

TULSA PUBLIC SCHOOLS

Fiscal Year 2023 Budget Summary Report



September 18, 2023



Agenda

- FY23: Where did we end up?
- Corrective action update & proposed new financial reporting

FY23 Year-End



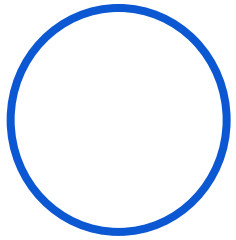
FY23 Budget (*a reminder*)

Fund	Preliminary FY23 Revenue	Amended FY23 Revenue	Preliminary FY23 Expenses	Amended FY23 Expenses
General Fund	\$ 401,680,421*	\$415,521,273	\$ 368,005,274	\$356,701,355
Building Fund	22,145,486	25,630,747	19,740,00	21,447,842
Child Nutrition Fund	30,942,290	27,693,177	29,942,290	26,693,177
Capital Improvement Fund (Bond)	80,071,960	103,781,895	80,071,960	103,781,895
Debt Service Fund	152,991,681	162,140,309	152,991,681	162,140,309
Worker's Comp	<u>2,859,170</u>	<u>3,479,917</u>	<u>2,750,000</u>	<u>2,750,000</u>
Total	\$690,691,008	\$738,247,318	\$653,501,209	\$673,514,558

*This includes fund balance amount



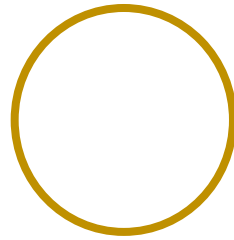
Tulsa Public Schools Board Budget Reviews



FY 24 Preliminary Budget (approved)

June 2023

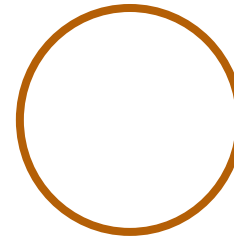
- Board approval was on June 5, 2023.
- Expense assumptions used to build budget reflect best information and analysis available at the time.
- Revenue forecast uses enrollment projections vs. actuals.



FY23 Year End (update)

September 2023

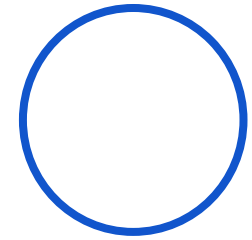
- Update on year-end expenses for all funds
- Includes changes from FY23 Mid-year Amendment and any implications for FY24 Budget



FY24 Mid-year Amendment (for approval)

April 2024

- Reflects expense and revenue changes that have occurred over the course of the year
- The mid-year budget amendment becomes the new official budget for the district replacing the preliminary budget



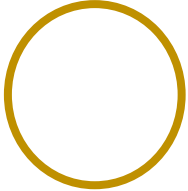
FY25 Preliminary Budget (for approval)

June 2024

- Board preview in May
- Board vote in June
- Expense and revenue assumptions reflect best information and analysis available at the time, including trends from current fiscal year



REVENUE Changes since FY23 Mid-Year Budget - General Fund



Revenue -
Year-End
Adjustments



+\$2.2 million



+\$2.3



-\$3.0 million



Net Change
+\$1.5 million
(0.4%
increase)

Mid-Year
Budget -
REVENUE
\$415.5
million

- Ad valorem valuation, and other local source increase

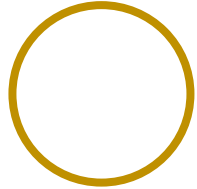
- Higher than expected State Land Earnings and Motor Vehicle Taxes

- ESSER spending and reimbursement collections pushed to FY24

Year-End
Actual
REVENUE
\$417.0
million



EXPENSES changes since FY23 Mid-Year Budget - General Fund



Expense - Year-End
Adjustments



-\$5M

Salary and benefit reduction due to vacancies: Approximately \$2M in site-based staff (teachers and support professionals), \$1.8M in multi-site support professionals (custodians, bus drivers, etc.), and \$1.2M in district office staff



-\$2.5M

Site and district-level non-personnel spending



-\$4.2M

Decreased stimulus investments



-\$11.7M

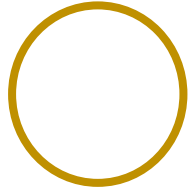
(3.3% decrease)

Total change from FY23 Amended to FY23 year End





FY23
Amended
Budget -
EXPENSES
\$356.7
million

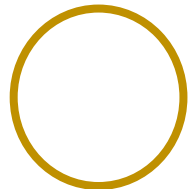
FY23 Year
End Budget
-
EXPENSES
\$345.0
million

Changes since FY23 Amended Budget - all other funds





FY23 Revenue Year-End compared to Mid-Year

Building Fund	Child Nutrition Fund	Bond Fund	Sinking Fund	Workers Comp Fund
 +\$0.2 million	 -\$2.0 million	 \$1.2 million	 +\$0.7 million	+\$0.0 million
<ul style="list-style-type: none"> Higher than than anticipated ad valorem collections rate 	<ul style="list-style-type: none"> Adjustment due to expected lower meal reimbursements (elimination of USDA Covid waiver). 	<ul style="list-style-type: none"> Less than expected lapsed appropriations 	<ul style="list-style-type: none"> Higher than anticipated ad valorem collections rate 	



FY23 Year-End Expense compared to Mid-Year

Building Fund	Child Nutrition Fund
 -\$1.7 million	 -\$1.2 million
<ul style="list-style-type: none"> Anticipated projects at Mid-Year amendment did not come to fruition and/or were delayed. 	<ul style="list-style-type: none"> Adjustment of expenses due to expected lower meal reimbursements (elimination of USDA Covid waiver).



FY23 Year End Budget - Stimulus

Stimulus	FY23 Amounts
Budget	\$51,279,185
Spent	\$47,086,707
Encumbered	—
Balance	\$4,192,479
Total ESSER III remaining through 9/30/24	\$55,868,868

- ESSER II and ESSER I/CARES are fully spent.
- In FY23, the total expenditure reached 47 million, distributed as follows:
 - 43% for COVID prevention and mitigation strategies
 - 30% for addressing learning loss
 - 23% for other resources supporting the Strategy Plan
 - 4% for additional investments
- We anticipate carrying over \$3.1 million into FY24.
- \$2 million underspend transpired due to decreased payouts for recruitment and retention incentives. This outcome was directly linked to the presence of vacancies throughout the school year.



FY23 Year End Budget - Bond

2021 Bond Progress:

- Authorized: \$414 millions
- Received to date: \$192.5 millions
- Invested during FY23: \$102 millions
- Remaining: \$221.5 millions
- Next Bond Release: estimated at \$31millions on April, 2023



Takeaways from FY23 closeout and impact on FY24

- General fund revenue ended up slightly higher than expected (+\$1.5 million).
- General fund expenses were 3% lower than expected as we spent less on salaries and benefits due to vacancies.
- We are on track with investment plans for both ESSER funding and 2021 bond.
- The slightly higher general fund revenue and lower expenses will increase our starting fund balance for fiscal year 2024 (school year 2023-24).



How does our fund balance work?

- We need to maintain at least \$34M in the fund balance for cash flow purposes:
 - We don't receive ad valorem revenue until January
 - This means that in July-December we draw down on the fund balance in order to make payments - these payments typically require about \$34M
- Any difference between revenue and expense at year-end adds to the fund balance
- In FY23, our ending fund balance will be \$71.9M
- We will start with a higher fund balance than anticipated but in line with what we have been managing to as part of funding the strategic plan.
 - This means our 'rainy day fund' is in good shape and we have a comfortable runway to sustain all the compensation efforts approved by the board.

Corrective Action Update & Proposed New Financial Reporting



Corrective Action Update

Summary of steps we've taken since uncovering the alleged misappropriation concerns in June 2022

- **Purchasing process internal controls**

- Revised requisition workflow to include an additional approval level for services.
- Developed guidance to ensure consistent standards for work scope review, and set expectations for which roles should review and approve.
- Developed guidance documents and trained stakeholders to ensure the entire purchasing process, from requisition to invoice, is understood and implemented consistently.

- **Vendor verification and onboarding**

- Revised vendor registration form for businesses to include a request for additional information, as well as proactively sharing information about procurement, quotes, and invoices.
- Revised vendor registration process and procedure document to clearly identify escalation processes.
- Created external-facing guidance for vendors to ensure complete and correct work scopes and invoices.



Corrective Action Update

Summary of steps we've taken since uncovering the alleged misappropriation concerns in June 2022

- **Procurement, invoicing, and processing of vendor payment/cash disbursement**
 - Developed guidance to ensure consistent standards for work scope and invoice review, and set expectations for which roles should review and approve documentation.
 - Strengthened the requirements for documentation required for invoice payment.
 - Released guidance documents related to general procurement processes and rules.
 - Trained stakeholders across the district on these guidance documents, as well as requirements for purchasing documents.
- **Oversight of all vendors sourcing**
 - Developed and released guidance to ensure clarity of services and/or products to be procured.
 - Work scopes for services must be detailed and specific, and include milestones, deliverables, and other documentation where appropriate
 - Invoices for services must be detailed and specific, and include milestones, deliverables, and other documentation where appropriate
 - Relevant and applicable documentation is uploaded in Munis.



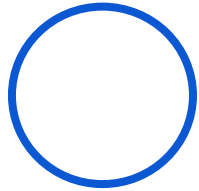
Proposed New Financial Reporting

- Modified encumbrance report that includes high level description column
- Monthly expenditure report
 - Connect to the encumbrances by showing purchase order
- Monthly budget update to Board
 - Show updated by FY24 budget with key categories
 - YTD progress
 - Highlight strategic plan investments
 - Progress on bond investments

New financial reporting projected to start in October

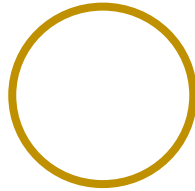


Tulsa Public Schools Board Budget Governance



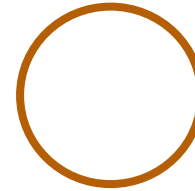
**FY 24 Preliminary
Budget (approved)**

June 2023



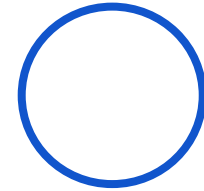
**FY23 Year End
(update)**

September 2023



**FY24 Mid-year
Amendment (for
approval)**

April 2024



**FY25 Preliminary
Budget (for
approval)**

June 2024

Monthly Budget Reports (for approval or update)

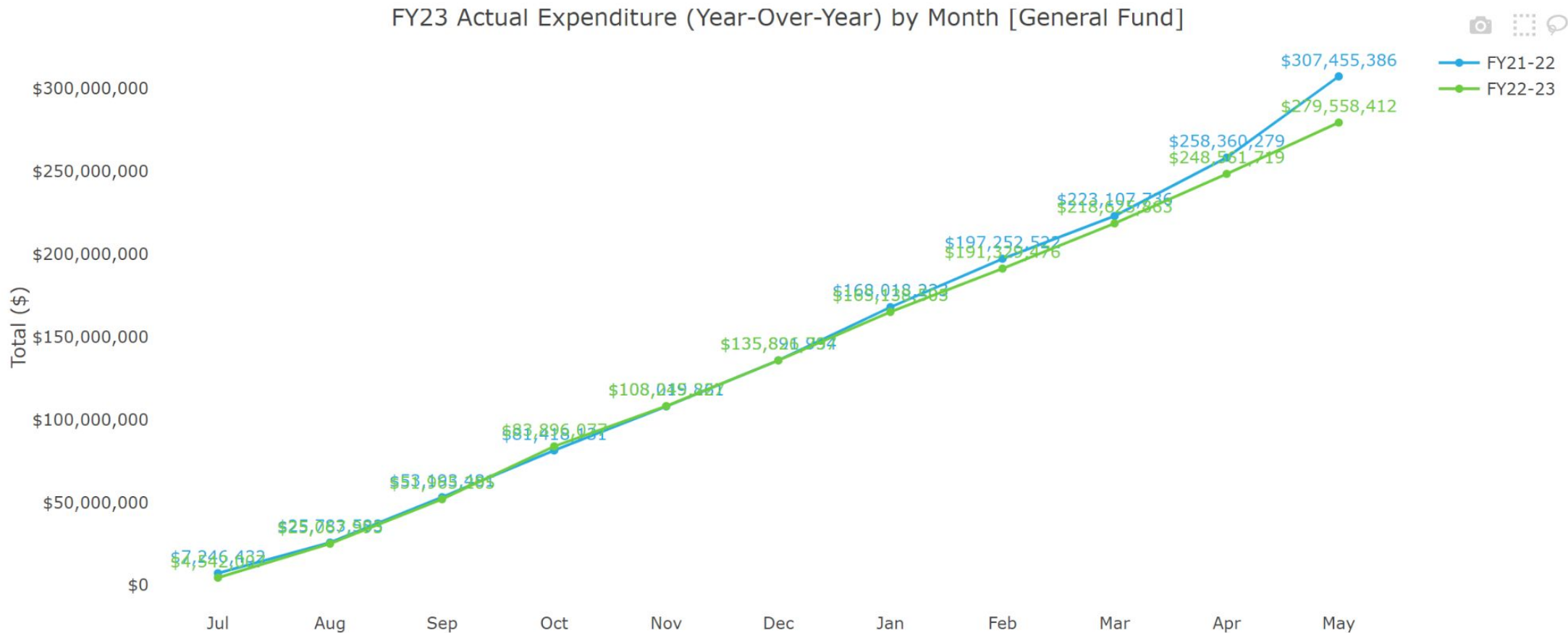
- Monthly budget update to the board (new, 1 per month)
- Expenditure report (new, 1 per month)
- Encumbrance report (for approval, 2 per month) - revised format
- Board agenda items (for approval, 2 per month)

Monthly Board Finance Committee Meetings

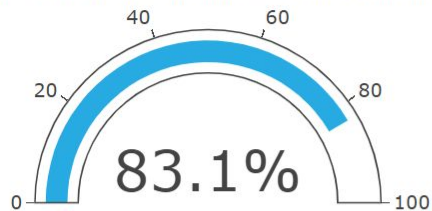
Tulsa Public Schools Monthly Expenditure Report

Last Updated: 2023-07-27

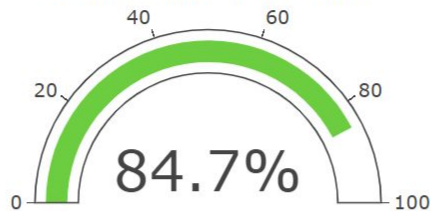
The following graph describes the actual cumulative monthly expenditure in FY22-23 versus FY21-22.



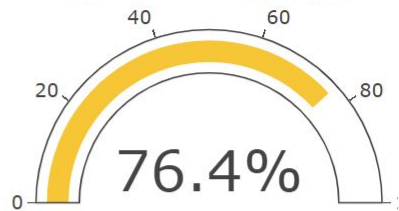
YTD Actual and Encumbered Expenditure



YTD Actual and Encumbered Expenditure (Salaries and Benefits Only)



YTD Actual and Encumbered Expenditure (All Other Accounts Only)



FY23 Actual Expenditure (Year-Over-Year) by Object Type [General Fund]

