Agenda

- FY23: Where did we end up?
- Corrective action update & proposed new financial reporting
FY23 Year-End
## FY23 Budget (a reminder)

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

*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

- 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

Mid-Year Budget - REVENUE
$415.5 million

Year-End Actual REVENUE
$417.0 million

Net Change
+$1.5 million (0.4% increase)

+$2.2 million
+$2.3
-$3.0 million
## EXPENSES changes since FY23 Mid-Year Budget - General Fund

<table>
<thead>
<tr>
<th>Expense - Year-End Adjustments</th>
<th>FY23 Amended Budget - EXPENSES</th>
<th>FY23 Year End Budget - EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>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</td>
<td>$356.7 million</td>
<td>$345.0 million</td>
</tr>
<tr>
<td>Site and district-level non-personnel spending</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decreased stimulus investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total change</strong> from FY23 Amended to FY23 year End</td>
<td><strong>-$5M</strong></td>
<td><strong>-$11.7M</strong></td>
</tr>
<tr>
<td></td>
<td><strong>($3.3% decrease)</strong></td>
<td></td>
</tr>
</tbody>
</table>
# Changes since FY23 Amended Budget - all other funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>Change</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Fund</td>
<td>+$0.2 million</td>
<td>Higher than anticipated ad valorem collections rate</td>
</tr>
<tr>
<td>Child Nutrition Fund</td>
<td>-$2.0 million</td>
<td>Adjustment due to expected lower meal reimbursements (elimination of USDA Covid waiver).</td>
</tr>
<tr>
<td>Bond Fund</td>
<td>$1.2 million</td>
<td>Less than expected lapsed appropriations</td>
</tr>
<tr>
<td>Sinking Fund</td>
<td>+$0.7 million</td>
<td>Higher than anticipated ad valorem collections rate</td>
</tr>
<tr>
<td>Workers Comp Fund</td>
<td>+$0.0 million</td>
<td></td>
</tr>
</tbody>
</table>

## FY23 Revenue Year-End compared to Mid-Year
- Higher than anticipated ad valorem collections rate
- Adjustment due to expected lower meal reimbursements (elimination of USDA Covid waiver).
- Less than expected lapsed appropriations
- Higher than anticipated ad valorem collections rate

## FY23 Year-End Expense compared to Mid-Year
- Anticipated projects at Mid-Year amendment did not come to fruition and/or were delayed.
- Adjustment of expenses due to expected lower meal reimbursements (elimination of USDA Covid waiver).
**FY23 Year End Budget - Stimulus**

<table>
<thead>
<tr>
<th>Stimulus</th>
<th>FY23 Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>$51,279,185</td>
</tr>
<tr>
<td>Spent</td>
<td>$47,086,707</td>
</tr>
<tr>
<td>Encumbered</td>
<td>_</td>
</tr>
<tr>
<td>Balance</td>
<td>$4,192,479</td>
</tr>
<tr>
<td>Total ESSER III remaining through 9/30/24</td>
<td>$55,868,868</td>
</tr>
</tbody>
</table>

- 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.
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 $31 millions 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
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)
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.

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