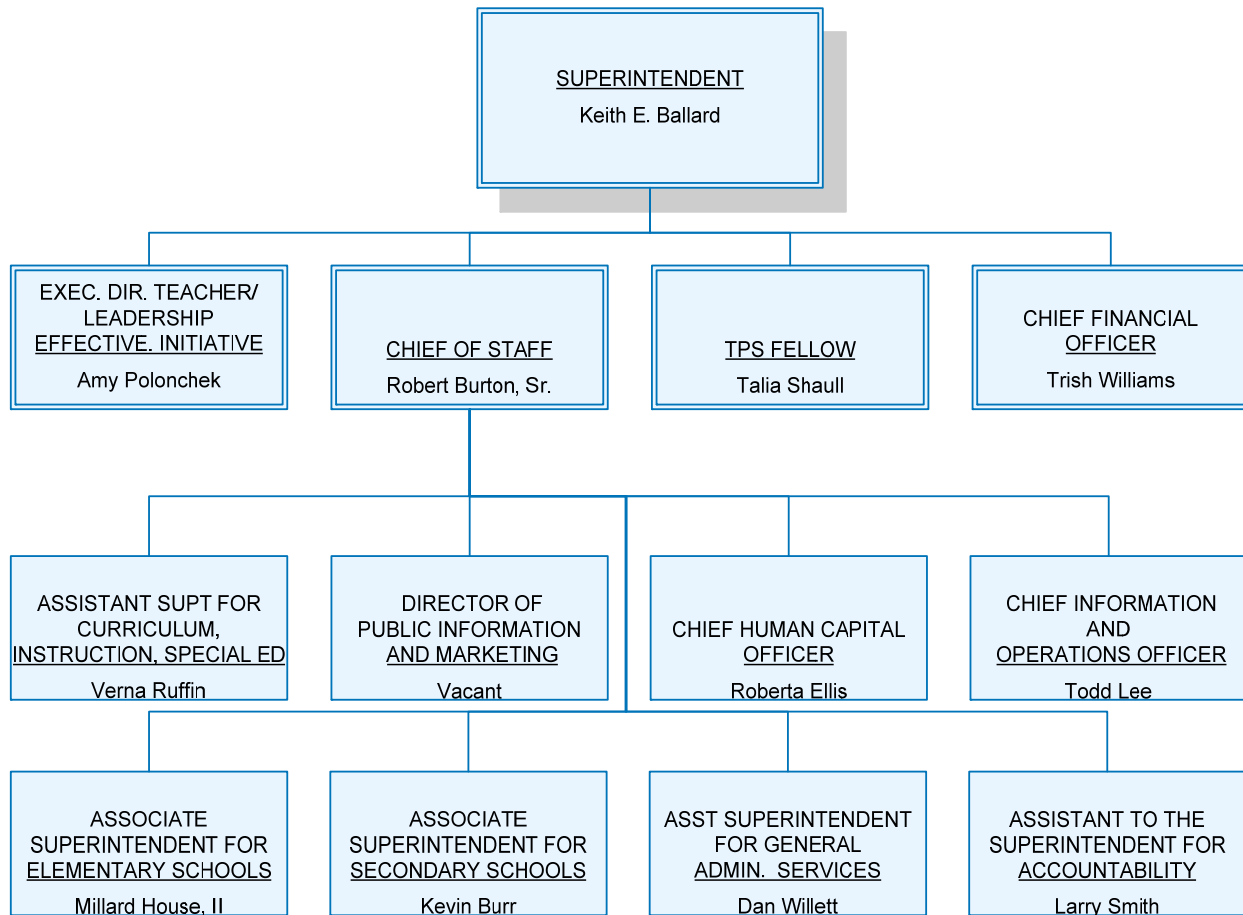
Keith E. Ballard, Ed.D.
Superintendent

Patricia K. Williams
Chief Financial Officer

George P. Stoeppelwerth
Director of Finance
Treasurer

Janet L. Jamison, CPA
Director of Accounting
Encumbrance Clerk

Tulsa Public Schools
Superintendent's Executive Staff
2010-2011



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



Before becoming the Superintendent of Tulsa Public Schools in 2008, Dr. Keith Ballard was Executive Director of the Oklahoma State School Boards Association (OSSBA). He has more than 36 years of service in public education. Dr. Ballard began his educational career in 1972 as a teacher in Coweta Public Schools. He moved to Oologah, Oklahoma, in 1974 where he taught and served in several administrative positions including Superintendent from 1986 until 1992. Dr. Ballard then moved to Claremore where he served as Superintendent of Claremore Public Schools before assuming the position with OSSBA on January 1, 2000.

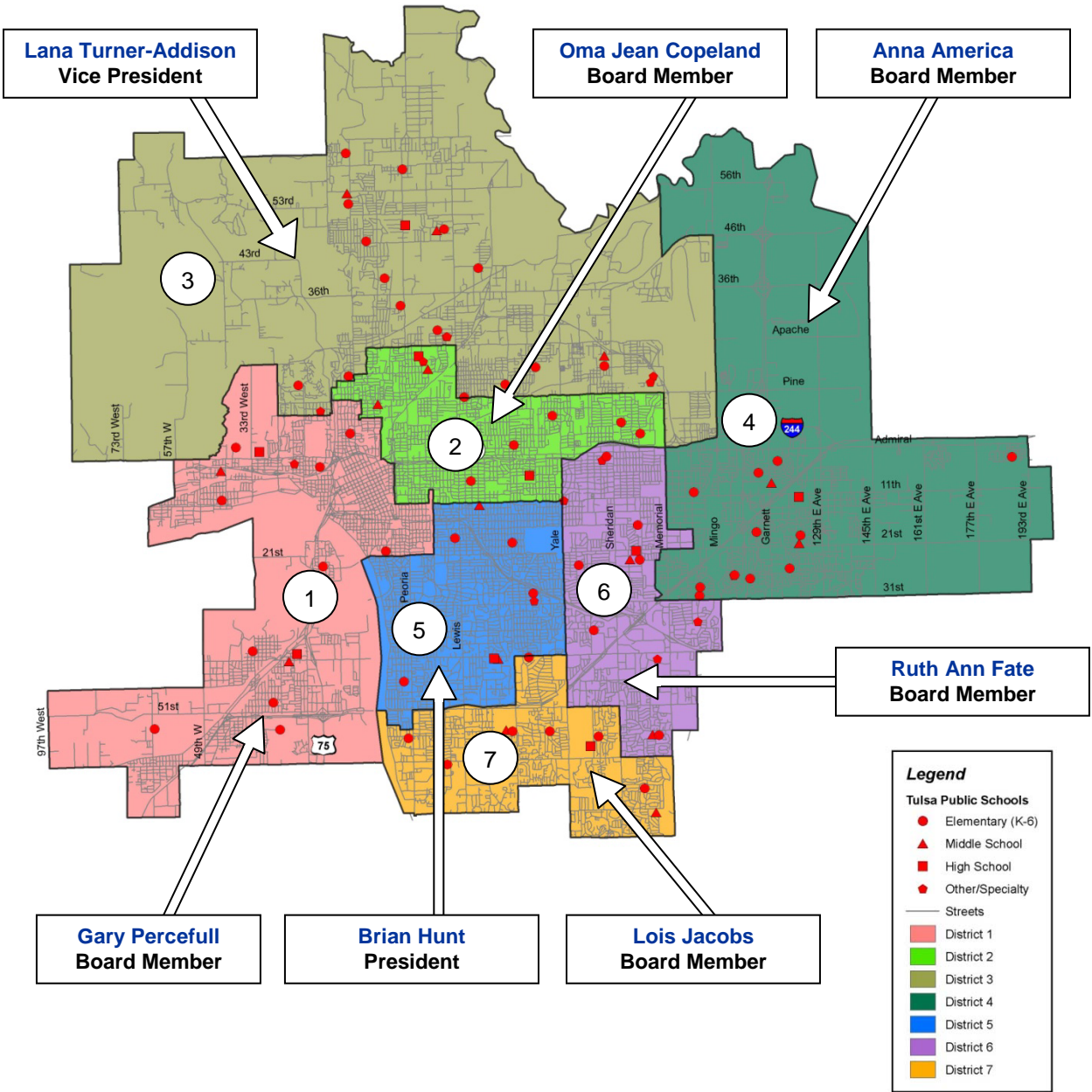
He holds a Bachelor of Arts Degree in Psychology and Speech from Kansas State University in Hays, Kansas; a Master's Degree as a Reading Specialist from Northwestern Oklahoma State University in Alva, Oklahoma; and a Doctorate in Educational Administration from Oklahoma State University in Stillwater, Oklahoma. Dr. Ballard has served as an adjunct professor of school law for Southern Nazarene University, Tulsa and Oklahoma City branches, and Oral Roberts University in Tulsa.

He currently serves as a professor in Educational Leadership at the University of Oklahoma, but is on a leave of absence while serving as Superintendent of Tulsa Public Schools. In addition, Dr. Ballard currently serves on the State Superintendent's Advisory Council and is past chairman of the Oklahoma Education Coalition and of the Oklahoma Educational Technology Trust. He served on the United Suburban Schools Association Executive Committee where he was the 1996-97 president and was on the executive committee of the Oklahoma Association of School Administrators where he served as president in 1997-98. Dr. Ballard has served on the American Association of School Administrators and the National School Boards Association Liaison Committee representing executive directors on the National School Boards Association (NSBA) Board of Directors.

Dr. Ballard has also been active for several years with the Oklahoma State Legislature regarding educational issues. He meets regularly with key legislators and other state leaders to help shape educational legislation and policy. Dr. Ballard has been appointed to the state-wide Race to the Top Commission. Dr. Ballard has served on several committees to study state-wide educational issues including School Funding Formula, All-Day Kindergarten, Mid-term Adjustment, Hold-Harmless, Gifted and Talented, and English as a Second Language. Currently he is serving on the Oklahoma State Department of Education Teacher and Leader Effectiveness Commission.

Dr. Ballard has been honored as being named one of NSBA's "Executive Educator 100" in 1988, "Who's Who in American Education" and "Who's Who Among Top Executives." Dr. Ballard was named OASA District 5 Administrator of the Year for 2010. He has also been asked to serve as a juror for the 2011 Brock International Prize in Education. Dr. Ballard was inducted into the Oklahoma Educator's Hall of Fame in 2011.

Tulsa Public Schools Board Districts



Prepared by INCOG
February 2007



0 3 Miles



Back: Ruth Anne Fate, Brian Hunt, Lois Jacobs, Gary Percefull
Front: Anna America, Lana Turner-Addison, Oma Jean Copeland

District 1 – Gary Percefull

Mr. Percefull was elected to the Board of Education in February 2003. His term will expire February 2015. Mr. Percefull is president of a Tulsa public relations firm, The Scissortail Group Ltd. The company, based in a renovated house along Historic Route 66 in southwest Tulsa, specializes in events, media relations and government affairs. Mr. Percefull previously was employed at the Tulsa World. He is a graduate of Tulsa Memorial High School (Class of 1972) and the University of Oklahoma where he earned a bachelor's degree in journalism. He is an active volunteer with several community organizations and initiatives. He serves on the boards of the Community Service Council of Greater Tulsa and the Southwest Tulsa Chamber of Commerce, and the steering committees of the East Tulsa Prevention Coalition and Tulsa Volunteer Center. He is past president of the Riverview Neighborhood Association. The Scissortail Group is a Partner in Education/Adopt-A-School partner with Park Elementary School and Mr. Percefull mentors students through the Going-to-Bat for Tulsa Kids program. Schools in Mr. Percefull's election district include Addams, Chouteau, Emerson, Eugene Field, Lee, Park, Remington, Robertson, Roosevelt and Mark Twain Elementary Schools; Clinton and Madison Middle Schools; and Central and Webster High Schools.

District 2 – Oma Jean Copeland

Mrs. Copeland was elected to the Board of Education February 2005. Her term will expire February 2013. Mrs. Copeland is a graduate of Booker T. Washington High School and currently serves as the vice present of the 1967 alumni class. She graduated from the Hillcrest Medical Center School of Radiology. Mrs. Copeland has been an employee of the Cedant Corporation for the past 24 years. Schools in Mrs. Copeland's election district are Burroughs, Kendall-Whittier, McKinley, Mitchell, Owen, Sequoyah and Springdale Elementary Schools; Carver and Cleveland Middle Schools; and Rogers and Washington High Schools.

District 3 – Lana Turner-Addison, Ed.D.

Dr. Turner-Addison was elected to her post in April 2005. Her term will expire February 2013. Dr. Turner-Addison earned an Associate Degree at Oklahoma Junior College; has a Bachelor's Degree in Accounting, a Master's Degree in Urban Education from Langston University, and an Ed.D. in Occupational/Adult Education from Oklahoma State University. She was formerly employed at OSU-Tulsa as the Community Relations Manager and is currently working at the City of Tulsa as the Director of Human Rights. She also owns and operates Business & Bookkeeping Services, Inc. Dr. Turner-Addison is a Leadership Tulsa graduate. She has served as Board Chair for Rotary Club of North Tulsa and is the Public Relations Chair for the Martin Luther King Commemorative Society and Chair of the North Tulsa Economic Development Initiative. She has extensive experience and involvement working with community organizations and Tulsa school children at McLain High School for Science and Technology, Sam Houston, Academy Central, Roosevelt Elementary and Madison Middle schools. In addition, she is involved and/or volunteers with CARA, YMCA, Modern Woodsmen of America, Salvation Army North Mabee Center, Urban League, Tulsa Talks, Junior Achievement and Going to the Arts for Tulsa Kids. Schools in Dr. Turner-Addison's election district include Academy Central, Alcott, Anderson, Bryant, Celia Clinton, Cherokee, Greeley, Hawthorne, Houston, Jackson, Penn, and Whitman Elementary Schools; Gilcrease, and Hamilton Middle Schools; and McLain High School for Science and Technology.

District 4 – Anna America

Anna America was elected to serve District 4 in February 2010. Her term will expire in 2014. A graduate of the University of Tulsa, Anna began her career as a reporter for The Tulsa Tribune. She worked for two decades as a journalist, writer, editor and communications consultant – including a two-year-stint in Washington D.C. before coming back home to Tulsa where she worked in the administration of former Tulsa Mayor Kathy Taylor. Since 2007, Anna has been executive director of Up With Trees, a Tulsa non-profit promoting urban forestry education that has planted some 25,000 trees in the Tulsa area. A long-time community volunteer, she is a Girl Scout troop leader and has served as a volunteer for Habitat for Humanity and Meals on Wheels. Schools in Anna America's election district include Columbus, Cooper, Disney, Kerr, Lindbergh, Mayo, ECDC Reed, Peary, Sandburg, Skelly, and Zarrow Elementary Schools; Foster, Franklin Alternative, and Lewis & Clark Middle Schools; and East Central High School.

District 5 – Brian Hunt (President)

Mr. Brian Hunt, currently serving as president of the Tulsa Public Schools Board of Education, was elected to serve District 5 in February 2008. His term will expire in 2012. Mr. Hunt is a graduate of Tulsa Public Schools, graduating from Edison High School. He has a Master's of Regional and City Planning and a B.A. in Public Administration from the University of Oklahoma. Mr. Hunt is employed by Xceligent, Inc. as the Regional Director of Client Services for Tulsa and Oklahoma City. Xceligent, Inc. is a nationwide provider of property and listing information for the commercial real estate industry. Previously he was a vice president at CB Richard Ellis/Oklahoma and represented clients in industrial property sales, leasing and corporate services. Prior to CBRE, he was with the Tulsa Chamber of Commerce and Tulsa

INTRODUCTORY SECTION: BOARD MEMBER PROFILES

Industrial Authority. Brian has managed the Partners in Education program creating partnerships with local businesses and Tulsa Public Schools and has also worked with business leaders across the state designing and implementing local workforce development programs. In addition, Mr. Hunt has a history of community service. He has served as Chairman of Goodwill Industries, Division Chair for Tulsa Area United Way Community Investments, 2007 Chairman of Greater Tulsa Association of Realtors Urban Affairs, member of the 2006 Step-Up Tulsa Economic Development Committee, and member of the 2007 City of Tulsa Comprehensive Plan Update Steering Committee. He has also served as president of Henry Zarrow International Education Foundation for Zarrow International Elementary and has served on the Asbury United Methodist Board of Trustees. Schools in Mr. Hunt's election district include Barnard, Eisenhower, Eliot, Lanier, and Wright Elementary Schools; Wilson Middle School; and Edison Preparatory School (Grades 6-12). His district also includes part of the attendance areas for Patrick Henry, Lee, and Marshall Elementary Schools.

District 6 – Ruth Ann Fate

Ms. Fate was first elected to her post in April 1996. She served as president of the Board of Education from February 1999 through February 2002. Her term will expire February 2012. She is a life-long Oklahoman, graduating from high school in Miami, Oklahoma, and attending Oklahoma University. Ms. Fate is a charter member of Bethany Christian Church (Disciples of Christ) and a founding member of the Bethany Community pre-school where she taught for ten years. An involved community volunteer, Ms. Fate is on the Board of Trustees for the National Conference for Community and Justice and currently serves as a Docent for the Philbrook Museum of Art. She served as the president of that organization during 1993 and 1994. Ms. Fate is now a trustee of the Philbrook Museum Board, is the past president and a member of the Board of Arts and Humanities Council, is the president of OU College of Education Board of Advocates, is an advisory board member for the Center for Counseling and also for the Tulsa Arboretum and serves on the Phillips Theological Seminary board. Schools in Ms. Fate's election district include Bell, Hoover, MacArthur, Phillips and Salk Elementary Schools; Byrd and Whitney Middle Schools; and Hale High School.

District 7 – Lois Jacobs

Lois Jacobs was elected to serve District 7 in February 2010. Her term will expire in 2014. Dr. Jacobs completed her B.S. Pharm D.D.S. at the University of Iowa. She completed her residency in Anesthesiology at the University of Iowa Hospital and Clinics, Iowa City, Iowa and completed her Pharm D at Oklahoma University. She was Director of Dental Anesthesiology at Oral Roberts University holding joint appointments in the colleges of Dentistry and Medicine. Dr. Jacobs has lectured at numerous professional seminars and prepared and written test questions for national boards. She has taught numerous clinical courses approved by the Oklahoma State Board of Dentistry. Schools in Dr. Jacob's election district include Carnegie, Grimes, Grissom, Patrick Henry, Key, Marshall, and McClure Elementary Schools; Nimitz and Thoreau Middle Schools; and Memorial High School.



December 19, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the Independent School District No. I-1, Tulsa Public Schools, ("District"), for the fiscal year ended June 30, 2011, is hereby submitted. The CAFR has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of the District. Disclosures necessary to enable the reader to gain understanding of such financial operations have been included. The Management's Discussion and Analysis (MD&A) section provides a brief overview of these financial reports. This transmittal letter is designed to be read in conjunction with the MD&A.

Oklahoma Public School Audit law (Title 70-22-101) requires the District to submit an annual report of the financial records and transactions audited by independent certified public accountants. This document is submitted in fulfillment of that requirement. An audit was also conducted to meet the requirements of the Federal Single Audit Act and related Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

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

PROFILE OF THE TULSA PUBLIC SCHOOLS

The District is a corporate body for public purposes created under Title 70 of the Oklahoma statutes and accordingly, is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on support from the state of Oklahoma. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

Tulsa Public Schools is a 173 square mile school district serving the city of Tulsa, the county seat of Tulsa County and the surrounding area in Tulsa, Creek, Osage and Wagoner Counties. The Tulsa Metropolitan Area supports a population of 934,615. Approximately 94 percent of the District is located inside the city

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

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

Tulsa Public Schools is the second largest district in the state of Oklahoma, with an enrollment of 41,224 students (excluding approximately 275 charter school students) in fiscal year 2010-11. The District is projecting a slight decrease in student enrollment to 40,919 in 2011-12.

The District employs 5,511 employees of which 2,897 are certified teachers and administrators and 2,614 are support personnel. In addition, an estimated 5,000 volunteers offer their services to the District.

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

During FY 2010-11 programs were delivered through 59 elementary schools, 15 middle schools, and 9 high schools plus 6 special schools. The District currently contracts with one charter school, Tulsa School for the Arts and Sciences. In addition, two alternative programs are delivered at school sites operated by not-for-profit or partnerships with county agencies working in cooperation with the District.

Program delivery occurs during the regular school calendar of 177 days (or 1,105 hours) of instruction annually with five elementary schools currently following a Continuous-Learning Calendar (CLC) schedule which distributes these days/hours through a 12-month calendar instead of the traditional 9-month calendar. The District also delivers programs through evening school operating year round and through summer school. During 2010-11, the District launched a virtual academy for secondary students. By the end of the year 170 students were receiving instruction through this method of delivery. At this writing, 230 students are enrolled in this program.

ECONOMIC OUTLOOK

The 2008 recession began affecting Oklahoma during the second half of the 2008-09 fiscal year with final revenue collections at \$617.3 million, or 20.1 percent below the estimated revenue projections. During 2009-10 Oklahoma experienced consistent shortfalls in monthly revenue collections, ending the year with collections 17% (or \$945 million) below the previous year and 15.1% (or \$815.7 million) below estimate. Fortunately, state revenues began a partial recovery during 2010-11. Final general revenues for the state during 2010-11 were \$5.138 billion, an increase of 10.5% from FY 2010, but still 16.5% below FY 2008. The effects of the recession were exacerbated by a continued phase-in of tax cuts and the growth of tax exemptions.

During FY 2010-11 the State collected approximately \$5.1 billion, primarily from net income taxes and sales taxes. All major revenue categories grew from prior year levels, but only sales tax revenues exceeded pre-downturn levels. The two other sources of state collections, gross production taxes on gas and oil, and motor vehicle taxes ended the year near estimated levels.

Oklahoma voters approved the creation of a state lottery in 2004. In 2010-11, the State's lottery games collected total proceeds of \$198 million. From these revenues, \$61.6 million was transferred to the Oklahoma Education Lottery Trust Fund, with \$33.9 million dedicated to support common education.

The City of Tulsa General Fund revenue collections in 2011 totaled \$243.4 million compared with \$231.5 million in 2010. Sales taxes, the largest source of revenue for the City, increased by 2.5% or \$5 million in 2011.

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

Despite the diverse employment base, the Tulsa area had an unemployment rate that averaged 7.7% in 2011. The Tulsa Metropolitan Area unemployment rate continues to be about 3% below the national average. Oklahoma's unemployment rate continues to be around the 7th lowest in the nation.

State revenue collections for 2011-12 are projected to decline once again, as total appropriations are reduced 3.8% to \$6.5 billion from FY 2010-11. Due to the slow economic recovery, and the loss of federal Stabilization funds, common education appropriations were reduced by 4.1%.

MAJOR INITIATIVES

During FY 2010-11, the Board of Education and administrative staff worked closely together on a number of school improvement initiatives, despite the state's continuing economic uncertainty. Anticipating an initial budget \$20 million less than the prior year, the District developed a plan for staffing reductions, including a reduction of 225 teaching and over 100 support and administrative positions. The District also prepared for the first set of stimulus and stabilization funds to expire in 2011, and the Education Jobs fund comes to an end in 2012. The board and administration are preparing for the loss of these funds and a lengthy, sluggish economic recovery. The first of two major initiatives for the year, Project Schoolhouse, reflects a major consolidation and realignment of schools to provide for future financial sustainability.

Project Schoolhouse (PSH), launched in January 2011, was designed to address under-enrolled schools, examine curriculum offerings, and ultimately develop a recommendation concerning the number of buildings and grade configurations for the Superintendent and Board approval. The existing array of 90 buildings was compared to the arrangement in 1952, when the district also had about 41,000 students but only 56 buildings. As a result, the district had evolved into a system of schools with significant variations in educational quality, equity, and cost effectiveness.

The project consisted of three central groups. The 15-member Advisory Council was selected by members of the Board of Education. The Advisory Council met weekly for 12 weeks to review and assess data and proposals. The Project Team was also a 15-member group, consisting of members of the Executive Staff and the President of the teacher's union. This group was responsible for keeping PSH on track and providing resources to accomplish the project goals. Finally, the Blue Sky Group developed proposals and plans for re-investing savings back into the schools. The Superintendent served as the "project champion" and communicated frequently to patrons and the community about PSH, but was not a member of any of the committees.

Data was analyzed according to ten measures ("lenses") including: demographics, facility utilization rates, academic performance, physical plant, location, program considerations, other community services, culture, safety, and other legal obligations or restrictions. Based on the analysis of the data, three proposals were developed for the consolidation and closing of schools. After further review and input from the community, the final recommendation was approved by the Board of Education on May 4, 2011. The final plan called for the closing of 14 buildings with an estimated savings of \$5.2 million. Under the plan, vacant seats within TPS were reduced from 10,440 to 4,521. Grade level reconfigurations expanded elementary schools to PK-6, and secondary schools to grades 7-12. During the summer of 2011, district work crews moved furniture, equipment, and instructional materials to accommodate the needs of students in time for the start of the 2011-12 school year.

The second major district initiative for 2010-11 actually began in 2009, when the district began work on the Teacher and Leader Effectiveness initiative as part of a proposal for a Gates Foundation Grant. Although TPS was not successful in obtaining the grant, the district has aggressively pursued other funding opportunities, including federal, state, and nonprofit foundations. The district continues to refine the plan and identify sustainable sources of funding. The Teacher and Leader Effectiveness Initiative (TLE) involves four interrelated initiatives: set and assess standards of effectiveness, deploy and motivate effective teachers and leaders, develop data-driven professional development, and attract high potential teacher and leader candidates. TPS has adopted Student Achievement as one of the five core goals in the new Strategic Plan, and effective teachers and leaders are an essential component of this

goal. During 2010, an evaluation rubric was designed in collaboration with the teacher's union using current research and best practices that support professional competencies. The final rubric features 20 observation and evaluation indicators, with a scale ranking of 1 (Ineffective) to 5 (Superior). Rubrics were also developed for non-teaching certified staff such as counselors, deans, librarians, nurses, etc. Finally, the system also includes a performance evaluation component for Principals and Assistant Principals. The entire system is aligned with the district's Strategic Plan and Oklahoma Senate Bill 2033, which requires this type of evaluation system to be in place by 2012-13.

During March 2010 the district proposed to voters a 5-year series bond issue. A Citizen's Bond Development Committee worked to develop each of the ballot proposals, with the goals of maintaining a level debt service millage rate and selecting building projects based on the physical condition of the building in question and classroom needs due to shifting populations. The final \$354 million proposal included four separate ballot initiatives: (1) facilities construction, improvements, and renovations, (2) library books, learning materials, and building additions, (3) textbooks, classroom learning materials and technology, and (4) transportation. All four proposals passed with over 70% approval. Finally, a Citizens' Oversight Committee is charged with monitoring bond projects and funding.

During FY 2008-09, TPS applied for, and was accepted as a Teach for America (TFA) district. Patterned after the Peace Corps, TFA recruits students from the top colleges and universities across the country to accept two-year teaching assignments in urban schools. TPS was originally awarded placement of 50 TFA teachers, and the local philanthropic community agreed to sponsor an additional group of approximately 25 new teachers. Most recently, TFA has announced plans to locate their Summer Institute in Tulsa. The Institute will provide intensive training to 650 new TFA recruits from across the country and 140 TPS teachers, and will provide summer school programming for 2,500 TPS students at seven elementary and three secondary sites.

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

Other magnet schools include two middle schools (Carver and Thoreau), and three elementary schools (Mayo, Eisenhower and Zarrow), two of which are language immersion schools wherein students are taught in French or Spanish. Other special programs offered include Special Education, Gifted and Talented Education, and English Language Learner programs.

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

STRATEGIC PLANNING

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

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

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

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

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

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

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

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

AWARDS

In 2011, 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, 2010 Comprehensive Annual Financial Report (CAFR). To receive the Certificate of Achievement for Excellence, applicants must prepare a CAFR that meets rigorous program standards as well as generally accepted accounting principles and applicable statutory requirements. We believe that the CAFR for the year ended June 30, 2011 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, 2010 Comprehensive Annual Financial Report (CAFR). This award recognizes school districts that produce a CAFR meeting the principles and standards of financial reporting as adopted by ASBO. We believe that the CAFR for the year ended June 30, 2011 meets these requirements, and will submit this report to ASBO in application for this esteemed award.

REVENUES

Tulsa Public School's 2010-11 General Fund revenue collections totaled \$315.7 million. The primary funding source was the State of Oklahoma, with State revenue comprising 48 percent of the total, or \$150.3 million.

Local and intermediate sources represented 30 percent of total revenue collections. Ad valorem tax revenue totaled \$86.8 million.

Federal program revenue totaled \$63.8 million, representing 20 percent of total revenue collections.

Ad valorem tax revenues account for 92 percent of the Building Fund revenue and total \$11.3 million.

Child Nutrition Fund collects 77 percent of fund revenues from the Federal Nutrition Program, administered through the U.S. Department of Agriculture. Eighty-six percent of students participate in the free and reduced price lunch program.

BOND FUNDS

Tulsa Public Schools has strong community support. Since 1996, voters have approved bonds totaling \$860.4 million for new facilities, technology, media centers, school buses and textbooks for all students. The District's bonds are rated by both Moody's (Aa2) and Standard & Poor's (AA).

The District continues to follow a 20 year Capital Improvement Plan developed in 1994 at the request of and with the input of the Citizen's Bond Development Committee. This plan addressed the needs of the 8 million square feet of space owned and maintained by Tulsa Public Schools. This capital program to update, build and renovate District facilities has been accomplished without raising tax rates.

On March 2, 2010, the citizens overwhelmingly approved a \$354 million bond package to fund \$261,415,000 million for facility improvements, \$61,290,000 for classroom materials, \$19,600,000 for media centers and \$11,695,000 for transportation. As of June 30, 2011, the district had \$257 million in remaining bonds authorized.

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:

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

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

Budgetary Control – The objective of the District's budgetary controls is to ensure compliance with legal appropriation limitations and to provide an operating plan for the District's resources. The annual appropriated budget includes the General Fund, Special Revenue Funds and Child Nutrition Funds. Preliminary budgets are adopted at the commencement of the fiscal year with periodic amendments approved by the Board of Education. Budgetary control is maintained by fund, project, object 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.

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

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,



Keith E. Ballard, Ed.D.
Superintendent



Patricia K. Williams
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

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**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

INDEPENDENT SCHOOL DISTRICT NO.1-1, TULSA COUNTY

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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FINANCIAL SECTION



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Independent Auditors' Report

To the Board of Education
Tulsa Public Schools
Tulsa, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tulsa Public Schools (the "District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As reflected in the balance sheet of the governmental funds and in the notes to the financial statements, the District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



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An Independently Owned Member,
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FINANCIAL SECTION: AUDITOR'S REPORT

In accordance with *Government Auditing Standards*, we have also issued our report (under separate cover) dated December 14, 2011, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule – General Fund, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying Introductory and Statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 14, 2011

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, 2011. 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 2011 year end, total fund balance was \$134.2 million, a decrease of \$10.3 million, primarily due to spending for capital projects in excess of proceeds from bond issuance.

During the fiscal year, the District issued \$40 million in debt offerings to further fund capital improvements and acquisitions while our overall credit rating remained strong. The District was issued an "Aa2" rating from Moody's and an "AA" rating from Standard and Poor's for the general obligation bonds issued during the year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

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

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

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 39 and 40 of this report.

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations are on pages 42 and 44, respectively.

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

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46 through 64 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 statement has been provided for the General Fund as required supplementary information. The required supplementary information can be found on pages 67 and 68 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve as a useful indicator of a government's financial position over time. In the case of the District, assets exceeded liabilities by \$336.3 million as of June 30, 2011 and \$319.2 million as of June 30, 2010, an increase of \$17.1 million, or 5.4%.

The largest portion of the District's net assets (78%) reflects its investment in capital assets (e.g. land, buildings, vehicles, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Statement of Net Assets at June 30,		
	2011	2010	2009
		(millions)	
Current assets	\$ 188.0	\$ 192.5	\$ 164.0
Capital assets, net	398.1	374.2	364.9
Total assets	586.1	566.7	528.9
Current liabilities	105.2	95.9	97.3
Long-term liabilities	144.6	151.6	115.0
Total liabilities	249.8	247.5	212.3
Net assets:			
Invested in capital assets, net of related debt	262.4	255.6	236.0
Restricted	49.8	48.7	47.5
Unrestricted	24.1	14.9	33.1
Total net assets	\$ 336.3	\$ 319.2	\$ 316.6

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

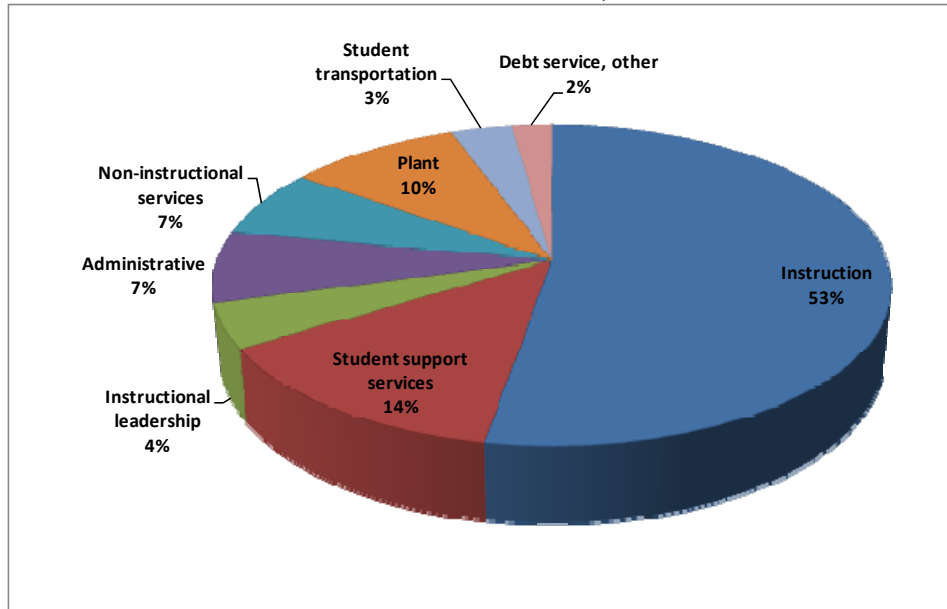
- Capital assets, net of related debt, increased \$6.8 million or 2.7% over the prior fiscal year, representing significant progress in the completion of school building renovations.
- Unrestricted net assets increased \$9.2 million, or 62%, from \$14.9 million in fiscal year 2010 to \$24.1 million in 2011, primarily due to salaries and benefits reduction in the current year after a one-time early retirement incentive in the prior fiscal year. Restricted net assets increased \$1.1 million, or 2.3%, from \$48.7 million in fiscal year 2010 to \$49.8 million in 2011 in anticipation of increased bond repayments.

Changes in net assets. The District's total revenues were \$397.9 million, an increase of \$12.3 million, or 3.2%, from the prior fiscal year total of \$385.6 million. The total cost of all programs and services was \$380.8 million and \$383 million for the fiscal years ended June 30, 2011 and 2010, respectively. The following table presents a summary of the change in net assets for the fiscal years ended June 30, 2011, 2010, and 2009:

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

	Statement of Activities		
	2011	2010	2009
	(millions)		
Revenues:			
Program revenues:			
Charges for services	\$ 8.5	\$ 8.5	\$ 8.7
Operating grants and contributions	97.4	85.3	85.0
Capital grants and contributions	0.2	0.1	-
General revenues:			
Property taxes	139.5	140.4	132.7
State aid - formula grants	94.4	96.7	117.5
County revenue	9.4	9.1	8.7
Dedicated state revenue	47.1	44.4	44.0
Unrestricted investment earnings	0.9	0.4	1.4
Other local revenue	0.5	0.7	0.6
Total revenues	397.9	385.6	398.6
Expenses:			
Instruction and instruction-related services	200.8	201.7	190.5
Support services - student and staff	51.7	49.9	46.8
Instructional and school leadership	17.2	17.8	17.1
Administrative support services	27.1	27.6	25.0
Operation of non-instructional services	26.1	27.4	25.0
Operation and maintenance of plant services	36.5	36.7	39.0
Student transportation services	13.0	13.9	13.2
Facilities acquisition and construction services	2.4	-	-
Charter schools	1.5	3.5	3.3
Interest on long-term debt	4.5	4.5	6.0
Total expenses	380.8	383.0	365.9
Increase in net assets	17.1	2.6	32.7
Net assets - ending	\$ 336.3	\$ 319.2	\$ 316.6

**District Expenses by Function – Governmental Funds
Fiscal Year Ended June 30, 2011**



FINANCIAL SECTION: MANAGEMENT’S DISCUSSION AND ANALYSIS

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

	Total Expense	Net Expense	% Net Expense
	(millions)		
Instruction and instruction-related services	\$ 200.8	\$ 128.0	47%
Support services - student and staff	51.7	51.7	19%
Instructional and school leadership	17.2	12.7	5%
Administrative support services	27.1	27.0	10%
Operation of non-instructional services	26.1	0.8	0%
Operation and maintenance of plant services	36.5	35.0	13%
Student transportation services	13.0	11.1	4%
Facilities acquisition and construction services	2.4	2.4	1%
Charter schools	1.5	1.5	1%
Interest on long-term debt	4.5	4.5	2%
Total	\$ 380.8	\$ 274.7	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 unreserved fund balance may serve as a useful measure of the District’s net resources available for spending at the end of the year.

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

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

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

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's operations and the services it provides.

The District maintains three significant governmental funds: General, Capital Projects, and Debt Service. The following schedules present a summary of the general fund, capital projects fund and debt service fund revenues and other financing sources by type and expenditures by program for the period ended June 30, 2011 as compared to June 30, 2010. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.

General Fund, Capital Projects Fund, Debt Service Fund combined

Total Revenues, Other Financing Sources and Expenditures
(Millions)

	2011 Amount	2010 Amount	2011 Percent Of Total	Increase (Decrease) From 2010	Percent Increase (Decrease) From 2010
Revenues:					
Property taxes	\$ 136.4	\$ 138.9	33.3%	\$ (2.5)	-1.8%
Intermediate sources	9.4	9.1	2.3%	0.3	3.3%
Fees and charges	3.3	2.4	0.8%	0.9	37.5%
State aid	150.3	150.6	36.7%	(0.3)	-0.2%
Federal aid	63.8	59.8	15.6%	4.0	6.7%
Earnings on investments	0.4	0.4	0.1%	-	0.0%
Miscellaneous	1.7	1.5	0.4%	0.2	13.3%
Subtotal	<u>\$ 365.3</u>	<u>\$ 362.7</u>	<u>89.2%</u>	<u>\$ 2.6</u>	<u>0.7%</u>
Other financing sources	44.0	79.0	10.8%	(35.0)	-44.3%
Total	<u>\$ 409.3</u>	<u>\$ 441.7</u>	<u>100.0%</u>	<u>\$ (32.4)</u>	<u>-7.3%</u>
Expenditures:					
Instruction and instruction-related services	\$ 183.7	\$ 189.4	43.8%	\$ (5.7)	-3.0%
Support services - student and staff	50.8	49.1	12.1%	1.7	3.5%
Instructional and school leadership	17.2	17.8	4.1%	(0.6)	-3.4%
Administrative support services	26.0	24.2	6.2%	1.8	7.4%
Operation of non-instructional services	1.2	1.8	0.3%	(0.6)	-33.3%
Operation and maintenance of plant services	24.3	26.1	5.8%	(1.8)	-6.9%
Student transportation services	17.5	15.5	4.2%	2.0	12.9%
Facilities acquisition and construction services	41.9	22.8	10.0%	19.1	83.8%
Charter schools	1.4	3.5	0.3%	(2.1)	-60.0%
Debt service	48.8	50.9	11.6%	(2.1)	-4.1%
Other	6.9	9.9	1.6%	(3.0)	-30.3%
Total	<u>\$ 419.7</u>	<u>\$ 411.0</u>	<u>100.0%</u>	<u>\$ 8.7</u>	<u>2.1%</u>
Change in fund balance	<u>\$ (10.4)</u>	<u>\$ 30.7</u>			

General Fund

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

	2011 Amount	2010 Amount	2011 Percent Of Total	Increase (Decrease) From 2010	Percent Increase (Decrease) From 2010
Property taxes	\$ 86.8	\$ 87.5	27.2%	\$ (0.7)	-0.8%
Intermediate sources	9.4	9.1	2.9%	0.3	3.3%
Fees and charges	3.3	2.4	1.0%	0.9	37.5%
State aid	150.3	150.6	47.0%	(0.3)	-0.2%
Federal aid	63.8	59.8	20.0%	4.0	6.7%
Earnings on investments	0.4	0.3	0.1%	0.1	33.3%
Miscellaneous	1.7	1.5	0.5%	0.2	13.3%
Revenues	\$ 315.7	\$ 311.2	98.8%	\$ 4.5	1.4%
Other financing sources	3.8	-	1.2%	3.8	-
Total	\$ 319.5	\$ 311.2	100.0%	\$ 8.3	2.7%

Revenues increased by \$8.3 million compared to 2010:

- **Property taxes** decreased by \$.7 million due to a decrease in property values of .99%.
- **State aid** decreased by \$.3 million. The decrease was due to revenue shortfalls.
- **Federal aid** increased by \$4.0 million due to overall increase in existing projects and new grants.
- **Other financing sources** increased by \$3.8 million due to new leases for the bus fleet.

**Expenditures
(Millions)**

	2011 Amount	2010 Amount	2011 Percent Of Total	Increase (Decrease) From 2010	Percent Increase (Decrease) From 2010
Instruction and instruction-related services	\$ 175.6	\$ 185.2	56.3%	\$ (9.6)	-5.2%
Support services - student and staff	47.3	48.0	15.2%	(0.7)	-1.5%
Instructional and school leadership	17.1	17.6	5.5%	(0.5)	-2.8%
Administrative support services	22.5	22.8	7.2%	(0.3)	-1.3%
Operation of non-instructional services	1.2	1.8	0.4%	(0.6)	-33.3%
Operation and maintenance of plant services	23.2	26.1	7.4%	(2.9)	-11.1%
Student transportation services	16.2	12.6	5.2%	3.6	28.6%
Facilities acquisition and construction services	0.2	-	0.1%	0.2	-
Charter schools	1.4	3.5	0.4%	(2.1)	-60.0%
Other	7.1	9.7	2.3%	(2.6)	-26.8%
Total	\$ 311.8	\$ 327.3	100.0%	\$ (15.5)	-4.7%

Expenditures for 2011 were \$15.5 million below 2010, primarily due to:

- **Salaries and Benefit costs** decreased by \$14.5 million due to the one-time early retirement incentive in 2010.
- **Student Transportation services** increased by \$3.6 million due to the new leases for the bus fleet.
- **Charter Schools** decreased by \$2.1 million as a result of Dove Academy moving its sponsorship from the District.
- **Other expenditures** decreased by \$2.6 million primarily due to the expenditure of ARRA funds in 2010.

Capital Projects Fund

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

	2011 Amount	2010 Amount	2011 Percent Of Total	Increase (Decrease) From 2010	Percent Increase (Decrease) From 2010
Revenues	\$ -	\$ -	-	\$ -	-
Other financing sources	40.0	78.3	100.0%	(38.3)	-48.9%
Total	<u>\$ 40.0</u>	<u>\$ 78.3</u>	<u>100.0%</u>	<u>\$ (38.3)</u>	<u>-48.9%</u>

Other financing sources decreased \$38.3 million from fiscal year 2010, due to bond issuance of \$40.0 million in 2011 compared to \$78.3 million in 2010.

**Expenditures
(Millions)**

	2011 Amount	2010 Amount	2011 Percent Of Total	Increase (Decrease) From 2010	Percent Increase (Decrease) From 2010
Instruction and instruction-related services	\$ 8.1	\$ 4.2	13.7%	\$ 3.9	92.9%
Support services - student and staff	3.5	1.1	5.9%	2.4	218.2%
Instructional and school leadership	0.1	0.2	0.2%	(0.1)	-50.0%
Administrative support services	3.5	1.4	5.9%	2.1	150.0%
Operation and maintenance of plant services	1.1	-	1.9%	1.1	-
Student transportation services	1.3	2.9	2.2%	(1.6)	-55.2%
Facilities acquisition and construction services	41.7	22.8	70.6%	18.9	82.9%
Other	(0.2)	0.2	-0.3%	(0.4)	-200.0%
Total	<u>\$ 59.1</u>	<u>\$ 32.8</u>	<u>100.0%</u>	<u>\$ 26.3</u>	<u>80.2%</u>

Capital Expenditures increased by \$26.3 million due to the continuation of the bond capital improvement program.

Debt Service Fund

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

	2011 Amount	2010 Amount	2011 Percent Of Total	Increase (Decrease) From 2010	Percent Increase (Decrease) From 2010
Property taxes	\$ 49.6	\$ 51.4	99.6%	\$ (1.8)	-3.5%
Earnings on investments	-	0.1	-	(0.1)	-100.0%
Subtotal	\$ 49.6	\$ 51.5	99.6%	\$ (1.9)	-3.7%
Other financing sources	0.2	0.7	0.4%	(0.5)	-71.4%
Total	\$ 49.8	\$ 52.2	100.0%	\$ (2.4)	-4.6%

Property taxes decreased by \$1.8 million due to millage rates decreasing as a result of the decline in current outstanding general obligation bonds.

**Expenditures
(Millions)**

	2011 Amount	2010 Amount	2011 Percent Of Total	Increase (Decrease) From 2010	Percent Increase (Decrease) From 2010
Debt service	48.8	50.9	100.0%	(2.1)	-4.1%
Total	\$ 48.8	\$ 50.9	100.0%	\$ (2.1)	-4.1%

Debt service expenditures decreased by \$2.1 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 66% of all original budgets of appropriated funds. Only the General Fund is discussed below.

For 2011, the District originally budgeted General Fund revenues of \$327.2 million and expenditures of \$326.5 million. Plans were revised and an amended budget was filed in February 2011. The revised budget increased revenue expectations to \$335.1 million and projected expenditures to \$336.5 million.

Budgeted Local and County revenue were increased by a total of \$4.2 million, and Federal sources of revenue were budgeted to fall by \$1.2 million, while state sources of revenue were budgeted to increase by \$5.0 million. Actual revenue on a budgetary basis for the General Fund was \$31.8 million less than projected.

Original and final expenditure budgets were \$326.5 and \$336.5 million, respectively. Budgeted expenditures typically exceed budgeted revenue to provide for unknown contingencies which would require the District to use some of its fund balance. Actual expenditures for the year were \$31.2 million below the final budget.

Expenditures for instruction and instruction-related services, support services, instructional and school leadership, and direct payments to Charter schools were budgeted at a final budget of \$262.1 million or 77.9% of total budgeted expenditures. Actual expenditures for these same items were \$242 million or 79.1% of total actual expenditures.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

The actual fund balance carry forward of \$8.0 million was \$1 million greater than the final budgeted amount of \$7 million.

Capital Assets. As of June 30, 2011, the District had invested \$398.1 million, net of accumulated depreciation of \$246 million, in capital assets including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represented a net increase of \$23.9 million, or 6.4%.

<u>Capital assets (at cost)</u>	<u>June 30,</u> <u>2010</u>	<u>Increases</u>	<u>Decreases</u> <u>and</u> <u>Transfers</u>	<u>June 30,</u> <u>2011</u>
		(millions)		
Land	\$ 4.1	\$ -	\$ -	\$ 4.1
Construction in progress	5.0	36.4	(4.9)	36.5
Buildings	559.6	9.5	(2.0)	567.1
Furniture and equipment	38.9	5.3	(7.8)	36.4
Total asset cost	<u>607.6</u>	<u>51.2</u>	<u>(14.7)</u>	<u>644.1</u>
Accumulated depreciation	<u>(233.4)</u>	<u>(17.5)</u>	<u>4.9</u>	<u>(246.0)</u>
Capital assets (net)	<u>\$ 374.2</u>	<u>\$ 33.7</u>	<u>\$ (9.8)</u>	<u>\$ 398.1</u>

Additional information related to the District's capital assets can be found in Note 6 on page 57 of this report.

Debt administration. At the end of the fiscal year, the District had \$183.4 million in bonds and capital leases outstanding, \$50.4 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, 2011 and 2010.

	<u>June 30,</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>
Capital leases (at present value)	\$ 3.8	\$ 2.1	\$ 1.7
General obligation bonds	178.6	182.1	(3.5)
Net unamortized bond premium	1.0	1.2	(0.2)
Total	<u>\$ 183.4</u>	<u>\$ 185.4</u>	<u>\$ (2.0)</u>

State statutes currently limit the amount of total aggregate net indebtedness to ten percent of the net assessed valuation of taxable property within the district. As of June 30, 2011, the District had a legal debt limitation of \$220.2 million, which was \$90.9 million more than the District's net bonded indebtedness.

In March 2010, the electors approved issuance of \$354 million in general obligation bonds for various building and equipment acquisition purposes. At June 30, 2011, \$257 million remained available for future issuance. See Note 8 for additional information regarding the District's long-term debt on pages 60-61.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Tulsa Public Schools
Patricia K. Williams
Chief Financial Officer
3027 So. New Haven Ave.
Tulsa, OK 74114

Or visit our website at: www.tulsaschools.org

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Basic Financial Statements

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Statement of Net Assets
June 30, 2011
(Thousands)

		<u>Governmental Activities</u>
ASSETS		
Current:		
Cash and cash equivalents	\$	167,846
Due from other governments		18,439
Other receivables		25
Inventories and prepaid items		1,687
Total current assets		<u>187,997</u>
Capital assets:		
Land		4,133
Construction in progress		36,549
Buildings		566,996
Furniture and equipment		36,433
Less accumulated depreciation		<u>(245,994)</u>
Total capital assets, net of depreciation		<u>398,117</u>
Total assets		<u>586,114</u>
LIABILITIES		
Current:		
Accounts payable and other current liabilities		50,554
Current portion of bonds, capital leases, and contracts		50,400
Accrued interest		1,634
Special termination benefits and compensated absences		415
Insurance reserves		2,242
Total current liabilities		<u>105,245</u>
Noncurrent		
Bonds, capital leases, and contracts		133,009
Special termination benefits and compensated absences		6,870
Insurance reserves		4,687
Total long-term liabilities		<u>144,566</u>
Total liabilities		<u>249,811</u>
NET ASSETS		
Invested in capital assets, net of related debt		214,708
Restricted for:		
Capital projects		47,721
Debt service		49,781
Building		1,108
Gifts		1,810
Unrestricted		21,175
Total net assets	\$	<u><u>336,303</u></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, 2011
Thousands**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	FY11 Total
Instruction and instruction-related services	\$ 200,810	\$ 151	\$ 72,685	\$ -	\$ (127,974)
Support services - student and staff	51,731	11	-	9	(51,711)
Instructional and school leadership	17,192	12	4,422	23	(12,735)
Administrative support services	27,092	-	69	-	(27,023)
Operation of non-instructional services	26,117	5,429	19,871	-	(817)
Operation and maintenance of plant services	36,498	1,096	248	135	(35,019)
Student transportation services	12,969	1,855	78	-	(11,036)
Facilities acquisition and construction services	2,396	-	-	-	(2,396)
Charter schools	1,468	-	-	-	(1,468)
Interest on long-term debt	4,490	-	-	-	(4,490)
Total primary government	<u>\$ 380,763</u>	<u>\$ 8,554</u>	<u>\$ 97,373</u>	<u>\$ 167</u>	<u>\$ (274,669)</u>

General revenues:

Taxes:	
Property taxes, levied for general purposes	89,924
Property taxes, levied for debt service	49,591
State aid - formula grants	94,405
Unrestricted dedicated state revenue	47,055
County 4 mill levy and apportionment	9,446
Unrestricted investment earnings	890
Other local revenue	508
Total general revenues	<u>291,819</u>
Change in net assets	<u>17,150</u>
Net assets - beginning	319,153
Net assets - ending	<u>\$ 336,303</u>

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, 2011
(Thousands)**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 56,301	\$ 56,840	\$ 49,502	\$ 5,203	\$ 167,846
Due from other governments	17,905	-	279	255	18,439
Other receivables	25	-	-	-	25
Inventories and prepaid items	717	158	-	812	1,687
Total Assets	<u>74,948</u>	<u>56,998</u>	<u>49,781</u>	<u>6,270</u>	<u>187,997</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	40,420	9,277	-	857	50,554
Claims and judgments	47	-	-	-	47
Deferred revenue	3,149	-	-	-	3,149
Total liabilities	<u>43,616</u>	<u>9,277</u>	<u>-</u>	<u>857</u>	<u>53,750</u>
Fund balances:					
Non-spendable					
Inventories and prepaids	717	158	-	812	1,687
Endowments	-	-	-	30	30
Restricted					
Federal allocation carryover	387	-	-	-	387
Capital projects	-	47,563	-	-	47,563
Debt service	-	-	49,781	-	49,781
Building	-	-	-	1,091	1,091
Gifts	-	-	-	1,780	1,780
Committed					
General	3,976	-	-	-	3,976
Assigned					
General	4,822	-	-	-	4,822
Child nutrition	-	-	-	1,668	1,668
Arbitrage	-	-	-	9	9
Flexible benefit	-	-	-	23	23
Unassigned					
General	21,430	-	-	-	21,430
Total fund balances	<u>31,332</u>	<u>47,721</u>	<u>49,781</u>	<u>5,413</u>	<u>134,247</u>
Total liabilities and fund balances	<u>\$ 74,948</u>	<u>\$ 56,998</u>	<u>\$ 49,781</u>	<u>\$ 6,270</u>	<u>\$ 187,997</u>

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

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2011
(Thousands)**

Total fund balances - governmental funds \$ 134,247

The cost of capital assets purchased or constructed is reported as an expenditure in the governmental funds. The Statement of Net Assets includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Land	\$	4,133	
Construction in progress		36,549	
Buildings		566,996	
Furniture and equipment		36,433	
Depreciation expense		<u>(245,994)</u>	398,117

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. Interest payable on debt and other long-term obligations is also not recorded in the governmental funds but is reported in the Statement of Net Assets. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Liabilities not reported as governmental fund liabilities include:

Bonds, capital leases and contracts	\$	(183,409)	
Interest payable		(1,634)	
Special termination benefits and compensated absences		(7,285)	
Claims and judgments		<u>(6,882)</u>	(199,210)

Revenues that have been deferred in the governmental funds but are recognized as revenue in the government-wide financial statements. 3,149

Total net assets **\$ 336,303**

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, 2011
(Thousands)**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 86,782	\$ 1	\$ 49,591	\$ 12,834	\$ 149,208
Intermediate sources	9,446	-	-	-	9,446
Fees and charges	3,292	-	-	4,274	7,566
State aid	150,247	-	-	871	151,118
Federal aid	63,762	-	-	19,509	83,271
Earnings on investments	438	-	39	495	972
Miscellaneous	1,726	-	-	8	1,734
Total revenues	<u>315,693</u>	<u>1</u>	<u>49,630</u>	<u>37,991</u>	<u>403,315</u>
EXPENDITURES					
Current:					
Instruction and instruction-related services	175,663	8,144	-	314	184,121
Support services - student and staff	47,285	3,450	-	23	50,758
Instructional and school leadership	17,082	115	-	-	17,197
Administrative support services	22,475	3,493	-	290	26,258
Operation of non-instructional services	1,176	-	-	24,583	25,759
Operation and maintenance of plant services	23,222	1,079	-	12,008	36,309
Student transportation services	16,171	1,278	-	33	17,482
Facilities acquisition and construction services	176	41,676	-	174	42,026
Charter schools	1,468	-	-	-	1,468
Other	7,173	(178)	-	541	7,536
Debt service					
Principal	-	-	43,490	-	43,490
Interest	-	-	5,280	-	5,280
Total expenditures	<u>311,891</u>	<u>59,057</u>	<u>48,770</u>	<u>37,966</u>	<u>457,684</u>
Excess (deficiency) revenues over expenditures	<u>3,802</u>	<u>(59,056)</u>	<u>860</u>	<u>25</u>	<u>(54,369)</u>
OTHER FINANCING SOURCES					
Bond issuances	-	40,000	-	-	40,000
Premium on bond issuances	-	-	213	-	213
Capital Leases	3,848	-	-	-	3,848
Net change in fund balances	<u>7,650</u>	<u>(19,056)</u>	<u>1,073</u>	<u>25</u>	<u>(10,308)</u>
Fund balances -- June 30, 2010	23,682 *	66,777	48,708	5,388	144,555
Fund balance -- June 30, 2011	\$ <u>31,332</u>	\$ <u>47,721</u>	\$ <u>49,781</u>	\$ <u>5,413</u>	\$ <u>134,247</u>

*Restated

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, 2011
(Thousands)**

Change in fund balance of governmental activities		\$ (10,308)
Revenues that have been deferred in the governmental funds but are recognized as revenue in the government-wide financial statements.		1,037
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for government-wide activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceed depreciation for the period.		
Capital outlay	\$ 42,489	
Depreciation expense	(17,491)	
Impairments	(1,918)	
Retirements and adjustments	<u>(2,971)</u>	20,109
Payments made on capital leases are reported as expenditures in the governmental funds, but the amount of the lease payments attributable to principal reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. This is the principal portion of the lease payments made during the period.		2,147
In the Statement of Activities, sick pay and vacation pay are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. During the period, payments for sick pay exceeded accruals by \$102 while accruals for vacation pay exceeded payments by \$12.		90
Proceeds from sales of bonds are reported in the governmental funds as a source of financing but are recorded as long-term liabilities in the Statement of Net Assets.		(40,213)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.		43,490
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest cost is recognized as the interest accrues, regardless of when it is due.		827
Change in long-term liability for Claims and Judgments does not require current financial resources, therefore, is not reported as expenditures in governmental funds.		(29)
Change in Net Assets		<u><u>\$ 17,150</u></u>

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

Statement of Fiduciary Assets and Liabilities
Student Activity Funds
June 30, 2011
(Thousands)

ASSETS		
Cash and temporary investments	\$	3,705
TOTAL ASSETS	\$	<u>3,705</u>
LIABILITIES		
Due to student groups	\$	3,705
TOTAL LIABILITIES	\$	<u>3,705</u>

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and is, accordingly, a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on support from the State of Oklahoma. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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.

Description of Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the government-wide entity as a whole. The Statement of Net Assets and the Statement of Activities were prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a 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 expense to each function. Interest on general long-term debt is considered an indirect expense and is reported in the Statement of Activities.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 identified as program revenues are reported as general revenues.

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

During fiscal year 2011, the District adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Funds

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

Governmental Funds

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

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Activities previously reported in the Workers Compensation Fund have been included with the General Fund. The assets are controllable by the General Fund and the liabilities are also obligations of the General Fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction, and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

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

Debt Service Fund – The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term debt (including

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

judgments) principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

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

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

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

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

Arbitrage Rebate Fund – The arbitrage rebate fund is used to accumulate the earnings of certain bond issues to which the Internal Revenue Service arbitrage rules apply. These funds will either be retained or transferred to the Internal Revenue Service, depending on future financial events and computations.

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 the administering of fund employee benefit programs.

Fiduciary Funds

As of June 30, 2011, the fiduciary fund category was comprised entirely of agency-type funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student managed activities. Fiduciary funds are not included in the government-wide financial statements.

Deposits and Investments

The District's cash equivalents consist of insured interest bearing demand deposits, and short-term investments. The District is allowed to invest in direct obligations of the United States government and agencies; insured or collateralized certificates of deposit of banks, savings and loan associations and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Property Tax

The District records its property taxes receivable as levied.

Taxes are levied by the County annually on October 1 and are due one-half by December 31 and one-half by March 31. Major tax payments are received from the County in the months of January through May, and are recognized as revenue in the year received. Lien dates for personal and real property are in June and October, respectively. Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues received within 60 days of year-end are considered to be available.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These prepaid items are amortized over the term of their agreements.

Capital Assets

Capital assets, which include land, building, building improvements, and equipment, are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for buildings and improvements, and equipment and fixtures is \$10,000 and \$2,500, respectively. Donated capital assets are recorded at estimated fair market value at date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment and fixtures	5-15
Vehicles	8

The District did not maintain financial accounting asset records prior to July 1, 2001; consequently a large portion of the value reflected in the statements is based on estimates. Land was valued at actual cost based on research of the District's land abstracts for all properties. The historical cost for buildings, improvements, equipment and fixtures acquired prior to July 1, 2001 was estimated.

Buildings and improvements were valued based on an estimate of the replacement value and the effective age of the asset. The effective age was used instead of actual age in order to reflect renovations, additions, and replacements. The effective age is a value assigned by the district architects based on the condition of the buildings and is shown on the "List of School Buildings" schedule in the statistical section. The estimated replacement value was deflated to the effective age of acquisition using the Construction Cost Index (CCI) published by the Engineering News-Record (ENR) to calculate the composite original acquisition cost of the asset. The effective age was also used to determine accumulated depreciation as of July 1, 2001.

Revenue

All sources of revenue other than federal revenue are recognized as soon as they are both measurable and available. Federal revenue is considered earned in the same period the associated reimbursable expense is recognized. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Deferred Revenue

Revenue that has been earned but is not available to finance expenditures of the current fiscal period is classified as deferred revenue in the governmental funds. The District reports deferred revenue related to expenditures made for federal reimbursable grants during the fiscal year, but reimbursed more than sixty days following the close of the fiscal year.

Compensated Absences

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

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 Assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

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

Fund Balances and Equity

Fund balance refers to the difference between assets and liabilities in the governmental funds balance sheet. Fund balance consists of five categories, defined in Governmental Accounting Standards Board Statement No. 54, as follows:

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

Restricted Fund Balance: The restricted fund balance classification should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors,

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

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.

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

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

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

The General Fund has the following amounts committed and assigned at June 30, 2011 (000's):

Function	Committed	Assigned
Instruction	\$ 497	\$ 1,514
Support services - students and staff	1,919	645
Administrative support services	1,111	443
Operation of non-instructional services	42	48
Operation and maintenance of plant services	356	1,673
Student transportation services	16	466
Other	35	33
Total	\$ 3,976	\$ 4,822

Net assets on the Statement of Net Assets include the following:

Invested in Capital Assets, net of Related Debt – the component of net assets 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

Restricted for Specific Purposes – the component of net assets that reports the difference between assets and liabilities of certain programs that consist of assets with constraints placed on their use by either external parties and/or enabling legislation

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted for Debt Service – the component of net assets that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors

Unrestricted – the difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, net of Related Debt, Net Assets Restricted for Specific Purposes, or Net Assets Restricted for Debt Service

Certain Comparative

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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 and liabilities 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.

Program Revenues

Amounts reported as program revenues include charges to customers for goods or services provided, operating grants and contributions, and capital grants and contributions. General revenues include all taxes and allocations from the state.

Note 2. REVENUES

Property Taxes

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, capital project and debt service funds based on the levies approved for each fund. The District receives property taxes from four counties. Levies by fund and county for fiscal year 2011 were as follows:

**FY2011 Tax Levy
in mills (1/1000 of a dollar or .001)**

<u>County</u>	<u>General Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Valuation</u>
Tulsa	36.05	5.15	22.7	\$ 2,149,628,764
Creek	35.04	5.01	22.7	\$ 16,973,843
Osage	35.00	5.00	22.7	\$ 35,032,125
Wagoner	35.55	5.16	22.7	\$ 224,435

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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 2. REVENUES (continued)

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

Intermediate Revenues

Revenue from intermediate sources is the amount of money collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to districts in amounts that differ in proportion to those which are collected within such systems.

Fees and Charges

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

State Revenues

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

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

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

Federal Revenues

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

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

Certain federal allocations, if not spent in the year for which they are allocated, may be carried over to the subsequent year. For the fiscal year ended June 30, 2011, the District had a total general fund allocation from federal sources in the amount of \$94.7 million, of which \$73.8 million was from new allocations and \$20.9 million was carried over from the prior fiscal year. During the year, \$67.9 million of the federal allocation was earned through expenditure, and \$26.7 million was carried forward to the next fiscal year.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 3. CASH AND CASH EQUIVALENTS

Oklahoma State law requires that financial institutions designate collateral securities or instruments to secure the uninsured deposits of the District. As of June 30, 2011, the District had \$167.8 million on deposit in interest-bearing accounts or certificates of deposit with maturities of one month to 36 months and annual yields ranging from .45% – 1.2%.

Custodial credit – deposits – In the case of deposits, this is the risk that in the event of a bank's failure, the District's deposits may not be returned to it. At year end, the Federal Deposit Insurance Corporation (FDIC) insured \$0.25 million. All deposits in excess of FDIC insurance, held at the Bank of Oklahoma, JP Morgan Chase, and F&M Bank & Trust Co. were fully collateralized by securities held in the District's Name. Securities pledged to the District to secure investments are 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 are valued at no more than market value and such pledged value is at least 110% of the investment principal.

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.

Investment Authority

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

The District treasurer shall limit investments to:

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 3. CASH AND CASH EQUIVALENTS (continued)

- 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.
- **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 may have remaining 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

Note 3. CASH AND CASH EQUIVALENTS (continued)

- **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.

Note 4. DUE FROM OTHER GOVERNMENTS

At June 30, 2011, the District had the following receivables of which \$3.1 million of federal funds was considered to be unavailable and was offset by a corresponding liability for deferred revenue.

	(Millions)
Tulsa County (property tax)	\$ 1.1
State of Oklahoma	3.5
Federal	13.8
	<u>\$ 18.4</u>

Note 5. INVENTORIES

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

The inventories on hand at June 30, 2011 were comprised of the following categories (000's):

Food service supplies	\$ 795
Classroom supplies	423
Custodial supplies	204
	<u>\$ 1,422</u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

Note 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows (000's):

	Beginning Balance	Increases	Decreases and Transfers to In- Service	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 4,133	\$ -	\$ -	\$ 4,133
Construction in progress	5,006	36,408	(4,865)	36,549
Total capital assets not being depreciated	<u>\$ 9,139</u>	<u>\$ 36,408</u>	<u>\$ (4,865)</u>	<u>\$ 40,682</u>
Capital assets being depreciated:				
Buildings	\$ 559,585	\$ 9,459	\$ (2,048)	\$ 566,996
Furniture and equipment	38,870	5,335	(7,772)	36,433
Total capital assets being depreciated	<u>\$ 598,455</u>	<u>\$ 14,794</u>	<u>\$ (9,820)</u>	<u>\$ 603,429</u>
Total assets	<u>\$ 607,594</u>	<u>\$ 51,202</u>	<u>\$ (14,685)</u>	<u>\$ 644,111</u>
Less accumulated depreciation for:				
Buildings	\$ (210,284)	\$ (14,903)	\$ 64	\$ (225,123)
Furniture and equipment	(23,152)	(2,588)	4,869	(20,871)
Total accumulated depreciation	<u>\$ (233,436)</u>	<u>\$ (17,491)</u>	<u>\$ 4,933</u>	<u>\$ (245,994)</u>
Governmental activities capital assets, Net	<u>\$ 374,158</u>	<u>\$ 33,711</u>	<u>\$ (9,752)</u>	<u>\$ 398,117</u>

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

Governmental activities:	
Instruction	\$ 10,047
Support services - student and staff	1,023
Administrative support services	2,357
Operation and maintenance of plant services	771
Student transportation services	1,387
Operation of non-instructional services	1,552
Other	354
	<u>\$ 17,491</u>

Impairments

During the year, potential asset impairments in the amount of \$1.9 million were identified as a result of consolidation efforts from Project Schoolhouse.

Construction Commitments

The District has active construction projects as of June 30, 2011. These projects include new construction and renovations of schools. At year-end, the District had approximately \$49.9 million in outstanding construction encumbrances.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

Note 7. CAPITAL LEASES

The District records lease agreements that qualify as capital leases for accounting purposes at the present value of their future minimum lease payments at their inception date. The present value has been calculated based on the District's incremental borrowing rate at time of inception unless the lessor's implicit interest rate is known and lower, as provided by FASB 13, *Accounting for Leases*.

In December 2000, the District entered into a lease purchase agreement financed by assignment of Qualified Zone Academy Bonds (QZAB). The lease agreement was for an initial funding of \$1.0 million and bears an implicit rate of .45%. The proceeds were used to finance renovation and equipment for Owen Elementary School. The District is required to deposit funds into an escrow account on an annual basis in sufficient amount to fully retire the lease at maturity in December of 2013.

In May 2009, the District entered into an agreement between NGV Fleet Leasing and Joe Cooper Ford of Tulsa for the purchase, conversion, acquisition and lease of buses. The diesel engines were converted to operate with compressed natural gas. Under the agreement, Joe Cooper Ford purchased the vehicles from the District, converted the engines and sold them to NGV Fleet Leasing who leased them back to the District. Under this agreement, the District has 140 converted buses under five-year leases totaling \$5.7 million with various maturities.

In April 2011, the District entered into an Equipment Lease Purchase Agreement with JPMorgan Chase Bank in the amount of \$30.0 million. This agreement is designated as a "Qualified School Construction Bond" pursuant to the American Recovery and Reinvestment Act of 2009. At the same time, the District entered into an Escrow and Paying Agent Agreement between the Bank of Oklahoma as escrow agent and JPMorgan Chase Bank as lessor. The agreement allowed the Lessor to deposit funds of \$30.0 million with the escrow agent to be held in Trust for the purpose of acquiring certain improvements to and equipment at various school facilities within the District. The District received an allocation from the federal government in the aggregate amount of \$30.0 million for such bonds. Under the legislation, the federal government will make interest payments on behalf of the District. Interest payments at 3.25% per annum is payable semi-annually on each December 1 and June 1, beginning December 1, 2011. The principal due under the Agreement will be in the form of one installment on December 1, 2015. At the maturity of the Lease Purchase Agreement, the Equipment will be purchased by the District from the proceeds of general obligation bonds which have been previously approved by the voters of the District. As of June 30, 2011, there were no draw downs and the District had not acquired any equipment resulting from these agreements.

The future lease payments due at June 30, 2011, are as follows (000's):

Fiscal Year(s)	Buildings and Improvements	Vehicles	Total
2012	\$ 135	\$ 1,439	\$ 1,574
2013	81	697	778
2014	79	697	776
2015	-	630	630
2016	-	162	162
Total lease payments	295	3,625	3,920
Less imputed interest	(2)	(94)	(96)
Principal amount of leases due	<u>\$ 293</u>	<u>\$ 3,531</u>	<u>\$ 3,824</u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 7. CAPITAL LEASES (continued)

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

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Buildings and improvements	\$ 473	\$ -	\$ (181)	\$ 292
Vehicles	1,649	3,848	(1,966)	3,531
Total	<u>\$ 2,122</u>	<u>\$ 3,848</u>	<u>\$ (2,147)</u>	<u>3,823</u>
Less: Current portion				<u>(1,530)</u>
Total long-term capitalized lease obligations outstanding				<u>\$ 2,293</u>

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

Buildings and improvements	\$ 1,893
Vehicles	<u>5,711</u>
Total	<u>\$ 7,604</u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

Note 8. LONG-TERM DEBT

Combined Purpose Bonds (Series 2010B)

In November 2010, the District issued \$40 million in Combined Purpose Bonds Series 2010B. The proceeds from these bonds will be used to construct and renovate school facilities, for library additions, renovations and library materials and to acquire textbooks, classroom materials, technology infrastructure and computer hardware and software.

The District uses the effective interest rate method for accruing interest expense. 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 net amount of unamortized premium at June 30, 2011 was \$1 million.

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

Series	Principal Outstanding June 30, 2010	Issuances	Retirements	Principal Outstanding June 30, 2011	Accrued Interest	Principal and Accrued Interest June 30, 2011
2010B	\$ -	\$ 40,000	\$ -	\$ 40,000	\$ 457	\$ 40,457
2010A	57,000	-	-	57,000	86	57,086
2009B	21,345	-	-	21,345	187	21,532
2009A	14,500	-	3,625	10,875	93	10,968
2008B	28,000	-	7,000	21,000	320	21,320
2008A	13,500	-	4,500	9,000	158	9,158
2007B	16,500	-	5,500	11,000	187	11,187
2007A	10,355	-	5,000	5,355	97	5,452
2006B	6,000	-	3,000	3,000	49	3,049
2006A	6,500	-	6,500	-	-	-
2005B	8,365	-	8,365	-	-	-
Total Long-term Debt	\$ <u>182,065</u>	\$ <u>40,000</u>	\$ <u>43,490</u>	\$ <u>178,575</u>	\$ <u>1,634</u>	180,209
Less Current Portion						<u>(48,530)</u>
Total Long-term Debt plus Accrued Interest, Net of Current Portion					\$	<u><u>131,679</u></u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011**

Note 8. LONG-TERM DEBT (continued)

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

Fiscal Year	Principal	Coupon Interest	Total
2012	\$ 48,749	\$ 4,218	\$ 52,967
2013	50,420	2,450	52,870
2014	40,439	1,312	41,751
2015	29,912	569	30,481
2016	10,065	85	10,150
	<u>\$ 179,585</u>	<u>\$ 8,634</u>	<u>\$ 188,219</u>

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

	Issue Date	Original Amount	Final Maturity
2010B	11/1/2010	\$ 40,000	11/1/2015
2010A	6/1/2010	57,000	6/1/2015
2009B	8/1/2009	21,345	8/1/2014
2009A	2/1/2009	14,500	2/1/2014
2008B	8/1/2008	28,000	8/1/2013
2008A	1/1/2008	18,000	1/1/2013
2007B	8/1/2007	22,000	8/1/2012
2007A	1/1/2007	20,355	1/1/2012
2006B	8/1/2006	12,000	8/1/2011

Interest Rates on the bonds range from 1.62% to 4.5% and nominal rates range from 1.69% to 4.04%

	Coupon Rate	Nominal Rate
2010B	1.62%	1.69%
2010A	2.00%	1.78%
2009B	2.00%	2.08%
2009A	2.25%	2.03%
2008B	3.75%	3.62%
2008A	3.50%	3.46%
2007B	4.50%	4.04%
2007A	4.00%	3.59%
2006B	4.00%	3.92%
2006A	3.75%	3.52%
2005B	4.00%	3.32%

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

Note 9. RISK MANAGEMENT

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

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

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

The District is self-insured for workers' compensation claims and accounts for this activity in a separate fund that has been combined with the general fund for purposes of financial presentation. Premiums are paid into the workers' compensation fund from the general fund and the child nutrition fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. For example, estimated recoveries from salvage or subrogation are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$750,000 up to an aggregate total of \$5,000,000. Settlements did not exceed coverage for the past three years.

GAAP require that governmental funds financial statements be presented on the Modified Accrual basis of accounting. During FY 2011, the District determined that certain of its liabilities, primarily claims and judgments, had been presented on an accrual basis in the governmental funds financial statements. The effect of this was that fund balance as of July 1, 2010 was understated by \$6.8 million. The District has adjusted beginning fund balance for that amount.

At June 30, 2011, the District had established reserves for workers compensation claims liability and deductibles on commercial coverage of \$6.3 million and \$.6 million, respectively. Changes in the balances of claims liability for the past three years are as follows (000's):

	2011	2010	2009
Unpaid claims, beginning of year	\$ 6,853	\$ 5,600	\$ 4,922
Incurred claims (including IBNRs)	5,085	6,555	4,045
Claim payments	(5,009)	(5,302)	(3,367)
Unpaid claims, end of year	<u>\$ 6,929</u>	<u>\$ 6,853</u>	<u>\$ 5,600</u>

\$2.2 million of the amount unpaid at June 30, 2011 is expected to be paid out in the next fiscal year from General Funds.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS June 30, 2011

Note 10. CONTINGENT LIABILITIES

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

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

Note 11. PENSION BENEFITS

Pension benefits for District employees are provided under a defined benefit plan administered by the Board of Trustees of the Oklahoma Teachers' Retirement System ("System"), which is a cost sharing, multiple-employer public employee retirement system (PERS). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53524, Oklahoma City, OK 73152, or by calling 405-521-2387.

Participation in the plan is required for certified teachers and administrators. Other permanent, support employees working at least half time are eligible for participation in the plan at their option. At June 30, 2011, there were 4,222 active employees of the District participating in the plan, comprising 4.1% of the total system active members.

The District, the State of Oklahoma, and the participating employees make contributions. The contribution rates for the District and its participating employees are established and may be amended by Oklahoma Statutes. The rates are applied to the participant's earnings plus employer-paid fringe benefits. The required contribution for the participating employees and the District is 7.0% and 9.5% of compensation, respectively. The District's contribution rate:

- Was 8.5% on July 1, 2008
- Increased to 9% on January 1, 2009
- Increased to 9.5% on January 1, 2010
- Remained 9.5% on January 1, 2011

No further employer contribution rate increases are currently scheduled.

The District fully funds its required contribution each year. The total amount of the District's contribution for the year ended June 30, 2011 was \$15.1 million. The District's contribution for each of the years ended June 30, 2010 and 2009 was \$15.3 and \$14.0 million, respectively.

Each teacher, meeting minimum salary requirements, has a specific amount of the employee's contribution to the System paid by the state. 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. In the fiscal years ended June 30, 2011 and 2010, the State paid \$2.0 and \$2.0 million, respectively, on behalf of teachers employed at the District and have been recognized as revenue and expenditure/expense. The State contributes 5.0% of income tax and sales tax receipts to the plan, and no increases are scheduled.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

Note 11. PENSION BENEFITS (continued)

Other Post-Employment Benefits (OPEB)

During 2010 and 2011, the Oklahoma Teachers Retirement System paid between \$100 and \$105 per month, depending on the members' years of service, to the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB), for each retiree who elected to obtain health insurance coverage through OSEEGIB. The District retains no obligation for this benefit and performs no administrative functions related to the health insurance coverage provided through OSEEGIB.

Note 12. COMPENSATED ABSENCES

Sick Pay Benefits

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

Vacation Benefits

Permanent employees on twelve-month contracts accrue vacation entitlement 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, 2011 is as follows (000's):

	Balance June 30, 2010	Accruals	Payments	Balance June 30, 2011
Vacation	\$ 3,124	\$ 2,379	\$ 2,367	\$ 3,136
Sick	4,251	6,329	6,431	4,149
Total	<u>\$ 7,375</u>	<u>\$ 8,708</u>	<u>\$ 8,798</u>	<u>\$ 7,285</u>

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

Required Supplementary Information

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**Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2011
(Thousands)**

	Original	Final	Actual (Budgetary Basis)	Variance Final Budget
REVENUES				
Local and intermediate sources	\$ 98,303	\$ 102,551	\$ 98,580	\$ (3,971)
State program revenues	142,973	147,923	146,834	(1,089)
Federal program revenues	85,876	84,660	57,886	(26,774)
Total revenues	327,152	335,134	303,300	(31,834)
EXPENDITURES				
Current:				
Salaries	198,295	206,525	194,870	11,655
Employee Benefits	51,640	53,093	54,350	(1,257)
Purchased Services	36,006	37,508	29,157	8,351
Supplies	26,829	28,527	20,530	7,997
Property	1,211	1,376	1,321	55
Other Expenditures	4,723	5,048	1,688	3,360
Other Outlays	7,764	4,423	3,321	1,102
Total expenditures	326,468	336,500	305,237	31,263
Excess (deficiency) of revenues over expenditures	684	(1,366)	(1,937)	(571)
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year	600	780	2,371	1,591
Net change in fund balances	1,284	(586)	434	1,020
Fund balance -- June 30, 2010	5,716	7,586	7,586	-
Fund balance -- June 30, 2011	\$ 7,000	\$ 7,000	\$ 8,020	\$ 1,020

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, 2011
(Thousands)**

Change in fund balance of governmental activities - General Fund	\$ 7,650
Revenues are recognized when earned in the governmental funds but are recognized when received for budgetary purposes. During the year, \$7,433 was received that was attributable to prior year activities and \$14,756 of revenue was realized but not received by the close of the year. The accrual in the governmental funds for interest income increased from \$7 at the beginning of the year to \$24 at the end of the year.	(7,340)
Expenditures for supplies and materials and prepaids are shown when they are used in the governmental funds but reported as expenses when they are purchased for budgetary purposes. The district purchased more supplies and materials than it used during the year, resulting in an decrease in inventories from \$719 to \$608 and prepaids decreased by \$15.	126
Commitments for goods and materials not received by the end of the year are shown as expenditures for budgetary purposes but not included in expenditures for governmental fund reporting. The general fund activities had \$6,727 of commitments in place at the beginning of the year of which \$7,754 lapsed unused and \$2,429 at the end of the year for goods not yet received.	(3,456)
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. On a cash basis, the general fund paid \$3,512 in premiums to the worker's compensation fund during the year. The worker's compensation fund paid out \$4,567 in claims and expenses. There was an increase to the worker's compensation reserve of \$28 for the year.	<u>1,083</u>
Excess of expenditures over revenues - budgetary basis	<u><u>\$ (1,937)</u></u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

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. 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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FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule - Debt Service Fund
For the Year Ended June 30, 2011
(Thousands)**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 50,847	\$ 51,391	\$ 49,868	\$ (1,523)
State program revenues	-	-	-	-
Federal program revenues	-	-	-	-
Total revenues	<u>50,847</u>	<u>51,391</u>	<u>49,868</u>	<u>(1,523)</u>
EXPENDITURES				
Current:				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services	-	-	-	-
Supplies	-	-	-	-
Property	-	-	-	-
Other Expenditures	98,339	100,119	48,770	51,349
Other Outlays	-	-	-	-
Total expenditures	<u>98,339</u>	<u>100,119</u>	<u>48,770</u>	<u>51,349</u>
Excess (deficiency) of revenues over expenditures	<u>(47,492)</u>	<u>(48,728)</u>	<u>1,098</u>	<u>49,826</u>
OTHER FINANCING SOURCES				
Premium on bonds sold	324	324	214	(110)
Lapsed appropriations from prior year	-	-	-	-
Net change in fund balances	<u>(47,168)</u>	<u>(48,404)</u>	<u>1,312</u>	<u>49,716</u>
Fund balance -- June 30, 2010	47,168	48,404	48,404	-
Fund balance -- June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,716</u></u>	<u><u>\$ 49,716</u></u>

**Budgetary Comparison Schedule - Capital Projects Fund
For the Year Ended June 30, 2011
(Thousands)**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 35,002	\$ 40,002	\$ 40,001	\$ (1)
State program revenues	-	-	-	-
Federal program revenues	-	-	-	-
Total revenues	<u>35,002</u>	<u>40,002</u>	<u>40,001</u>	<u>(1)</u>
EXPENDITURES				
Current:				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services	80,363	81,465	77,841	3,624
Supplies	15,034	7,720	6,828	892
Property	3,084	3,751	2,945	806
Other Expenditures	-	-	8	(8)
Other Outlays	-	-	-	-
Total expenditures	<u>98,481</u>	<u>92,936</u>	<u>87,622</u>	<u>5,314</u>
Excess (deficiency) of revenues over expenditures	<u>(63,479)</u>	<u>(52,934)</u>	<u>(47,621)</u>	<u>5,313</u>
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year	<u>1,000</u>	<u>1,000</u>	<u>1,294</u>	<u>294</u>
Net change in fund balances	<u>(62,479)</u>	<u>(51,934)</u>	<u>(46,327)</u>	<u>5,607</u>
Fund balance -- June 30, 2010	<u>62,479</u>	<u>51,934</u>	<u>51,934</u>	<u>-</u>
Fund balance -- June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,607</u>	<u>\$ 5,607</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule -Special Revenue Funds
For the Year Ended June 30, 2011
(Thousands)**

	BUILDING FUND				CHILD NUTRITION FUND			
	Original	Final	Actual (Budgetary Basis)	Variance Final Budget	Original	Final	Actual (Budgetary Basis)	Variance Final Budget
REVENUES								
Local and intermediate sources	\$ 11,378	\$ 11,496	\$ 11,773	\$ 277	\$ 4,773	\$ 4,357	\$ 4,338	\$ (19)
State program revenues	550	550	550	-	313	313	321	8
Federal program revenues	-	-	-	-	17,526	18,057	18,143	86
Total revenues	<u>11,928</u>	<u>12,046</u>	<u>12,323</u>	<u>277</u>	<u>22,612</u>	<u>22,727</u>	<u>22,802</u>	<u>75</u>
EXPENDITURES								
Current:								
Salaries	5,751	5,678	5,893	(215)	7,714	8,050	7,958	92
Employee Benefits	1,254	1,254	1,179	75	2,146	2,103	2,062	41
Purchased Services	4,503	4,570	5,149	(579)	2,360	2,728	2,316	412
Supplies	50	56	27	29	10,262	10,114	10,360	(246)
Property	146	146	133	13	477	606	405	201
Other Expenditures	427	682	-	682	216	214	226	(12)
Total expenditures	<u>12,131</u>	<u>12,386</u>	<u>12,381</u>	<u>5</u>	<u>23,175</u>	<u>23,815</u>	<u>23,327</u>	<u>488</u>
Excess (deficiency) of revenues over expenditures	<u>(203)</u>	<u>(340)</u>	<u>(58)</u>	<u>282</u>	<u>(563)</u>	<u>(1,088)</u>	<u>(525)</u>	<u>563</u>
OTHER FINANCING SOURCES								
Lapsed appropriations from prior year	175	234	247	13	113	123	124	1
Net change in fund balances	(28)	(106)	189	295	(450)	(965)	(401)	564
Fund balances -- June 30, 2010	528	606	606	-	1,250	1,765	1,765	-
Fund balance -- June 30, 2011	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 795</u>	<u>\$ 295</u>	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 1,364</u>	<u>\$ 564</u>

**Statement of Changes in Fiduciary Assets and Liabilities
Student Activity Funds
For the Year Ended June 30, 2011
(Thousands)**

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
ASSETS				
Cash and temporary investments	\$ 3,780	\$ 3,367	\$ 3,442	\$ 3,705
TOTAL ASSETS	<u>3,780</u>	<u>3,367</u>	<u>3,442</u>	<u>3,705</u>
LIABILITIES				
Due to student groups	3,780	3,367	3,442	3,705
TOTAL LIABILITIES	<u>\$ 3,780</u>	<u>\$ 3,367</u>	<u>\$ 3,442</u>	<u>\$ 3,705</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Balance Sheet
Other Funds
June 30, 2011
(Thousands)**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Arbitrage Rebate Fund</u>	<u>Gifts and Endowments Fund</u>	<u>Flexible Benefit Fund</u>	<u>Total Other Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,428	\$ 1,859	\$ 9	\$ 1,884	\$ 23	\$ 5,203
Due from other governments	63	192	-	-	-	255
Inventories and prepaid items	17	795	-	-	-	812
Total Assets	<u>1,508</u>	<u>2,846</u>	<u>9</u>	<u>1,884</u>	<u>23</u>	<u>6,270</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	400	383	-	74	-	857
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>400</u>	<u>383</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>857</u>
Fund balances:						
Non-spendable						
Inventories and prepaids	17	795	-	-	-	812
Endowments				30		30
Restricted	1,091	-	-	1,780	-	2,871
Committed	-	-	-	-	-	-
Assigned	-	1,668	9	-	23	1,700
Unassigned	-	-	-	-	-	-
Total fund balances	<u>1,108</u>	<u>2,463</u>	<u>9</u>	<u>1,810</u>	<u>23</u>	<u>5,413</u>
Total liabilities and fund balances	<u>\$ 1,508</u>	<u>\$ 2,846</u>	<u>\$ 9</u>	<u>\$ 1,884</u>	<u>\$ 23</u>	<u>\$ 6,270</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Funds
For the Year Ended June 30, 2011
(Thousands)**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Arbitrage Rebate Fund</u>	<u>Gifts and Endowments Fund</u>	<u>Flexible Benefit Fund</u>	<u>Total Other Funds</u>
REVENUES						
Property taxes	\$ 11,257	\$ 40	\$ -	\$ 1,537	\$ -	\$ 12,834
Fees and charges	42	4,232	-	-	-	4,274
State aid	550	321	-	-	-	871
Federal aid	-	19,509	-	-	-	19,509
Earnings on investments	434	4	51	6	-	495
Miscellaneous	-	-	-	-	8	8
Total revenues	<u>12,283</u>	<u>24,106</u>	<u>51</u>	<u>1,543</u>	<u>8</u>	<u>37,991</u>
EXPENDITURES						
Current:						
Instruction and instruction-related services	31	-	-	283	-	314
Support services - student and staff	-	-	-	23	-	23
Administrative support services	213	-	45	32	-	290
Operation of non-instructional services	-	24,583	-	-	-	24,583
Operation and maintenance of plant services	12,008	-	-	-	-	12,008
Student transportation services	-	-	-	33	-	33
Facilities acquisition and construction services	114	-	-	60	-	174
Other	-	-	-	541	-	541
Total expenditures	<u>12,366</u>	<u>24,583</u>	<u>45</u>	<u>972</u>	<u>-</u>	<u>37,966</u>
Excess (deficiency) of revenues over expenditures	<u>(83)</u>	<u>(477)</u>	<u>6</u>	<u>571</u>	<u>8</u>	<u>25</u>
Net changes in fund balances	(83)	(477)	6	571	8	25
Fund balances -- June 30, 2010	<u>1,191</u>	<u>2,940</u>	<u>3</u>	<u>1,239</u>	<u>15</u>	<u>5,388</u>
Fund balances -- June 30, 2011	<u>\$ 1,108</u>	<u>\$ 2,463</u>	<u>\$ 9</u>	<u>\$ 1,810</u>	<u>\$ 23</u>	<u>\$ 5,413</u>

STATISTICAL SECTION



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

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	82
These schedules contain trend information to help the reader understand how the District’s financial performance has changed over time.	
<i>Revenue Capacity</i>	88
These schedules present information to help the reader assess the District’s major revenue sources.	
<i>Debt Capacity</i>	92
These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	
<i>Demographic and Economic Information</i>	97
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.	
<i>Operating Information</i>	99
These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.	

Sources

Unless otherwise noted, the information contained herein is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB 34 in the fiscal year ended June 30, 2002; schedules presenting government-wide information include information beginning in that year.

STATISTICAL SECTION: FINANCIAL TRENDS

**Changes In Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year Ended June 30,			
	2011	2010	2009	2008
Expenses				
Governmental activities:				
Instruction and instruction-related services	\$ 193,410	\$ 201,598	\$ 189,657	\$ 188,736
Support services - student and staff	51,731	49,917	46,783	41,738
Instructional and school leadership	17,192	17,781	17,104	17,195
Administrative support services	27,092	27,641	24,990	18,849
Operation of non-instructional services	26,117	27,375	25,053	23,994
Operation and maintenance of plant services	36,498	36,733	38,964	38,959
Student transportation services	12,969	13,927	13,176	14,743
Facilities acquisition and construction services	2,396	-	-	-
Charter schools	1,468	3,461	3,328	4,514
Other	7,400	-	805	5,725
Interest on long-term debt	4,490	4,544	6,039	4,542
Total primary governmental activities expense	<u>380,763</u>	<u>382,977</u>	<u>365,899</u>	<u>358,995</u>
Program Revenues				
Governmental activities:				
Charges for services				
Operation of non-instructional services	5,429	6,039	6,411	6,368
Student transportation services	1,855	1,736	1,370	760
Other	1,270	699	907	899
Operating grants and contributions	97,373	85,309	84,977	71,787
Capital grants and contributions	167	150	-	868
Total primary governmental activities program revenues	<u>106,094</u>	<u>93,933</u>	<u>93,665</u>	<u>80,682</u>
Net Expense				
Total primary governmental activities net expenses	<u>(274,669)</u>	<u>(289,044)</u>	<u>(272,234)</u>	<u>(278,313)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	139,515	140,357	132,731	128,508
Unrestricted investment earnings	890	396	1,396	4,544
Other local revenue	508	722	614	370
County revenue	9,446	9,061	8,653	9,120
State aid - formula grants	94,405	96,698	117,458	116,347
Dedicated state revenue	47,055	44,411	44,033	42,495
Insurance recovery	-	-	-	-
Total primary governmental activities	<u>291,819</u>	<u>291,645</u>	<u>304,885</u>	<u>301,384</u>
Change in Net Assets				
Total primary government	<u>\$ 17,150</u>	<u>\$ 2,601</u>	<u>\$ 32,651</u>	<u>\$ 23,071</u>

STATISTICAL SECTION: FINANCIAL TRENDS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	181,576	\$ 168,043	\$ 156,042	\$ 143,655	\$ 138,651	\$ 148,093
	42,005	41,472	35,467	30,257	30,773	30,854
	17,260	16,780	15,120	14,440	14,892	13,997
	18,929	16,800	17,194	18,325	14,282	13,038
	22,909	19,466	18,626	17,578	20,515	21,576
	40,655	37,433	35,324	35,652	34,298	35,073
	14,232	12,128	12,993	11,240	10,489	13,129
	2,161	1,825	2,846	2,653	2,417	10,869
	4,251	4,072	3,950	3,746	3,780	2,789
	8,412	5,462	3,306	4,476	934	4,348
	4,842	4,597	4,420	4,771	6,022	7,077
	<u>357,232</u>	<u>328,078</u>	<u>305,288</u>	<u>286,793</u>	<u>277,053</u>	<u>300,843</u>
	5,002	5,540	5,019	5,208	5,154	4,291
	1,338	1,149	1,097	1,183	1,213	1,168
	883	1,037	1,110	1,187	1,240	1,425
	68,093	61,751	70,793	62,653	64,855	69,181
	231	86	12	1,967	412	2,820
	<u>75,547</u>	<u>69,563</u>	<u>78,031</u>	<u>72,198</u>	<u>72,874</u>	<u>78,885</u>
	<u>(281,685)</u>	<u>(258,515)</u>	<u>(227,257)</u>	<u>(214,595)</u>	<u>(204,179)</u>	<u>(221,958)</u>
	120,729	114,968	113,697	114,954	110,160	107,712
	5,610	5,395	3,082	1,196	906	3,856
	430	393	359	168	4,471	3,197
	9,970	9,668	9,620	8,199	7,792	7,364
	113,516	104,843	85,386	88,155	80,983	81,622
	41,140	38,897	40,294	33,154	28,879	20,651
	101	113	1,333	-	-	-
	<u>291,496</u>	<u>274,277</u>	<u>253,771</u>	<u>245,826</u>	<u>233,191</u>	<u>224,402</u>
\$	<u>9,811</u>	<u>15,762</u>	<u>26,514</u>	<u>31,231</u>	<u>29,012</u>	<u>2,444</u>

STATISTICAL SECTION: FINANCIAL TRENDS

**Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year Ended June 30,			
	2011	2010	2009	2008
Revenues				
Property taxes	\$ 149,208	\$ 150,748	\$ 140,856	\$ 135,964
Intermediate sources	9,446	9,061	8,873	9,063
Fees and charges	7,566	7,199	7,069	6,518
State aid	151,118	151,481	170,505	172,858
Federal aid	83,271	78,227	71,656	56,873
Earnings on investments	972	757	1,569	4,693
Miscellaneous	1,734	1,547	1,591	2,045
Total revenues	<u>403,315</u>	<u>399,020</u>	<u>402,119</u>	<u>388,014</u>
Expenditures				
Instruction and instruction-related services	184,121	189,495	181,595	181,011
Support services - student and staff	50,758	49,112	46,018	40,981
Instructional and school leadership	17,197	17,781	17,104	17,195
Administrative support services	26,258	24,845	22,258	20,144
Operation of non-instructional services	25,759	26,303	23,862	22,744
Operation and maintenance of plant services	36,309	37,813	40,088	40,443
Student transportation services	17,482	15,582	11,647	13,158
Facilities acquisition and construction services	42,026	23,348	34,685	32,912
Charter schools	1,468	3,461	3,328	4,514
Other	7,536	10,610	6,670	5,315
Debt service:				
Principal	43,490	44,615	39,615	36,615
Interest	5,280	6,320	5,813	4,118
Total expenditures	<u>457,684</u>	<u>449,285</u>	<u>432,683</u>	<u>419,150</u>
Excess of expenses over revenues	<u>(54,369)</u>	<u>(50,265)</u>	<u>(30,564)</u>	<u>(31,136)</u>
Other financing sources				
Bond issuances	40,213	79,011	42,824	40,390
Capital Leases	3,848	-	-	-
Net change in fund balances	<u>\$ (10,308)</u>	<u>\$ 28,746</u>	<u>\$ 12,260</u>	<u>\$ 9,254</u>
Debt service as a percentage of noncapital expenditures	11.75%	11.73%	11.34%	10.47%

STATISTICAL SECTION: FINANCIAL TRENDS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	128,419	\$ 123,694	\$ 121,494	\$ 123,600	\$ 121,747	\$ 116,736
	9,886	9,990	9,620	8,199	7,791	7,364
	6,467	6,415	5,978	6,199	6,299	5,428
	164,064	149,152	141,995	137,048	127,976	134,016
	57,298	54,387	50,153	44,407	37,113	37,438
	5,794	5,477	3,146	1,259	1,881	3,887
	1,711	1,669	1,772	3,229	2,038	2,141
	<u>373,639</u>	<u>350,784</u>	<u>334,158</u>	<u>323,941</u>	<u>304,845</u>	<u>307,010</u>
	175,160	162,753	150,674	139,437	133,949	146,943
	41,287	40,876	34,955	30,664	29,501	30,364
	17,260	16,798	15,098	14,439	14,892	13,997
	23,209	18,231	16,350	16,548	13,449	13,438
	21,904	18,928	18,015	16,593	20,438	20,205
	41,870	39,117	36,679	35,359	35,386	36,162
	14,866	14,870	12,662	11,427	13,011	13,372
	33,832	44,099	25,369	14,160	27,942	51,040
	4,251	4,072	3,950	3,746	3,780	2,789
	6,126	6,135	7,185	7,050	2,758	4,437
	38,850	38,800	37,550	34,800	31,625	31,375
	5,005	4,452	4,156	6,061	6,569	6,448
	<u>423,620</u>	<u>409,131</u>	<u>362,643</u>	<u>330,284</u>	<u>333,300</u>	<u>370,570</u>
	<u>(49,981)</u>	<u>(58,347)</u>	<u>(28,485)</u>	<u>(6,343)</u>	<u>(28,455)</u>	<u>(63,560)</u>
	32,545	59,944	47,263	20,000	20,000	68,313
	101	113	1,333	-	-	-
\$	<u>(17,335)</u>	<u>1,710</u>	<u>20,111</u>	<u>13,657</u>	<u>(8,455)</u>	<u>4,753</u>
	11.09%	11.86%	12.27%	12.58%	12.52%	11.84%

STATISTICAL SECTION: FINANCIAL TRENDS

**Net Assets By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year Ended June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities									
Invested in capital assets, net of related debt	\$ 214,708	\$ 188,766	\$ 236,025	\$ 215,331	\$ 197,939	\$ 182,975	\$ 160,410	\$ 138,748	\$ 120,829
Restricted for:									
Capital projects	47,721	66,692	-	-	-	-	-	-	-
Debt service	49,781	48,708	47,453	43,660	38,361	41,302	41,484	41,282	39,124
Building	1,108	1,191	-	-	-	-	-	-	-
Gifts	1,810	1,239	-	-	-	-	-	-	-
Unrestricted	21,175	12,557	33,074	24,910	24,530	26,742	33,363	28,713	17,558
Total primary governmental activities net assets	<u>\$ 336,303</u>	<u>\$ 319,153</u>	<u>\$ 316,552</u>	<u>\$ 283,901</u>	<u>\$ 260,830</u>	<u>\$ 251,019</u>	<u>\$ 235,257</u>	<u>\$ 208,743</u>	<u>\$ 177,511</u>

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

STATISTICAL SECTION: FINANCIAL TRENDS

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year Ended June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Reserved	\$ -	\$ -	\$ 6,284	\$ 3,485	\$ 2,876	\$ 4,605	\$ 8,222	\$ 7,111	\$ 7,464	\$ 3,530
Unreserved	-	-	26,654	22,484	18,803	17,168	19,260	18,147	11,089	10,040
Non-spendable										
Inventories and prepaids	717	842	-	-	-	-	-	-	-	-
Restricted										
Federal allocation carryover	387	4,137	-	-	-	-	-	-	-	-
Committed	3,976	710	-	-	-	-	-	-	-	-
Assigned	4,822	6,016	-	-	-	-	-	-	-	-
Unassigned	21,430	5,124	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 31,332</u>	<u>\$ 16,829</u>	<u>\$ 32,938</u>	<u>\$ 25,969</u>	<u>\$ 21,679</u>	<u>\$ 21,773</u>	<u>\$ 27,482</u>	<u>\$ 25,258</u>	<u>\$ 18,553</u>	<u>\$ 13,570</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ 69,562	\$ 63,725	\$ 56,911	\$ 69,847	\$ 63,018	\$ 47,881	\$ 44,296	\$ 57,314
Unreserved, reported in:										
Capital projects funds	-	-	874	1,268	1,012	5,562	2,959	690	2,221	2,681
Special revenue funds	-	-	5,582	5,734	7,840	7,595	9,608	9,128	4,230	4,190
Non-spendable										
Inventories and prepaids	970	640	-	-	-	-	-	-	-	-
Endowments	30	30	-	-	-	-	-	-	-	-
Restricted										
Capital projects	47,563	66,692	-	-	-	-	-	-	-	-
Debt service	49,781	48,708	-	-	-	-	-	-	-	-
Building	1,091	1,145	-	-	-	-	-	-	-	-
Gifts	1,780	1,209	-	-	-	-	-	-	-	-
Assigned										
Child nutrition	1,668	2,431	-	-	-	-	-	-	-	-
Arbitrage	9	3	-	-	-	-	-	-	-	-
Flexible benefits	23	15	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 102,915</u>	<u>\$ 120,873</u>	<u>\$ 76,018</u>	<u>\$ 70,727</u>	<u>\$ 65,763</u>	<u>\$ 83,004</u>	<u>\$ 75,585</u>	<u>\$ 57,699</u>	<u>\$ 50,747</u>	<u>\$ 64,185</u>

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

STATISTICAL SECTION: REVENUE CAPACITY

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

Fiscal Year Ended June 30,	Total Taxable Assessed Value (000's)				Direct Tax Rate*				Total Direct Tax Rate*
	Tulsa County	Creek County	Osage County	Wagoner County	Tulsa County	Creek County	Osage County	Wagoner County	
2011	\$ 2,149,629	\$ 16,974	\$ 35,032	\$ 224	63.90	62.75	62.70	63.41	63.87
2010	2,130,553	15,056	34,369	205	64.95	63.80	63.75	64.46	64.92
2009	2,050,504	13,296	31,315	161	65.30	64.15	64.10	64.81	65.27
2008	1,949,996	11,907	29,048	160	63.77	62.62	62.57	63.28	63.75
2007	1,889,198	10,969	26,632	134	62.93	61.78	61.73	62.44	62.91
2006	1,814,232	10,675	24,848	62	64.62	63.46	63.42	64.13	64.60
2005	1,769,286	10,466	22,809	114	64.91	63.75	63.71	64.42	64.90
2004	1,738,274	11,274	21,398	135	65.79	64.63	64.59	65.30	65.77
2003	1,750,265	10,444	20,610	116	63.54	62.38	62.34	63.05	63.52
2002	1,698,713	10,193	20,441	135	63.13	61.97	61.93	62.64	63.11

*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,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	22.70	23.75	24.10	22.57	21.73	23.42	23.71	24.59	22.34	21.93
Total Direct Rate	\$ 63.90	\$ 64.95	\$ 65.30	\$ 63.77	\$ 62.93	\$ 64.62	\$ 64.91	\$ 65.79	\$ 63.54	\$ 63.13
Tulsa Community College	7.21	7.21	7.21	7.21	7.21	7.21	7.21	8.28	8.31	8.39
Tulsa County Vo-Tech	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33
Tulsa County	22.21	22.21	22.21	22.21	22.21	22.59	22.61	22.89	23.83	24.31
City of Tulsa	16.98	14.15	14.08	13.48	12.67	9.97	10.11	11.16	11.23	11.53
Total For All Governments	\$ 123.63	\$ 121.85	\$ 122.13	\$ 120.00	\$ 118.35	\$ 117.72	\$ 118.17	\$ 121.45	\$ 120.24	\$ 120.69

Source: Tulsa County Assessor's Office.

STATISTICAL SECTION: REVENUE CAPACITY

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

Fiscal Year Ended June 30,	Total Taxable Assessed Value (000's)			Total Direct Tax Rate*	Estimated Actual Value (000's)	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property	Public Service			
2011	\$ 1,627,450	\$ 370,050	\$ 204,359	63.87	\$ 19,424,410	11.34%
2010	1,562,217	379,621	188,715	64.92	19,299,072	11.04%
2009	1,541,415	378,479	175,382	65.27	18,594,837	11.27%
2008	1,467,926	340,065	183,119	63.75	17,577,797	11.33%
2007	1,404,704	317,543	204,687	62.91	16,875,863	11.42%
2006	1,351,255	281,662	216,900	64.60	16,086,664	11.50%
2005	1,278,451	296,869	227,354	64.90	15,624,403	11.54%
2004	1,227,605	296,152	247,323	65.77	15,245,768	11.62%
2003	1,180,840	301,196	299,398	63.52	15,107,773	11.79%
2002	1,139,554	294,726	295,202	63.11	14,648,667	11.81%
2001	1,082,919	295,129	183,539	63.78	13,630,282	11.46%

*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,					
	2011			2002		
	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value
AT&T Companies*	\$ 68,493	1	3.1%	\$ 54,452	2	3.3%
Public Service Company of Oklahoma	61,614	2	2.8%	44,442	3	2.7%
Holly Refining & Marketing	37,256	3	1.7%	n/a	n/a	n/a
Hillcrest & Tulsa Regional	27,743	4	1.3%	n/a	n/a	n/a
Oklahoma Natural Gas Company	24,469	5	1.1%	20,588	5	1.3%
Williams Companies	14,646	6	0.7%	112,288	1	6.9%
Warren Foundation	12,956	7	0.6%	12,919	7	0.8%
Kanbar Property Mgmt LLC	10,169	8	0.5%	n/a	n/a	n/a
Cox Communications	9,860	9	0.4%	n/a	n/a	n/a
Cellco Partnership	8,834	10	0.4%	n/a	n/a	n/a
AT&T Companies	n/a	n/a	n/a	32,107	4	2.0%
Albertson's	n/a	n/a	n/a	10,680	9	0.7%
American Airlines	n/a	n/a	n/a	16,982	6	1.0%
MCI	n/a	n/a	n/a	10,557	10	0.6%
Sun Oil Company	n/a	n/a	n/a	12,398	8	0.8%
Total	\$ 276,040		12.5%	\$ 327,413		20.1%

*Formerly Southwestern Bell

Source: Tulsa County Assessor's Office.

STATISTICAL SECTION: REVENUE CAPACITY

**Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)**

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
2011	140,637	133,314	94.79%	-	133,314	94.79%
2010	141,544	134,517	95.04%	4,050	138,567	97.90%
2009	136,769	129,564	94.73%	6,527	136,091	99.50%
2008	126,925	121,880	96.03%	3,852	125,732	99.06%
2007	121,217	113,781	93.87%	4,783	118,564	97.81%
2006	119,495	111,124	92.99%	6,159	117,283	98.15%
2005	116,988	109,994	94.02%	4,600	114,594	97.95%
2004	116,485	110,951	95.25%	3,822	114,773	98.53%
2003	113,155	106,713	94.31%	4,069	110,782	97.90%
2002	109,146	105,176	96.36%	3,283	108,459	99.37%

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

**Schedule of Debt Service Requirements to Maturity
June 30, 2011
(in thousands of dollars)**

Fiscal Year Ended June 30,	Existing Bonds		Total Debt Service Requirements
	Principal*	Interest	
2012	\$ 48,530	\$ 4,437	\$ 52,967
2013	50,175	2,695	52,870
2014	40,175	1,576	41,751
2015	29,695	786	30,481
2016	10,000	150	10,150
Total	\$ 178,575	\$ 9,644	\$ 188,219

*Excluding premium.

Source: District records.

**General Obligation Bonded Debt Outstanding
June 30, 2011
(in thousands of dollars)**

<u>Description</u>	<u>Date of Bonds</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Combined Purpose Bonds, Series 2006B	8/1/2006	\$ 12,000	8/1/2011	\$ 3,000
Combined Purpose Bonds, Series 2007A	1/1/2007	20,355	1/1/2012	5,355
Combined Purpose Bonds, Series 2007B	8/1/2007	22,000	8/1/2012	11,000
Combined Purpose Bonds, Series 2008A	1/1/2008	18,000	1/1/2013	9,000
Combined Purpose Bonds, Series 2008B	8/1/2008	28,000	8/1/2013	21,000
Combined Purpose Bonds, Series 2009A	2/1/2009	14,500	2/1/2014	10,875
Combined Purpose Bonds, Series 2009B	8/1/2009	21,345	8/1/2014	21,345
Combined Purpose Bonds, Series 2010A	6/1/2010	57,000	6/1/2015	57,000
Combined Purpose Bonds, Series 2010B	11/1/2010	40,000	11/1/2015	40,000
Total		<u>\$ 233,200</u>		<u>\$ 178,575</u>

Source: District records.

**Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Total General Obligation Bonded Debt (thousands)	Sinking Fund Balance (thousands)	Net General Obligation Bonded Debt (thousands)	Capital Leases (thousands)	Total Debt (thousands)	Ratio of Net General Obligation Bonded Debt to Estimated Actual Value	Net General Obligation Bonded Debt Per Capita(1)	Ratio of Total Debt to Personal Income(2)
2011	\$ 178,575	\$ 49,288	\$ 129,287	\$ 3,823	\$ 133,110	0.67%	\$ 443.70	N/A
2010	182,065	47,738	134,327	2,122	136,449	0.70%	454.83	N/A
2009	148,335	47,069	101,266	797	102,063	0.54%	340.21	0.38%
2008	145,450	43,090	102,360	1,802	104,162	0.58%	347.21	0.37%
2007	142,065	37,971	104,094	2,789	106,883	0.62%	356.28	0.41%
2006	148,560	40,207	108,353	4,044	112,397	0.67%	374.66	0.44%
2005	127,900	40,967	86,933	4,926	91,859	0.56%	306.20	0.41%
2004	118,450	41,094	77,356	5,982	83,338	0.51%	277.79	0.40%
2003	133,250	38,880	94,370	6,993	101,363	0.62%	337.88	0.53%
2002	144,875	38,059	106,816	7,373	114,189	0.73%	380.63	0.59%

Source: District records.

Notes

(1) Based on 300,000 estimated population.

(2) Tulsa area personal income. Source: Bureau of Economic Analysis, U. S. Department of Commerce.

STATISTICAL SECTION: DEBT CAPACITY

**Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$ 220,186	\$ 218,018	\$ 209,528	\$ 199,111	\$ 192,693	\$ 184,982	\$ 180,267	\$ 177,108	\$ 178,143	\$ 172,948
Net Debt Applicable to Limit	129,287	134,327	101,266	102,360	104,094	108,353	86,933	77,356	94,370	106,816
Legal Debt Margin	<u>\$ 90,899</u>	<u>\$ 83,691</u>	<u>\$ 108,262</u>	<u>\$ 96,751</u>	<u>\$ 88,599</u>	<u>\$ 76,629</u>	<u>\$ 93,334</u>	<u>\$ 99,752</u>	<u>\$ 83,773</u>	<u>\$ 66,132</u>
Total net debt applicable to the limit as a percentage of debt limit	58.72%	61.61%	48.33%	51.41%	54.02%	58.57%	48.22%	43.68%	52.97%	61.76%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value	\$ 2,201,859
Debt Limit (10% of assessed value)	220,186
Total Bonded Indebtedness	178,575
Sinking Fund Balance	<u>49,288</u>
Net Bonded Indebtedness	129,287
Legal Debt Margin	<u>\$ 90,899</u>

Source: District records.

**Direct and Overlapping Governmental Debt
June 30, 2011
(in thousands of dollars)**

Governmental Unit	Net Indebtedness	Estimated % Applicable to the District	Estimated Share of Overlapping Debt
City of Tulsa	\$ 451,202 *	63.46%	\$ 286,353
Tulsa Community College	-	44.09%	-
Tulsa County	12 *	44.09%	5
Tulsa Vo-Tech #18	-	40.75%	-
Creek County	2,743 *	4.30%	118
Osage County	-	13.20%	-
Wagoner County	-	0.05%	-
Subtotal, overlapping debt			\$ 286,476
Tulsa School District Direct Debt			129,287
Total Direct and Overlapping Debt			<u>\$ 415,763</u>

*As of June 30, 2010

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	2010			2001		
	Employees	Rank	Percentage of Total Employment *	Employees	Rank	Percentage of Total Employment *
Tulsa Public Schools	7,000	1	1.73%	6,743	2	1.57%
American Airlines	6,750	2	1.67%	9,766	1	2.28%
Saint Francis Hospital, Inc.	6,000	3	1.49%	6,250	3	1.46%
St. John Medical Center, Inc.	6,000	4	1.49%	4,800	5	1.12%
City of Tulsa	4,000	5	0.99%	3,920	7	0.92%
Hillcrest Medical Center	3,000	6	0.74%	5,500	4	1.28%
Tulsa Community College	3,000	7	0.74%	-		
Broken Arrow Public Schools	3,000	8	0.74%	-		
Union Public Schools	3,000	9	0.74%	-		
Jenks Public Schools	2,000	10	0.50%	-		
Williams Communications	-		-	4,400	6	1.03%
ONEOK, Inc	-		-	3,600	8	0.84%
WorldCom Network Services	-		-	3,600	9	0.84%
Bank of Oklahoma, NA	-		-	3,315	10	0.77%
	<u>43,750</u>		<u>10.83%</u>	<u>51,894</u>		<u>12.12%</u>

*Tulsa MSA

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

Note: Information is not available for fiscal year 2011.

**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, 2011	(N/A)	(N/A)	(N/A)	288,296	269,714	6.4%
2010	(N/A)	\$ (N/A)	\$ (N/A)	295,330	272,740	7.7%
2009	601,961	27,035,375	44,912	304,990	285,110	6.5%
2008	592,406	28,122,403	47,472	292,130	280,520	4.0%
2007	585,407	25,922,322	44,281	303,900	290,860	4.3%
2006	577,271	25,321,413	43,864	311,700	299,550	3.9%
2005	570,051	22,560,933	39,577	300,970	288,430	4.2%
2004	567,695	20,989,144	36,973	303,307	288,779	4.8%
2003	569,584	19,297,398	33,880	304,688	286,236	6.0%
2002	570,207	19,192,935	33,660	307,504	292,983	4.7%

Sources:
Bureau of Economic Analysis, U.S. Department of Commerce,
Oklahoma Employment Security Commission.

STATISTICAL SECTION: OPERATING INFORMATION

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

Fiscal Year	Regular Education										Total - Net Current Expenditures Per Pupil	Average Daily Membership	
	Instruction	Support Services & Staff	Administrative Support Services	Instructional and School Leadership	Central Services	Operation & Maintenance of Plant Facilities	Child Nutrition	Total	Facility Acquisition and Construction	Student Transportation			Other
2010-11	\$ 4,424	\$ 1,229	\$ 222	\$ 427	\$ 434	\$ 897	\$ 576	\$ 8,209	\$ 1,944	\$ 304	\$ 264	\$ 10,580	40,540.5
2009-10	4,724	1,240	252	450	372	957	578	8,573	543	293	399	9,592	39,893.4
2008-09	4,466	1,140	166	425	400	1,007	527	8,131	818	362	295	9,469	40,632.3
2007-08	4,422	1,026	142	424	350	1,013	489	7,866	866	310	306	9,191	40,707.0
2006-07	4,181	996	128	416	444	919	483	7,566	730	285	300	8,736	41,379.0
2005-06	3,889	931	105	408	342	1,006	431	7,112	1,104	436	272	8,775	41,475.0
2004-05	3,603	910	97	366	317	939	403	6,635	967	315	270	8,025	41,351.0
2003-04	3,389	748	78	345	330	864	381	6,135	400	285	304	6,957	41,777.0
2002-03	3,166	687	92	305	356	821	349	5,776	317	319	474	6,741	42,459.8
2001-02	3,464	718	109	328	491	840	364	6,314	1,591	322	359	8,473	41,045.5

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Number of operating cafeterias	87	89	89	89	87	88	87	87	88	85
Number of schools participating in Federal lunch program	87	89	89	89	87	88	87	87	88	85
Student lunches served:										
Free lunches	3,796,583	3,792,050	3,581,503	3,460,550	3,503,609	3,488,501	3,294,952	3,108,878	2,949,187	2,708,942
Reduced price lunches	397,012	473,123	478,911	526,753	532,689	528,325	504,865	479,217	466,603	489,819
Paid lunches	626,107	672,277	718,211	754,244	759,301	814,036	818,501	786,405	879,319	995,562
Total student lunches served	<u>4,819,702</u>	<u>4,937,450</u>	<u>4,778,625</u>	<u>4,741,547</u>	<u>4,795,599</u>	<u>4,830,862</u>	<u>4,618,318</u>	<u>4,374,500</u>	<u>4,295,109</u>	<u>4,194,323</u>
Adult lunches served	83,735	101,467	225,713	233,530	234,222	248,125	271,264	273,888	287,708	286,363
Ala Carte lunches:										
Student daily equivalent meals	980	1,644	1,883	1,813	1,972	2,155	2,886	3,042	3,153	2,967
Adult daily equivalent meals	103	152	159	160	195	220	211	208	219	275
Daily average lunches served (including ala carte lunches):										
Student	29,499	29,698	28,881	28,908	28,035	29,760	28,123	26,435	26,883	24,927
Adult	599	729	1,434	1,494	1,468	1,638	1,693	859	1,809	1,774
Average Daily Membership (ADM)	40,540	39,893	40,632	40,707	41,379	41,475	41,351	41,777	42,460	41,046
Percent of student lunches served to ADM	72.8%	74.4%	71.1%	71.0%	67.8%	71.8%	68.0%	63.3%	63.3%	60.7%

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

**High School Graduates
Last Ten Fiscal Years**

School Year	Central	East Central	Edison	Hale	Memorial	Rogers	McClain	Washington	Webster	Total
2010-11	106	223	246	125	203	148	107	295	80	1,533
2009-10	122	211	259	125	225	137	104	296	59	1,538
2008-09	123	218	220	116	204	148	88	287	64	1,468
2007-08	136	217	266	150	266	148	112	318	68	1,681
2006-07	167	214	244	160	275	173	128	289	109	1,759
2005-06	205	196	255	147	274	184	123	306	104	1,794
2004-05	122	164	196	135	255	168	150	257	95	1,542
2003-04	173	217	196	139	259	169	122	281	88	1,644
2002-03	158	202	178	166	269	173	86	293	90	1,615
2001-02	176	225	178	192	264	187	109	273	88	1,692

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

**List of School Buildings: Square Footage, Capacity, Age
June 30, 2011**

School Building*	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/ Construction Date(1)	Depreciation Effective Date(2)
Academy Central	53,377	287	563	51%	1974	1982
Addams	40,996	208	387	54%	1962	1972
Alcott	50,953	263	475	55%	1958	1974
Anderson	73,981	365	616	59%	1961	1972
Zarrow	39,650	300	317	95%	1967	1972
Barnard	48,261	285	334	85%	1926	1972
Bell	100,737	425	546	78%	1953	1972
Bryant	45,673	415	510	81%	1930	1972
Burroughs	56,856	291	493	59%	1926	1972
Carnegie	54,580	425	475	89%	1959	1972
C. Clinton	49,627	444	528	84%	1954	1982
Cherokee	57,452	208	458	45%	1921	1972
Chouteau	41,000	283	334	85%	1970	1984
Columbus	71,279	386	440	88%	1972	1985
Cooper	65,260	686	950	72%	1967	1979
Early Childhood Dev Center	44,065	1,032	370	279%	1956	1982
Eisenhower	45,575	340	317	107%	1953	1979
Eliot	48,534	438	440	100%	1956	1979
Emerson	54,753	330	581	57%	1967	1979
Eugene Field	44,602	415	581	71%	2006	2006
Greeley	41,829	142	405	35%	1970	1984
Grimes	39,230	286	352	81%	1967	1982
Hawthorne	57,831	555	581	96%	1956	1982
Patrick Henry	57,840	474	510	93%	1958	1974
Hoover	69,115	568	669	85%	1955	1979
Houston	65,489	178	563	32%	1959	1979
Jackson	55,974	295	475	62%	1960	1972
Jones	35,398	307	334	92%	1962	1971
Kendall Whittier	115,500	1,121	1,162	97%	1998	1998
Kerr	47,210	723	598	121%	1965	1981
Key	48,106	502	563	89%	1962	1979
Lanier	38,266	305	370	83%	1926	1972
Lee	42,607	377	458	82%	1921	1972
Lindbergh	55,459	497	686	72%	1958	1979
MacArthur	49,388	329	440	75%	1958	1979
Marshall	68,185	417	581	72%	1954	1974
Mayo	39,657	210	158	133%	1974	1982
McClure	44,282	447	493	91%	1958	1979
McKinley	44,924	456	528	86%	1957	2000
Mitchell	44,396	458	546	84%	1961	1979
Owen	51,247	498	510	98%	1953	1979
Park	34,500	245	370	66%	1921	1979
Peary	43,017	348	405	86%	1969	1982
Penn	46,791	252	510	49%	1960	1983
Phillips	40,858	257	370	70%	1960	1979

STATISTICAL SECTION: OPERATING INFORMATION

**List of School Buildings: Square Footage, Capacity, Age
June 30, 2011**

School Building*	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/ Construction Date(1)	Depreciation Effective Date(2)
Remington	37,799	297	475	63%	1968	1974
Robertson	51,052	433	510	85%	2003	2003
Roosevelt	102,119	368	757	49%	1927	1972
Salk	65,922	494	669	74%	1965	1979
Sandburg	41,000	186	317	59%	1972	1982
Sequoyah	49,112	482	563	86%	1929	1974
Skelly	102,922	752	739	102%	1967	1979
Springdale	51,660	495	581	85%	1926	1972
Mark Twain	54,809	410	546	75%	2003	2003
Whitman	46,273	254	493	52%	1962	1980
Wright	99,534	416	598	70%	1960	1974
Disney	61,835	885	898	99%	1970	1982
Grissom	51,422	377	493	76%	1970	1979
Byrd	136,651	524	819	64%	1967	1982
Carver	79,242	633	676	94%	1929	1972
Cleveland	114,973	355	783	45%	1927	1972
Clinton	123,811	489	748	65%	2010	2010
Lewis & Clark	104,453	446	676	66%	1963	1982
Edison MS	173,104	913	908	101%	1958	1979
Foster	125,812	693	819	85%	1968	1979
Gilcrease	104,725	328	712	46%	1965	1979
Hamilton	107,403	384	676	57%	1958	1974
Kipp - Tulsa Academy	60,000	322	338	95%	1971	1971
Madison	96,142	324	587	55%	1959	1979
Nimitz	91,909	329	570	58%	1962	1979
Thoreau	95,333	563	481	117%	1974	1984
Whitney	128,403	646	890	73%	1961	1974
Wilson	114,068	588	926	64%	1927	1974
Alternative Sites	241,734	955	1,725	55%	1921-1927	1935-2001
Central High	165,185	639	1,098	58%	1977	1988
East Central	264,818	1,106	1,427	77%	1967	1979
Edison HS	346,208	1,170	1,427	82%	1958	1979
Hale	239,685	928	1,427	65%	1960	1979
McLain	209,880	427	1,190	36%	1960	1988
Memorial	218,627	1,111	1,629	68%	1963	1988
Rogers	344,670	921	1,647	56%	1938	1972
Washington	245,000	1,264	1,336	95%	2004	2004
Webster	212,657	555	842	66%	1939	1972

* 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				
2011	59	15	9	39,957	40,540	37,433	92.33%
2010	59	15	9	40,719	39,893	36,664	91.90%
2009	59	15	9	40,242	40,632	37,546	92.41%
2008	59	15	9	40,600	40,707	37,630	92.44%
2007	59	16	9	42,242	41,379	38,406	92.82%
2006	57	16	9	42,281	41,475	38,679	93.26%
2005	57	15	9	41,966	41,351	38,200	92.38%
2004	57	15	9	42,532	41,777	38,423	91.97%
2003	57	15	9	42,764	42,460	39,039	91.94%
2002	57	15	9	44,688	41,046	37,725	91.91%

Source: District records.

Schedule of Government Employees by Function

Function	Number of Employees at June 30,		
	2011	2010	2009
Instruction and instruction-related services	4,657	4,456	4,512
Support services - student and staff	540	563	507
Instructional and school leadership	232	218	102
Administrative support services	160	163	163
Operation of non-instructional services	562	456	529
Operation and maintenance of plant services	529	548	552
Student transportation services	276	258	280
Total Government Employees	<u>6,956</u>	<u>6,662</u>	<u>6,645</u>

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

Source: District records.

TULSA PUBLIC SCHOOLS

Independent School District I-1, Tulsa County, Oklahoma

Single Audit Reports

June 30, 2011

TULSA PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO.I-1, TULSA COUNTY

June 30, 2011

SINGLE AUDIT REPORTS

Independent Auditors' Report on Compliance and Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the Schedule of Expenditures of Federal Awards	3
Schedule of Expenditures of Federal Awards.....	5
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Independent Auditors' Report on Compliance and Other Matters and
on Internal Control Over Financial Reporting Based on an Audit
of the Financial Statements Performed in Accordance
With Government Auditing Standards

To the Board of Education
Tulsa Public Schools
Tulsa, Oklahoma

We have audited 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, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2011. Our report contained an explanatory paragraph describing the District's adoption of GASB Statement No. 54 in the year ended June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 2011-01 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, our testing identified an immaterial instance of non compliance which has been communicated to management in a separate letter dated December 14, 2011.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Education, management, the Oklahoma State Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 14, 2011

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards

To the Board of Education
Tulsa Public Schools
Tulsa, Oklahoma

Compliance

We have audited the compliance of Tulsa Public Schools (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2011, and have issued our report thereon dated December 14, 2011. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, the Oklahoma State Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 14, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TULSA PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO. I-1, TULSA COUNTY

For The Year Ended June 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's / Pass-through Number	Total Expenditures
<u>U.S. Department of Education</u>			
<u>Direct Programs:</u>			
Title VIII Impact Aid Operations	84.041	S041Z-2006-4235	\$ 490
Title VII Indian Education	84.060	B060A050815	657,277
Gear Up Grant - Tulsa	84.334 A	P334A050115	953,358
Alternative Ed Reach, Rise & Achieve	84.215 K	U215K090019	252,877
AP Incentive Program	84.330		796,841
Magnet Schools Assist	84.165 A	U165A070040	1,812,354
LSL Project TEAMS	84.364 A	S364A090381	70,198
Jump Into Action	84.215 F	Q215F080135	457,322
Project BRAVO-REMS	84.184 E	Q1843090027	103,327
Teaching American History	84.215 X	U215X080095	208,190
Secure Our Schools	16.710	2009-CK-WX-0746	437,482
TPS Campus Police	16.580	2008-DD-BX0234	10,341
TPS Campus Police 2011	16.580	2011-DD-BX-0005	19,135
Hazard Mitigation FEMA	206.434 (a)	FEMA-1712-DR-OK	10,143
Safe Schools Initiative	16.710	2009-CK-WX-640	159,967
Subtotal			<u>5,949,302</u>
<u>Passed Through State Department of Education:</u>			
* Title I	84.010		15,236,216
* Title 1 - 3 month money	84.010		2,274,385
Title I - Reading First	84.357		124,432
* Title I Neglected/Delinquent Children	84.010		21,187
* Title I School Support	84.010		2,674,068
* Title I School Distinguished Schools	84.010		42,934
* Title I ARRA	84.389		5,829,802
* Title I ARRA Supplemental	84.389		3,825,703
<u>Special Education Programs:</u>			
* IDEA-B Flowthrough	84.027 A		7,004,929
* IDEA-B ARRA Flowthrough	84.391		4,814,977
* IDEA-B Early Intervening	84.027 A		1,237,548
* IDEA-B Preschool	84.173 A		144,173
* IDEA-B ARRA Preschool	84.392		143,400
* IDEA-B System of care	84.027		7,338
* IDEA-B Project Echo	84.027		10,733
Title IV Safe and Drug Free	84.186		86,101
21st Century	84.287		221,085
McKinney Homeless Youth	84.196		153,791
Title II Part A Improve Teachers	84.367		1,506,957
Title II Part A Technical Assistance Grant	84.367 A		24,214

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TULSA PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO. I-1, TULSA COUNTY

For The Year Ended June 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's / Pass-through Number	Total Expenditures
<u>U.S. Department of Education</u>			
Title II Part B, Mathematics & Science Partnership	84.366		98,878
Title II Part B, Mathematics & Science Partnership	84.366		1,004
Title III Part A English Language	84.365		216,726
Title III Part A Immigrant Education Act	84.162		63,630
Title II Part D Professional Development \	84.318		33,900
Title II Part D Technology	84.318		55,710
Adult Basic Education	84.002		229,189
Adult Basic Education-Civics	84.002		1,749
Adult Ed Services to Corrections/Institutionalized	84.002		<u>14,865</u>
Subtotal			<u>46,099,624</u>
<u>Passed Through State Department of Vocational Technical Education:</u>			
Carl Perkins Grant	84.048		862,646
Carl Perkins Grant supplementary	84.048		111,123
Carl Perkins High Schools That Work	84.048		11,646
Tech Prep	84.243		<u>2,777</u>
Subtotal			<u>988,192</u>
<u>U.S. Department of Agriculture:</u>			
<u>Passed Through State Department of Education</u>			
School Breakfast Program	10.553		5,686,718
National School Lunch Programs	10.555		11,506,955
Child & Adult Care Food Programs	10.558		182,355
Fresh Fruit/Vegetable Program	10.582		224,820
Summer Food Services Program	10.559		<u>541,698</u>
Subtotal			<u>18,142,546</u>
<u>Passed Through Department of Human Services</u>			
Commodities	10.550		<u>1,416,605</u>
<u>Other Federal Assistance:</u>			
Creek Nation:			
Johnson O'Malley	15.130		52,802
Johnson O'Malley C/O	15.130		25,749
Cherokee Nation:			
Johnson O'Malley	15.130		19,050
JROTC - Airforce	12.n/a		54,981
JROTC - Army	12.n/a		569,402
JROTC - Navy	12.n/a		83,847
Learn & Serve Grant	94.005		16,589

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TULSA PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO. I-1, TULSA COUNTY

For The Year Ended June 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's / Pass-through Number	Total Expenditures
<u>U.S. Department of Education</u>			
Medicaid Resources	93.778		247,556
* ARRA, Stabilization Funds	84.394		9,175,446
* ARRA, Government Services Funds, Textbooks	84.397		224,940
* ARRA, Education Jobs Fund	84.410 A		<u>1,641,972</u>
Subtotal			<u>12,112,334</u>
Total Federal Assistance			<u>\$ 84,708,603</u>

Note - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of I-1, Tulsa Public Schools, and is presented on the modified accrual basis of accounting, as permitted by the Oklahoma State Department of Education. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* Major Programs

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TULSA PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO.I-1, TULSA COUNTY

Year Ended June 30, 2011

Section I--Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes no

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
Title I Cluster	84.010 and 84.389
Special Education Cluster (IDEA)	84.027, 84.173, 84.391 and 84.392
ARRA-State Fiscal Stabilization Fund	84.394 and 84.397
ARRA- Education Jobs Fund	84.410A

Dollar threshold used to distinguish between type A and type B programs: \$2,541,258

Auditee qualified as low-risk auditee? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

TULSA PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO.I-1, TULSA COUNTY

Year Ended June 30, 2011

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

See finding 2011-01.

Section III--Finding Required to be Reported in Accordance with OMB Circular A-133:

None to report for the June 30, 2011 period.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

TULSA PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO.I-1, TULSA COUNTY

Year Ended June 30, 2011

FINDING 2011-01

Criteria

Effective internal controls are established and maintained to prevent, or detect and correct material misstatements in the annual financial statements on a timely basis.

Condition

Several significant adjustments were made to the original trial balance presented at the beginning of the audit. These adjustments were identified through various audit procedures and were needed to properly state cash, capital assets, and various payable balances.

Cause

During the year ended June 30, 2011, the District continued the implementation of its new accounting system. In addition there were certain personnel changes in key areas, which resulted in less experienced personnel performing these key functions. The District did not update the design of its internal control procedures to provide for a higher level of scrutiny and review of journal entries that are posted in connection with the financial reporting and closing process.

Effect or Potential Effect

The District did not detect errors, including, some that were significant, in the preparation of its financial statements.

Recommendation

We recommend that the District improve its review procedures. Specifically, we recommend that a review of journal entries (and supporting detail) be performed by supervisory level personnel to ensure that balances are properly stated.

Districts Response and Corrective Action Plan

District supervisory personnel will review journal entries and supporting detail to ensure that balances are properly stated. New staff will receive training on the technical aspects of financial reporting and all staff will be provided additional training on the new financial system. The District will take advantage of the functionality of the new system and identify opportunities to segregate the accounting duties which will improve our internal controls over financial reporting.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

TULSA PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO.I-1, TULSA COUNTY

Year Ended June 30, 2011

No matters were reportable.