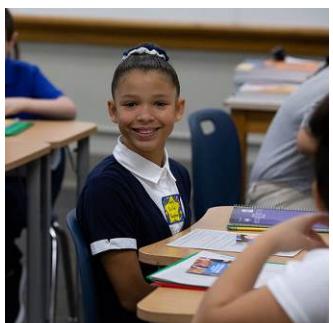




# Tulsa Public Schools

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



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

*This page is left blank intentionally*



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

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018

Prepared by the  
Department of Financial Services

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

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

*Dr. Pauline Harris, human rights & title IX coordinator  
Tulsa Public Schools Talent Management Department  
3027 S. New Haven Ave.  
Tulsa, Oklahoma 74114-6131  
918-746-6517*

*This page is left blank intentionally*

---

## TABLE OF CONTENTS

---

	<u>Page</u>
<b>Introductory Section .....</b>	<b>1</b>
School District Officials .....	3
Organizational Chart .....	4
Superintendent Profile.....	5
Board District Map.....	6
Board Member Profiles .....	7
Letter of Transmittal .....	11
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	19
ASBO Certificate of Excellence in Financial Reporting .....	21
 <b>Financial Section .....</b>	 <b>23</b>
<i>Independent Auditors' Report .....</i>	<i>25</i>
<i>Management's Discussion and Analysis.....</i>	<i>27</i>
 <b>Basic Financial Statements .....</b>	 <b>37</b>
Statement of Net Position .....	39
Statement of Activities.....	40
Balance Sheet – Governmental Funds .....	41
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	42
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	43
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	44
Statement of Fiduciary Assets and Liabilities – Student Activity Funds .....	45
Notes to the Financial Statements .....	46
 <b>Required Supplementary Information .....</b>	 <b>75</b>
Schedule of the District's Proportionate Share of the Net Pension Liability .....	77
Schedule of the District's Pension Plan Contributions.....	79
Budgetary Comparison Schedule – General Fund .....	80
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to the Budgetary Comparison Schedule – General Fund .....	81
Notes to Required Supplementary Information.....	82
 <b>Other Supplementary Information.....</b>	 <b>83</b>
Budgetary Comparison Schedule – Debt Service Fund .....	85
Budgetary Comparison Schedule – Capital Improvements .....	86
Budgetary Comparison Schedule – Special Revenue Fund.....	87
Statement of Changes in Fiduciary Asset and Liabilities – Student Activity Funds .....	88
Combining Balance Sheet – General Funds .....	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – General Funds .....	90
Combining Balance Sheet (Nonmajor Funds) .....	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Nonmajor Funds).....	92

---

## TABLE OF CONTENTS

---

	<u>Page</u>
<b>Statistical Section (Unaudited) .....</b>	<b>93</b>
<i>Contents.....</i>	<i>95</i>
<i>Financial Trends.....</i>	<i>96</i>
Changes in Net Position.....	96
Changes in Fund Balances – Governmental Funds .....	98
Net Position By Component.....	100
Fund Balances, Governmental Funds .....	101
<i>Revenue Capacity.....</i>	<i>102</i>
Property Tax Rates – Direct and Overlapping Governments .....	102
Direct and Overlapping Property Tax Rates .....	102
Assessed Value and Estimated Actual Value of Taxable Property .....	103
Principal Property Taxpayer.....	104
Property Tax Levies and Collections .....	105
<i>Debt Capacity .....</i>	<i>106</i>
Ratios of Total Outstanding Debt by Type .....	106
Ratios of General Net Bonded Debt Outstanding .....	107
Legal Debt Margin Information.....	108
Direct and Overlapping Governmental Debt.....	109
<i>Demographic and Economic Information.....</i>	<i>110</i>
Tulsa Area Principal Employers.....	110
Population, Per Capita Income and Employment .....	111
<i>Operating Information.....</i>	<i>112</i>
Net Current Expenditures Per Pupil.....	112
School Food Service Program .....	113
High School Graduates .....	114
List of School Buildings: Square Footage, Capacity, Age .....	115
Number of Schools, Student Enrollment and Attendance Information .....	117
Schedule of Government Employees by Function.....	118

## Introductory Section

---



*This page is left blank intentionally*

## **Board of Education**

### **President**

Suzanne Schreiber

### **Members**

Cindy Decker, Ph.D.  
Ruth Ann Fate  
Shawna Keller  
Jennettie Marshall  
Gary Percefull  
Amy Shelton

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

Superintendent

**Nolberto Delgadillo**  
Chief Financial Officer

### **George P. Stoeppelwerth**

Director of Finance  
Treasurer

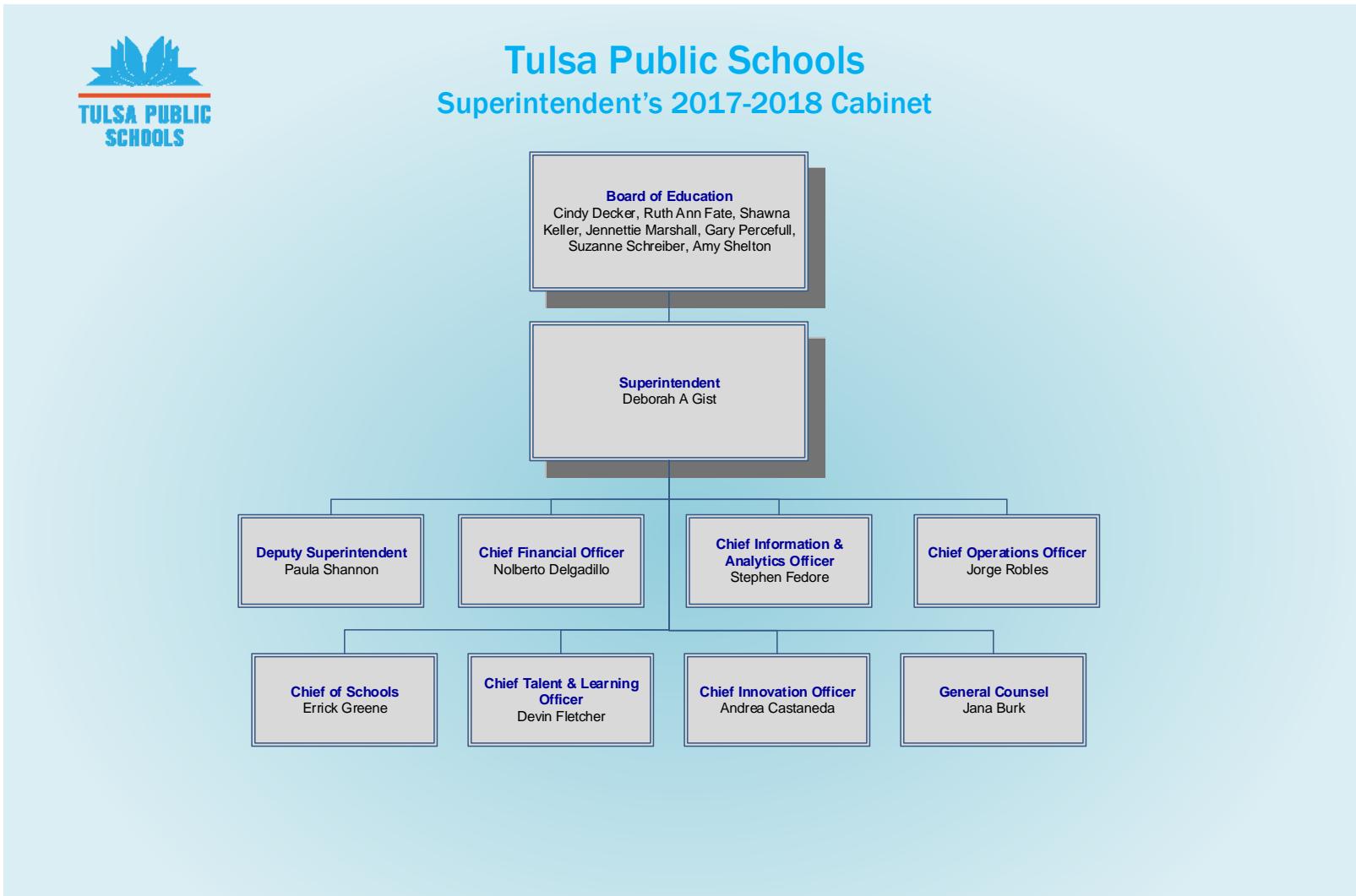
### **Janet L. Jamison, CPA**

Director of Accounting  
Encumbrance Clerk

---

## INTRODUCTORY SECTION: ORGANIZATIONAL CHART

---



---

## INTRODUCTORY SECTION: BOARD MEMBER PROFILES

---

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

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

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

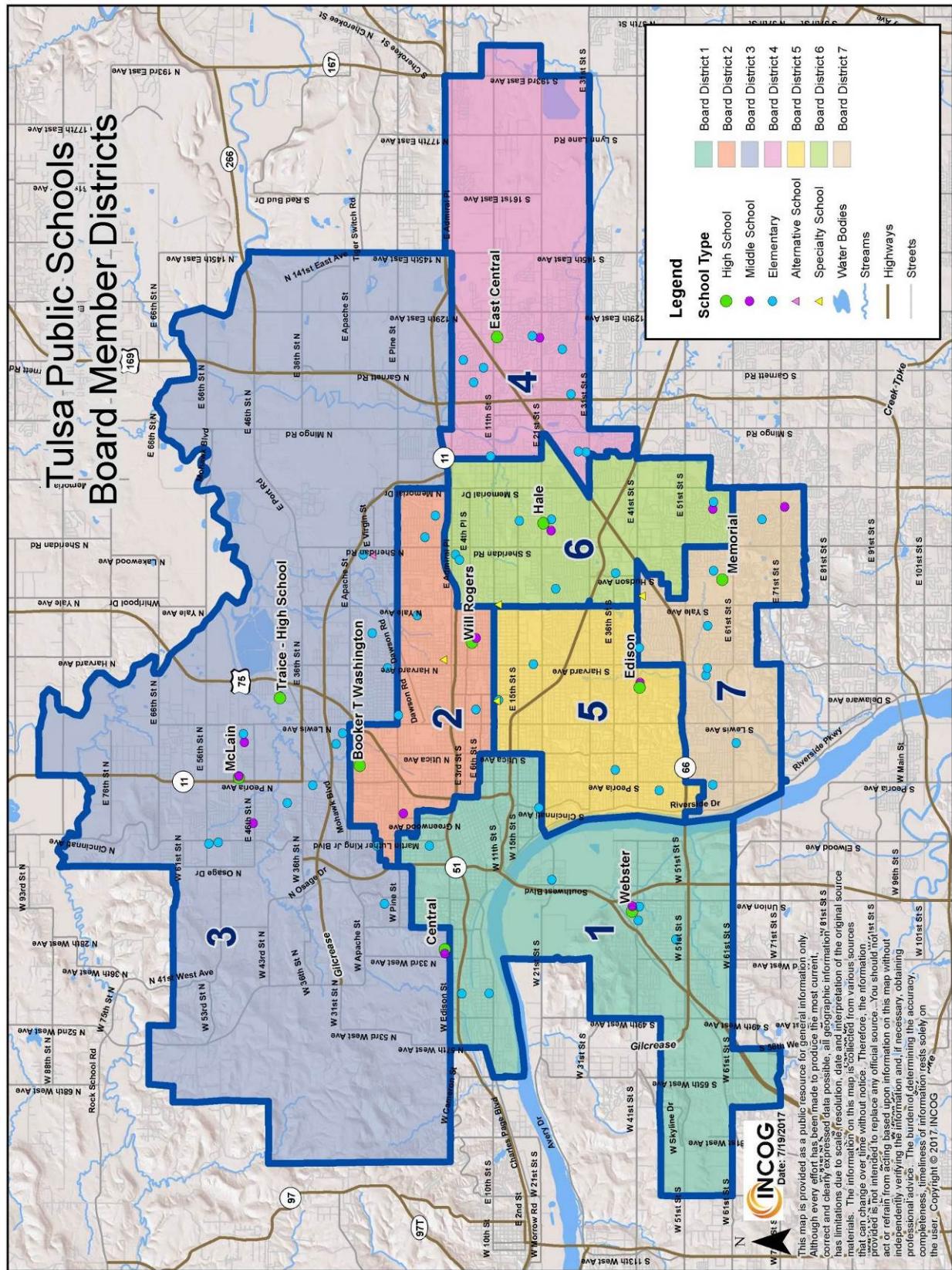
Dr. Gist started her career in education in 1988 as an elementary school teacher in Fort Worth, Texas. She moved from the classroom to education administration in 1996, designing and implementing a literacy program serving families in 108 elementary schools in the Hillsborough County School District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

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

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



## Tulsa Public Schools Board Member Districts



## INTRODUCTORY SECTION: BOARD MEMBER PROFILES

---

### Color Legend for Board Member Districts Map

<span style="background-color: #4db6ac; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>	District 1 – Gary Percefull
<span style="background-color: #e69138; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>	District 2 – Amy Shelton
<span style="background-color: #7b9bd5; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>	District 3 – Jennettie Marshall
<span style="background-color: #f080bd; border: 1px solid black; display: inline-block; width: 15px; height: 15px;"></span>	District 4 – Shawna Keller

---

### District 1 – Gary Percefull

Mr. Percefull was elected to the Board of Education in February 2003. His term will expire February 2019. Mr. Percefull is president of a Tulsa-based public relations firm, The Scissortail Group Ltd. The company, based in a renovated house along historic route 66 in southwest Tulsa, specializes in events, media relations and government affairs. Mr. Percefull previously was employed at the Tulsa World. He is a graduate of Tulsa Memorial High School (class of 1972) and the University of Oklahoma where he earned a bachelor's degree in journalism. He is an active volunteer with several community organizations and initiatives. He serves on the boards of the Community Service Council of Greater Tulsa and the Southwest Tulsa Chamber of Commerce, and the steering committees of the East Tulsa Prevention Coalition and Tulsa Volunteer Center. He is past president of the Riverview Neighborhood Association.



Schools in Mr. Percefull's election district include ECDC Porter; Chouteau, Emerson, Eugene Field, Lee, Park, Remington, Robertson and Mark Twain Elementary Schools; Clinton Middle School; and Webster High School.

---

### District 2 – Amy Shelton

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



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

---

---

## INTRODUCTORY SECTION: BOARD MEMBER PROFILES

---

### District 3 – Jennettie Marshall

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



Schools in Ms. Marshall's election district include ECDC Bunche; Academy Central, Anderson, Celia Clinton, Gilcrease, Hamilton, Hawthorne, Jackson, Penn and Whitman elementary schools; Dual Language Program; Central Junior High, Monroe Demonstration School; McLain Junior High/7th Grade Academy; Central and McLain high schools.

---

### District 4 – Shawna Keller

Ms. Keller was elected to her post in June 2014. Her term will expire in February 2022. As a fourth generation East Tulsa resident, Ms. Keller attended Disney Elementary School, East Central Junior High School and graduated from East Central High School. Ms. Keller graduated from the University of Tulsa with a bachelor's degree in history and received her teaching certification from Northeastern State University. Ms. Keller is currently working on her master's degree in history at the University of Tulsa. Ms. Keller began teaching at Owasso Ram Academy in 2006 as a history teacher. She was selected as Teacher of the Year at the Ram Academy in 2011. Ms. Keller is an active member of the Oklahoma Education Association.



Schools in Ms. Keller's election district include Columbus, Cooper, Disney, ECDC Reed, Kerr, Lewis & Clark, Lindbergh, Peary, and Skelly Elementary Schools; East Central Junior High; and East Central High School.

---

---

## INTRODUCTORY SECTION: BOARD MEMBER PROFILES

---

### District 5 – Cindy Decker, Ph.D. (Vice President)

Dr. Decker was appointed by the Board of Education in May 2015 to fill a vacancy and then elected to her post in February 2016. Her term will expire February 2020. Since 2002, Dr. Decker has worked as an education researcher. She is passionate about ensuring all children have a quality education. She works as Director of Research and Innovation at CAP Tulsa, an early childhood education provider for low-income children. She is also on the Board of Moto, Inc., a family-owned business based in Illinois. Formerly, she was a Senior Economist working with the education team at the U.S. Government Accountability Office, while also consulting for various groups including the U.S. Department of Education and Howard County Public School System in Maryland. Dr. Decker attended Patrick Henry, Edison Junior High, and graduated from Edison High School. She holds a B.A. in Economics and Mathematics from Emory University in Atlanta and a Ph.D. in economics from the University of California at Berkeley. She is a member of Leadership Tulsa Class 44.



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

---

### District 6 – Ruth Ann Fate

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



Schools in Ms. Fate's election district include Bell, Hoover, Jones, MacArthur and Salk Elementary Schools; Zarrow International School; Hale and Memorial Junior High Schools; Street School and Hale High School.

---

---

## INTRODUCTORY SECTION: BOARD MEMBER PROFILES

---

### District 7 – Suzanne Schreiber (President)

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



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

---

---

## INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

---



December 17, 2018

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, 2018, is hereby submitted. The CAFR has been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental entities. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of the district. Disclosures necessary to enable the reader to gain understanding of such financial operations have been included. The management's discussion and analysis (MD&A) section provides a brief overview of these financial reports. This transmittal letter is designed to be read in conjunction with the MD&A.

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

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

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

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

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

---

## INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

---

Tulsa Public Schools is a 173 square mile school district serving the city of Tulsa, the county seat of Tulsa County and the surrounding area in Tulsa, Creek, Osage and Wagoner Counties. The Tulsa metropolitan area (MSA) supports a population of 998,637 with an average household income of \$70,981 (2017 estimate, Tulsa Regional Chamber). Approximately 94 percent of the district is located inside the city limits of the city of Tulsa, Oklahoma. The remaining six percent lies in surrounding portions of Tulsa, Creek, Osage and Wagoner Counties.

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

Tulsa Public Schools is the second largest public school district in the State of Oklahoma, with an enrollment (ADM) of 36,718 students in fiscal year 2017-18. The district is projecting a decrease in student enrollment to 36,684 in 2018-19.

As of June 30, 2018, the district employed 5,907 employees, of which:

Type	Count
Classroom teachers	2379
Principals and Assistant Principals	130
Paraprofessionals/teacher assistants	614
School-based support ( <i>office clerks, registrars, secretaries, coaches etc.</i> )	352
District-level certified ( <i>e.g. nurses, speech pathologists, mentors, etc.</i> )	244
District-level support ( <i>e.g. transportation, executive staff, facilities, child nutrition, maintenance, etc.</i> )	1674
Part-time staff	514

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

During FY 2017-18 programs were delivered through 51 elementary schools, 1 partnership (elementary) school, 12 middle/junior high schools, and 9 high schools plus 8 alternative school sites. The district contracted with 6 charter school organizations, Tulsa School for the Arts and Sciences, Tulsa Legacy Charter School, KIPP Tulsa College Preparatory, College Bound Academy, Collegiate Hall, and Tulsa Honor Academy. In addition, 8 early childhood programs are delivered at school sites operated by not-for-profits or partnerships with county agencies working in cooperation with the district.

Program delivery occurs during the regular school calendar of 168 days of instruction annually. The district also delivers programs through evening school operating year round and through summer school. In 2010-11, the district launched a virtual academy for secondary students.

### ECONOMIC OUTLOOK

During FY 2017-18 the state general revenue fund collected approximately \$5.85 billion in revenues. This is an approximate \$812 million, or 16.1%, increase over the previous fiscal year. For fiscal year 2018, the general revenue fund beat the monthly estimate by \$453.33 million, or 8.4%; it outperformed the monthly estimate nine out of twelve months during the year compared to only four times during the previous fiscal year.

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

---

## INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

---

The improvement in the state and local economy is reflected in a decrease in unemployment. Tulsa area unemployment rate has decreased from 5.6% in September of 2016 to approximately 3.2% in September 2018. This rate is slightly lower than the state's unemployment rate of 3.5%. Tulsa as well as the state unemployment rate is slightly better than the national rate during this same time of 3.7%.

For FY 2017-18 common education funding was less than the previous year, \$1.85 billion versus the \$1.87 billion in FY 2016-17. Tulsa Public Schools was cut approximately \$2.7 million from the mid-term allocation of \$88,107,206. However, during the month of April the Oklahoma state legislature passed bills 1010xx, 1023xx and 1026xx approving tax initiatives to generate approximately \$505 million in additional revenue to support salary increases for teachers and support staff. Although this will primarily benefit the fiscal year 2018-2019, these additional taxes are viewed as a positive outlook for education funding.

### MAJOR INITIATIVES

During FY 2017-18, the Board of Education and administrative staff worked closely together on a number of school improvement initiatives, which included increasing rigor in the classroom, reducing chronic absenteeism however, considering the state's continuing economic uncertainty in combination with the district's declining enrollment, additional initiatives under consideration were school consolidations. The district's general fund preliminary budget for 2017-18 was \$294,722,304. The budget was amended in April to reflect a budget of \$297,024,734.

During FY 2008-09, TPS applied for, and was accepted as a Teach for America (TFA) district. TPS was originally awarded placement of 50 TFA teachers, and the local philanthropic community agreed to sponsor an additional group of approximately 25 new teachers. In early 2011, TFA announced plans to locate their summer institute in Tulsa.

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

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

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

## **INTRODUCTORY SECTION: LETTER OF TRANSMITTAL**

---

### **STRATEGIC PLANNING**

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

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

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

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

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

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

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

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

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

### **AWARDS**

In 2018, 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, 2017 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, 2018 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, 2017 Comprehensive Annual Financial Report (CAFR). This award recognizes school districts that produce a CAFR meeting the principles and standards of

## **INTRODUCTORY SECTION: LETTER OF TRANSMITTAL**

---

financial reporting as adopted by ASBO. We believe that the CAFR for the year ended June 30, 2018 meets these requirements and will submit this report to ASBO in application for this esteemed award.

### **REVENUES**

Tulsa Public School's 2017-18 general fund revenue totaled \$309.9 million. The primary funding source was the State of Oklahoma, with state revenue comprising 52 percent of the total, or \$161.7 million. The following table further illustrates the funding source breakdown (millions):

<b>Sources of Revenue</b>	<b>2018</b>	<b>Percent</b>
Local	\$ 101.9	32.9%
Intermediate	10.6	3.4%
State	161.7	52.1%
Federal	29.7	9.6%
Other	6.0	2.0%
Total	\$ 309.9	100.0%

Of those amounts, ad valorem tax revenue totaled \$90.7 million.

Ad valorem tax revenues account for 88 percent of the building fund revenue and total \$12.9 million.

The child nutrition fund collects 74 percent of fund revenues from the federal nutrition program, administered through the U.S. Department of Agriculture. The federal free and reduced price lunch program was 96 percent of student lunches served by the district in FY 2017-18.

### **CAPITAL PLANNING AND BOND FUNDS**

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

The average age of the district's educational buildings is 62 years, and 98 percent of the buildings are 35 years old or older. Since 1996, voters have approved bonds totaling \$1,275.4 million for new facilities, technology, media centers, school buses and textbooks for all students. Bond issues have received strong community support. The district's bonds are rated AA by Standard & Poor's.

On March 3, 2015, voters approved the single largest bond issue in the district's history. The \$415 million authorization was approved by 85% of district voters. The four proposals included \$239,740,000 for buildings/facilities, \$19,800,000 for library materials and additions, \$17,025,000 for transportation equipment, and \$138,435,000 for classroom textbooks and technology. As of June 30, 2018, the district had \$256.7 million in remaining bonds available from this authorization.

### **FINANCIAL POLICIES AND CONTROLS**

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

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

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

---

## INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

---

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

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

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

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

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

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

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

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

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

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

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

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

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

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

---

## INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

---

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

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

### **ACKNOWLEDGEMENTS**

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

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

Respectfully submitted,



Deborah A. Gist, Ed.D.  
Superintendent



Nolberto Delgadillo  
Chief Financial Officer

---

**INTRODUCTORY SECTION: LETTER OF TRANSMITTAL**

---

*This page is left blank intentionally*



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

*This page is left blank intentionally*



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

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

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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

A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.'

Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

A handwritten signature in black ink that reads 'John D. Musso'

John D. Musso, CAE  
Executive Director

*This page is left blank intentionally*

## Financial Section

---



*This page is left blank intentionally*

## FINANCIAL SECTION: AUDITORS' REPORT

---



RSM US LLP

### Independent Auditor's Report

To the Board of Education  
Tulsa Public Schools  
Tulsa, Oklahoma

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tulsa Public Schools (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### Auditor's Responsibility

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

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

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

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit [rsmus.com/aboutus](http://rsmus.com/aboutus) for more information regarding RSM US LLP and RSM International.

## FINANCIAL SECTION: AUDITORS' REPORT

---

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of the District's pension plan contributions, the General Fund budgetary comparison schedule, the reconciliation of the General Fund statement of revenues, expenditures and changes in fund balances to the budgetary comparison schedule, and the related notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 (under separate cover), on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**RSM US LLP**

Oklahoma City, Oklahoma  
December 13, 2018

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, 2018. 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 2018 year end, total fund balance was \$168.3 million, an increase of \$9.3 million, primarily due to an increase of \$6.2 million in cash and investments, \$11.0 million increase in receivables, offset by decrease of \$5.9 million in succeeding year property taxes and \$2.7 million decrease in accounts payable. Bond proceeds of \$71 million was \$1.2 million greater than proceeds in fiscal 2017. The district issues these debt offerings to further fund capital improvements and acquisitions while our overall credit rating remained strong. The district was given a "AA" rating by Standard and Poor's for the general obligation bonds issued during the year.

## **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

---

***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 74 of this report.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the district's budget process. The district adopts an annual expenditure budget for all governmental funds. A budgetary comparison schedule has been provided for the general fund as required supplementary information. Required supplementary information also includes the district's contributions to Oklahoma Teacher's Retirement System and the district's proportionate share of the net pension liability. The required supplementary information can be found on pages 77 through 82 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve as a useful indicator of a government's financial position over time. In the case of the district, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$228.6 million as of June 30, 2018 compared to \$202.0 million as of June 30, 2017, an increase of \$26.6 million, or 13.2%. This increase is primarily due to \$23.2 million increase in capital assets, \$11.0 million increase in receivables, offset by \$4.8 million increase in bonds, capital leases and contracts, and \$5.9 million increase in succeeding year property taxes.

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

## FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

---

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

Statement of Net Position at June 30,		
	2018	2017
	(millions)	
Current assets	\$ 364.0	\$ 298.4
Non current investments	44.2	92.0
Capital assets, net	<u>585.7</u>	<u>562.5</u>
Total assets	<u>993.9</u>	<u>952.9</u>
Deferred outflows of resources	<u>52.9</u>	<u>96.6</u>
Current liabilities	127.7	119.3
Non-current liabilities	<u>467.7</u>	<u>536.3</u>
Total liabilities	<u>595.4</u>	<u>655.6</u>
Succeeding year property taxes	183.0	177.1
Deferred pension plan inflows	39.8	14.8
Total deferred inflows of resources	<u>222.8</u>	<u>191.9</u>
Net position:		
Net investment in		
capital assets	351.8	335.4
Restricted	88.4	82.1
Unrestricted	<u>(211.6)</u>	<u>(215.5)</u>
Total net position	<u>\$ 228.6</u>	<u>\$ 202.0</u>

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

- Non-current assets decreased \$47.8 million over 2017, primarily due to moving more of our investments into shorter-term favorable yields.
- Deferred outflows decreased \$43.7 million, deferred inflows increased \$25 million and net pension liability decreased \$68.2 million over prior year.

**Changes in net position.** The district's total revenues were \$425.7 million, an increase of \$10.4 million from the prior fiscal year total of \$415.3 million primarily due to increased property tax collections of \$13.6 million. The total cost of all programs and services was \$399.0 million and \$400.1 million for the fiscal years ended June 30, 2018 and 2017, respectively. This increase of \$17.5 million reflects the emphasis of instruction and instruction-related services which represented \$14.6 million of the increase and by \$5.2 million increase in administrative support services.

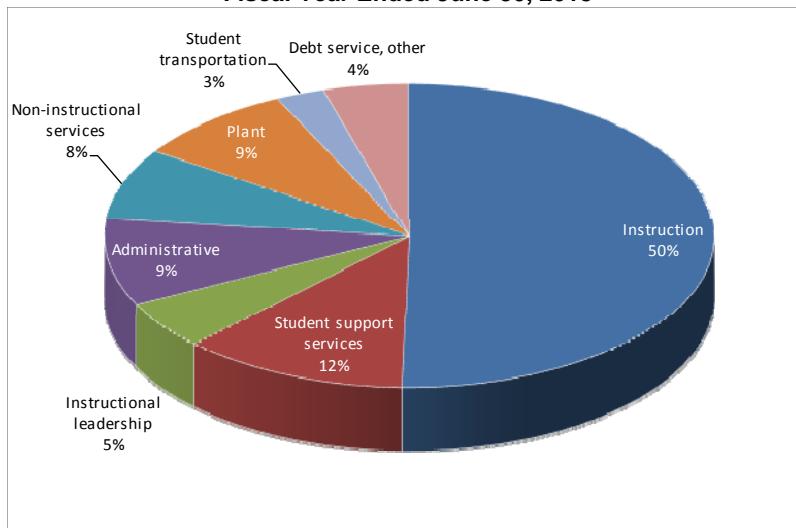
## FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

---

The following table presents a summary of the change in net position for the fiscal years ended June 30, 2018, 2017, and 2016:

	Statement of Activities	
	2018	2017
	(millions)	
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 5.5	\$ 5.8
Operating grants and contributions	76.0	77.7
General revenues:		
Property taxes	180.0	166.4
State aid - formula grants	85.5	88.5
Dedicated state revenue	63.6	63.7
County revenue	10.6	10.4
Unrestricted investment earnings	1.7	-
Gain on sale of capital assets	0.9	0.3
Insurance loss recoveries	-	-
Other local revenue	1.9	2.5
<b>Total revenues</b>	<b>425.7</b>	<b>415.3</b>
<b>Expenses:</b>		
Instruction and instruction-related services	200.9	204.9
Support services - student and staff	48.0	49.1
Instructional and school leadership	20.8	20.7
Administrative support services	36.6	31.4
Operation of non-instructional services	30.2	30.4
Operation and maintenance of plant services	34.2	37.7
Student transportation services	10.3	11.2
Facilities acquisition and construction services	3.4	1.9
Charter schools	11.2	9.5
Interest on long-term debt	3.4	3.3
<b>Total expenses</b>	<b>399.0</b>	<b>400.1</b>
<b>Increase in net position</b>	<b>26.7</b>	<b>15.2</b>
<b>Implementation of GASB Statements 68, 71 and 82</b>	<b>-</b>	<b>-</b>
<b>Net position - ending</b>	<b>\$ 228.7</b>	<b>\$ 202.0</b>

**District Expenses by Function – Governmental Funds**  
**Fiscal Year Ended June 30, 2018**



## 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 (millions)	% Net Expense
Instruction and instruction-related services	\$ 200.9	\$ 143.6	45%
Support services - student and staff	48.0	45.8	14%
Instructional and school leadership	20.8	20.8	7%
Administrative support services	36.6	36.6	12%
Operation of non-instructional services	30.2	8.8	3%
Operation and maintenance of plant services	34.2	33.7	11%
Student transportation services	10.3	10.3	3%
Facilities acquisition and construction services	3.4	3.4	1%
Charter schools	11.2	11.2	4%
Interest on long-term debt	3.4	3.5	1%
<b>Total</b>	<b>\$ 399.0</b>	<b>\$ 317.7</b>	<b>100%</b>

### FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

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

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

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

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

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

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

---

The district maintains three major governmental funds: general, capital projects, and debt service. The following schedules present a summary of each major fund's revenues and other financing sources by type and expenditures by program for the period ended June 30, 2018 as compared to June 30, 2017. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.

### **General Fund**

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

	2018 Amount	2017 Amount	2018 Percent Of Total	Increase (Decrease) From 2017	Percent Increase (Decrease) From 2017
<b>Revenues:</b>					
Property taxes	\$ 90.7	\$ 85.5	29.1%	5.2	6.1%
Other local sources	11.2	11.5	3.6%	(0.3)	-2.6%
Intermediate sources	10.6	10.4	3.4%	0.2	1.9%
Fees and charges	2.2	2.2	0.7%	-	0.0%
State aid	161.6	160.7	52.3%	0.9	1.4%
Federal aid	29.7	31.3	9.5%	(1.6)	-5.1%
Earnings on investments	1.2	0.5	0.4%	0.7	140.0%
Miscellaneous	2.6	2.8	0.8%	(0.2)	-7.1%
<b>Revenues</b>	<b>\$ 309.8</b>	<b>\$ 304.9</b>	<b>99.9%</b>	<b>4.9</b>	<b>2.1%</b>
Other financing sources	0.3	0.3	0.1%	-	0.0%
<b>Total</b>	<b>\$ 310.1</b>	<b>\$ 305.2</b>	<b>100.0%</b>	<b>4.9</b>	<b>2.1%</b>

Revenues increased by \$4.9 million primarily due to \$5.2 million increase in property taxes resulting from an increase in the net assessed valuation of 2.79%.

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

	2018 Amount	2017 Amount	2018 Percent Of Total	Increase (Decrease) From 2017	Percent Increase (Decrease) From 2016
<b>Instruction and instruction-related services</b>					
	\$ 176.7	\$ 170.3	57.9%	6.4	3.8%
Support services - student and staff	43.2	44.3	14.1%	(1.1)	-2.7%
Instructional and school leadership	20.7	20.7	6.8%	-	0.0%
Administrative support services	24.6	21.5	8.0%	3.1	14.0%
Operation of non-instructional services	0.3	1.5	0.1%	(1.2)	-80.0%
Operation and maintenance of plant services	18.5	23.2	6.1%	(4.7)	-20.3%
Student transportation services	10.2	11.2	3.3%	(1.0)	-8.9%
Facilities acquisition and construction services	-	-	0.0%	-	100.0%
Charter schools	11.2	9.5	3.7%	1.7	17.9%
<b>Total</b>	<b>\$ 305.4</b>	<b>\$ 302.2</b>	<b>100.0%</b>	<b>3.2</b>	<b>1.1%</b>
Change in fund balance	\$ 4.7	\$ 3.0			

Expenditures increased by \$3.2 million primarily due to:

- Instruction and instruction-related services increased by \$6.4 million.
- Operation and maintenance of plant services decreased by \$4.7 million. Personnel reduction in 2018 resulted in cost savings of \$1.1 million. Building fund was used to provide \$1.0 million of services in 2018 that had been paid from the general fund in 2017. Insurance expenditures decreased \$1.8 million in 2018 as compared to 2017.

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

---

**Capital Projects Fund**

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

	2018 Amount	2017 Amount	2018 Percent Of Total	Increase (Decrease) From 2017	Percent Increase (Decrease) From 2017
Revenues:					
Federal aid	\$ -	\$ -	0.0%	\$ -	0.0%
Earnings (loss) on investments	-	(0.3)	-0.4%	0.3	-100.0%
Other financing sources	71.2	73.3	97.5%	(2.1)	-2.9%
Total	<u>71.2</u>	<u>73.0</u>	<u>100.0%</u>	<u>\$ (1.8)</u>	<u>-2.5%</u>

**Other financing sources** decreased \$2.1 million from fiscal year 2017, due to the decrease of \$1.0 million in bonds issued and the decrease of \$3.3 million in capital lease.

**Expenditures  
(Millions)**

	2018 Amount	2017 Amount	2018 Percent Of Total	Increase (Decrease) From 2017	Percent Increase (Decrease) From 2017
Instruction and instruction-related services	\$ 8.9	\$ 10.9	12.2%	\$ (2.0)	-18.3%
Support services - student and staff	2.8	3.0	3.8%	(0.2)	-6.7%
Administrative support services	5.0	3.7	6.8%	1.3	35.1%
Operation and maintenance of plant services	0.1	0.2	0.1%	(0.1)	-50.0%
Student transportation services	3.0	4.4	4.1%	(1.4)	-31.8%
Facilities acquisition and construction services	53.3	36.8	72.9%	16.5	44.8%
Debt service	-	0.6	0.0%	(0.6)	-100.0%
Total	<u>\$ 73.1</u>	<u>\$ 59.6</u>	<u>100.0%</u>	<u>\$ 13.5</u>	<u>22.7%</u>
Change in fund balance	<u>\$ (1.9)</u>	<u>\$ 13.4</u>			

**Capital expenditures** increased by \$13.5 million primarily due to the continuation of the bond capital improvement program.

## **Debt Service Fund**

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

	2018 Amount	2017 Amount	2018 Percent Of Total	Increase (Decrease) From 2017	Percent Increase (Decrease) From 2017
<b>Revenues:</b>					
Property taxes	\$ 76.8	\$ 68.7	110.3%	\$ 8.1	11.8%
Earnings (loss) on investments	-	(0.4)	0.0%	0.4	-100.0%
Other financing sources	1.2	1.3	1.7%	(0.1)	-7.7%
Total	<u><u>\$ 78.0</u></u>	<u><u>\$ 69.6</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 8.4</u></u>	<u><u>12.1%</u></u>

**Property taxes** increased by \$8.1 million to provide debt service for the general obligation bonds.

### **(Millions)**

	2018 Amount	2017 Amount	2018 Percent Of Total	Increase (Decrease) From 2017	Percent Increase (Decrease) From 2017
<b>Debt service</b>					
Debt service	70.9	66.7	100.0%	4.2	6.3%
Total	<u><u>\$ 70.9</u></u>	<u><u>\$ 66.7</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 4.2</u></u>	<u><u>6.3%</u></u>
Change in fund balance	<u><u>\$ 7.1</u></u>	<u><u>\$ 2.9</u></u>			

**Debt service expenditures** increased by \$4.2 million due to the increase in current principal and interest payments on the general obligation bonds.

## **BUDGETARY HIGHLIGHTS**

The district's budget is prepared according to Oklahoma law and is based on accounting for certain transactions in appropriated funds on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund, which, including the fund balance, represented 54% of all original budgets of appropriated funds. Only the general fund is discussed below.

For 2018, the district originally budgeted general fund revenues of \$289.5 million and expenditures of \$294.7 million. Plans were revised and an amended budget was filed in April 2018. The revised budget increased revenue expectations to \$294.0 million and increased projected expenditures to \$297.0 million.

Actual revenue on a budgetary basis for the general fund was \$0.2 million more than projected.

Actual expenditures for the year were \$2.7 million below the final budget, primarily due to:

- Purchased services actual expenditures were \$5.0 million less than expected primarily due to expenditures in several areas being less than expected:
  - Professional, technical and rental services were \$3.8 million less than expected
  - Travel was \$.4 million less than expected
  - Other purchased services was \$.7 million less than expected
- Supplies actual expenditure was \$3.0 million less than expected primarily due to expenditures in several areas being less than expected:
  - Cleaning, paper and general supplies were \$1.1 million less than expected
  - Co-curricular supplies were \$1.7 million less than expected

Expenditures for instruction and instruction-related services, support services, instructional and school leadership, and direct payments to charter schools were budgeted at a final budget of \$237.4 million or 80% of total budgeted expenditures. Actual expenditures for these same items were \$234 million or 79% of total actual expenditures.

The actual fund balance carry forward of \$32.3 million was \$2.2 million more than the final budgeted amount of \$30.1 million.

**Capital assets.** As of June 30, 2018, the district had invested \$585.7 million, net of accumulated depreciation of \$393.6 million, in capital assets including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represented a net increase of \$23.2 million, or 4.1%.

<b>Capital assets (at cost)</b>	<b>June 30, 2017</b>	<b>Decreases and Transfers</b>			<b>June 30, 2018</b>
		<b>Increases</b>	<b>(millions)</b>	<b>Transfers</b>	
Land	\$ 5.0	\$ -	\$ -	\$ 5.0	
Construction in progress	34.5	50.5	(40.9)		44.1
Assets out of service	2.4	-	-		2.4
Buildings	818.3	-	37.8		856.1
Equipment and vehicles	69.6	4.5	(2.4)		71.7
Total asset cost	<u>929.8</u>	<u>55.0</u>	<u>(5.5)</u>		<u>979.3</u>
<b>Accumulated depreciation</b>	<b>(367.3)</b>	<b>(30.7)</b>	<b>4.4</b>		<b>(393.6)</b>
<b>Capital assets (net)</b>	<b>\$ 562.5</b>	<b>\$ 24.3</b>	<b>\$ (1.1)</b>		<b>\$ 585.7</b>

Additional information related to the district's capital assets can be found in note 6 on page 63 of this report.

**Debt administration.** At the end of the fiscal year, the district had \$257.9 million in bonds and capital leases outstanding, \$71.9 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, 2018 and 2017.

	<b>June 30,</b>		
	<b>2018</b>	<b>2017</b>	<b>Change</b>
(millions)			
Capital leases (at present value)	\$ 3.2	\$ 3.0	\$ 0.2
General obligation bonds	251.4	246.8	4.6
Net unamortized bond premium	3.3	3.3	(0.0)
Total	<u>\$ 257.9</u>	<u>\$ 253.1</u>	<u>\$ 4.8</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, 2018, the district had a legal debt limitation of \$255.2 million, which was \$81.7 million more than the district's net bonded indebtedness.

---

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

---

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

At June 30, 2018, \$158.3 million had been issued with \$256.7 million remaining available for future issuances. See note 8 for additional information regarding the district's long-term debt on pages 65-66.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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

## **Basic Financial Statements**

*This page is left blank intentionally*

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

---

**Statement of Net Position**  
**June 30, 2018**  
**(Thousands)**

---

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current:	
Cash and cash equivalents	\$ 43,910
Investments	115,809
Receivables net of allowance for uncollectibles	201,160
Inventories and prepaid items	3,087
Total current assets	<u>363,966</u>
Noncurrent:	
Investments	44,219
Capital assets:	
Land, construction in progress, and assets out of service	51,543
Other capital assets net of accumulated depreciation	<u>534,157</u>
Total noncurrent assets	<u>629,919</u>
Total assets	<u>993,885</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension plan outflows	<u>52,943</u>
Total deferred outflows of resources	<u>52,943</u>
<b>LIABILITIES</b>	
Current:	
Accounts payable and other current liabilities	50,391
Current portion of bonds, capital leases, and contracts	71,864
Accrued interest	1,737
Compensated absences	626
Insurance claims	3,062
Total current liabilities	<u>127,680</u>
Noncurrent:	
Bonds, capital leases, and contracts	185,999
Compensated absences	6,917
Net pension liability	268,340
Insurance claims	6,450
Total long-term liabilities	<u>467,706</u>
Total liabilities	<u>595,386</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Succeeding year property tax	183,080
Deferred pension plan inflows	<u>39,810</u>
Total deferred inflows of resources	<u>222,890</u>
<b>NET POSITION</b>	
Net investment in capital assets	351,812
Restricted for:	
Debt service	76,228
Building	5,994
Other	6,210
Unrestricted (deficit)	<u>(211,692)</u>
Total net position	<u>\$ 228,552</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, 2018**  
**(Thousands)**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net Expense
Instruction and instruction-related services	\$ 200,943	\$ 57,337	\$ (143,606)	
Support services - student and staff	47,986	268	1,891	(45,827)
Instructional and school leadership	20,781	-	-	(20,781)
Administrative support services	36,569	-	-	(36,569)
Operation of non-instructional services	30,181	4,667	16,761	(8,753)
Operation and maintenance of plant services	34,249	550	-	(33,699)
Student transportation services	10,329	-	-	(10,329)
Facilities acquisition and construction services	3,393	-	-	(3,393)
Charter schools	11,183	-	-	(11,183)
Interest on long-term debt	3,450	-	-	(3,450)
Total primary government	\$ 399,064	\$ 5,485	\$ 75,989	\$ (317,590)

General revenues:

Taxes:

Property taxes, levied for general purposes	103,580
Property taxes, levied for debt service	76,445
State aid - formula grants	85,468
Unrestricted dedicated state revenue	63,557
County 4 mill levy and apportionment	10,632
Unrestricted investment gains	1,674
Gain on sale of capital assets	883
Insurance loss recoveries	16
Other local revenue	
Total general revenues	1,900
<b>Change in net position</b>	<b>344,155</b>
	<b>26,565</b>

Net position - beginning	201,987
Net position - ending	\$ 228,552

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, 2018**

**(Thousands)**

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 22,328	\$ 4,431	\$ 14,062	\$ 3,089	\$ 43,910
Investments	62,107	29,120	63,323	5,478	160,028
Receivables net of allowance for uncollectibles	103,266	-	81,243	16,651	201,160
Inventories and prepaid items	890	1,319	-	878	3,087
Total Assets	<u>\$ 188,591</u>	<u>\$ 34,870</u>	<u>\$ 158,628</u>	<u>\$ 26,096</u>	<u>\$ 408,185</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable and accrued liabilities	38,580	10,895	-	916	50,391
Claims and judgments	94	-	-	-	94
Total liabilities	<u>38,674</u>	<u>10,895</u>	<u>-</u>	<u>916</u>	<u>50,485</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Succeeding year property tax	91,765	-	78,206	13,109	183,080
Unavailable revenue	3,369	-	2,457	482	6,308
Total deferred inflows of resources	<u>95,134</u>	<u>-</u>	<u>80,663</u>	<u>13,591</u>	<u>189,388</u>
<b>FUND BALANCES</b>					
Non-spendable					
Inventories and prepaids	890	1,319	-	878	3,087
Endowments	-	-	-	30	30
Restricted					
Federal and state allocation carryover	615	-	-	-	615
Capital projects	-	22,656	-	-	22,656
Debt service	-	-	77,965	-	77,965
Building	-	-	-	5,994	5,994
Child nutrition	-	-	-	3,346	3,346
Gifts	-	-	-	1,339	1,339
Flexible benefit	-	-	-	2	2
Assigned					
Purchases on order	2,977	-	-	-	2,977
Workers compensation	180	-	-	-	180
Unassigned	<u>50,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,121</u>
Total fund balances	<u>54,783</u>	<u>23,975</u>	<u>77,965</u>	<u>11,589</u>	<u>168,312</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 188,591</u>	<u>\$ 34,870</u>	<u>\$ 158,628</u>	<u>\$ 26,096</u>	<u>\$ 408,185</u>

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

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

---

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2018  
(Thousands)**

<b>Total fund balances - governmental funds</b>	\$ 168,312
---	------------

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

Land	\$ 5,017
Construction in progress	44,104
Assets out of service	2,422
Buildings	856,073
Furniture and equipment	71,735
Accumulated depreciation	<u>(393,651)</u> 585,700

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

Bonds, capital leases and contracts	\$ (257,863)
Interest payable	(1,737)
Compensated absences	(7,543)
Net pension liability	(268,340)
Insurance claims	<u>(9,418)</u> (544,901)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 6,308

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

Deferred pension plan outflows	52,943
Deferred pension plan inflows	(39,810)

<b>Total net position</b>	<b>\$ 228,552</b>
---------------------------	-------------------

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, 2018**

**(Thousands)**

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 90,703	\$ -	\$ 76,767	\$ 12,928	\$ 180,398
Other local sources	11,168	-	-	1,003	12,171
Intermediate sources	10,631	-	-	-	10,631
Fees and charges	2,164	-	-	3,144	5,308
State aid	161,664	-	-	3,962	165,626
Federal aid	29,698	-	-	20,459	50,157
Earnings (loss) on investments	1,236	(66)	41	532	1,743
Miscellaneous	2,598	-	-	210	2,808
Total revenues	<u>309,862</u>	<u>(66)</u>	<u>76,808</u>	<u>42,238</u>	<u>428,842</u>
<b>EXPENDITURES</b>					
Current:					
Instruction and instruction-related services	176,766	-	-	703	177,469
Support services - student and staff	43,135	-	-	191	43,326
Instructional and school leadership	20,728	-	-	53	20,781
Administrative support services	24,513	-	-	865	25,378
Operation of non-instructional services	329	-	-	27,417	27,746
Operation and maintenance of plant services	18,487	-	-	13,630	32,117
Student transportation services	10,237	-	-	5	10,242
Facilities acquisition and construction services	64	-	-	569	633
Charter schools	11,183	-	-	-	11,183
Debt service	-	-	-	-	-
Principal	12	-	66,375	30	66,417
Interest	4	-	4,482	3	4,489
Bond issuance costs	-	228	-	-	228
Capital Outlay	-	-	-	-	-
Instruction and instruction-related services	-	8,874	-	-	8,874
Support services - student and staff	-	2,837	-	-	2,837
Administrative support services	-	4,814	-	-	4,814
Operation and maintenance of plant services	-	128	-	-	128
Student transportation services	-	2,987	-	-	2,987
Facilities acquisition and construction services	-	53,256	-	-	53,256
Total expenditures	<u>305,458</u>	<u>73,124</u>	<u>70,857</u>	<u>43,466</u>	<u>492,905</u>
Excess (deficiency) revenues over expenditures	<u>4,404</u>	<u>(73,190)</u>	<u>5,951</u>	<u>(1,228)</u>	<u>(64,063)</u>
<b>OTHER FINANCING SOURCES</b>					
Capital lease	-	263	-	-	263
Bond issuances	-	71,000	-	-	71,000
Premium on bond issuances	-	-	1,153	-	1,153
Insurance recoveries	15	-	-	1	16
Proceeds from sale of capital assets	310	-	-	573	883
Total other financing sources	<u>325</u>	<u>71,263</u>	<u>1,153</u>	<u>574</u>	<u>73,315</u>
Net change in fund balances	<u>4,729</u>	<u>(1,927)</u>	<u>7,104</u>	<u>(654)</u>	<u>9,252</u>
Fund balance -- June 30, 2017	\$ 50,054	\$ 25,902	\$ 70,861	\$ 12,243	\$ 159,060
Fund balance -- June 30, 2018	<u>\$ 54,783</u>	<u>\$ 23,975</u>	<u>\$ 77,965</u>	<u>\$ 11,589</u>	<u>\$ 168,312</u>

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

---

**Reconciliation of Statement of Revenues, Expenditures, and  
Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2018**  
(Thousands)

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

Net changes in fund balances - total governmental funds	\$ 9,252
---	----------

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

Capital outlays	55,000	
Depreciation expense	<u>(30,680)</u>	24,320

The effect of miscellaneous transactions involving capital assets.

Proceeds from the sale of capital assets	(883)	
Loss on sale of capital assets	<u>(286)</u>	(1,169)

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

Principal payments and amortization of bond premium	67,602	
Proceeds from the sale of bonds, capital leases, and premium on the issuance of bonds	(72,416)	
Capital lease payments	42	
Change in accrued interest payable	<u>(256)</u>	(5,028)

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

They are, however, recorded as revenues in the statement of activities. (102)

Some expenses (compensated absences, insurance claims, and pension expense) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (708)

**Change in net position of governmental activities** \$ 26,565

---

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

---

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

---

**Statement of Fiduciary Assets and Liabilities**

**Student Activity Funds**

**June 30, 2018**

**(Thousands)**

**ASSETS**

Cash and cash equivalents \$ 4,477

**TOTAL ASSETS** \$ 4,477

**LIABILITIES**

Due to student groups \$ 4,477

**TOTAL LIABILITIES** \$ 4,477

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

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

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

---

##### **Basis of Presentation**

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

##### **Reporting Entity**

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

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

##### **Basic Financial Statements**

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

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

There are two categories of funds: governmental and fiduciary. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

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

---

##### **Funds**

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

##### **Governmental Funds**

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

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

The following are the district's major governmental funds:

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

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

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

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

---

The following are the district's nonmajor governmental funds:

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

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

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

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

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

**Arbitrage rebate fund** – The arbitrage rebate fund is used to pay the rebatable arbitrage of certain bond issues to which the Internal Revenue Service arbitrage rules apply. These funds will either be retained or transferred to the Internal Revenue Service, depending on future financial events and computations. There was no activity in this fund during the year ended June 30, 2018.

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

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

#### Fiduciary Funds

As of June 30, 2018, the fiduciary fund category was comprised entirely of agency-type funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The district's agency funds account for monies collected principally through fundraising efforts of the students and district sponsored groups. Fiduciary funds are not included in the government-wide financial statements.

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

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

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

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

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

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

#### **Cash and Cash Equivalents**

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

#### **Investments**

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

#### **Inventories and Prepaid Items**

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

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

#### **Capital Assets**

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

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

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

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

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

---

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

#### **Pensions**

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

#### **Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the year ended June 30, 2018 consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. See note 11 for additional discussion regarding pension deferred outflows of resources.

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

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

#### **Compensated Absences**

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

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

---

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

#### **Accrued Compensation**

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

#### **Long-term Liabilities**

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

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

#### **Net Position and Fund Balances**

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

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

**Restricted for specific purposes** – the component of net position that reports the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of certain programs should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The restricted net position for other purposes is made up of the following (000's): child nutrition fund \$4,224; gifts fund \$1,339; flexible benefit fund \$2; endowment fund \$30; and federal and state allocation carryover \$615.

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

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

---

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

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

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

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

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

For purposes of committed fund balance, the district's Board of Education is considered to be its highest level of decision making. Funds set aside by the Board of Education as committed fund balance requires a resolution by the Board of Education. Such resolution must be made prior to the district's fiscal year-end in order for it to be applicable to the district's fiscal year-end, although it is permitted for the specific amount of the commitment to be determined after the fiscal year-end if additional information is required in order to determine the exact amount to be committed. The Board of Education has the authority to remove or change the commitment of funds by resolution. The district had no committed fund balance at June 30, 2018.

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

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

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

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

---

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

#### **District's Use of Estimates**

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

#### **New Accounting Pronouncements Issued Not Yet Adopted**

The GASB has issued several new accounting pronouncements which will be effective to the district in fiscal years ending June 30, 2020 and 2021. A description of the new accounting pronouncements are described below:

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

GASB Statement No. 84 issued February 2017 will be effective for the district beginning with its fiscal year ending June 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

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

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

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

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

---

- **Statement No. 87, Leases**

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

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

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

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

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

##### **Property Taxes**

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

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

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

##### **Intermediate Revenues**

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

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

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

##### **State Revenues**

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

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

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

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

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

---

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

As of June 30, 2018 \$0.5 million of state revenue was carried forward into fiscal year 2019. The state Department of Education requires that categorical educational program revenues be accounted for in the general fund.

#### **Federal Revenues**

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

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

Federal rules require that revenue earmarked for federal programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. As of June 30, 2018 \$0.1 million of federal revenue was carried forward into fiscal year 2019.

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.

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

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

---

##### **Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of bank failure, the district may not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. The district's policy requires that all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2018, all of the district's deposits were either covered by insurance or were collateralized at 110% of the investment principal. Collateral was held by the pledging financial institution's trust department or agent in the district's name.

##### **Custodial Credit Risk - Investments**

For an investment, custodial credit risk is the risk that the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the district, and are held by counterparty or the counterparty's trust department but not in the name of the district. The district's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2018, all of the district's investments were either covered by federal deposit insurance or were fully collateralized. Further, all of the district's investments are held by its agent in the district's name. Accordingly, no investments are subject to custodial credit risk.

##### **Credit Risk**

The district's fixed-income securities are subject to credit risk. However, the district policy on credit quality limitations upholds a very high standard by limiting investments to either direct obligations of the US government or investments backed 110% by collateral. At June 30, 2018, the district's investment portfolio had invested \$78.0 million in mortgage-backed securities, which are considered agency securities of the U.S. government and therefore carry the same credit ratings of the government. The credit ratings of the agency securities are Moody's Aaa, Standard and Poor AA+, and Fitch AAA. The remaining \$82.0 million is invested in certificates of deposit which are not subject to credit risk.

##### **Concentration of Credit Risk**

The district's investment policy requires that, except for direct obligations of the U.S. government, its agencies or instrumentalities, or certificates of deposit secured by diversified pledges of collateral, the district's investment portfolio will be diversified to avoid incurring undue concentration in securities of one type. At June 30, 2018, all investments were in agency securities of the U.S. government or certificates of deposit. The concentration of the investments are listed below.

##### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The district's investment policy limits the duration of investments to a maximum maturity from the date of purchase of sixty months, provided that sufficient liquidity is available to meet the district's major cash outlays. The district monitors investment performance on an ongoing basis to limit the district's interest rate risk. As of June 30, 2018, all of the district's investments were scheduled to mature in 5 years or less.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

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

---

Maturities of investments and percentages held by issuer as of June 30, 2018 are as follows (000's):

Investment Type	% of Portfolio	Investment Maturities (in Years)		
		Fair Value	Less Than 1	1-5
Negotiable certificates of deposit	32%	\$ 36,534	\$ 36,012	\$ 522
Mortgage-backed securities				
Federal Home Loan Bank	25%	28,529	12,905	15,624
Federal Farm Credit Bank	7%	7,890	-	7,890
Freddie Mac	23%	26,263	18,402	7,861
Fannie Mae	13%	15,312	2,990	12,322
Total	<u>100%</u>	<u>\$ 114,528</u>	<u>\$ 70,309</u>	<u>\$ 44,219</u>
Investment Type	Cost	Less Than 1	1-5	
Non-Negotiable certificates of deposit	\$ 45,500	\$ 45,500	\$ -	
Total investments:	<u><u>160,028</u></u>	<u><u>115,809</u></u>	<u><u>44,219</u></u>	

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

#### Fair Value Measurements

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

As of June 30, 2018, all of the district's investments are valued using level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

#### Investment Authority

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

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

---

The district treasurer shall limit investments to:

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

#### Investment Philosophy

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

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

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

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

---

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

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended June 30, 2018

---

**Note 4. RECEIVABLES (NET OF ALLOWANCE FOR UNCOLLECTIBLES)**

---

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

Receivables	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Due from other governments				
Local - current year property tax	\$ 3,957	\$ 3,227	\$ 551	\$ 7,735
Local - succeeding year property tax	91,995	78,402	13,142	183,539
County	267	-	-	267
State	1,810	-	-	1,810
Federal	3,636	-	2,378	6,014
Other receivables	2,055	-	645	2,700
Gross receivables	\$ 103,720	\$ 81,629	\$ 16,716	\$ 202,065
Less: Allowance for uncollectible property tax	(454)	(386)	(65)	(905)
Net receivables	<u>\$ 103,266</u>	<u>\$ 81,243</u>	<u>\$ 16,651</u>	<u>\$ 201,160</u>

Receivables which are not collected within the availability period, 60 days of the year end, are recorded in the governmental fund financial statements as deferred inflows of resources. At June 30, 2018, \$189.4 million of receivables were considered to be unavailable revenue and were recorded as deferred inflows of resources in the governmental fund balance sheet, of which \$183.1 million was succeeding year property tax. On the statement of net position, \$6.3 million was reclassified to revenue from unavailable revenue, while succeeding year property taxes remain deferred inflows of resources.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

#### Note 5. INVENTORIES AND PREPAID ITEMS

---

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

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

The inventories and prepaid items on hand at June 30, 2018 were comprised of the following categories (000's):

<u>Inventory and prepaid items</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Inventory				
Food service supplies	\$ -	\$ -	\$ 878	\$ 878
Classroom supplies	246	-	-	246
Custodial supplies	355	-	-	355
Total inventory	<u>\$ 601</u>	<u>\$ -</u>	<u>\$ 878</u>	<u>\$ 1,479</u>
Prepaid items	289	1,319	-	1,608
Total Inventory and prepaid items	<u>\$ 890</u>	<u>\$ 1,319</u>	<u>\$ 878</u>	<u>\$ 3,087</u>

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

**Year ended June 30, 2018**

---

#### **Note 6. CAPITAL ASSETS**

---

Capital asset activity for the year ended June 30, 2018 was as follows (000's):

Governmental Activities:	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 5,017	\$ -	\$ -	\$ -	\$ 5,017
Construction in progress	34,509	50,529	(40,934)	-	44,104
Assets out of service	2,422	-	-	-	2,422
Total capital assets not being depreciated	<u>\$ 41,948</u>	<u>\$ 50,529</u>	<u>\$ (40,934)</u>	<u>\$ -</u>	<u>\$ 51,543</u>
Capital assets being depreciated:					
Buildings	\$ 818,259	\$ -	\$ 40,934	\$ (3,120)	\$ 856,073
Equipment and vehicles	69,669	4,471	-	(2,405)	71,735
Total capital assets being depreciated	<u>\$ 887,928</u>	<u>\$ 4,471</u>	<u>\$ 40,934</u>	<u>\$ (5,525)</u>	<u>\$ 927,808</u>
Total assets	\$ 929,876	\$ 55,000	\$ -	\$ (5,525)	\$ 979,351
Less accumulated depreciation for:					
Buildings	\$ (329,189)	\$ (24,698)	\$ -	\$ 2,335	\$ (351,552)
Equipment and vehicles	(38,138)	(5,982)	-	2,021	(42,099)
Total accumulated depreciation	<u>\$ (367,327)</u>	<u>\$ (30,680)</u>	<u>\$ -</u>	<u>\$ 4,356</u>	<u>\$ (393,651)</u>
Governmental activities capital assets, net	<u>\$ 562,549</u>	<u>\$ 24,320</u>	<u>\$ -</u>	<u>\$ (1,169)</u>	<u>\$ 585,700</u>

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

Governmental activities:	
Instruction and instruction-related services	\$ 16,471
Support services - student and staff	1,827
Administrative support services	6,157
Operation of non-instructional services	2,040
Operation and maintenance of plant services	1,763
Student transportation services	2,422
	<u>\$ 30,680</u>

#### **Assets Out of Service**

Assets out of service includes sites identified as surplus properties under the Project Schoolhouse initiative. The district has not yet determined the ultimate disposition of these assets. As of June 30, 2018 assets out of service were approximately \$2.4 million.

#### **Construction Commitments**

The district has active construction projects as of June 30, 2018. These projects include new construction and renovations of schools. At year-end, the district had approximately \$26.5 million in outstanding construction encumbrances.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

**Year ended June 30, 2018**

---

#### **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.

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

On August 24, 2017, the District entered into an agreement with Midwest Transport Solutions LLC for the acquisition of 18 compressed natural gas (CNG) buses, of which the natural gas conversion equipment on each bus will be leased for 39 months before being paid in full. This arrangement allows Midwest Transport Solutions to pass along to the District a federal income tax credit creating a 6% savings on the total price of each bus. The district will exercise a purchase option of \$202 thousand after 39 months.

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

	Balance			Balance
	June 30, 2017	Additions	Retirements	June 30, 2018
Equipment	\$ 2,973	\$ 263	\$ 42	\$ 3,194
Less: Current portion				(49)
Total long-term capitalized lease obligations outstanding				<u><u>\$ 3,145</u></u>

Net book value of assets acquired under capital lease as of June 30, 2018:

Capitalized equipment	\$ 3,825
Depreciation	(394)
Net book value	<u><u>\$ 3,431</u></u>

The future lease payments as of June 30, 2018, are as follows (000's):

Fiscal Year(s)	Equipment	Total
2019	\$ 56	\$ 56
2020	2,938	2,938
2021	215	215
Total lease payments	<u><u>3,209</u></u>	
Less imputed interest	<u><u>(15)</u></u>	
Present value of minimum lease payment	<u><u>\$ 3,194</u></u>	

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

**Year ended June 30, 2018**

---

#### **Note 8. LONG-TERM DEBT**

---

##### **2015 School Bond**

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

As of June 30, 2018 \$158.3 million has been issued leaving \$256.7 million remaining for future issuances.

##### **Current year Combined Purpose Bond issuances (Series 2017B and 2018A)**

In August 2017 and March 2018, the district issued \$44.0 and \$27.0 million respectively in bonds. The proceeds from these bonds will be used to construct and renovate school facilities, for library improvements, transportation equipment, and to acquire classroom materials and technology.

Bonds sold at discounts decrease the carrying value of the bond, and bonds sold at a premium increase the carrying value. The discount or premium is then amortized as an increase or decrease, respectively, to the coupon interest payment in reporting interest expense. The district uses the effective interest rate method for amortizing premiums and discounts. Amortization expense on bond premiums for the year ended June 30, 2018 is approximately \$1.2 million. The net amount of unamortized premium at June 30, 2018 was approximately \$3.3 million.

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

Series		Principal Outstanding		Principal Outstanding		Due within one year
		June 30, 2017	Issuances	Retirements	June 30, 2018	
2018A	2015 Combined Purpose	\$ 27,000	\$ -	\$ 27,000	\$ -	-
2017B	2015 Combined Purpose	\$ 44,000	\$ -	\$ 44,000	\$ -	-
2017A	2015 Combined Purpose	35,000	-	-	35,000	7,500
2016B	2015 Combined Purpose	34,770	-	-	34,770	2,500
2016A	2015 Combined Purpose	7,500	-	1,875	5,625	2,710
2015E	2010 Combined Purpose	30,100	-	7,525	22,575	1,790
2015D	2015 Combined Purpose	10,000	-	2,500	7,500	10,210
2015C	2010 Combined Purpose	17,900	-	4,475	13,425	1,790
2015B	2013 Technology Equipment	10,260	-	3,420	6,840	8,080
2015A	2010 Combined Purpose	24,240	-	8,080	16,160	3,420
2014D	2013 Technology Equipment	5,370	-	1,790	3,580	4,475
2014C	2010 Combined Purpose	30,630	-	10,210	20,420	2,500
2014B	2013 Technology Equipment	3,580	-	1,790	1,790	7,525
2014A	2010 Combined Purpose	5,420	-	2,710	2,710	1,875
2013C	2013 Technology Equipment	5,000	-	2,500	2,500	8,690
2013B	2010 Combined Purpose	15,000	-	7,500	7,500	8,750
2013A	2010 Combined Purpose	2,500	-	2,500	-	-
2012B	2010 Combined Purpose	9,500	-	9,500	-	-
<b>Total Long-term debt</b>		<b>246,770</b>	<b>71,000</b>	<b>66,375</b>	<b>251,395</b>	<b>71,815</b>
<b>Premium on bonds</b>		<b>3,348</b>	<b>1,153</b>	<b>1,227</b>	<b>3,274</b>	<b>-</b>
<b>Capital leases</b>		<b>2,973</b>	<b>263</b>	<b>42</b>	<b>3,194</b>	<b>49</b>
<b>Total bonds, capital leases and contracts</b>		<b>\$ 253,091</b>	<b>\$ 72,416</b>	<b>\$ 67,644</b>	<b>\$ 257,863</b>	<b>\$ 71,864</b>

**FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

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

---

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

Fiscal Year	Principal	Coupon Interest	Total
2019	\$ 71,815	\$ 3,719	\$ 75,534
2020	75,065	2,380	77,445
2021	51,565	1,381	52,946
2022	35,200	700	35,900
2023	17,750	206	17,956
	<b>\$ 251,395</b>	<b>\$ 8,386</b>	<b>\$ 259,781</b>

Interest rates on the bonds range from .97% to 1.89% and nominal rates range from .98% to 1.88%. Original amount and principal payments (000's):

	Issue Date	Original Amount	Final Maturity	Annual		
				Principal Payments	Coupon Rate	Nominal Rate
2018A	3/1/2018	\$ 27,000	3/1/2023	\$ 6,750	1.82%	1.81%
2017B	8/1/2017	44,000	8/1/2022	11,000	1.51%	1.50%
2017A	3/1/2017	35,000	3/1/2022	8,750	1.78%	1.77%
2016B	8/1/2016	34,770	8/1/2021	8,690	1.09%	1.08%
2016A	5/1/2016	7,500	5/1/2021	1,875	1.37%	1.37%
2015E	11/1/2015	30,100	11/1/2020	7,525	1.31%	1.31%
2015D	8/1/2015	10,000	8/1/2020	2,500	1.89%	1.88%
2015C	8/1/2015	17,900	8/1/2020	4,475	1.68%	1.67%
2015B	1/1/2015	13,680	1/1/2020	3,420	1.19%	1.18%
2015A	1/1/2015	32,320	1/1/2020	8,080	1.17%	1.17%
2014D	7/1/2014	7,160	7/1/2019	1,790	1.15%	1.14%
2014C	7/1/2014	40,840	7/1/2019	10,210	1.11%	1.11%
2014B	3/1/2014	7,160	3/1/2019	1,790	1.03%	1.03%
2014A	3/1/2014	10,840	3/1/2019	2,710	1.02%	1.01%
2013C	8/1/2013	10,000	8/1/2018	2,500	1.55%	1.54%
2013B	8/1/2013	30,000	8/1/2018	7,500	1.59%	1.58%
2013A	3/1/2013	10,000	3/1/2018	2,500	0.97%	0.98%
2012B	8/1/2012	38,000	8/1/2017	9,500	0.99%	0.99%

Interest expense on bonds during the year ended June 30, 2018 totaling \$4.5 million is reported in the debt service fund.

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

**Year ended June 30, 2018**

---

#### **Note 9. RISK MANAGEMENT**

---

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

Property, fire and extended coverage	\$ 100,000
Charter school locations	75,000
Windstorm and hail (1% per occurrence, per building)	100,000 up to 1,500,000
Automobile liability	175,000
General liability	175,000
Inland marine	2,500
School leader legal	175,000
Cyber liability and breach response	25,000

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

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

At June 30, 2018, the district had established liabilities for workers compensation claims and deductibles on commercial coverage of \$8.2 million and \$1.3 million, respectively. Changes in the balances of claims liability for the past three years are as follows (000's):

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning of year	\$ 9,890	\$ 12,442	\$ 14,471
Incurred claims (including IBNRs)	3,485	1,946	2,486
Claim payments	(3,863)	(4,498)	(4,515)
Unpaid claims, end of year	<u>\$ 9,512</u>	<u>\$ 9,890</u>	<u>\$ 12,442</u>

Approximately \$3.1 million of the amount unpaid at June 30, 2018 is expected to be paid out in the next fiscal year from general funds.

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

#### **Note 10. COMMITMENTS AND CONTINGENT LIABILITIES**

---

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

General Fund	\$ 5,972
Capital Projects Fund	26,477
Nonmajor Funds	1,577
Total	<u>\$ 34,026</u>

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

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

#### **Note 11. PENSION BENEFITS**

---

##### **Plan description**

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

Participation in the plan is required for certified teachers and administrators. Other permanent, support employees working at least half time are eligible for participation in the plan at their option. At June 30, 2018, there were 3,104 active employees of the district participating in the plan, comprising 4% of the total teacher's retirement system participants.

##### **Benefits provided**

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

Benefit provisions include:

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

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

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

90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2 percent of final compensation for each year of credited service.

- Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the joint survivor benefit option.
- Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

#### **Contributions**

The contribution requirements of OTRS are at an established rate determined by Oklahoma statute and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual compensation. The district's contribution rate is 9.5 percent for the year ended June 30, 2018. In addition, the district is required to match the state's contribution rate on salaries that are paid with federal funds. The district's total contribution to OTRS in 2018 was \$16.5 million.

The state makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2018, the state paid approximately \$1.6 million on behalf of teachers employed at the district. In accordance with generally accepted accounting practices, the district recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements.

The State of Oklahoma is also required to contribute to the system on behalf of the participating employers. For 2018, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the system on behalf of participating employers. The district has estimated the amounts contributed to the system by the State of Oklahoma on its behalf based on a

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

**Year ended June 30, 2018**

---

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

---

contribution rate provided to the district. For the year ended June 30, 2018, the total amount contributed to the system by the State of Oklahoma on behalf of the district was approximately \$12.4 million. In accordance with generally accepted accounting principles, district recognized the on-behalf payments as revenue and expenditures in the fund financial statements. In government-wide statement of activities, revenue is recognized for the state's on-behalf contribution on an accrual basis of approximately \$11.3 million.

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

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

At June 30, 2018, the district reported a liability of \$268.3 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The district's proportion of the net pension liability was based on the district's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2017. Based upon this information, the district's proportion was 4.05267515%. The change in proportion from the June 30, 2016 measurement date was a decrease of 0.02002713%.

For the year ended June 30, 2018, the district recognized pension expense of \$28.2 million. At June 30, 2018, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$(16,041)
Changes of assumptions	31,687	(18,291)
Net difference between projected and actual earnings on pension plan investments	3,643	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,078	(5,478)
Total Deferred amount to be recognized in pension expense in future periods	36,408	(39,810)
District contributions subsequent to the measurement date	16,535	-
<b>Total deferred amount related to pension:</b>	<b>\$ 52,943</b>	<b>\$ (39,810)</b>

Deferred pension outflows totaling \$16.5 million resulting from the district's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Net deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Other deferred inflows and outflows are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. Other amounts reports as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

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

<u>Year ended June 30:</u>		
2018	\$	(3,742)
2019		9,384
2020		4,150
2021		(9,670)
2022		(3,524)
	\$	(3,402)

## Actuarial assumptions

The total pension liability as of June 30, 2017 was determined based on an actuarial valuation prepared as of June 30, 2017 using the following actuarial assumptions:

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

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

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

---

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

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

#### Discount Rate

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

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

The following table presents the net pension liability of the district calculated using the discount rate of 7.5 percent, as well as what the district's net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	Current		
	1% Decrease	Discount	1% Increase
	(6.50%)	Rate (7.50%)	(8.50%)
District's net pension liability	\$ 370,376	\$ 268,340	\$ 183,975

## FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2018

---

#### **Note 12. COMPENSATED ABSENCES**

---

##### **Sick Pay Benefits**

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

##### **Vacation Benefits**

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

The activity related to these benefits during the year ended June 30, 2018 is as follows (000's):

	Balance 6/30/2017	Accruals	Payments	Balance 6/30/2018
Vacation	\$ 2,992	\$ 2,896	\$ 2,438	\$ 3,451
Sick	3,916	- 7,297	7,120	4,092
Total	<u>\$ 6,908</u>	<u>\$ 10,193</u>	<u>\$ 9,558</u>	<u>\$ 7,543</u>

In past years, general, building, and child nutrition funds have been used to liquidate this liability. Of the total, \$0.6 million is expected to be paid out in the next fiscal year to employees upon termination.

#### **Note 13. SUBSEQUENT EVENTS**

---

##### **Combined Purpose Bonds (Series 2018B)**

In August 2018, the district issued \$57.8 million in Combined Purpose Bonds Series 2018B. The proceeds from these bonds will be used to construct and renovate school facilities, for library improvements, transportation equipment, and to acquire classroom materials and technology. This bond has a coupon rate of 2.05%, a nominal rate of 2.03%, and a maturity date of August 1, 2023.

##### **Technology Equipment Bonds (Series 2018C)**

In August 2018, the district issued \$10 million in Combined Purpose Bonds Series 2018C. The proceeds from these bonds will be used to acquire technology infrastructure, and computer hardware and software. This bond has a coupon rate of 3.01%, a nominal rate of 2.97%, and a maturity date of August 1, 2023.

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

---

#### **Note 14. TAX ABATEMENT DISCLOSURES**

---

The City of Tulsa provides ad valorem tax abatements to promote development within an enterprise zone in downtown Tulsa. The district is impacted by tax abatements provided by the City of Tulsa under the Tax Incentive District Number One economic development program. The abatements were established to encourage the development, renovation and redevelopment of residential, both single-family and multiple-unit dwellings, as well as commercial retail space and hotels. The abatements up to 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, are administered as a reduction in the tax bill, and last for up to 6 years (or fewer, if the property is sold). The district participates in the ad valorem tax abatement of 55.2%. For the fiscal year ended June 30, 2018, the City of Tulsa had five active agreements which resulted in a total tax abatement of approximately \$261,500, of which the district's share is approximately \$144,400, and ten other agreements which are currently under construction and will not result in tax abatements until such time that the project is completed and the ad valorem taxes are developed by the Tulsa County Tax Assessor. In all cases of the five active agreements, the district receives ad valorem taxes at the market value of the property prior to the abatement.

The State of Oklahoma grants a 5-year exemption of ad valorem taxes for certain new manufacturing or research and development equipment and facilities. Pursuant to Section 193 of Title 62 of the Oklahoma Statutes, the state will reimburse the district for foregone property taxes as a result of this exemption. During the year ended June 30, 2018, the amount of foregone tax revenues as a result of this exemption were \$3,839,571. The state reimbursed the district \$3,839,571 during the year ended June 30, 2018 in connection with the abated tax revenues.

## **Required Supplementary Information**

*This page is left blank intentionally*

---

**FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION**

---

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

	2018	2017	2016	2015
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	4.05%	4.03%	4.10%	4.18%
District's proportionate share of the net pension liability (asset) \$	268,340	\$ 336,547	\$ 249,031	\$ 224,675
District's covered payroll \$	158,490	\$ 163,790	\$ 163,115	\$ 161,383
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	169.31%	205.47%	152.67%	139.22%
Plan fiduciary net position as a percentage of the total pension liability	69.32%	62.24%	70.31%	72.43%

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

---

**CHANGES OF BENEFIT TERMS**

---

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

## **CHANGES OF ASSUMPTIONS**

---

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

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

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

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

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

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

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

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

**FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION**

---

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Contractually required contribution \$	16.5	\$ 16.8	\$ 17.1	\$ 17.1	\$ 16.9	\$ 16.7	\$ 16.0	\$ 16.2	\$ 16.5	\$ 14.9
Contributions in relation to the contractually required contribution	(16.5)	(16.8)	(17.1)	(17.1)	(16.9)	(16.7)	(16.0)	(16.2)	(16.5)	(14.9)
Contribution deficiency (excess) \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll \$	158	\$ 164	\$ 163	\$ 161	\$ N/A	N/A				
Contributions as a percentage of covered payroll	10.44%	10.24%	10.49%	10.62%	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

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

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

**FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION**

---

**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2018**  
 (Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
<b>REVENUES</b>				
Local and intermediate sources	\$ 114,444	\$ 117,430	\$ 128,640	\$ 11,210
State program revenues	143,791	145,808	136,674	(9,134)
Federal program revenues	31,237	30,787	28,917	(1,870)
Total revenues	<u>289,472</u>	<u>294,025</u>	<u>294,231</u>	<u>206</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	183,663	183,809	183,609	(200)
Benefits	55,623	56,306	60,729	4,423
Purchased Services	25,183	29,444	24,396	(5,048)
Supplies	14,994	16,441	13,404	(3,037)
Property	102	42	74	32
Other Expenditures	4,500	838	927	89
Other Outlays	10,657	10,145	11,207	1,062
Total expenditures	<u>294,722</u>	<u>297,025</u>	<u>294,346</u>	<u>(2,679)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,250)</u>	<u>(3,000)</u>	<u>(115)</u>	<u>2,885</u>
<b>OTHER FINANCING SOURCES</b>				
Lapsed appropriations from prior year and fund transfer	2,000	2,000	1,307	(693)
Net change in fund balances	<u>(3,250)</u>	<u>(1,000)</u>	<u>1,192</u>	<u>2,192</u>
Fund balance -- June 30, 2017	28,066	31,126	31,126	-
Fund balance -- June 30, 2018	<u>\$ 24,816</u>	<u>\$ 30,126</u>	<u>\$ 32,318</u>	<u>\$ 2,192</u>

See Notes to Required Supplementary Information

---

**FINANCIAL SECTION: 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, 2018  
(Thousands)**

<b>Change in fund balance of governmental funds - General Fund</b>	\$ 4,729
Revenues are recognized when earned in the governmental funds but are recognized when received for budgetary purposes. During the year, \$8,132 was received that was attributable to prior year activities and \$5,912 of revenue was realized but not received by the close of the year.	(2,220)
Expenditures for supplies and materials and prepaids are shown when they are used in the governmental funds but reported as expenses when they are purchased for budgetary purposes. The district purchased more supplies and materials than it used during the year, resulting in an increase in inventories from \$510 to \$602 and prepaids decreased by \$123.	(215)
Obligations are accrued when incurred and measurable in the governmental funds but reported when expended for budgetary purposes. There was an increase of \$1,132 in the accounts payable accrual.	1,132
An increase of \$13 in the liability insurance reserve and a reduction of \$626 in the reserve for workers compensation was made to comply with modified accrual standards.	(613)
Fair market value adjustment for long-term investments	(73)
Encumbrances are included in expenditures for budgetary purposes but not for the governmental fund financial statements.	(5,800)
Expenditures in the governmental fund financial statements include those paid with prior year encumbrances, which are excluded on the budgetary basis.	2,573
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.	372
<b>Excess (deficiency) of revenues over expenditures - budgetary basis</b>	<u>\$ (115)</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2018**

---

**Note 1. BUDGETS AND BUDGETARY ACCOUNTING**

---

**BUDGETARY COMPARISON SCHEDULE**

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

**BUDGET LAW AND PRACTICE**

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

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

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

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

**ENCUMBRANCES**

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

**REVENUES**

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

## **Other Supplementary Information**

*This page is left blank intentionally*

**FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION**

---

**Budgetary Comparison Schedule - Debt Service**  
**For the Year Ended June 30, 2018**  
(Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u> (Budgetary Basis)	<u>Variance</u> <u>Final Budget</u>
<b>REVENUES</b>				
Local and intermediate sources	\$ 67,034	\$ 75,206	\$ 76,574	\$ 1,368
Total revenues	<u>67,034</u>	<u>75,206</u>	<u>76,574</u>	<u>1,368</u>
<b>EXPENDITURES</b>				
Current:				
Other Expenditures	137,174	146,956	70,857	(76,099)
Total expenditures	<u>137,174</u>	<u>146,956</u>	<u>70,857</u>	<u>(76,099)</u>
Excess (deficiency) of revenues over expenditures	<u>(70,140)</u>	<u>(71,750)</u>	<u>5,717</u>	<u>77,467</u>
<b>OTHER FINANCING SOURCES</b>				
Premium on bonds sold	1,000	726	1,153	427
Net change in fund balances	<u>(69,140)</u>	<u>(71,024)</u>	<u>6,870</u>	<u>77,894</u>
Fund balance -- June 30, 2017	69,140	71,024	71,024	-
Fund balance -- June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,894</u>	<u>\$ 77,894</u>

**Budgetary Comparison Schedule - Capital Improvements**  
**For the Year Ended June 30, 2018**  
 (Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
<b>REVENUES</b>				
Local and intermediate sources	\$ 75,001	\$ 71,001	\$ 71,000	\$ (1)
Total revenues	<u>75,001</u>	<u>71,001</u>	<u>71,000</u>	<u>(1)</u>
<b>EXPENDITURES</b>				
Current:				
Purchased Services	52,702	56,622	56,372	(250)
Supplies	28,200	16,678	9,296	(7,382)
Property	3,519	4,402	4,532	130
Other Expenditures	-	-	-	-
Total expenditures	<u>84,421</u>	<u>77,702</u>	<u>70,200</u>	<u>(7,502)</u>
Excess (deficiency) of revenues over expenditures	<u>(9,420)</u>	<u>(6,701)</u>	<u>800</u>	<u>7,501</u>
<b>OTHER FINANCING SOURCES</b>				
Lapsed appropriations from prior year	1,000	3,000	2,368	(632)
Fund Net change in fund balances	<u>(8,420)</u>	<u>(3,701)</u>	<u>3,168</u>	<u>6,869</u>
Fund balance -- June 30, 2017	8,420	3,701	3,701	-
Fund balance -- June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,869</u>	<u>\$ 6,869</u>

**FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION**

---

**Budgetary Comparison Schedule -Special Revenue Funds**  
**For the Year Ended June 30, 2018**  
**(Thousands)**

	BUILDING FUND					CHILD NUTRITION FUND				
			Actual (Budgetary Basis)	Variance Final Budget	Original			Actual (Budgetary Basis)	Variance Final Budget	
	Original	Final				Original	Final			
<b>REVENUES</b>										
Local and intermediate sources	\$ 12,967	\$ 13,346	\$ 13,705	\$ 359	\$ 3,329	\$ 3,367	\$ 3,236	\$ (131)		
State program revenues	1,048	1,048	995	(53)	3,003	2,985	2,968	(17)		
Federal program revenues	-	-	-	-	19,350	19,362	16,570	(2,792)		
Total revenues	<u>14,015</u>	<u>14,394</u>	<u>14,700</u>	<u>306</u>	<u>25,682</u>	<u>25,714</u>	<u>22,774</u>	<u>(2,940)</u>		
<b>EXPENDITURES</b>										
Current:										
Salaries	6,792	6,793	6,720	(73)	9,417	9,932	10,211	279		
Benefits	1,953	1,953	1,801	(152)	3,836	3,966	3,607	(359)		
Purchased Services	5,212	5,323	5,607	284	1,077	1,063	992	(71)		
Supplies	623	740	489	(251)	11,195	11,133	10,503	(630)		
Property	65	98	96	(2)	135	128	206	78		
Other Expenditures	3,510	4,810	715	(4,095)	1,109	1,109	1	(1,108)		
Total expenditures	<u>18,155</u>	<u>19,717</u>	<u>15,428</u>	<u>(4,289)</u>	<u>26,769</u>	<u>27,331</u>	<u>25,520</u>	<u>(1,811)</u>		
Excess (deficiency) of revenues over expenditures	<u>(4,140)</u>	<u>(5,323)</u>	<u>(728)</u>	<u>4,595</u>	<u>(1,087)</u>	<u>(1,617)</u>	<u>(2,746)</u>	<u>(1,129)</u>		
<b>OTHER FINANCING SOURCES</b>										
Lapsed appropriations from prior year	100	100	130	-	100	100	375	275		
Net change in fund balances	(4,040)	(5,223)	(598)	4,625	(987)	(1,517)	(2,371)	(854)		
Fund balance -- June 30, 2017	4,540	5,723	5,723	-	2,187	2,517	2,517	-		
Fund balance -- June 30, 2018	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 5,125</u>	<u>\$ 4,625</u>	<u>\$ 1,200</u>	<u>\$ 1,000</u>	<u>\$ 146</u>	<u>\$ (854)</u>		

---

**FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION**

---

**Statement of Changes in Fiduciary Assets and Liabilities  
Student Activity Funds  
For the Year Ended June 30, 2018  
(Thousands)**

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
ASSETS				
Cash and cash equivalents	\$ 4,161	\$ 3,282	\$ 2,966	\$ 4,477
TOTAL ASSETS	<u>4,161</u>	<u>3,282</u>	<u>2,966</u>	<u>4,477</u>
LIABILITIES				
Due to student groups	4,161	3,282	2,966	4,477
TOTAL LIABILITIES	<u>4,161</u>	<u>3,282</u>	<u>2,966</u>	<u>4,477</u>

**FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION**

---

**Combining Balance Sheet**

General Fund

June 30, 2018

(Thousands)

	<u>General Fund</u>	<u>Workers Compensation Fund</u>	<u>Total General Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,625	\$ 703	\$ 22,328
Investments	60,607	1,500	62,107
Receivables net of allowance for uncollectibles	103,266	-	103,266
Inventories and prepaid items	890	-	890
<b>Total Assets</b>	<b><u>186,388</u></b>	<b><u>2,203</u></b>	<b><u>188,591</u></b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued liabilities	38,528	52	38,580
Claims and judgments	(1,877)	1,971	94
<b>Total liabilities</b>	<b><u>36,651</u></b>	<b><u>2,023</u></b>	<b><u>38,674</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property tax	91,765	-	91,765
Unavailable revenue	3,369	-	3,369
<b>Total deferred inflows of resources</b>	<b><u>95,134</u></b>	<b><u>-</u></b>	<b><u>95,134</u></b>
<b>FUND BALANCES</b>			
Non-spendable			
Inventories and prepaids	890	-	890
Restricted			
Federal and state allocation carryover	615	-	615
Assigned			
Purchases on order	2,977	-	2,977
Workers compensation	-	180	180
Unassigned			
Total fund balances	<u>50,121</u>	<u>-</u>	<u>50,121</u>
	<u>54,603</u>	<u>180</u>	<u>54,783</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 186,388</u></b>	<b><u>\$ 2,203</u></b>	<b><u>\$ 188,591</u></b>

**FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION**

---

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

**General Fund**

**For the Year Ended June 30, 2018**

**(Thousands)**

	<b>General Fund</b>	<b>Workers Compensation Fund</b>	<b>Total General Fund</b>
<b>REVENUES</b>			
Property taxes	\$ 90,703	\$ -	\$ 90,703
Other local sources	11,168	-	11,168
Intermediate sources	10,631	-	10,631
Fees and charges	2,164	-	2,164
State aid	161,664	-	161,664
Federal aid	29,698	-	29,698
Earnings on investments	1,236	-	1,236
Miscellaneous	2,598	-	2,598
Total revenues	<u>309,862</u>	<u>-</u>	<u>309,862</u>
<b>EXPENDITURES</b>			
Current:			
Instruction and instruction-related services	176,388	378	176,766
Support services - student and staff	43,135	-	43,135
Instructional and school leadership	20,728	-	20,728
Administrative support services	24,513	-	24,513
Operation of non-instructional services	329	-	329
Operation and maintenance of plant services	18,487	-	18,487
Student transportation services	10,237	-	10,237
Facilities acquisition and construction services	64	-	64
Charter schools	11,183	-	11,183
Debt service			
Principal	12	12	12
Interest	4	4	4
Total expenditures	<u>305,080</u>	<u>378</u>	<u>305,458</u>
Excess (deficiency) revenues over expenditures	<u>4,782</u>	<u>(378)</u>	<u>4,404</u>
<b>OTHER FINANCING SOURCES</b>			
Insurance recoveries	9	6	15
Proceeds from sale of capital assets	310	-	310
Total other financing sources	<u>319</u>	<u>6</u>	<u>325</u>
Net change in fund balances	<u>5,101</u>	<u>(372)</u>	<u>4,729</u>
Fund balances -- June 30, 2017	\$ 49,502	\$ 552	\$ 50,054
Fund balances -- June 30, 2018	<u>\$ 54,603</u>	<u>\$ 180</u>	<u>\$ 54,783</u>

**FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION**

---

**Combining Balance Sheet**  
**Nonmajor Funds**  
**June 30, 2018**  
**(Thousands)**

	Special Revenue Funds				Permanent Fund		Total Nonmajor Funds
	Building Fund	Child Nutrition Fund	Gifts Fund	Flexible Benefit Fund	Endowment Fund		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,861	\$ 818	\$ 408	\$ 2	\$ -	\$ -	\$ 3,089
Investments	4,464	-	984	-	30	30	5,478
Receivables net of allowance for uncollectibles	13,630	3,021	-	-	-	-	16,651
Inventories and prepaid items	-	878	-	-	-	-	878
Total Assets	<u>19,955</u>	<u>4,717</u>	<u>1,392</u>	<u>2</u>	<u>30</u>	<u>30</u>	<u>26,096</u>
<b>LIABILITIES</b>							
Liabilities:							
Accounts payable and accrued liabilities	431	432	53	-	-	-	916
Total liabilities	<u>431</u>	<u>432</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>916</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Succeeding year property tax	13,109	-	-	-	-	-	13,109
Unavailable revenue	421	61	-	-	-	-	482
Total deferred inflows of resources	<u>13,530</u>	<u>61</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,591</u>
<b>FUND BALANCES</b>							
Non-spendable							
Inventories and prepaids	-	878	-	-	-	-	878
Endowments	-	-	-	-	-	30	30
Restricted							
Building	5,994	-	-	-	-	-	5,994
Child nutrition	-	3,346	-	-	-	-	3,346
Gifts	-	-	1,339	-	-	-	1,339
Flexible benefit	-	-	-	2	-	-	2
Total fund balances	<u>5,994</u>	<u>4,224</u>	<u>1,339</u>	<u>2</u>	<u>30</u>	<u>30</u>	<u>11,589</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,955</u>	<u>\$ 4,717</u>	<u>\$ 1,392</u>	<u>\$ 2</u>	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 26,096</u>

**FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION**

---

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

**Nonmajor Funds**

**For the Year Ended June 30, 2018**

(Thousands)

	Special Revenue Funds					Permanent Fund		Total Nonmajor Funds
	Building Fund	Child Nutrition Fund	Gifts Fund	Flexible Benefit Fund	Endowments Fund			
<b>REVENUES</b>								
Property taxes	\$ 12,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,928
Other local sources	-	9	994	-	-	-	-	1,003
Fees and charges	107	3,037	-	-	-	-	-	3,144
State aid	995	2,967	-	-	-	-	-	3,962
Federal aid	-	20,459	-	-	-	-	-	20,459
Earnings on investments	509	13	10	-	-	-	-	532
Miscellaneous	210	-	-	-	-	-	-	210
Total revenues	14,749	26,485	1,004	-	-	-	-	42,238
<b>EXPENDITURES</b>								
Current:								
Instruction and instruction-related services	18	-	685	-	-	-	-	703
Support services - student and staff	-	-	183	8	-	-	-	191
Instructional and school leadership	-	-	53	-	-	-	-	53
Administrative support services	765	-	100	-	-	-	-	865
Operation of non-instructional services	-	27,417	-	-	-	-	-	27,417
Operation and maintenance of plant services	13,630	-	-	-	-	-	-	13,630
Student transportation services	-	-	5	-	-	-	-	5
Facilities acquisition and construction services	563	-	6	-	-	-	-	569
Debt service								
Principal	30							30
Interest	3							3
Total expenditures	15,009	27,417	1,032	8	-	-	43,466	
Excess (deficiency) revenues over expenditures	(260)	(932)	(28)	(8)	-	-	(1,228)	
<b>OTHER FINANCING SOURCES</b>								
Insurance recoveries	1	-	-	-	-	-	-	1
Proceeds from sale of capital assets	-	573	-	-	-	-	-	573
Total other financing sources	1	573	-	-	-	-	574	
Net change in fund balances	(259)	(359)	(28)	(8)	-	-	(654)	
Fund balances -- June 30, 2017	6,253	4,583	1,367	10	30	30	12,243	
Fund balances -- June 30, 2018	\$ 5,994	\$ 4,224	\$ 1,339	\$ 2	\$ 30	\$ 30	\$ 11,589	

## Statistical Section

---



*This page is left blank intentionally*

## **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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends.....</b>	<b>96</b>
These schedules contain trend information to help the reader understand how the district's financial performance has changed over time.	
<b>Revenue Capacity .....</b>	<b>102</b>
These schedules present information to help the reader assess the district's major revenue sources.	
<b>Debt Capacity .....</b>	<b>106</b>
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	
<b>Demographic and Economic Information.....</b>	<b>110</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	
<b>Operating Information .....</b>	<b>112</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	

### **Sources**

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

## STATISTICAL SECTION: FINANCIAL TRENDS

---

### **Changes In Net Position**

#### **Last Ten Fiscal Years**

(accrual basis of accounting)

(Thousands)

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
<b>Expenses</b>				
Governmental activities:				
Instruction and instruction-related services	\$ 200,943	\$ 204,832	\$ 189,926	\$ 181,819
Support services - student and staff	47,986	49,129	50,977	45,399
Instructional and school leadership	20,781	20,667	21,890	21,389
Administrative support services	36,569	31,430	34,328	43,169
Operation of non-instructional services	30,181	30,437	29,665	30,923
Operation and maintenance of plant services	34,249	37,732	35,922	37,238
Student transportation services	10,329	11,151	11,603	12,800
Facilities acquisition and construction services	3,393	1,895	2,497	2,443
Charter schools	11,183	9,491	7,566	5,424
Interest on long-term debt	3,450	3,341	3,234	3,775
Unrestricted investment loss/gain	-	8	-	-
Total primary governmental activities expense	<u>399,064</u>	<u>400,113</u>	<u>387,608</u>	<u>384,379</u>
Program Revenues				
Governmental activities:				
Charges for services				
Operation of non-instructional services	4,667	5,278	5,612	5,406
Student transportation services	-	-	-	-
Other	818	565	669	774
Operating grants and contributions	75,989	77,728	73,847	76,880
Capital grants and contributions	-	-	-	-
Total primary governmental activities program revenues	<u>81,474</u>	<u>83,571</u>	<u>80,128</u>	<u>83,060</u>
Net Expense				
Total primary governmental activities net expenses	<u>(317,590)</u>	<u>(316,542)</u>	<u>(307,480)</u>	<u>(301,319)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	180,025	166,402	160,160	159,678
State aid - formula grants	85,468	88,459	89,424	95,126
Dedicated state revenue	63,557	63,653	64,551	65,260
County revenue	10,632	10,410	10,186	9,927
Unrestricted investment earnings	1,674	-	1,476	591
Gain (loss) on sale of real estate	883	296	550	218
Gain on early lease payoff	-	-	-	-
Insurance recovery	16	7	100	69
Other local revenue	1,900	2,493	2,236	304
Total primary governmental activities	<u>344,155</u>	<u>331,720</u>	<u>328,683</u>	<u>331,173</u>
Change in Net Position				
Total primary government	<u>\$ 26,565</u>	<u>\$ 15,178</u>	<u>\$ 21,203</u>	<u>\$ 29,854</u>

**STATISTICAL SECTION: FINANCIAL TRENDS**

---

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	198,500	\$ 188,002	\$ 192,924	\$ 200,810	\$ 201,598	\$ 190,462
45,168	46,942	46,858	51,731	49,917	46,783	
20,394	17,051	16,986	17,192	17,781	17,104	
36,711	28,713	28,765	27,092	27,641	24,990	
26,071	28,519	28,800	26,117	27,375	25,053	
35,757	34,385	36,426	36,498	36,733	38,964	
15,246	12,714	13,753	12,969	13,927	13,176	
52	6,998	2,008	2,396	-	-	
4,306	4,249	1,310	1,468	3,461	3,328	
3,139	2,935	3,735	4,490	4,544	6,039	
-	-	-	-	-	-	
<u>385,344</u>	<u>370,508</u>	<u>371,565</u>	<u>380,763</u>	<u>382,977</u>	<u>365,899</u>	
5,548	5,722	5,754	5,429	6,039	6,411	
1,435	1,263	1,079	1,855	1,736	1,370	
662	636	378	1,270	699	907	
72,202	74,612	87,483	97,373	85,309	84,977	
-	-	90	167	150	-	
<u>79,847</u>	<u>82,233</u>	<u>94,784</u>	<u>106,094</u>	<u>93,933</u>	<u>93,665</u>	
<u>(305,497)</u>	<u>(288,275)</u>	<u>(276,781)</u>	<u>(274,669)</u>	<u>(289,044)</u>	<u>(272,234)</u>	
147,823	144,602	141,061	139,515	140,357	132,731	
94,787	97,186	97,945	94,405	96,698	117,458	
63,792	63,360	61,413	47,055	44,411	44,033	
9,807	10,194	9,581	9,446	9,061	8,653	
857	389	575	890	396	1,396	
(27)	-	417	-	-	-	
-	-	359	-	-	-	
6,112	-	-	-	-	-	
496	1,507	529	508	722	614	
<u>323,647</u>	<u>317,238</u>	<u>311,880</u>	<u>291,819</u>	<u>291,645</u>	<u>304,885</u>	
\$ <u>18,150</u>	\$ <u>28,963</u>	\$ <u>35,098</u>	\$ <u>17,150</u>	\$ <u>2,601</u>	\$ <u>32,651</u>	

## STATISTICAL SECTION: FINANCIAL TRENDS

---

### Changes in Fund Balances, Governmental Funds

#### Last Ten Fiscal Years

(modified accrual basis of accounting)

(Thousands)

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
<b>Revenues</b>				
Property taxes	\$ 180,398	\$ 166,402	\$ 160,161	\$ 153,943
Other local sources	12,171	13,062	6,890	11,001
Intermediate sources	10,631	10,410	10,186	9,927
Fees and charges	5,308	5,845	6,286	6,187
State aid	165,626	164,700	168,126	174,496
Federal aid	50,157	52,440	54,789	54,270
Earnings on investments	1,743	61	1,503	644
Miscellaneous	2,808	2,985	2,702	2,312
<b>Total revenues</b>	<b>428,842</b>	<b>415,905</b>	<b>410,643</b>	<b>412,780</b>
<b>Expenditures</b>				
Instruction and instruction-related services	186,343	182,384	189,630	190,655
Support services - student and staff	46,163	47,404	49,303	44,034
Instructional and school leadership	20,781	20,668	21,890	21,389
Administrative support services	30,420	26,015	28,841	41,959
Operation of non-instructional services	27,746	29,961	28,213	28,914
Operation and maintenance of plant services	32,245	36,381	35,228	36,239
Student transportation services	13,229	15,592	16,093	13,621
Facilities acquisition and construction services	53,889	37,506	40,761	43,972
Charter schools	11,183	9,491	7,566	5,424
Debt service:				
Principal	66,417	62,314	78,202	53,790
Interest	4,489	4,969	3,405	4,166
<b>Total expenditures</b>	<b>492,905</b>	<b>472,685</b>	<b>499,132</b>	<b>484,163</b>
<b>Excess of expenses over revenues</b>	<b>(64,063)</b>	<b>(56,780)</b>	<b>(88,489)</b>	<b>(71,383)</b>
<b>Other financing sources</b>				
Capital Leases	263	3,547	-	-
Bond issuances	72,153	71,062	66,761	95,777
Insurance recoveries	16	7	99	56
Proceeds from sale of Capital Assets	883	296	851	216
<b>Total other financing sources</b>	<b>73,315</b>	<b>74,912</b>	<b>67,711</b>	<b>96,049</b>
<b>Net change in fund balances</b>	<b>\$ 9,252</b>	<b>\$ 18,132</b>	<b>\$ (20,778)</b>	<b>\$ 24,666</b>
Debt service as a percentage of noncapital expenditures	16.19%	15.56%	17.93%	13.39%

**STATISTICAL SECTION: FINANCIAL TRENDS**

---

	2014	2013	2012	2011	2010	2009
\$	145,061	144,601	141,060	149,208	150,748	140,856
8,168	7,056	8,090				
9,807	10,194	9,581	9,446	9,061	8,873	
6,224	6,427	6,222	7,566	7,199	7,069	
171,526	167,754	165,789	151,118	151,481	170,505	
57,065	62,689	79,665	83,271	78,227	71,656	
917	410	597	972	757	1,569	
2,263	2,128	1,938	1,734	1,547	1,591	
<u>401,031</u>	<u>401,259</u>	<u>412,942</u>	<u>403,315</u>	<u>399,020</u>	<u>402,119</u>	
191,443	192,258	192,615	194,066	197,140	193,200	
44,227	46,144	46,196	50,758	49,112	46,018	
20,394	17,050	16,986	17,197	17,781	17,104	
38,446	25,347	26,208	26,258	24,845	22,258	
27,151	26,237	25,850	25,759	26,303	23,862	
37,000	33,706	35,588	36,309	37,813	40,088	
14,676	13,133	13,948	17,482	15,582	11,647	
34,008	52,898	83,689	42,026	23,348	34,685	
4,305	4,249	1,310	1,468	3,461	3,328	
51,925	50,175	49,593	43,490	44,615	39,615	
3,985	4,654	4,470	5,280	6,320	5,813	
<u>467,560</u>	<u>465,851</u>	<u>496,453</u>	<u>460,093</u>	<u>446,320</u>	<u>437,618</u>	
(66,529)	(64,592)	(83,511)	(56,778)	(47,300)	(35,499)	
1,024	11,936	17,562	3,848	-	-	
58,535	48,432	47,412	40,213	79,011	42,824	
6,113	-	-	-	-	-	
2,317	-	1,948	-	-	-	
<u>67,989</u>	<u>60,368</u>	<u>66,922</u>	<u>44,061</u>	<u>79,011</u>	<u>42,824</u>	
\$	<u>1,460</u>	<u>\$ (4,224)</u>	<u>\$ (16,589)</u>	<u>\$ (12,717)</u>	<u>\$ 31,711</u>	<u>\$ 7,325</u>
	13.32%	13.34%	13.12%	11.68%	11.81%	11.20%

**STATISTICAL SECTION: FINANCIAL TRENDS**

---

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets:	\$ 351,812	\$ 335,360	\$ 323,765	\$ 326,777	\$ 318,867	\$ 303,399	\$ 280,211	\$ 262,429	\$ 255,543	\$ 236,025
Restricted for:										
Debt service	76,228	69,380	65,971	52,882	45,494	47,125	48,500	49,781	48,708	47,453
Building	5,994	6,253	7,060	8,272	8,377	5,608	4,487	1,108	1,191	-
Other	6,210	6,513	11,924	1,232	1,194	1,209	1,580	1,810	1,239	-
Unrestricted	<u>(211,692)</u>	<u>(215,519)</u>	<u>(234,341)</u>	<u>(222,911)</u>	<u>44,316</u>	<u>42,757</u>	<u>36,357</u>	<u>21,175</u>	<u>12,472</u>	<u>33,074</u>
Total primary governmental activities net position	\$ 228,552	\$ 201,987	\$ 174,379	\$ 166,252	\$ 418,248	\$ 400,098	\$ 371,135	\$ 336,303	\$ 319,153	\$ 316,552

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

## STATISTICAL SECTION: FINANCIAL TRENDS

---

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,284
Unreserved	-	-	-	-	-	-	-	-	-	26,654
Non-spendable										
Inventories and prepaids	890	676	720	489	400	624	781	717	842	-
Restricted										
Federal and state allocation carryover	615	523	5,559	8,212	1,640	1,443	168	387	4,137	-
Committed	-	-	-	-	-	-	4,566	3,976	710	-
Assigned	3,157	2,931	3,604	8,439	15,998	14,264	10,766	4,822	6,016	-
Unassigned	50,121	45,924	37,263	36,052	36,137	35,855	27,501	21,430	5,124	-
Total general fund	\$ <u>54,783</u>	\$ <u>50,054</u>	\$ <u>47,146</u>	\$ <u>53,192</u>	\$ <u>54,175</u>	\$ <u>52,186</u>	\$ <u>43,782</u>	\$ <u>31,332</u>	\$ <u>16,829</u>	\$ <u>32,938</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,562
Unreserved, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	-	874
Special revenue funds	-	-	-	-	-	-	-	-	-	5,582
Non-spendable										
Inventories and prepaids	2,197	1,916	1,200	1,105	1,227	705	622	970	640	-
Endowments	30	30	30	30	30	30	30	30	30	-
Restricted										
Federal and state allocation carryover	-	615	-	-	-	-	-	-	-	-
Capital projects	22,656	24,800	12,204	40,762	18,634	19,418	22,432	47,563	66,692	-
Debt service	77,965	70,861	67,927	52,882	45,494	47,125	48,500	49,781	48,708	-
Building	5,994	6,239	7,046	8,258	8,377	5,608	4,487	1,091	1,145	-
Child nutrition	3,346	3,783	4,256	4,266	3,668	2,442	1,417	1,668	2,431	-
Gifts	1,339	1,367	1,109	1,202	1,194	1,209	1,580	1,780	1,209	-
Arbitrage	-	-	-	-	-	-	-	9	3	-
Flexible benefits	2	10	10	9	11	16	18	23	15	-
Total all other governmental funds	\$ <u>113,529</u>	\$ <u>109,621</u>	\$ <u>93,782</u>	\$ <u>108,514</u>	\$ <u>78,635</u>	\$ <u>76,553</u>	\$ <u>79,086</u>	\$ <u>102,915</u>	\$ <u>120,873</u>	\$ <u>76,018</u>

Note: The District adopted GASB Statement 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	
2018	\$ 2,427,514	\$ 16,996	\$ 37,733	\$ 217	71.86	70.71	72.41	71.37	71.86
2017	2,358,291	16,218	37,726	196	70.27	69.12	70.82	69.78	70.27
2016	2,272,340	16,332	35,976	184	68.96	67.81	69.51	68.47	68.96
2015	2,213,584	15,625	35,545	209	68.99	67.84	69.54	68.50	68.99
2014	2,170,858	14,166	34,595	213	64.65	63.50	65.20	64.16	64.91
2013	2,173,975	13,513	33,884	225	64.65	63.50	65.20	64.16	64.65
2012	2,136,830	13,071	32,988	237	64.79	63.64	65.34	64.30	64.79
2011	2,149,629	16,974	35,032	224	63.90	62.75	62.70	63.41	63.87
2010	2,130,553	15,056	34,369	205	64.95	63.80	63.75	64.46	64.92
2009	2,050,504	13,296	31,315	161	65.30	64.15	64.10	64.81	65.27

\*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)

Tulsa Public Schools Rates	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05
Building Fund	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
Sinking Fund	30.66	29.07	27.76	27.79	23.71	23.45	23.59	22.70	23.75	24.10
Total Direct Rate	\$ 71.86	\$ 70.27	\$ 68.96	\$ 68.99	\$ 64.91	\$ 64.79	\$ 64.79	\$ 63.90	\$ 64.95	\$ 65.30
Tulsa Community College	7.21	7.21	7.21	7.21	7.21	7.21	7.21	7.21	7.21	7.21
Tulsa County Vo-Tech	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33
Tulsa County	22.24	22.24	22.22	22.23	22.23	22.24	22.24	22.21	22.21	22.21
City of Tulsa	22.44	21.20	22.79	20.24	20.24	20.16	20.01	16.98	14.15	14.08
Total For All Governments	\$ 137.08	\$ 134.25	\$ 134.51	\$ 132.00	\$ 127.92	\$ 127.58	\$ 127.58	\$ 123.63	\$ 121.85	\$ 122.13

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			
2018	\$ 1,862,313	\$ 471,575	\$ 148,571	71.86	\$ 22,291,830	11.14%
2017	1,815,016	454,190	143,225	70.27	21,693,068	11.12%
2016	1,759,111	437,249	128,472	68.96	20,948,369	11.10%
2015	1,712,885	422,032	130,046	68.99	20,383,119	11.11%
2014	1,678,771	392,152	148,909	64.91	19,859,929	11.18%
2013	1,661,274	370,958	189,365	64.65	19,672,823	11.29%
2012	1,643,445	354,142	185,539	64.79	19,325,190	11.30%
2011	1,627,450	370,050	204,359	63.87	19,424,410	11.34%
2010	1,562,217	379,621	188,715	64.92	19,299,072	11.04%
2009	1,541,415	378,479	175,382	65.27	18,594,837	11.27%

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

Source: Tulsa County Assessor's Office.

**STATISTICAL SECTION: REVENUE CAPACITY**

---

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

Fiscal Year Ended June 30,	Gross Tax Levy*	Collected within Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
2018	178,391	173,815	97.43%	-	173,815	97.43%
2017	169,524	173,086	102.10%	1,692	174,778	103.10%
2016	160,321	162,172	101.15%	5,173	167,345	104.38%
2015	156,261	150,106	96.06%	3,816	153,922	98.50%
2014	143,515	138,723	96.66%	4,735	143,458	99.96%
2013	143,629	139,486	97.12%	3,682	143,168	99.68%
2012	141,448	134,758	95.27%	5,240	139,998	98.97%
2011	140,637	133,314	94.79%	6,204	139,518	99.20%
2010	141,544	134,517	95.04%	5,827	140,344	99.15%
2009	136,769	129,564	94.73%	6,527	136,091	99.50%

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

**STATISTICAL SECTION: DEBT CAPACITY**

---

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

Fiscal Year Ended June 30,	Total General Obligation Bonded Debt (1) (thousands)	Capital Leases (1) (thousands)	Total Debt (1) (thousands)	Tulsa County Personal Income (2) (thousands)	Debt Percentage of Total Personal Income 0.70%	Tulsa County Population (2) (thousands)	Total Debt Per Capita (\$ thousands)
2018	\$ 254,669	\$ 3,194	\$ 257,863	36,831,531	0.70%	646	\$ 399
2017	250,118	2,973	253,091	36,831,531	0.69%	646	392
2016	241,882	-	241,882	36,831,531	0.66%	645	375
2015	224,096	30,507	254,603	40,175,553	0.63%	640	398
2014	182,344	30,852	213,196	44,611,605	0.48%	631	338
2013	176,044	29,907	205,951	40,896,611	0.50%	624	330
2012	178,460	17,722	196,182	36,362,176	0.54%	615	319
2011	179,586	3,823	183,409	30,945,188	0.59%	609	301
2010	183,270	2,122	185,392	26,739,944	0.69%	605	306
2009	149,305	797	150,102	25,561,640	0.59%	602	249

Source:

(1) Note 8. Long-term debt

(2) See schedule of Demographic and Economic Information

**STATISTICAL SECTION: DEBT CAPACITY**

---

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

Fiscal Year Ended June 30,	Total General Obligation Bonded Debt (1)	Sinking Fund Balance	Net General Obligation Bonded Debt	Estimated Actual Value (2)	Ratio of Net General Obligation Bonded Debt to Estimated Actual Value	Tulsa County Population (3)	Net General Obligation Bonded Debt Per Capita
	(thousands)	(thousands)	(thousands)	(thousands)		(thousands)	
2018	\$ 254,669	\$ 77,894	\$ 176,775	\$ 22,291,830	0.79%	640	\$ 276
2017	253,095	71,024	182,071	21,693,068	0.84%	640	284
2016	241,882	67,340	174,542	20,948,369	0.83%	648	269
2015	224,096	52,510	171,586	20,383,119	0.84%	639	269
2014	182,344	45,004	137,340	19,859,929	0.69%	630	218
2013	176,044	47,025	129,019	19,672,823	0.66%	623	207
2012	178,460	48,224	130,236	19,325,190	0.67%	615	212
2011	179,586	49,716	129,870	19,424,410	0.67%	609	213
2010	183,270	48,404	134,866	19,299,072	0.70%	605	223
2009	149,305	47,392	101,913	18,594,837	0.55%	598	170

Source:

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

**STATISTICAL SECTION: DEBT CAPACITY**

---

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 255,179	\$ 241,243	\$ 232,483	\$ 226,494	\$ 221,983	\$ 222,160	\$ 218,313	\$ 220,186	\$ 218,018	\$ 209,528
Net Debt Applicable to Limit	173,501	175,746	172,671	166,231	66,079	127,745	129,233	129,287	134,327	101,266
Legal Debt Margin	\$ <u>81,678</u>	\$ <u>65,497</u>	\$ <u>59,812</u>	\$ <u>60,263</u>	\$ <u>155,904</u>	\$ <u>94,414</u>	\$ <u>89,080</u>	\$ <u>90,899</u>	\$ <u>83,691</u>	\$ <u>108,262</u>
Total net debt applicable to the limit as a percentage of debt limit	67.99%	74.27%	73.39%	29.77%	57.50%	59.20%	58.72%	61.61%	48.33%	51.41%
<b>Legal Debt Margin Calculation for Fiscal Year 2018</b>										
Assessed Value	\$ 25,517,927									
Debt Limit (10% of assessed value)	255,179									
Total Bonded Indebtedness	251,395									
Debt service fund balance	<u>77,894</u>									
Net Bonded Indebtedness	173,501									
Legal Debt Margin	\$ <u>81,678</u>									

Sources:

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

**Direct and Overlapping Governmental Debt**  
**June 30, 2018**  
**(Thousands)**

Governmental Unit	Net Indebtedness	Estimated % Applicable to the District	Estimated Share of Overlapping Debt
City of Tulsa	\$ 454,639 *	69.58%	\$ 316,332
Tulsa Community College	-	41.64%	-
Tulsa County	458 *	41.64%	191
Tulsa Vo-Tech #18	-	38.33%	-
Creek County	-	3.37%	
Osage County	-	9.76%	-
Wagoner County	-	0.04%	-
Subtotal, overlapping debt			\$ 316,523
Tulsa School District Direct Debt			257,863
Total Direct and Overlapping Debt			<u><u>\$ 574,386</u></u>

\*As of June 30, 2017

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	2017			2008			Percentage of Total Employment *
	Employees	Rank	Percentage of Total Employment *	Employees	Rank	Percentage of Total Employment *	
Saint Francis Healthcare System	9,250	1	2.89%	7,000	3	2.50%	
Wal-Mart/Sam's Club	8,500	2	2.66%	-	-	-	
Hillcrest Healthcare System	6,250	3	1.95%	-	-	-	
St. Johns Health System	6,250	5	1.95%	2,750	5	0.98%	
Tulsa Public Schools	6,150	4	1.92%	7,000	2	-	
American Airlines	4,750	6	1.48%	7,500	1	-	
City of Tulsa	4,000	7	1.25%	4,437	4	-	
Reasor's (all Tulsa area locations)	3,250	8	1.02%	-	-	-	
Cherokee Hard Rock Hotel and Casino	3,250	9	1.02%	-	-	-	
QuikTrip	3,250	10	1.02%	-	-	-	
Tulsa Community College	2,000		-	2,500	7	0.89%	
BOK Financial Corp.	2,000		-	2,719	6	0.97%	
ONEOK, Inc.	-		-	2,100	8	0.75%	
NORDAM Group, Inc.	-		-	2,000	9	0.71%	
Union Public Schools	-		-	2,000	10	0.71%	
	<b><u>58,900</u></b>		<b><u>17.16%</u></b>	<b><u>40,006</u></b>		<b><u>7.51%</u></b>	

\*Tulsa MSA

Sources: Tulsa Metro Chamber

Note: Information is not available for fiscal year 2018.

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

Fiscal Year Ended	Tulsa County						
	June 30,	Population	Personal Income (000's)	Per Capita Personal Income	Labor Force	Number Employed	Unemployment Rate
2018		(N/A)	\$ (N/A)	\$ (N/A)	(N/A)	(N/A)	(N/A)
2017	646,266		(N/A)	(N/A)	319,989	306,261	4.3%
2016	645,052	36,831,531		57,286	313,332	296,699	5.3%
2015	639,892	40,175,553		62,916	318,047	305,325	4.0%
2014	630,818	44,611,605		70,815	311,440	298,044	4.3%
2013	623,599	40,896,611		65,639	311,857	295,860	5.1%
2012	614,962	36,362,176		59,166	310,053	294,058	5.2%
2011	608,843	30,945,188		50,846	304,060	285,655	6.1%
2010	604,974	26,739,944		44,184	306,670	285,120	7.0%
2009	601,961	25,561,640		42,763	293,653	274,468	6.5%

Note: only partial information is available for 2017. 2018 data is not available.

Sources:

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

Bureau of Labor Statistics

US Census Bureau

**STATISTICAL SECTION: OPERATING INFORMATION**

---

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

Fiscal Year	Regular Education								Facility			Total - Net Current Expenditures		Average Daily Membership
	Support Services		Administrative Support Services		Instructional Leadership and School Services		Operation & Maintenance of Plant Facilities		Acquisition and Construction		Student Transportation			
	Instruction	Student & Staff	Support Services	Leadership	Central Services	Facilities	Child Nutrition	Total	Construction	Transportation	Other	Per Pupil		
2017-18	\$ 4,453	\$ 1,263	148	577	734	950	717	8,842	1,505	367	372	11,086	36,718	
2016-17	4,635	1,265	142	545	603	997	695	8,882	1,139	370	340	10,732	37,932	
2015-16	4,400	1,253	148	563	589	927	669	8,549	1,546	399	281	10,631	38,855	
2014-15	4,319	1,157	161	544	851	955	678	8,665	1,367	390	189	10,467	39,497	
2013-14	4,266	1,117	198	514	872	1,053	630	8,650	809	325	163	9,832	39,705	
2012-13	4,231	1,172	253	436	410	966	633	8,101	1,010	421	269	9,588	39,596	
2011-12	4,256	1,172	240	423	433	1,001	592	8,117	1,005	380	277	9,566	40,133	
2010-11	4,424	1,229	222	427	434	897	576	8,209	1,944	304	264	10,580	40,540	
2009-10	4,724	1,240	252	450	372	957	578	8,573	543	293	399	9,592	39,893	
2008-09	4,466	1,140	166	425	400	1,007	527	8,131	818	362	295	9,469	40,632	
2007-08	4,422	1,026	142	424	350	1,013	489	7,866	866	310	306	9,191	40,707	

**STATISTICAL SECTION: OPERATING INFORMATION**

---

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Number of operating cafeterias	80	81	84	84	82	82	85	87	89	89
Number of schools participating in Federal lunch program	80	81	84	84	82	82	85	87	89	89
Student lunches served:										
Free lunches	3,846,247	3,647,979	3,649,019	3,709,060	3,672,403	3,671,959	3,753,767	3,796,583	3,792,050	3,581,503
Reduced price lunches	117,773	104,276	350,079	386,566	343,268	394,713	420,617	397,012	473,123	478,911
Paid lunches	162,021	611,223	518,242	521,208	534,142	567,143	589,680	626,107	672,277	718,211
Total student lunches served	<u>4,126,041</u>	<u>4,363,478</u>	<u>4,517,340</u>	<u>4,616,834</u>	<u>4,549,813</u>	<u>4,633,815</u>	<u>4,764,064</u>	<u>4,819,702</u>	<u>4,937,450</u>	<u>4,778,625</u>
Adult lunches served	21,156	30,538	40,801	49,606	53,738	58,971	63,945	83,735	101,467	225,713
Ala Carte lunches:										
Student daily equivalent meals	557	641	726	766	892	1,061	766	980	1,644	1,883
Adult daily equivalent meals	98	109	98	145	167	114	99	103	152	159
Daily average lunches served (including ala carte lunches):										
Student	25,135	25,977	27,615	25,937	25,226	28,643	29,124	29,499	29,698	28,881
Adult	128	182	341	279	454	465	480	599	729	1,434
Average Daily Membership (ADM)	36,718	38,587	38,855	39,497	39,705	39,596	40,133	40,540	39,893	40,632
Percent of student lunches served to ADM	67.1%	71.1%	71.1%	72.4%	63.5%	72.3%	72.6%	72.8%	74.4%	71.1%

Source: District records.

---

**STATISTICAL SECTION: OPERATING INFORMATION**

---

**High School Graduates  
Last Ten Fiscal Years**

School Year	Central	East Central	Edison	Hale	Memorial	Rogers	McLain	Washington	Webster	Total
2017-18	103	197	227	215	188	138	87	314	94	1,563
2016-17	106	225	241	193	226	134	96	277	96	1,594
2015-16	124	187	244	155	182	145	96	350	99	1,582
2014-15	153	216	243	215	174	103	67	314	87	1,572
2013-14	116	193	231	203	162	61	66	306	89	1,427
2012-13	73	168	216	226	189	0	(1)	78	74	1,320
2011-12	109	176	251	255	194	0	(1)	84	72	1,457
2010-11	106	223	246	125	203	148	107	295	80	1,533
2009-10	122	211	259	125	225	137	104	296	59	1,538
2008-09	123	218	220	116	204	148	88	287	64	1,468

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

## STATISTICAL SECTION: OPERATING INFORMATION

---

### List of School Buildings: Square Footage, Capacity, Age June 30, 2018

School Building*	Physical Address	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/Construction Date(1)	Depreciation Effective Date(2)
Academy Central	1789 W. Seminole Street	53,377	339	582	58%	1973	1982
Anderson	1921 E. 29th Street North	86,908	353	602	59%	1960	1972
Bell	6304 E. Admiral Boulevard	136,955	535	849	63%	1952	1972
Burroughs	1924 N. MLK Jr. Boulevard	56,856	308	545	57%	1925	1972
Carnegie	4309 E. 56th Street	54,580	403	467	86%	1958	1972
C. Clinton	1740 N. Harvard Avenue	82,118	669	707	95%	1953	1982
Chouteau (**Tisdale Fine Arts Academy)	4132 W. Cameron Street	84,183	315	645	49%	1958	1979
Clinton West	2224 W. 41st Street	123,811	465	700	66%	2009	2010
Columbus (**Dolores Huerta)	10620 E. 27th Street	50,366	381	513	74%	1971	1985
Cooper	1808 S. 123rd East Avenue	85,545	701	888	79%	1966	1979
Disney	11702 E. 25th Street	83,564	733	993	74%	1969	1982
Dual Language Immersion	2703 N. Yorktown Place	44,065	267	355	72%	1955	1955
ECDC Bunche	5402 N. MLK Jr. BLVD	69,709	694	360	98%	1958	1979
Eisenhower	3111 East 56th Street	101,868	608	641	95%	1961	1979
Eliot	1442 E. 36th Street	47,504	357	480	74%	1928	1979
Emerson	909 N. Boston Avenue	54,679	229	434	53%	1976	1979
Eugene Field	2249 S. Phoenix Avenue	58,782	380	503	75%	2005	2006
Gilcrease	5550 N. MLK Jr. Boulevard	129,845	391	615	64%	1964	1979
Grimes	3213 E. 56th Street	40,550	231	388	60%	1966	1979
Grissom	6646 S. 73rd East Avenue	54,062	321	444	72%	1969	1979
Hamilton	2316 N. Norwood Place	120,896	527	750	70%	1957	1974
Hawthorne	1105 E. 33rd Street North	59,151	271	559	49%	1952	1982
Hoover	2327 S. Darlington Avenue	71,755	451	638	71%	1954	1979
Jackson (**Unity Learning Academy)	2137 N. Pittsburg Avenue	55,974	351	536	66%	1959	1972
Jones	1515 S. 71st East Avenue	46,702	351	444	79%	1962	1971
Kendall Whittier	2601 E. 5th Place	125,520	907	1,230	74%	1998	1998
Kerr	202 S. 117th East Avenue	64,365	574	697	82%	1964	1981
Key	5702 S. Irvington Avenue	59,014	371	648	57%	1961	1979
Lanier	1727 S. Harvard Avenue	46,657	320	375	85%	1925	1972
Lee (**Council Oak)	1920 S. Cincinnati Avenue	48,271	451	503	90%	1918	1972
Lewis & Clark	737 S. Garnett Road	105,666	594	704	84%	1971	1982
Lindbergh	931 S. 89th East Avenue	61,862	466	536	87%	1957	1979
MacArthur	2182 S. 73rd East Avenue	56,375	335	566	59%	1957	1979
Mark Twain	541 S. 43rd West Avenue	57,462	402	559	72%	1999	2003
Marshall	1142 E. 56th Street	69,758	290	684	42%	1953	1974
Mayo	1127 South Columbia Avenue	60,008	392	424	92%	1926	1982
McClure	1770 E. 61st Street	69,893	469	730	64%	1957	1979
McKinley	6703 E. King Street	56,840	527	704	75%	1956	2000
Mitchell	733 N. 73rd East Avenue	59,474	482	664	73%	1960	1979
Owen	1132 N. Vandalia Avenue	62,459	520	628	83%	1952	1979
Patrick Henry	3820 E. 41st Street	56,378	429	546	79%	1957	1974
Peary	10818 E. 17th Street	45,657	386	444	87%	1968	1982
Penn	2138 E. 48th Street North	53,079	302	467	65%	1959	1983
Project Accept	1202 West Newton Street	31,928	125	160	40%	1910	1910
Robertson	2721 W. 50th Street	51,052	381	467	82%	2003	2003
Salk	7625 E. 58th Street	67,242	659	753	88%	1964	1979

## STATISTICAL SECTION: OPERATING INFORMATION

---

### List of School Buildings: Square Footage, Capacity, Age June 30, 2018

School Building*	Physical Address	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/Construction Date(1)	Depreciation Effective Date(2)
Sequoyah	724 N Birmingham Avenue	121,029	598	743	80%	1926	1974
Skelly	2940 S. 90th East Avenue	157,774	885	1,230	72%	1966	1979
Springdale	2510 E. Pine Street	54,924	501	628	80%	1925	1972
Whitman	3924 N. Lansing Avenue	52,913	359	526	68%	1961	1980
Wright	1110 E. 45th Place	99,534	278	632	44%	1959	1974
Zarrow	3613 S. Hudson Avenue	57,735	481	516	93%	1959	1979
Carver	624 E. Oklahoma Place	114,349	608	735	83%	1928	1972
East Central JH	12121 E. 21st Street	127,548	571	920	62%	1967	1979
Edison MS	2906 E. 41st Street	116,047	830	900	92%	1954	1979
Hale JH	2177 S. 67th East Avenue	132,777	452	915	49%	1960	1974
McLain 7th Grade Academy	525 E. 46th Street North	51,625	240	450	53%	1957	1974
Memorial JH	7502 E. 57th Street	128,733	356	645	55%	1966	1982
Monroe	2010 E. 48th Street North	98,155	281	600	47%	1958	1979
Thoreau	7370 East 71st Street	123,110	635	675	94%	1973	1984
Central JR/HS	3101 W. Edison Street	178,245	688	986	70%	1976	1988
East Central	12150 E. 11th Street	276,721	1,080	1,254	86%	1966	1979
Edison	2906 E. 41st Street	287,018	1,141	1,258	91%	1957	1979
Hale	6960 E. 21st Street	251,413	1,000	1,296	77%	1959	1979
McLain JR/HS	4929 N. Peoria Avenue	221,638	586	1,156	51%	1959	1988
Memorial	5840 S. Hudson Avenue	278,863	969	1,326	73%	1962	1988
Rogers JR/HS	3909 E. 5th Place	286,334	1,278	1,496	85%	1939	1972
Washington	1514 E. Zion Street	259,805	1,323	1,400	95%	2001	2004
Webster MS/HS	1919 W. 40th Street	208,807	832	933	89%	1938	1972
Tulsa MET	6201 E. Virgin Street	57,850	163	290	56%	1929	1929
Traice MS/HS	2740 E. 41st Street North	45,075	567	215	98%	1957	1957

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

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

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

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

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

Source: District records.

**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				
2018	52	11	9	37,054	36,718	33,750	91.92%
2017	54	12	9	38,628	37,932	35,082	92.49%
2016	54	12	9	39,451	38,855	36,002	92.66%
2015	54	12	9	39,999	39,497	36,416	92.20%
2014	54	12	9	40,026	39,705	36,695	92.42%
2013	54	12	9	40,252	39,596	36,630	92.51%
2012	54	12	9	39,178	40,133	37,044	92.30%
2011	59	15	9	39,957	40,540	37,433	92.33%
2010	59	15	9	40,719	39,893	36,664	91.90%
2009	59	15	9	40,242	40,632	37,546	92.41%

Source: District records.

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

## STATISTICAL SECTION: OPERATING INFORMATION

---

### Schedule of Government Employees by Function

Function	Number of Employees at June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction and instruction-related services	3,348	3,260	3,560	4,501	4,619	4,222	4,425	4,657	4,456	4,512
Support services - student and staff	621	623	727	575	589	716	642	540	563	507
Instructional and school leadership	386	396	404	257	211	212	204	232	218	102
Administrative support services	164	152	156	114	163	153	154	160	163	163
Operation of non-instructional services	649	615	611	587	453	586	529	562	456	529
Operation and maintenance of plant services	487	494	557	480	554	529	562	529	548	552
Student transportation services	252	343	337	290	251	289	329	276	258	280
Total Government Employees	<u>5,907</u>	<u>5,883</u>	<u>6,352</u>	<u>6,804</u>	<u>6,840</u>	<u>6,707</u>	<u>6,845</u>	<u>6,956</u>	<u>6,662</u>	<u>6,645</u>

Source: District records.

# Tulsa Public Schools

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

Single Audit Reports  
June 30, 2018

## Contents

---

Independent auditor's report on:	
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
Report on compliance for each major federal program and report on internal control over compliance and report on the schedule of expenditures of federal awards as required by Uniform Guidance.	3-4
Schedule of expenditures of federal awards	5-6
Notes to the schedule of expenditures of federal awards	7
Summary schedule of prior audit findings	8
Schedule of findings and questioned costs	9-10

---

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

**Independent Auditor's Report**

To the Board of Education  
Tulsa Public Schools  
Tulsa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2018.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a 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. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### **Purpose of this Report**

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

*RSM US LLP*

Oklahoma City, Oklahoma  
December 13, 2018

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

**Independent Auditor's Report**

To the Board of Education  
Tulsa Public Schools  
Tulsa, Oklahoma

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

We have audited Tulsa Public Schools' (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

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

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

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 13, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**RSM US LLP**

Oklahoma City, Oklahoma

January 23, 2019, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 13, 2018

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

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Total Expenditures
<b>U.S. Department of Agriculture</b>			
<b>Passed Through Oklahoma Department of Education</b>			
Child Nutrition Cluster:			
7640 School Breakfast Program	10.553	764	\$ 4,813,561
7630 National School Lunch Programs	10.555	763	11,012,230
7660 Summer Food Services Program	10.559	766	542,932
<b>Passed through Oklahoma Department of Human Services</b>			
National School Lunch Program-Commodity (non-cash)	10.555	773	<u>1,725,571</u>
<b>Total Child Nutrition Cluster</b>			
7680 Fresh Fruit/Vegetable Program	10.582	768	<u>1,347,526</u>
<b>Total U.S. Department of Agriculture</b>			
<b>U.S. Department of the Interior</b>			
<b>Direct Programs</b>			
Creek Nation:			
5630 Johnson O'Malley	15.130	n/a	34,330
5640 Johnson O'Malley C/O	15.130	n/a	6,716
Cherokee Nation:			
5631 Johnson O'Malley	15.130	n/a	<u>18,320</u>
<b>Total U.S. Department of the Interior</b>			
<b>U.S. Department of Education</b>			
<b>Direct Program</b>			
5610 Title VII Indian Education	84.060	n/a	611,787
7789 The School Leadership Project	84.363 A	n/a	692,195
<b>Passed through Oklahoma Department of Education</b>			
Special Education Cluster:			
6130 Special Ed Staff Development	84.027	613	1,802
6150 Engage/Devleop Monitoring	84.027	615	64,985
6210 IDEA-B Flowthrough	84.027 A	621	7,226,308
6230 IDEA-B Early Intervening	84.027 A	623	306,141
6250 IDEA-B Private Schools	84.027 A	625	34,200
6410 IDEA-B Preschool	84.173 A	641	<u>162,090</u>
<b>Total Special Education Cluster</b>			
			7,795,526

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

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Total Expenditures
<b>U.S. Department of Education (continued)</b>			
<b>Passed Through Oklahoma Department of Education (continued)</b>			
5118 Title I	84.010	511	\$ 14,126,594
5320 Title I Neglected/Delinquent Children	84.010	532	67,709
5150 Title I School Support	84.010	515	1,146,523
Title I - CAC	84.010	786	<u>503,133</u>
			<u>15,843,958</u>
5190 Supplemental School Improvement	84.377	519	274,001
5960 McKinney Homeless Youth	84.196	596	205,217
5410 Title II Part A Improve Teachers	84.367	541	1,911,416
Title II - CAC	84.367	786	<u>43,598</u>
			<u>1,955,014</u>
5720 Title III Part A English Language	84.365	572	694,815
5710 Title III Part A-Immigrant Education Act	84.365	571	<u>107,114</u>
			<u>801,929</u>
<b>Passed through Oklahoma Department of Career and Technology Education</b>			
4210 Carl Perkins Grant	84.048	421	776,803
<b>Passed through Oklahoma Department of Rehabilitation Services</b>			
4560 DRS-Voc Ed Rehab	84.126	456	66,344
<b>Total U.S. Department of Education</b>			<u>29,022,775</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Passed through Oklahoma Department of Human Services</b>			
6980 Medicaid Resources	93.778	698	<u>24,886</u>
<b>Total Federal Assistance</b>			<u>\$ 48,548,847</u>

Note – For the year ended June 30, 2018, the District did not pass through any Federal awards to subrecipients.

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

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

---

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2018. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, and expended during the year are included in this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

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

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

**Note 3. Indirect Cost Rate**

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

**Note 4. Noncash Assistance**

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$1,725,571 related to USDA Commodities grants (CFDA Number 10.555) provided by the U.S. Department of Agriculture and passed through the Oklahoma Department of Human Services.



# TULSA PUBLIC SCHOOLS

EQUITY   CHARACTER   EXCELLENCE   TEAM   JOY

**Tulsa Public Schools  
Independent School District No. 1**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2018**

Findings	Status	Corrective Action Plan or Other Explanation
<b>Findings Related to Financial Statements:</b>		
GAS Compliance Finding 2017-001  Internal control procedures were not designed to prevent or detect duplicate recordings of an unpaid invoice in accounts payable. Additionally, internal controls were not designed to prevent or detect the recording of a subsequent year invoice in the current year (in instances where the period of service was not noted on the invoice).	Corrected	N/A

**Findings Related to Federal Awards:**

None

**DESTINATION EXCELLENCE**

3027 SOUTH NEW HAVEN AVENUE | TULSA, OKLAHOMA 74114

918.746.6800 | [www.tulsaschools.org](http://www.tulsaschools.org)

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

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

---

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- . Material weakness(es) identified?
- . Significant deficiency(ies) identified?
- . Noncompliance material to financial statements noted?

Yes  No  
 Yes  None Reported  
 Yes  No

**Federal Awards**

Internal control over major programs:

- . Material weakness(es) identified?
- . Significant deficiency(ies) identified?

Yes  No  
 Yes  None Reported

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

- . Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

Yes  No

**Identification of major programs:**

CFDA Number	Name of Federal Program
10.553, 10.555, 10.559	Child Nutrition Cluster
10.582	Fresh Fruit-Vegetable

Dollar threshold used to distinguish between type A and type B programs: \$1,456,465

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

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

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2018**

---

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

**A. Internal Control**

No matters to report.

**B. Instance of Noncompliance**

No matters to report.

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

**A. Internal Control**

No matters to report.

**B. Instances of Noncompliance**

No matters to report.



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

Year Ended June 30, 2018

STATE OF OKLAHOMA  
COUNTY OF OKLAHOMA

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm did have, in full force and effect, Accountant's Professional Liability Insurance, in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with Tulsa Public Schools Independent School District No. I-1 for the audit year ended June 30, 2018.

RSM US LLP



Signature of Authorized Agent

Michael J. Gibson

Printed Name of Authorized Agent

Subscribed and sworn to before me on this

3 Day of January, 2019



Leslie Ann Hampton

NOTARY PUBLIC

My commission expires on:

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

Commission No. 17008665

