



Tulsa Public Schools

Annual Financial Report

For the Fiscal Year Ended June 30, 2024



DESTINATION EXCELLENCE

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

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

Annual Financial Report

For the Fiscal Year Ended June 30, 2024

**Prepared by the
Department of Financial Services**

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

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

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

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

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Introductory Section



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Board of Education
During Fiscal Year 2023-2024

President

Stacey Woolley

Members

E'Lena Ashley
John Croisant
Jerry Griffin (Jul 2023 to Jan 2024)
Susan Lamkin
Diamond Marshall (July 2023 to April 2024)
Jennettie Marshall
Calvin Monz (April 2024 to current)
Sarah Smith (April 2024 to current)

Ebony Johnson, Ed.D.
Superintendent

Kristin Stephens, CPA
Chief Finance Officer

George P. Stoeppelwerth
Director of Finance
Treasurer

Alicia A. Srader
Director of Accounting
Encumbrance Clerk

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Financial Section



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Independent Auditor's Report

RSM US LLP

Board of Education
Tulsa Public Schools
Tulsa, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Tulsa Public Schools (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Foundation for Tulsa Public Schools (the Foundation), a discretely presented component unit, which represents 100 percent of the assets, net position and revenues of the discretely presented component unit as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us and our opinions, insofar as it relates to the amounts included for the Foundation, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

RSM VS LLP

Oklahoma City, Oklahoma
April 18, 2025

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, 2024. 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 2024 year end, total fund balance of governmental funds was \$287.8 million, an increase of \$33.1 million, primarily due to a slight net increase of \$24.3 million in liabilities and deferred inflows combined with an increase in total assets of \$57.8 million. Bond proceeds of \$85.0 million were \$10.5 million more than proceeds in fiscal 2023. The district issues these debt offerings to further fund capital improvements and acquisitions while our overall credit rating remained strong, and the millage rate did not increase. The district was given a "AA" rating by Standard and Poor's for the general obligation bonds issued during the year and furthermore, Moody's Investor Service, affirmed the district's outstanding Aa2 general obligation unlimited tax (GOULT) rating and revised the outlook from negative to stable.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The *statement of net position* presents information on all 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 - students and staff, operation and maintenance of plant facilities, student transportation, and operation of non-instructional services. Examples of the types of expenses that can be found in these categories include:

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 23 and 24 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 26 and 28, respectively.

The basic governmental fund financial statements can be found on pages 25 and 27 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 29 through 64 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the district's budget process. The district adopts an annual expenditure budget for all governmental funds. A budgetary comparison 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 67 through **Error! Bookmark not defined.** 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 \$445.6 million as of June 30, 2024 compared to \$389.3 million as of June 30, 2023, an increase of \$56.3 million, or 14.5%. This increase is primarily due to a net \$40.2 million increase in total assets and deferred outflows of resources that included large changes of increases of \$58.1 million in cash and cash equivalents and \$34.8 million in other capital assets and a decrease of \$46.2 million for deferred pension plan outflows. Assets and outflows of resources changes were offset by a net \$16.1 million decrease in total liabilities and deferred inflows of resources caused by the net changes to pension liability and deferred pension inflows.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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,	
	2024	2023
	(millions)	
Current assets	\$ 510.3	\$ 456.6
Noncurrent assets	81.8	77.4
Capital assets, net	707.6	679.1
Total assets	<u>1,299.6</u>	<u>1,213.1</u>
Deferred outflows of resources	<u>104.7</u>	<u>151.1</u>
Current liabilities	148.5	137.5
Long-term liabilities	530.4	600.6
Total liabilities	<u>678.9</u>	<u>738.1</u>
Succeeding year property taxes	226.1	216.0
Deferred pension and OPEB inflows	53.5	20.8
Deferred lease inflows	0.3	-
Total deferred inflows of resources	<u>279.9</u>	<u>236.8</u>
Net position:		
Net investment in capital assets	474.5	437.6
Restricted	103.9	100.0
Unrestricted	(132.8)	(148.4)
Total net position	<u>\$ 445.6</u>	<u>\$ 389.3</u>

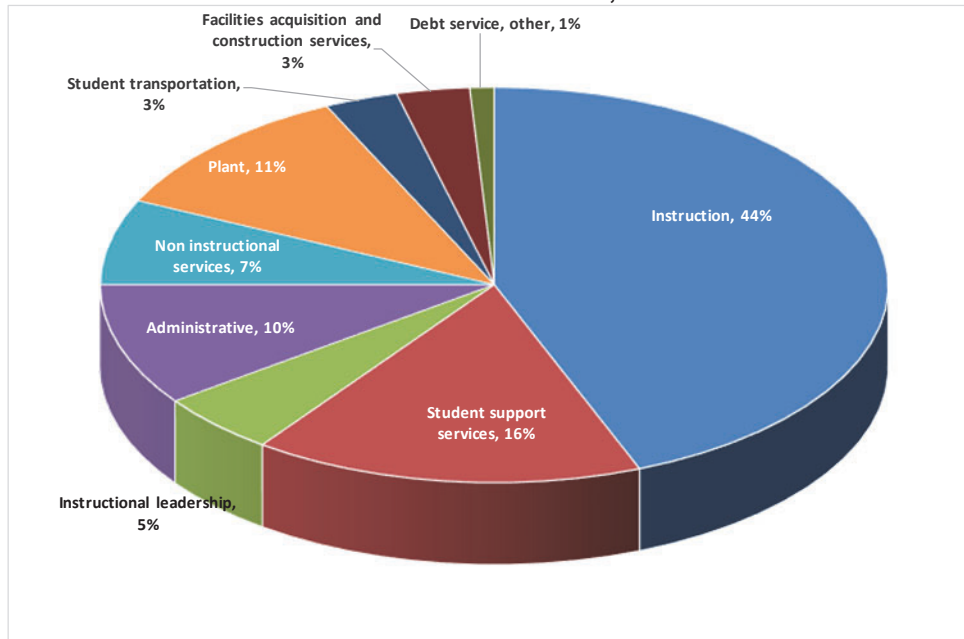
Changes in net position. The district's total revenues were \$544.0 million, an increase of \$34.9 million from the prior fiscal year total of \$509.1 million primarily due to slight increases in property taxes of \$7.1 million, state aid of \$20.8 million for legislated teacher/certified staff salary increases and investment earnings of \$7.9 million. The total cost of all programs and services was \$487.7 million and \$472.1 million for the fiscal years ended June 30, 2024 and 2023, respectively. Though expenses increased by a net of \$15.6 million, the overall change in district expenses from the prior year is mostly due to a net increase of \$9.5 million in student transportation services and operations of maintenance and plant services created by purchases of buses and vehicles to update the district's transportation fleet. Increases in instruction-related services and school leadership netted \$4.8 million due to the district's investment in teacher compensation, filling teacher vacancies and teacher retention.

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, 2024 and 2023:

		Statement of Activities	
		2024	2023
		(millions)	
Revenues:			
Program revenues:			
Charges for services	\$	9.4	\$ 6.7
Operating grants and contributions		96.6	115.3
Capital outlay grants and contributions		20.4	-
General revenues:			
Property taxes		215.0	207.9
State aid - formula grants		105.3	84.5
Dedicated state revenue		66.7	69.0
County revenue		10.9	10.9
Unrestricted investment earnings		12.0	4.1
Other local revenue		7.7	10.7
Total revenues		544.0	509.1
Expenses:			
Instruction and instruction-related services		233.5	235.5
Support services - student and staff		71.5	71.0
Instructional and school leadership		28.3	25.5
Administrative support services		42.0	40.2
Operation of non-instructional services		35.1	31.6
Operation and maintenance of plant services		53.4	47.8
Student transportation services		16.0	14.5
Facilities acquisition and construction services		2.6	2.4
Interest on long-term debt		5.3	3.6
Total expenses		487.7	472.1
Increase/(Decrease) in net position		56.3	37.0
Net position - ending		\$ 445.6	\$ 389.3

**District Expenses by Function – Governmental Funds
Fiscal Year Ended June 30, 2024**



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

	Total Expense	Net Expense
		(millions)
Instruction and instruction-related services	\$ 233.5	\$ 155.6
Support services - student and staff	71.5	68.6
Instructional and school leadership	28.3	28.3
Administrative support services	42.0	42.0
Operation of non-instructional services	35.1	10.9
Operation and maintenance of plant services	53.4	52.3
Student transportation services	16.0	16.0
Facilities acquisition and construction services	2.6	(17.9)
Interest on long-term debt	5.3	5.3
Total	\$ 487.7	\$ 361.1

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

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

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

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

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

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

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

The district maintains three major governmental funds: general, capital projects, and debt service. The following schedules present a summary of each major fund's revenues and other financing sources by type and expenditures by program for the period ended June 30, 2024 as compared to June 30, 2023. They also depict the dollar amount, and percentage increases and decreases in relation to prior year revenues and other financing resources.

General Fund

Revenues and Other Financing Sources (Millions)

	2024 Amount	2023 Amount	2024 Percent Of Total	Increase (Decrease) From 2023
Revenues:				
Property taxes	\$ 112.7	\$ 107.2	27.7%	5.4
Other local sources	6.7	9.1	1.6%	(2.4)
Intermediate sources	10.9	10.9	2.7%	-
Fees and charges	2.7	1.9	0.7%	0.8
State aid	176.8	151.3	43.4%	25.5
Federal aid	88.1	87.7	21.7%	0.4
Earnings on investments	6.3	3.6	1.5%	2.7
Miscellaneous	2.4	2.1	0.6%	0.4
Revenues	\$ 406.6	\$ 373.8	99.9%	32.8
Other financing sources	0.3	0.3	0.1%	-
Total	\$ 406.9	\$ 374.1	100.0%	32.8

Revenues increased by \$32.8 million. An increase of \$25.5 million in state aid and \$5.4 million in property taxes were the main contributors to the overall change from prior year.

Expenditures (Millions)

	2024 Amount	2023 Amount	2024 Percent Of Total	Increase (Decrease) From 2023
Current				
Instruction and instruction-related services	\$ 184.1	\$ 170.8	47.2%	13.3
Support services - student and staff	63.4	60.0	16.3%	3.4
Instructional and school leadership	28.2	25.4	7.2%	2.8
Administrative support services	27.8	25.7	7.1%	2.1
Operation of non-instructional services	5.7	2.5	1.5%	3.2
Operation and maintenance of plant services	26.7	25.9	6.8%	0.8
Student transportation services	12.2	11.4	3.1%	0.8
Facilities acquisition and construction services	21.3	20.1	5.5%	1.2
Capital Outlay				
Facilities acquisition and construction services	20.4	19.5	5.2%	0.9
Total	\$ 389.9	\$ 361.3	100.0%	8.1
Change in fund balance	\$ 17.0	\$ 12.8		

Expenditures increased by \$8.1 million primarily due to an increased spending in instruction and related services of \$14.2 million due to increased salary and benefits to support state legislation and the district's investment to fill teacher vacancies with qualified certified professionals with increased salaries, signing bonuses and retention incentives during a national shortage in the teaching profession.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Projects Fund

Revenues and Other Financing Sources (Millions)

	2024	2023	2024	Increase
	Amount	Amount	Percent Of Total	(Decrease) 2023
Revenues:				
Earnings (loss) on investments	2.1	(1.3)	2.4%	3.4
Other financing sources	85.1	74.6	97.6%	10.5
Total	<u>\$ 87.2</u>	<u>\$ 73.3</u>	<u>100.0%</u>	<u>\$ 13.9</u>

Other financing sources increased \$13.9 million from fiscal year 2023, due to the increase of \$10.5 million in bonds issued.

Expenditures (Millions)

	2024	2023	2024	Increase
	Amount	Amount	Percent Of Total	(Decrease) From 2023
Capital Outlay				
Instruction and instruction-related services	\$ 7.2	\$ 9.4	9.8%	(2.2)
Support services - student and staff	4.6	8.6	6.3%	(4.0)
Instructional and school leadership	0.1	-	0.1%	0.1
Administrative support services	7.5	6.6	10.2%	0.9
Operation and maintenance of plant services	5.1	3.0	7.0%	2.1
Student transportation services	3.7	2.2	5.1%	1.5
Facilities acquisition and construction services	45.3	44.9	61.6%	0.4
Total	<u>\$ 73.5</u>	<u>\$ 74.7</u>	<u>100%</u>	<u>\$ (1.2)</u>
Change in fund balance	<u>\$ 13.7</u>	<u>\$ (1.5)</u>		

Capital expenditures decreased by \$1.2 million primarily due to a decreased spending for support services of \$4.0 million and increased operational and maintenance services of \$2.1 million.

Debt Service Fund

Revenues and Other Financing Sources (Millions)

	2024	2023	2024	Increase
	Amount	Amount	Percent Of Total	(Decrease) 2023
Revenues:				
Property taxes	\$ 85.1	\$ 85.2	96.4%	(0.1)
Earnings(loss) on investments	1.9	1.0	2.2%	0.9
Other financing sources	1.3	1.3	1.5%	-
Total	<u>\$ 88.3</u>	<u>\$ 87.5</u>	<u>100.0%</u>	<u>\$ 0.8</u>

Debt service revenues decreased by \$0.8 million to provide debt service for the general obligation bonds.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenditures (Millions)

	2024 Amount	2023 Amount	2024 Percent Of Total	Increase (Decrease) 2023
Debt service	87.1	78.8	100.0%	8.3
Change in fund balance	\$ 1.2	\$ 8.7		

Debt service expenditures increased by \$8.3 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 based on cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund, which, including the fund balance, represented 57% of all original budgets of appropriated funds. Only the general fund is discussed below.

For 2024, the district originally budgeted general fund revenues of \$363.4 million and expenditures of \$371.6 million. Plans were revised and an amended budget was filed in March 2024. The revised budget increased revenue expectations to \$381.0 million and did not change the projected expenditures.

Actual revenue on a budgetary basis for the general fund was \$0.5 million more than projected.

Actual expenditures for the year were \$3.0 million less than the final budget. Expenditures were less than expected in several areas: Purchased services (down \$3.5 million) and supplies and materials (down \$2.4 million). These less than projected expenditures were related to less than expected professional training services and supply purchases.

Expenditures for instruction and instruction-related services, support services, instructional and school leadership were budgeted at a final budget of \$277.5 million or 75% of total budgeted expenditures. Actual expenditures for these same items were \$281.1 million or 77% of total actual expenditures.

The actual fund balance carry forward of \$83.2 million was \$3.0 million more than the final budgeted amount of \$80.2 million due to the expenses that filling vacancies and supply chain inflation costs created.

Capital assets. As of June 30, 2024, the district had invested \$707.5 million, net of accumulated depreciation of \$582.3 million, in capital assets including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represented a net increase of \$28.4 million, or 4.2%.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

<u>Capital assets (at cost)</u>	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases and Transfers</u>	<u>June 30, 2024</u>
	(millions)			
Land	\$ 6.0	\$ -	\$ -	\$ 6.0
Construction in progress	48.7	64.4	(70.7)	42.4
Assets out of service	1.2	-	-	1.2
Buildings	1,095.5	-	69.8	1,165.3
Equipment and vehicles	76.7	4.9	(7.0)	74.6
Right of use - buildings	-	-	-	-
Right of use - equipment/vehicles	0.2	0.1	-	0.3
Total asset cost	<u>1,228.3</u>	<u>69.4</u>	<u>(7.9)</u>	<u>1,289.8</u>
<u>Accumulated depreciation/amortization</u>	<u>(549.2)</u>	<u>(39.5)</u>	<u>6.4</u>	<u>(582.3)</u>
<u>Capital assets (net)</u>	<u>\$ 679.1</u>	<u>\$ 29.9</u>	<u>\$ (1.5)</u>	<u>707.5</u>

Additional information related to the district's capital assets can be found in note 6 on page 47 of this report.

Debt administration. At the end of the fiscal year, the district had \$288.6 million in bonds and leases outstanding, \$78.5 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, 2024 and 2023.

	<u>June 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>Change</u>
	(millions)		
Leases (at present value)	\$ 0.2	\$ 0.2	\$ 0.0
General obligation bonds	288.4	284.6	3.8
Net unamortized bond premium	3.6	3.8	(0.2)
Total	<u>\$ 292.2</u>	<u>\$ 288.6</u>	<u>\$ 3.6</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, 2024, the district had a legal debt limitation of \$316.3 million, which was \$108.1 million more than the district's net bonded indebtedness.

In March 2015, the electors approved authority for the issuance of \$415 million in combined purpose bonds for building improvement and equipment acquisitions. At June 30, 2024, the entire amount of \$415.0 million had been issued.

In June of 2021 the electors approved authority for the issuance of \$414 million in combined purpose, general obligation school bonds for safe learning environments, student and classroom technology, transportation, and quality learning materials. As of June 30, 2024, the district had issued \$227.5 million with \$186.5 million remaining available for future issuances.

See note 8 for additional information regarding the district's long-term debt on pages 49-50.

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
Kristin Stephens, CPA
Chief Finance Officer
3027 S. New Haven Ave.
Tulsa, OK 74114
Or visit our website at: www.tulsaschools.org

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Basic Financial Statements

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FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

Statement of Net Position June 30, 2024 (Thousands)

	Governmental Activities	Component Unit
ASSETS		
Current		
Cash and cash equivalents	\$ 117,419	\$ 6,186
Investments	126,583	2,154
Receivables net of allowance for uncollectibles	260,109	1,649
Lease receivable	32	-
Inventories and other assets	6,129	29
Total current assets	<u>510,272</u>	<u>10,018</u>
Noncurrent:		
Investments	79,548	-
Net OPEB asset	1,974	-
Lease receivable	265	-
Capital assets		
Land, construction in progress, and assets out of service	49,570	-
Other capital assets/leases net of accumulated depreciation/amortization	658,004	-
Total noncurrent assets	<u>789,361</u>	<u>-</u>
Total assets	<u>1,299,633</u>	<u>10,018</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB outflows	947	-
Deferred pension plan outflows	103,737	-
Total deferred outflows of resources	<u>104,684</u>	<u>-</u>
LIABILITIES		
Current:		
Accounts payable and other current liabilities	63,766	52
Current portion of bonds and leases	78,541	-
Accrued interest	2,939	-
Compensated absences	330	-
Insurance claims	2,877	-
Total current liabilities	<u>148,453</u>	<u>52</u>
Noncurrent:		
Bonds and leases	213,702	-
Compensated absences	9,117	-
Net pension liability	302,101	-
Insurance claims	5,496	-
Total long-term liabilities	<u>530,416</u>	<u>-</u>
Total liabilities	<u>678,869</u>	<u>52</u>
DEFERRED INFLOWS OF RESOURCES		
Succeeding year property tax	226,072	-
Deferred pension plan inflows	53,005	-
Deferred OPEB inflows	493	-
Deferred lease inflows	286	-
Total deferred inflows of resources	<u>279,856</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	474,461	-
Restricted for:		
Debt service	80,264	-
Building	8,008	-
Other	15,659	7,322
Unrestricted (deficit)	(132,800)	2,674
Total net position	<u>\$ 445,592</u>	<u>9,966</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, 2024 (Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges	Operating	Capital	Primary Government	Component Unit
		for	Grants and	Grants and	Governmental	The Foundation
		Services	Contributions	Contributions	Activities	
Primary Government:						
Instruction and instruction-related services	\$ 233,512	\$ 2,789	\$ 75,127	\$ -	\$ (155,596)	\$ -
Support services - student and staff	71,518	579	2,320	-	(68,619)	-
Instructional and school leadership	28,333	-	-	-	(28,333)	-
Administrative support services	41,962	-	-	-	(41,962)	-
Operation of non-instructional services	35,073	5,011	19,190	-	(10,872)	-
Operation and maintenance of plant services	53,370	1,054	-	-	(52,316)	-
Student transportation services	16,044	-	-	-	(16,044)	-
Facilities acquisition and construction services	2,570	-	-	20,449	17,879	-
Interest on long-term debt	5,314	-	-	-	(5,314)	-
Total primary government	\$ 487,696	\$ 9,433	\$ 96,637	\$ 20,449	\$ (361,177)	\$ -
Component Unit:						
School District support	\$ 4,700	\$ -	\$ 1,666	\$ -	\$ -	\$ (3,034)
General revenues:						
Taxes:						
Property taxes, levied for general purposes					129,730	-
Property taxes, levied for debt service					85,142	-
County 4 mill levy and apportionment					10,943	-
State aid - formula grants					105,322	-
Unrestricted dedicated state revenue					66,705	-
Unrestricted investment earnings (loss)					11,962	544
Other local revenue					7,669	-
Total general revenues					417,473	544
Change in net position					56,296	(2,490)
Net position - beginning					389,296	12,456
Net position - ending					\$ 445,592	\$ 9,966

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, 2024 (Thousands)

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 54,965	\$ 21,535	\$ 24,700	\$ 16,219	\$ 117,419
Investments	87,622	56,481	57,588	4,440	206,131
Receivables net of allowance for uncollectibles	145,125	-	96,370	18,614	260,109
Lease receivable	-	-	-	297	297
Inventories and prepaid items	2,671	2,764	-	694	6,129
Total Assets	<u>\$ 290,383</u>	<u>\$ 80,780</u>	<u>\$ 178,658</u>	<u>\$ 40,264</u>	<u>\$ 590,085</u>
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	46,711	13,420	41	3,594	63,766
Claims and judgments	263	-	-	-	263
Total liabilities	<u>46,974</u>	<u>13,420</u>	<u>41</u>	<u>3,594</u>	<u>64,029</u>
DEFERRED INFLOWS OF RESOURCES					
Succeeding year property tax	117,875	-	91,357	16,839	226,071
Unavailable revenue	6,597	-	4,057	1,238	11,892
Lease revenue	-	-	-	286	286
Total deferred inflows of resources	<u>124,472</u>	<u>-</u>	<u>95,414</u>	<u>18,363</u>	<u>238,249</u>
FUND BALANCES					
Non-spendable					
Inventories and prepaids	2,671	2,764	-	694	6,129
Endowments	-	-	-	24	24
Restricted					
Federal and state allocation carryover	3,386	-	-	-	3,386
Capital projects	-	64,596	-	-	64,596
Debt service	-	-	83,203	-	83,203
Building	-	-	-	8,008	8,008
Child nutrition	-	-	-	2,311	2,311
Gifts	-	-	-	2,513	2,513
Flexible benefit	-	-	-	2	2
Arbitrage	-	-	-	13	13
Student activities	-	-	-	4,742	4,742
Assigned					
Purchases on order	5,008	-	-	-	5,008
Unassigned	107,871	-	-	-	107,871
Total fund balances	<u>118,937</u>	<u>67,360</u>	<u>83,203</u>	<u>18,307</u>	<u>287,807</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 290,383</u>	<u>\$ 80,780</u>	<u>\$ 178,658</u>	<u>\$ 40,264</u>	<u>\$ 590,085</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, 2024 (Thousands)

Total fund balances - governmental funds	\$	287,807
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Net OPEB asset is not a current financial resource and so is not recorded in the governmental funds		1,974
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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	\$	6,037	
Construction in progress		42,350	
Assets out of service		1,183	
Buildings		1,165,312	
Furniture and equipment		74,681	
Right of use lease assets		326	
Accumulated depreciation/amortization		<u>(582,315)</u>	707,574

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

Bonds and leases	\$	(292,243)	
Interest payable		(2,939)	
Compensated absences		(9,447)	
Net pension liability		(302,101)	
Insurance claims		<u>(8,111)</u>	(614,841)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		11,892
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Pension and OPEB related deferred outflows and inflows are not due and payable in the current period, therefore, they are not reported in governmental funds.

Deferred OPEB outflows		947	
Deferred OPEB inflows		(493)	
Deferred pension outflows		103,737	
Deferred pension inflows		<u>(53,005)</u>	
Total net position	\$	<u>445,592</u>	

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, 2024 (Thousands)

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 112,645	\$ -	\$ 85,142	\$ 16,070	\$ 213,857
Other local sources	6,665	-	-	3,214	9,879
Intermediate sources	10,943	-	-	-	10,943
Fees and charges	2,716	-	-	4,096	6,812
State aid	176,786	-	-	4,600	181,386
Federal aid	88,046	-	-	20,507	108,553
Earnings (Loss) on investments	6,300	2,103	1,909	1,693	12,005
Miscellaneous	2,439	-	-	1,230	3,669
Total revenues	<u>406,540</u>	<u>2,103</u>	<u>87,051</u>	<u>51,410</u>	<u>547,104</u>
EXPENDITURES					
Current:					
Instruction and instruction-related services	184,100	-	-	1,680	185,780
Support services - student and staff	63,396	-	-	1,161	64,557
Instructional and school leadership	28,222	-	-	55	28,277
Administrative support services	27,804	-	-	1,308	29,112
Operation of non-instructional services	5,692	-	-	26,117	31,809
Operation and maintenance of plant services	26,702	-	-	19,472	46,174
Student transportation services	12,171	-	-	100	12,271
Facilities acquisition and construction services	21,338	-	-	318	21,656
Debt service					
Principal	-	-	81,180	-	81,180
Interest	-	-	5,902	-	5,902
Capital Outlay					
Instruction and instruction-related services	-	7,194	-	-	7,194
Support services - student and staff	-	4,648	-	-	4,648
Instructional and school leadership	-	56	-	-	56
Administrative support services	-	7,477	-	-	7,477
Operation of non-instructional services	-	-	-	-	-
Operation and maintenance of plant services	-	5,143	-	-	5,143
Student transportation services	-	3,729	-	-	3,729
Facilities acquisition and construction services	20,449	45,276	-	-	65,725
Total expenditures	<u>389,874</u>	<u>73,523</u>	<u>87,082</u>	<u>50,211</u>	<u>600,690</u>
Excess (deficiency) revenues over expenditures	<u>16,666</u>	<u>(71,420)</u>	<u>(31)</u>	<u>1,199</u>	<u>(53,586)</u>
OTHER FINANCING SOURCES					
Lease issuances	-	108	-	-	108
Bond issuances	-	85,000	-	-	85,000
Premium on bond issuances	-	-	1,299	-	1,299
Insurance recoveries	284	-	-	-	284
Proceeds from sale of capital assets	6	-	-	14	20
Total other financing sources	<u>290</u>	<u>85,108</u>	<u>1,299</u>	<u>14</u>	<u>86,711</u>
Net change in fund balances	<u>16,956</u>	<u>13,688</u>	<u>1,268</u>	<u>1,213</u>	<u>33,125</u>
Fund balances -- June 30, 2023	101,981	53,672	81,935	17,094	254,682
Fund balances -- June 30, 2024	<u>\$ 118,937</u>	<u>\$ 67,360</u>	<u>\$ 83,203</u>	<u>\$ 18,307</u>	<u>\$ 287,807</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, 2024 (Thousands)

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

Net changes in fund balances - total governmental funds		\$ 33,125
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which the capital outlays exceeded depreciation/amortization and retirements in the period.		
Capital outlays	69,379	
Depreciation expense	<u>(39,514)</u>	29,865
The effect of miscellaneous transactions involving capital assets.		
Proceeds from the sale of capital assets	(20)	
Loss on sale of capital assets	<u>(1,413)</u>	(1,433)
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	82,428	
Proceeds from the sale of bonds, leases, and premium on the issuance of bonds	(86,407)	
Lease payments	41	
Change in accrued interest payable	<u>895</u>	(3,043)
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.		
		(1,447)
Some expenses (compensated absences, insurance claims, OPEB and pension expense) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences Expense	(608)	
Insurance Reserve	1,493	
OPEB Benefit	(191)	
Pension Benefit	<u>(1,465)</u>	(771)
Change in net position of governmental activities		<u><u>\$ 56,296</u></u>

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

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 (GAAP) as applied to government units as promulgated by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for governmental accounting and financial reporting principles. The more significant of the district's accounting policies are described below.

Reporting Entity

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

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

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

During the year ended June 30, 2024, the Foundation's expenses totaled \$4.7 million of which \$4 million was distributed to the school district for unrestricted purposes. These funds are included in the operating grants and contributions program revenues on the school district's Statement of Activities. Complete financial statements for the foundation can be obtained from 3027 South New Haven Avenue, Tulsa, OK 74114.

Basic Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all 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 expense of a given function is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Funds

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

Governmental Funds

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

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

The following are the district's major Governmental funds:

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The following are the district's non-major governmental funds:

Special revenue funds – Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for a particular purpose.

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. There was no activity in this fund during the year ended June 30, 2024.

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, 2024.

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

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

Endowment fund – The Texaco endowment scholarship fund accounts for an endowment whose earnings are restricted to expenditures for awarding college scholarships to Memorial high school graduates. There was no activity in this fund during the year ended June 30, 2024.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the 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 for use and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. All sources of revenue are recognized as soon as they are both measurable and available. The revenue is considered to be available when they are

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers 60 days of the end of the current fiscal period for property taxes and 90 days of the end of the fiscal period for all other revenue. Expenditures are generally recorded when the liability is incurred, in conformance with 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 susceptible to accrual and have been recognized as revenues of the current fiscal year to the extent the availability criteria discussed above have been met.

Cash and Cash Equivalents

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

Investments

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for the year ended June 30, 2024 consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. See note 11 for additional discussion regarding pension deferred outflows of resources. In addition, the district has reported deferred outflows of resources for contributions made Subsequent to the measurement date for its other postemployment benefit liability. See Note 12 for additional discussion regarding other postemployment benefits deferred outflows of resources.

Deferred Inflows of Resources

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

Compensated Absences

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS **Year ended June 30, 2024**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The liability for such leave is reported as incurred in government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as the 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 payables 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 they are or not withheld from the actual debt proceeds received are reported as current year expenditures. Principal and interest payments are recorded as debt service expenditures.

Leases

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

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

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position and Fund Balances

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

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

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

Gifts	2,559
Flexible benefit	2
Arbitrage	13
Student activities	4,742
Endowments	24
Federal and state allocation carryover	3,386
OPEB asset	1,974
	<u>15,659</u>

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

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

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

For purposes of committed fund balance, the district's Board of Education is considered the highest level of decision making. Funds set aside by the Board of Education as a committed fund balance will require that a resolution be made by the Board of Education. Such a resolution must be made prior to the district's fiscal year end 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 to be able 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 the end of June 30, 2024.

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, additional action does not normally have to be taken for the removal of an assignment.

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

When expenditures are incurred for purposes for which both restricted and unrestricted resources 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements Adopted in Fiscal Year 2024

The district adopted the following new accounting pronouncements during the year ended June 30, 2024, as follows:

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

GASB Statement No. 100 prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The adoption of this statement did not have an impact on the District's basic financial statements.

New Accounting Pronouncements Issued Not Yet Adopted

The GASB has issued new accounting pronouncements which will be effective to the district in fiscal years ending June 30, 2025, and June 30, 2026. A description of the new accounting pronouncements is described below:

- **Statement No. 101, *Compensated Absences– Amendment of GASB Statement No. 16***

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

- **Statement No. 102, *Certain Risk Disclosures***

GASB Statement No. 102 improves financial reporting by (1) providing users with financial statements with essential information that is currently not often provided. The disclosures will provide users with (2) timely information regarding (a) certain concentrations or (b) constraints and (c) related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2024.

- **Statement No. 103, *Financial Reporting Model Improvements – Amendment of GASB Statement No. 34***

GASB Statement No. 103 changes the MD&A statements by (1) including a separate presentation of (a) unusual or (b) infrequent items to provide clarity regarding which items should be reported separately from other inflows and outflows of resources. (2) The definitions of operating revenue and expenses and of non-operating revenues and expenses will replace accounting policies that vary from government to government to improve comparability. (3) The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2025.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Statement No. 104, *Disclosure of Certain Capital Assets***

GASB Statement No. 104 changes in the MD&A statements by requiring the separate presentation of the following in the capital assets note disclosures that is currently required by Statement No. 34. (1) Lease assets recognized in accordance with Statement No. 94, (2) *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, disclosed by major class of underlying assets, (3) Subscription assets recognized in accordance with Statement No. 96 *Subscription-Based Information Technology Arrangements*. (4) Intangible assets other than the three types above to be disclosed separately by major class. (5) Capital assets held for sale, by disclosing the ending balance of the capital assets held for sale, and the carrying amount of the debt for which the capital assets held for sale are pledged as collateral for each major class of assets. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2025.

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, 2024**

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, and the associated 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. The 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 actual amount of taxes that are due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

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

Intermediate Sources of Revenues

Revenue from intermediate sources is the amount of money collected by an intermediate administrative unit, or a political subdivision between the district and the state and distributed to districts in amounts that differ in proportion to those which are collected within such systems. Tulsa County is the political subdivision to the district from which we received \$9.5 million from the county 4-mill tax levy dedicated to school districts and \$1.1 million from the county apportionment of mortgage taxes distributed to local schools based on average daily attendance. Revenue is recognized when it is both measurable and available.

Fees and Charges

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

State Aid Revenues

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS **Year ended June 30, 2024**

Note 2. REVENUES (continued)

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

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

As of June 30, 2024 \$3.3 million of state revenue was carried forward into fiscal year 2025. The state Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Aid Revenues

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

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

Federal rules require that revenue earmarked for federal programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. As of June 30, 2024 \$65.9 thousand of federal revenue was carried forward into fiscal year 2025.

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

Other Local Sources

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

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, 2024, all 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, 2024, 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, 2024, the district's investment portfolio had invested \$111.1 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 \$95.0 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. As of June 30, 2024, all investments were in agency securities of the U.S. government or certificates of deposit. The investment concentration is listed in the table below.

Interest Rate Risk

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

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

Maturities of investments and percentages held by issuer as of June 30, 2024, are as follows (000's):

Investment Type	% of Portfolio	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1-5	6-10
Negotiable certificates of deposit	17%	\$ 35,988	\$ 35,988	\$ -	-
US T-Bills & Notes	29%	59,058	49,100	9,958	-
Mortgage-backed Securities					-
Federal Home Loan Bank	50%	102,177	38,555	63,622	-
Federal Farm Credit Bank	1%	2,940	2,940	-	-
Freddie Mac	3%	5,944	-	5,944	-
Fannie Mae	0%	24	-	-	24
Total	100%	\$ 206,131	\$ 126,583	\$ 79,524	24

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.

On June 30, 2024, 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.

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

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

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 the safety and liquidity of the principal, and then on earnings.

- **Liquidity:** Available funds will be invested to the fullest extent practicable in interest-bearing investments or accounts, with the investment portfolio remaining sufficiently liquid to meet reasonably anticipated operating requirements.
- **Diversification:** The investment portfolio will be diversified to avoid one class of investment causing a disproportionate risk of loss to the portfolio. Provided this restriction will not apply to direct obligations of the United States government, its agencies or instrumentalities, or certificates of deposit secured by diversified pledges of collateral as provided this policy.
- **Safety of Principal:** Although investments are made to produce income for the district, investments will be made in a manner that preserves principal and liquidity.
- **Prohibition of speculation:** The purchase of an investment to be sold before its maturity will normally result in either a gain or loss for the district and is therefore “speculative” by definition. This practice is prohibited.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2024

Note 4. RECEIVABLES (NET OF ALLOWANCE FOR UNCOLLECTIBLES)

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

Due from other governments				
Local - current year property tax	\$ 7,706	\$ 5,229	\$ 982	\$ 13,917
Local - succeeding year property tax	118,170	91,586	16,881	226,637
State	134	-	-	134
Federal	17,042	-	319	17,361
Other receivables	2,653	-	515	3,168
Gross receivables	\$ 145,705	\$ 96,815	\$ 18,697	\$ 261,217
Less: Allowance for uncollectible property tax	(580)	(445)	(83)	(1,108)
Net receivables	<u>\$ 145,125</u>	<u>\$ 96,370</u>	<u>\$ 18,614</u>	<u>\$ 260,109</u>

Receivables that are not collected within the availability period, and the receivable from the succeeding year property tax are recorded in the governmental fund financial statements as deferred inflows of resources. At June 30, 2024, \$238.2 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 \$226.1 million was succeeding year property tax. On the statement of net position, \$11.9 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, 2024

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. All of the District's subscription based technology agreements are considered to be short-term because each party must agree to extend the contract beyond a year.

The inventories and prepaid items on hand at June 30, 2024, were comprised of the following categories (000's):

<u>Inventory and prepaid items</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Inventory				
Food service supplies	\$ -	\$ -	\$ 648	\$ 648
Classroom supplies	30	-	-	30
Custodial supplies	378	-	-	378
Total inventory	\$ 408	\$ -	\$ 648	\$ 1,056
Prepaid items	2,263	2,764	46	5,073
Total Inventory and prepaid items	\$ 2,671	\$ 2,764	\$ 694	\$ 6,129

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows (000's):

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 6,037	\$ -	\$ -	\$ -	6,037
Construction in progress	48,690	64,363	(70,703)	-	42,350
Assets out of service	1,183	-	-	-	1,183
Total capital assets not being depreciated	\$ 55,910	\$ 64,363	\$ (70,703)	\$ -	49,570
Capital assets being depreciated/amortized:					
Buildings	\$ 1,095,465	\$ -	\$ 69,861	\$ (14)	1,165,312
Equipment and vehicles	76,743	4,908	842	(7,812)	74,681
Right of use- building	-	-	-	-	-
Right of use- equipment/vehicles	218	108	-	-	326
Total capital assets being depreciated/amortized	\$ 1,172,426	\$ 5,016	\$ 70,703	\$ (7,826)	1,240,319
Less accumulated depreciation/amortization for:					
Buildings	\$ (494,357)	\$ (35,215)	\$ -	\$ 8	(529,564)
Equipment and vehicles	(54,773)	(4,236)	-	6,385	(52,624)
Right of use- building	-	-	-	-	-
Right of use- equipment/vehicles	(64)	(63)	-	-	(127)
Total accumulated depreciation/amortization	\$ (549,194)	\$ (39,514)	\$ -	\$ 6,393	(582,315)
Net of capital assets being depreciated/amortized	\$ 623,232	\$ (34,498)	\$ 70,703	\$ (1,433)	658,004
Governmental activities capital assets, net	\$ 679,142	\$ 29,865	\$ -	\$ (1,433)	707,574

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

Governmental activities:	
Instruction and instruction-related services	\$ 22,243
Support services - student and staff	2,271
Administrative support services	7,354
Operation of non-instructional services	3,536
Operation and maintenance of plant services	2,580
Student transportation services	1,530
	\$ 39,514

Assets Out of Service

Assets out of service include the 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, 2024 the net book value of assets out of service was approximately \$1.2 million.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 7. LEASES

As Lessee

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

The district entered into two lease agreements for the acquisition of 26 compressed natural gas (CNG) buses, of which the natural gas conversion equipment on each bus will be leased for 36 months before being paid in full. The contract on December 16, 2022, for 16 buses, and the contract on January 9, 2023, for 10 buses. This arrangement allows Midwest Transport Solutions to pass along to the district a federal income tax credit, creating a 6% savings on the total price of each bus. Exercising the purchase options for each bus after leasing for 36 months will cost a total of \$195 thousand. As of June 30, 2024, the district has 7 buses left to receive to fulfill the lease contracts.

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

The future right of use lease payments as of June 30, 2024, are as follows (000's):

Years ending June 30:	Principal	Interest	Total
2025	46	11	57
2026	93	9	102
2027	74	4	78
2028	15	-	15
	<u>\$ 228</u>	<u>\$ 24</u>	<u>\$ 252</u>

As Lessor

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

The total amount of inflows of resources recognized for the period ending June 30, 2024 is (000's):

	Inflows
Lease revenue	\$ 30
Interest income	10
Total	<u>\$ 40</u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 8. LONG-TERM DEBT

2021 School Bond

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

As of June 30, 2024, \$227.5 million has been issued leaving \$186.5 million remaining for future issuances.

Current year Combined Purpose Bond issuances (Series 2023B and 2024A) and Technology Equipment Bond issuance (Series 2023C)

In August 2023 and April 2024, the district issued \$36.8 and \$35 million respectively in combined purpose bonds; and in August 2023, \$13.2 million in technology equipment bonds. The proceeds from these bonds will be used to construct and renovate school facilities, for student and classroom learning technology improvements, transportation vehicles and 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, 2024 is approximately \$1.3 million. The net amount of unamortized premium at June 30, 2024 was approximately \$3.6 million.

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

Series			Outstanding June 30, 2023	Issuances	Retirements	Outstanding June 30, 2024	Due within one year
			\$	\$	\$	\$	\$
Bonds Payable							
2024A	2021	Combined Purpose	-	35,000	-	35,000	-
2023C	2021	Combined Purpose	-	13,180	-	13,180	-
2023B	2021	Combined Purpose	-	36,820	-	36,820	-
2023A	2021	Combined Purpose	34,500	-	-	34,500	8,625
2022C	2021	Technology Equipment	6,200	-	-	6,200	1,550
2022B	2021	Combined Purpose	33,800	-	-	33,800	8,450
2022A	2021	Combined Purpose	38,000	-	9,500	28,500	9,500
2021C	2015 & 2021	Technology Equipment	10,000	-	2,500	7,500	2,500
2021B	2015 & 2021	Combined Purpose	52,515	-	13,125	39,390	13,125
2021A	2015	Combined Purpose	15,750	-	5,250	10,500	5,250
2020C	2015	Combined Purpose	6,750	-	2,250	4,500	2,250
2020B	2015	Combined Purpose	37,500	-	12,500	25,000	12,500
2020A	2015	Combined Purpose	11,500	-	5,750	5,750	5,750
2019C	2015	Technology Equipment	4,750	-	2,375	2,375	2,375
2019B	2015	Combined Purpose	10,720	-	5,355	5,365	5,365
2019A	2015	Combined Purpose	5,625	-	5,625	-	-
2018C	2015	Technology Equipment	2,500	-	2,500	-	-
2018B	2015	Combined Purpose	14,450	-	14,450	-	-
Total bonds payable			284,560	85,000	81,180	288,380	77,240
Premium on bonds			3,584	1,299	1,248	3,635	1,255
Leases			161	108	41	228	46
Total bonds and leases			288,305	86,407	82,469	292,243	78,541

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 8. LONG-TERM DEBT (continued)

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

Fiscal Year	Principal	Coupon Interest	Total
2024	\$ 77,240	\$ 6,476	\$ 83,716
2025	85,000	4,379	89,379
2026	65,015	2,901	67,916
2027	39,875	1,542	41,417
2028	21,250	482	21,732
2029	-	-	-
	<u>\$ 288,380</u>	<u>\$ 15,780</u>	<u>\$ 304,160</u>

Interest rates on the bonds range from 0.45% to 3.11% and nominal rates range from 0.45% to 3.40%. Original amount and principal payments (000's):

	Issue Date	Original Amount	Final Maturity	Annual Principal Payments	Coupon Rate	Nominal Rate
2024A	4/1/2024	\$ 35,000	4/1/2029	\$ 8,750	2.96%	2.92%
2023C	8/1/2023	13,180	8/1/2028	3,295	4.70%	4.61%
2023B	8/1/2023	36,820	8/1/2028	9,205	3.20%	3.15%
2023A	3/1/2023	34,500	3/1/2028	8,625	2.70%	2.60%
2022C	8/1/2022	6,200	8/1/2027	1,550	3.50%	3.40%
2022B	8/1/2022	33,800	8/1/2027	8,450	2.20%	2.20%
2022A	3/1/2022	38,000	3/1/2027	9,500	1.35%	1.35%
2021C	9/1/2021	10,000	9/1/2026	2,500	0.67%	0.67%
2021B	9/1/2021	52,515	9/1/2026	13,125	0.50%	0.50%
2021A	3/1/2021	21,000	3/1/2026	5,250	0.45%	0.45%
2020C	8/1/2020	9,000	8/1/2025	2,250	1.45%	1.44%
2020B	8/1/2020	50,000	8/1/2025	12,500	1.52%	1.51%
2020A	3/1/2020	23,000	3/1/2024	5,750	1.12%	1.12%
2019C	8/1/2019	9,500	8/1/2025	5,355	1.45%	1.44%
2019B	8/1/2019	21,430	8/1/2025	12,500	1.52%	1.51%
2019A	4/1/2019	22,500	4/1/2024	5,625	1.80%	1.79%
2018C	8/1/2018	10,000	8/1/2023	2,500	3.11%	3.06%
2018B	8/1/2018	57,785	8/1/2023	14,445	2.12%	2.10%

Interest expense on bonds during the year ended June 30, 2024 totaling \$5.9 million is reported in the debt service fund.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 9. RISK MANAGEMENT

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

Property, fire and extended coverage	\$ 100,000
Charter school locations	75,000
Windstorm and hail (3% per occurrence, per building)	100,000 up to 4,500,000
Automobile liability (per occurrence)	1,000,000
General liability (per occurrence)	1,000,000
Inland marine (per occurrence)	10,000
School leader legal (per claim)	1,000,000
Cyber liability and breach response (per occurrence)	100,000
Equipment breakdown (per occurrence)	25,000
Blanket Fidelity Bond	5,000

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 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 claim's liability estimate. An excess coverage insurance policy covers individual claims in excess of \$2,000,000 up to the statutory limit. Settlements did not exceed coverage for the past three years.

At June 30, 2024, the district had established liabilities for workers compensation claims and deductibles on commercial coverage of \$6.5 million and \$1.8 million, respectively. Changes in the balance of claims liability for the past two years are as follows (000's):

	2024	2023
Unpaid claims, beginning of year	\$ 6,704	\$ 6,838
Incurred claims (including IBNRs)	4,175	2,256
Claim payments	(2,506)	(2,390)
Unpaid claims, end of year	\$ 8,373	\$ 6,704

Approximately \$2.9 million of the amount unpaid at June 30, 2024, is expected to be paid out in the next fiscal year from the general fund.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

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 total amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows (000's):

General Fund	\$ 5,008
Capital Projects Fund	42,101
Nonmajor Funds	<u>4,435</u>
Total	\$ <u>51,544</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 for 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 11. PENSION BENEFITS

Plan description

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

Participation in the plan is required for certified teachers, administrators, as well as certain non-certified administrators. Other permanent support employees working at least half time are eligible for participation in the plan at their option. On June 30, 2024, there were 4,665 active employees of the district participating in the plan, comprising 5% 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 who joined the OTRS **prior** to November 1, 2017, and have accumulated a minimum of five years of eligible service shall be 100% vested in the OTRS and considered eligible to receive a monthly retirement benefit.

Members who joined the OTRS **on or after** November 1, 2017, and have accumulated a minimum of seven years of eligible service shall be 100% vested in the OTRS and considered eligible to receive a monthly retirement benefit.

- 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 five highest 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 benefits the member was entitled to at the time of death as provided under the joint survivor benefit option.
- Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 11. PENSION BENEFITS (continued)

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

Contributions

The contribution requirements of OTRS are at an established rate determined by Oklahoma statute and are not based on actuarial calculations. Employees are required to contribute 7 percent of their annual compensation. The district's contribution rate is 9.5 percent for the year ended June 30, 2024. 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 2024 was \$19.6 million.

The state makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2024, the state paid approximately \$1.3 million on behalf of teachers employed at the district. In accordance with generally accepted accounting practices, the district recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements.

The state is also required to contribute to the system on behalf of the participating employers. For 2024, the state contributed 5.25 percent of state revenues from sales and use taxes, individual income taxes and lottery proceeds, to the system on behalf of participating employers. The district has estimated the amounts contributed to the system by the state on its behalf based on a contribution rate provided to the district. For the year ended June 30, 2024, the total amount contributed to the system by the state on behalf of the district was approximately \$2.4 million. In accordance with generally accepted accounting principles, the district recognized the on-behalf payments as revenue and expenditures in the fund financial statements. In government-wide statement of activities, revenue and expense is recognized for the state's on-behalf contribution on an accrual basis of approximately \$19.1 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, 2024, the district reported a liability of \$302.1 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. 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, 2023. Based upon this information, the district's proportion was 3.92%. The change in proportion from the June 30, 2022 measurement date was an increase of 0.70%.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 11. PENSION BENEFITS (continued)

For the year ended June 30, 2024, the district recognized pension expense of \$46.6 million. At June 30, 2024, 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	\$ 4,929	\$ (6,555)
Changes of assumptions	12,273	-
Net difference between projected and actual earnings on pension plan investments	21,141	-
Changes in proportion and differences between District contributions and proportionate share of contributions	43,380	(46,450)
Total Deferred amount to be recognized in pension expense in future periods	81,723	(53,005)
District contributions subsequent to the measurement date	22,014	-
Total deferred amount related to pension:	\$ 103,737	\$ (53,005)

Deferred pension outflows totaling \$22.0 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, 2025. Net deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Other deferred inflows and outflows are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:		
2025	\$	11,603
2026		8,654
2027		17,643
2028		4,081
2029		(13,264)
	\$	28,717

Actuarial assumptions

The total pension liability as of June 30, 2024 was determined based on an actuarial valuation prepared as of June 30, 2023 using the following actuarial assumptions:

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 11. PENSION BENEFITS (continued)

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate has 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 weighing 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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.3%	4.6%
International Equity	16.7%	5.2%
Domestic Fixed Income	22.0%	1.8%
Real Estate	10.0%	4.4%
Private Equity	8.0%	7.3%
Private Debt	5.0%	5.3%
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 7.0 percent. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.0 percent. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the state's contribution plus the matching contributions will remain at a constant percent of projected member payroll based on the past five years of actual contributions. Based on the stated assumptions and the projection of cash flows, OTRS' fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 11. PENSION BENEFITS (continued)

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's net pension liability	\$ 436,339	\$ 302,101	\$ 190,973

Pension Plan Fiduciary Net Position

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

Note 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Oklahoma Teachers Retirement System – OPEB Subsidy

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

Benefits provided: OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 per month, provided the member has ten (10) years of Oklahoma service prior to retirement.

Contributions: Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any a contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70, employers and employees contribute a single amount based on a single contribution rate as described in Note 11; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.10 percent of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the System were \$1.4 million.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

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

OPEB liabilities (assets), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2024, the District reported a Net OPEB asset of \$1.97 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. The district's proportion of the net OPEB asset was based on the district's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2023. Based upon this information, the District's proportion was 3.92 percent. The change in proportion from the June 30, 2022 measurement date was an increase of .24%.

For the year ended June 30, 2024, the District recognized OPEB benefit of \$92 thousand. On June 30, 2024, the district reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (493)
Changes of assumptions	355	
Net difference between projected and actual earnings on pension plan investments	485	-
Total Deferred amount to be recognized in pension expense in future periods	840	(493)
District contributions subsequent to the measurement date	107	-
Total deferred amount related to OPEB:	\$ 947	\$ (493)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ 69
2025	69
2026	69
2027	70
2028	70
	\$ 347

Actuarial assumptions: The total OPEB liability as of June 30, 2024, was determined based on an actuarial valuation prepared as of June 30, 2023 using the following actuarial assumptions:

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.3%	4.6%
International Equity	16.7%	5.2%
Domestic Fixed Income	22.0%	1.8%
Real Estate	10.0%	4.4%
Private Equity	8.0%	7.3%
Private Debt	5.0%	5.3%
Total	<u>100%</u>	

Discount rate: A single discount rate of 7.00 percent was used to measure the total OPEB liability as of June 30, 2023. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00 percent. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percentage of projected member payroll based on the past five years of actual contributions.

Sensitivity of the District's proportionate share of the net OPEB asset to changes in the discount rate: The following presents the net OPEB asset of the employer calculated using the discount rate of 7.0 percent, as well as what the Plan's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's net OPEB asset	<u>\$ (199)</u>	<u>\$ (1,974)</u>	<u>\$ (3,475)</u>

Sensitivity of the District's proportionate share of the net OPEB asset to changes in the healthcare cost trend rate: The benefits paid by the OTRS OPEB Plan are not impacted by healthcare cost trend rates. As a result, changes in the healthcare cost trend rate assumption will have no impact on the net OPEB asset.

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Note 13. COMPENSATED ABSENCES

Sick Pay Benefits

The district provides sick pay benefits for all 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 supporting employees are paid an additional \$30 per day for any unused service.

Vacation Benefits

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

The activity related to these benefits during the year ending June 30, 2024 is as follows (000's):

	Balance 6/30/2023	Accruals	Payments	Balance 6/30/2024
Vacation	\$ 5,838	\$ 4,769	\$ 4,573	\$ 6,034
Sick	4,218	9,007	9,812	3,413
Total	\$ 10,056	\$ 13,776	\$ 14,385	\$ 9,447

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 14. SUBSEQUENT EVENTS

Combined Purpose Bonds (Series 2024B)

In August 2024, the district issued \$50 million in Combined Purpose Bonds Series 2024B. The proceeds from these bonds will be used to construct and renovate school facilities, student and classroom learning technology improvements, acquisition of transportation vehicles and equipment, and to purchase classroom materials and technology. This bond has a coupon rate of 3.3%, a nominal rate of 3.3%, and a maturity date of August 1, 2029.

Combined Purpose Bonds (Series 2024C)

In August 2024, the district issued \$7.5 million in Combined Purpose Bonds Series 2024C. The proceeds from these bonds will be used to acquire student and classroom learning technology improvements, acquisition of transportation vehicles and equipment, and purchase of classroom learning materials and computer hardware and software. This bond has a coupon rate of 4.8%, a nominal rate of 4.7%, and a maturity date of August 1, 2029.

Presidential Executive Orders

In January 2025, the newly elected President Donald Trump issued several executive orders to freeze federal grant funding activities. We are presently assessing the current and future impact these executive orders will have on the district regarding the expected awarded funding during the fiscal year 2025, and the future fiscal years.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS **Year ended June 30, 2024**

Unpaid Retirement Contributions to OTRS

In April 2025, the Board of Education approved the payment to the Oklahoma Teacher Retirement System (OTRS) for retroactive retirement contributions in the amount of \$1.2 million. The retroactive retirement contributions were based on an OTRS and district wide audit. The combined audit found 21 employees that were allowed to opt out of the OTRS participation, which was not in compliance with OTRS laws and regulations.

Note 15. TAX ABATEMENT DISCLOSURES

The City of Tulsa provides ad valorem tax abatements to promote development within an enterprise zone in downtown Tulsa. The district is impacted by tax abatements provided by the City of Tulsa under the Tax Incentive District Number One economic development program. The abatements were established to encourage the development, renovation and redevelopment of residential, both single-family and multiple-unit dwellings, as well as commercial space and hotels. The abatements up to 100 percent of the additional property tax resulting from the increase in assessed value because 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). For the fiscal year ending June 30, 2024, the City of Tulsa had ten active agreements. In all cases of the ten active agreements, the district receives ad valorem taxes at the market value of the property prior to the abatement.

The State of Oklahoma grants a 5-year exemption of ad valorem taxes for certain new manufacturing or research and development equipment and facilities. Pursuant to Section 193 of Title 62 of the Oklahoma Statutes, the state will reimburse the district for foregone property taxes because of this exemption. During the year ended June 30, 2024, the amount of foregone tax revenues because of this exemption were \$6.1 million in exempt manufacturing.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

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

Summary of Significant Accounting Policies

Basis of presentation

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

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

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

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

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

Contributions

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

Contributions Receivable

Contributions receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the (current) status of individual accounts and historical collection experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and an entry to credit the contributions receivable. On June 30, 2024, there was no allowance for uncollectible contributions receivable.

Investments

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

Investments consist of the following at June 30, 2024:

	2024
Fixed income securities	\$ 851,931
Equity securities	1,270,501
Money market	31,852
Total investments	\$ <u>2,154,284</u>

Concentration and risks

The Foundation had two donors that accounted for approximately 39% of the Foundation's total revenue during the year ended June 30, 2024. The Foundation's contributions receivable was made up of two donors that accounted for approximately 100% of the Foundation's contributions receivable as of the year ended June 30, 2024.

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

Fair Value Measurements

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used on June 30, 2024. During the year ended June 30, 2024, there were no transfers of financial instruments between Level 1 and Level 2 or transfers into or out of Level 3. The following is a description of the valuation methodologies used for assets measured at fair value:

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS Year ended June 30, 2024

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

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

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2024:

		2024		
		Level 1	Level 2	Total
Fixed income securities	\$	-	\$ 851,931	\$ 851,931
Equity securities		1,270,501	-	1,270,501
Money market		31,852	-	31,852
Total Investments		1,302,353	851,931	2,154,284
Beneficial interest in assets held by community foundation		-	16,296	16,296
	\$	1,302,353	\$ 868,227	\$ 2,170,580

Restricted Net Position

Restricted net position for other purposes at June 30, 2024 are as follows:

		2024
Restricted for purpose:		
Early Childhood Development Initiative	\$	3,209,843
TPS Priorities and Strategies		102,569
Innovative Partners Program		952,994
Parent Resource Center		620,210
TPS High School Redesign		99,675
Tulsa Teacher Corps		657,632
CARES Enrollment Initiative		1,293,547
Total funds restricted for purpose		6,936,470
Unappropriated endowment earnings		44,476
Endowment funds held in perpetuity		340,775
Total restricted net position	\$	7,321,721

Required Supplementary Information

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date District's proportion of the net pension liability	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	3.92%	4.62%	3.69%	3.89%	3.65%	4.06%	4.05%	4.03%	4.10%	4.18%
District's proportionate share of the net pension liability \$	302,101 \$	379,641 \$	188,469 \$	369,062 \$	241,594 \$	245,365 \$	268,340 \$	336,547 \$	249,031 \$	224,675
District's covered payroll \$	201,201 \$	207,142 \$	176,301 \$	181,364 \$	176,340 \$	158,490 \$	161,626 \$	163,790 \$	163,115 \$	161,383
District's proportionate share of the net pension liability as a percentage of its covered payroll	150.15%	183.28%	106.90%	203.49%	137.00%	154.81%	166.03%	205.47%	152.67%	139.22%
Plan fiduciary net position as a percentage of the total pension liability	72.57%	70.05%	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

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, 2023	Increases were composed of 2.25% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
June 30, 2022	No change from prior year.
June 30, 2021	No change from prior year.
June 30, 2020	Increases were composed of 2.25% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
June 30, 2019	No change from prior year.
June 30, 2018	Increases were composed of 2.5% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
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, 2023	No change from prior year.
June 30, 2022	No change from prior year.
June 30, 2021	No change from prior year.
June 30, 2020	Determined using the Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five year experience study for the period ending June 30, 2019
June 30, 2019	No change from prior year.
June 30, 2018	No change from prior year.
June 30, 2017	No change from prior year.
June 30, 2016	No change from prior year.
June 30, 2015	Determined using the experience based table developed from a five year experience study for the period ending June 30, 2014. This table was adopted by the OTRS Board in May 2015.
June 30, 2014	Determined using the experience-based table developed from a five year experience study for the period ending June 30, 2009. This table was adopted by the OTRS Board in September 2010.

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

June 30, 2023	No change from prior year.
June 30, 2022	No change from prior year.
June 30, 2021	2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
June 30, 2020	Mortality Rates after Retirement— Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
	Mortality Rates for Active Members— Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.
June 30, 2019	No change from prior year.
June 30, 2018	No change from prior year.
June 30, 2017	No change from prior year.
June 30, 2016	No change from prior year.
June 30, 2015	Rates for active employees were determined using the RP-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent. Rates for retired males were determined using the RP-2000 combined health Mortality Table for males with white collar adjustments and the generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Rates for retired females were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105 percent and the generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
June 30, 2014	Rates were determined using the RP-2000 Combined Mortality table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females.

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

June 30, 2023	No change from prior year.
June 30, 2022	No change from prior year.
June 30, 2021	No change from prior year.
June 30, 2020	Return was 7.00 percent per year
June 30, 2019	No change from prior year.
June 30, 2018	No change from prior year.
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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution \$	19.6 \$	21.6 \$	23.6 \$	18.4 \$	18.8 \$	18.4 \$	16.5 \$	16.8 \$	17.1 \$	17.1
Contributions in relation to the contractually required contribution	(19.6)	(21.6)	(23.6)	(18.4)	(18.8)	(18.4)	(16.5)	(16.8)	(17.1)	(17.1)
Contribution deficiency (excess) \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-
District's covered payroll \$	220 \$	201 \$	207 \$	176 \$	181 \$	176 \$	158 \$	162 \$	164 \$	163
Contributions as a percentage of covered payroll	8.91%	10.75%	11.40%	10.45%	10.39%	10.45%	10.44%	10.37%	10.43%	10.49%

Notes to Schedule:

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

1. July 1, 2011 to present 9.50%

FINANCIAL SECTION: REQUIRED SUPPLEMENTARY INFORMATION

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

	2024	2023	2022	2021	2020	2019	2018
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB asset	3.92%	3.69%	3.69%	3.89%	3.65%	4.06%	4.05%
District's proportionate share of the net OPEB asset \$	(1,974)	(1,614)	(4,699)	(385)	(2,257)	(2,624)	(1,807)
District's covered payroll \$	201	207	176	181	176	158	162
District's proportionate share of the net OPEB asset as a percentage of its covered payroll	-981.11%	-779.71%	-2669.89%	-212.71%	-1282.39%	-1660.76%	-1115.43%
Plan fiduciary net position as a percentage of the total OPEB asset	112.01%	110.31%	129.91%	102.30%	115.07%	115.41%	110.40%

Note - The District is required to present information for 10 years. However, until a full 10 years is available, the district will present information for those years available.

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

	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution \$	107.0	225.0	225.0	36.0	32.0	118.0	118.0	264.0
Contributions in relation to the statutorily required contribution	107.0	225.0	225.0	36.0	32.0	118.0	118.0	264.0
Contribution deficiency (excess) \$	-	-	-	-	-	-	-	-
District's covered payroll \$	219,997	201,201	207,142	176,301	181,364	176,340	158,490	161,626
Contributions as a percentage of covered payroll	0.05%	0.11%	0.11%	0.02%	0.02%	0.07%	0.07%	0.16%

Note - The District is required to present information for 10 years. However, until a full 10 years is available, the district will present information for those years available.

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024
(Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 132,876	\$ 138,176	\$ 142,550	\$ 4,374
State program revenues	152,880	153,296	155,133	1,837
Federal program revenues	77,605	89,490	83,761	(5,729)
Total revenues	<u>363,361</u>	<u>380,962</u>	<u>381,444</u>	<u>482</u>
EXPENDITURES				
Current:				
Salaries	226,919	226,919	225,881	(1,038)
Benefits	68,889	68,889	72,699	3,810
Purchased services	52,520	52,520	49,006	(3,514)
Supplies	21,758	21,758	19,394	(2,364)
Property/Equipment	44	44	552	508
Other expenditures	1,073	1,073	895	(178)
Other outlays	359	359	158	(201)
Total expenditures	<u>371,562</u>	<u>371,562</u>	<u>368,585</u>	<u>(2,977)</u>
Excess (deficiency) of revenues over expenditures	<u>(8,201)</u>	<u>9,400</u>	<u>12,859</u>	<u>3,459</u>
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year and fund transfer	<u>200</u>	<u>(300)</u>	<u>(716)</u>	<u>(416)</u>
Net change in fund balances	<u>(8,001)</u>	<u>9,100</u>	<u>12,143</u>	<u>3,043</u>
Fund balance -- June 30, 2023	<u>63,467</u>	<u>71,077</u>	<u>71,076</u>	<u>(1)</u>
Fund balance -- June 30, 2024	<u>\$ 55,466</u>	<u>\$ 80,178</u>	<u>\$ 83,219</u>	<u>\$ 3,041</u>

See Notes to Required Supplementary Information

**Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Budgetary Comparison
Schedule - General Fund (Unaudited)
For the Year Ended June 30, 2024
(Thousands)**

Change in fund balance of governmental funds - General Fund	\$ 16,974
Revenues are recognized when earned in the governmental funds but are recognized when received for budgetary purposes. During the year, \$20,654 was received that was attributable to prior year activities and \$14,987 of revenue was realized but not received by the close of the year.	(5,666)
Expenditures for supplies and materials and prepaids are shown when they are used in the governmental funds but reported as expenses when they are purchased for budgetary purposes. The district purchased more supplies and materials than it used during the year, resulting in a decrease in inventories from \$484 to \$409 and prepaids increased by \$494.	(418)
Obligations are accrued when incurred and measurable in the governmental funds but reported when expended for budgetary purposes. There was an increase of \$598 in the accounts payable accrual.	598
A decrease of \$73 in the liability insurance reserve and a decrease of \$102 in the reserve for workers compensation was made to comply with modified accrual standards.	175
Fair market value adjustment for long-term investments	584
Encumbrances are included in expenditures for budgetary purposes but not for the governmental fund financial statements.	(5,714)
Expenditures in the governmental fund financial statements include those paid with prior year encumbrances, which are excluded on the budgetary basis.	4,079
Expenditures for worker's compensation claims are shown in a separate fund for budgetary purposes but combined with the general fund in the governmental funds.	<u>2,247</u>
Excess (deficiency) of revenues over expenditures - budgetary basis	\$ <u>12,859</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2024

Note 1. BUDGETS AND BUDGETARY ACCOUNTING

BUDGETARY COMPARISON SCHEDULE

The 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, 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 governmental funds. Encumbrances outstanding at year-end are included in the "actual" amounts shown expended during the year for the budgetary presentation but are excluded from the fund balances in the governmental fund financial statements as they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

REVENUES

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

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Other Supplementary Information

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Budgetary Comparison Schedule - Debt Service
For the Year Ended June 30, 2024
(Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 85,581	\$ 84,837	\$ 85,701	\$ 864
Total revenues	<u>85,581</u>	<u>84,837</u>	<u>85,701</u>	<u>864</u>
EXPENDITURES				
Current:				
Other expenditures	170,259	170,510	87,042	(83,468)
Total expenditures	<u>170,259</u>	<u>170,510</u>	<u>87,042</u>	<u>(83,468)</u>
Excess (deficiency) of revenues over expenditures	<u>(84,678)</u>	<u>(85,673)</u>	<u>(1,341)</u>	<u>84,332</u>
OTHER FINANCING SOURCES				
Premium on bonds sold	<u>1,600</u>	<u>1,600</u>	<u>1,299</u>	<u>(301)</u>
Net change in fund balances	<u>(83,078)</u>	<u>(84,073)</u>	<u>(42)</u>	<u>84,031</u>
Fund balance -- June 30, 2023	<u>83,078</u>	<u>84,073</u>	<u>84,073</u>	<u>-</u>
Fund balance -- June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,031</u>	<u>\$ 84,031</u>

Budgetary Comparison Schedule - Capital Improvements
For the Year Ended June 30, 2024
(Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance</u> <u>Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 79,000	\$ 85,000	\$ 85,000	\$ -
Total revenues	<u>79,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
EXPENDITURES				
Current:				
Purchased services	73,929	79,116	50,357	(28,759)
Supplies	25,028	26,784	19,931	(6,853)
Property	7,821	8,370	5,069	(3,301)
Other expenditures	4	4	-	(4)
Total expenditures	<u>106,782</u>	<u>114,274</u>	<u>75,357</u>	<u>(38,917)</u>
Excess (deficiency) of revenues over expenditures	<u>(27,782)</u>	<u>(29,274)</u>	<u>9,643</u>	<u>38,917</u>
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year	4,000	4,000	1,931	(2,069)
Fund Net change in fund balances	(23,782)	(25,274)	11,574	36,848
Fund balance -- June 30, 2023	<u>23,782</u>	<u>25,274</u>	<u>23,821</u>	<u>-</u>
Fund balance -- June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,395</u>	<u>\$ 35,395</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule -Special Revenue Funds For the Year Ended June 30, 2024 (Thousands)

	BUILDING FUND				CHILD NUTRITION FUND			
	Original	Final	Actual (Budgetary Basis)	Variance Final Budget	Original	Final	Actual (Budgetary Basis)	Variance Final Budget
REVENUES								
Local and intermediate sources	\$ 17,282	\$ 16,794	\$ 18,621	\$ 1,827	\$ 2,545	\$ 3,205	\$ 3,941	\$ 736
State program revenues	1,101	1,877	2,233	356	2,400	2,400	2,367	(33)
Federal program revenues	-	-	-	-	18,310	19,881	19,022	(859)
Total revenues	<u>18,383</u>	<u>18,671</u>	<u>20,854</u>	<u>2,183</u>	<u>23,255</u>	<u>25,486</u>	<u>25,330</u>	<u>(156)</u>
EXPENDITURES								
Current:								
Salaries	8,679	8,679	8,585	(94)	7,807	10,289	10,619	330
Benefits	2,181	2,181	2,368	187	2,904	3,827	3,343	(484)
Purchased services	10,152	10,152	8,437	(1,715)	11,449	11,449	11,271	(178)
Supplies	919	919	568	(351)	361	390	172	(218)
Property	27	27	17	(10)	73	84	-	(84)
Other expenditures	753	753	767	14	-	-	-	-
Total expenditures	<u>22,711</u>	<u>22,711</u>	<u>20,742</u>	<u>(1,969)</u>	<u>22,594</u>	<u>26,039</u>	<u>25,405</u>	<u>(634)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,328)</u>	<u>(4,040)</u>	<u>112</u>	<u>4,152</u>	<u>661</u>	<u>(553)</u>	<u>(75)</u>	<u>478</u>
OTHER FINANCING SOURCES								
Lapsed appropriations from prior year and fund transfer	325	379	392	13	100	100	11	(89)
Net change in fund balances	<u>(4,003)</u>	<u>(3,661)</u>	<u>504</u>	<u>4,165</u>	<u>761</u>	<u>(453)</u>	<u>(64)</u>	<u>389</u>
Fund balance -- June 30, 2023	<u>6,528</u>	<u>6,169</u>	<u>6,169</u>	<u>-</u>	<u>39</u>	<u>1,253</u>	<u>1,253</u>	<u>-</u>
Fund balance -- June 30, 2024	<u>\$ 2,525</u>	<u>\$ 2,508</u>	<u>\$ 6,673</u>	<u>\$ 4,165</u>	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 1,189</u>	<u>\$ 389</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet

General Fund

June 30, 2024

(Thousands)

	General Fund	Workers Compensation Fund	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 52,809	\$ 2,156	\$ 54,965
Investments	87,622	-	87,622
Receivables net of allowance for uncollectibles	145,125	-	145,125
Lease receivable	-	-	-
Inventories and prepaid items	2,671	-	2,671
Total Assets	288,227	2,156	290,383
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	46,698	13	46,711
Claims and judgments	-	263	263
Total liabilities	46,698	276	46,974
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	117,875	-	117,875
Unavailable revenue	6,597	-	6,597
Lease revenue	-	-	-
Total deferred inflows of resources	124,472	-	124,472
FUND BALANCES			
Non-spendable			
Inventories and prepaids	2,671	-	2,671
Restricted			
Federal and state allocation carryover	3,386	-	3,386
Assigned			
Purchases on order	5,008	-	5,008
Unassigned	105,991	1,880	107,871
Total fund balances	117,057	1,880	118,937
Total liabilities, deferred inflows of resources and fund balances	\$ 288,227	\$ 2,156	\$ 290,383

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances General Fund For the Year Ended June 30, 2024 (Thousands)

	General Fund	Workers Compensation Fund	Total General Fund
REVENUES			
Property taxes	\$ 112,645	\$ -	\$ 112,645
Other local sources	6,665	-	6,665
Intermediate sources	10,943	-	10,943
Fees and charges	2,716	-	2,716
State aid	176,786	-	176,786
Federal aid	88,046	-	88,046
Earnings (Loss) on investments	6,300	-	6,300
Miscellaneous	939	1,500	2,439
Total revenues	<u>405,040</u>	<u>1,500</u>	<u>406,540</u>
EXPENDITURES			
Current:			
Instruction and instruction-related services	182,682	1,418	184,100
Support services - student and staff	63,308	88	63,396
Instructional and school leadership	28,163	59	28,222
Administrative support services	27,739	65	27,804
Operation of non-instructional services	5,427	265	5,692
Operation and maintenance of plant services	26,408	294	26,702
Student transportation services	12,113	58	12,171
Facilities acquisition and construction services	21,338	-	21,338
Capital Outlay			
Facilities acquisition and construction services	20,449		20,449
Total expenditures	<u>387,627</u>	<u>2,247</u>	<u>389,874</u>
Excess (deficiency) revenues over expenditures	<u>17,413</u>	<u>(747)</u>	<u>16,666</u>
OTHER FINANCING SOURCES			
Insurance recoveries	284	-	284
Proceeds from sale of capital assets	6	-	6
Total other financing sources	<u>290</u>	<u>-</u>	<u>290</u>
Net change in fund balances	<u>17,703</u>	<u>(747)</u>	<u>16,956</u>
Fund balances -- June 30, 2023	99,354	2,627	101,981
Fund balances -- June 30, 2024	<u>\$ 117,057</u>	<u>\$ 1,880</u>	<u>\$ 118,937</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Balance Sheet
Nonmajor Funds
June 30, 2024
(Thousands)**

	Special Revenue Funds						Permanent Fund	
	Building Fund	Child Nutrition Fund	Gifts Fund	Flexible Benefit Fund	Arbitrage Fund	Student Activities Fund	Endowment Fund	Total Nonmajor Funds
ASSETS								
Cash and cash equivalents	\$ 5,175	\$ 4,699	\$ 1,590	\$ 2	\$ 13	\$ 4,740	\$ -	\$ 16,219
Investments	3,421	-	995	-	-	-	24	4,440
Receivables net of allowance for uncollectibles	17,795	792	25	-	-	2	-	18,614
Lease receivable	297	-	-	-	-	-	-	297
Inventories and prepaid items	-	648	46	-	-	-	-	694
Total Assets	<u>26,688</u>	<u>6,139</u>	<u>2,656</u>	<u>2</u>	<u>13</u>	<u>4,742</u>	<u>24</u>	<u>40,264</u>
LIABILITIES								
Liabilities:								
Accounts payable and accrued liabilities	787	2,710	97	-	-	-	-	3,594
Total liabilities	<u>787</u>	<u>2,710</u>	<u>97</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,594</u>
DEFERRED INFLOWS OF RESOURCES								
Succeeding year property tax	16,839	-	-	-	-	-	-	16,839
Unavailable revenue	768	470	-	-	-	-	-	1,238
Lease revenue	286	-	-	-	-	-	-	286
Total deferred inflows of resources	<u>17,893</u>	<u>470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,363</u>
FUND BALANCES								
Non-spendable								
Inventories and prepaids	-	648	46	-	-	-	-	694
Endowments	-	-	-	-	-	-	24	24
Restricted								
Building	8,008	-	-	-	-	-	-	8,008
Child nutrition	-	2,311	-	-	-	-	-	2,311
Gifts	-	-	2,513	-	-	-	-	2,513
Flexible benefit	-	-	-	2	-	-	-	2
Arbitrage	-	-	-	-	13	-	-	13
Student activities	-	-	-	-	-	4,742	-	4,742
Total fund balances	<u>8,008</u>	<u>2,959</u>	<u>2,559</u>	<u>2</u>	<u>13</u>	<u>4,742</u>	<u>24</u>	<u>18,307</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,688</u>	<u>\$ 6,139</u>	<u>\$ 2,656</u>	<u>\$ 2</u>	<u>\$ 13</u>	<u>\$ 4,742</u>	<u>\$ 24</u>	<u>\$ 40,264</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Funds For the Year Ended June 30, 2024 (Thousands)

	Special Revenue Funds						Permanent Fund	
	Building Fund	Child Nutrition Fund	Gifts Fund	Flexible Benefit Fund	Arbitrage Fund	Student Activities Fund	Endowments Fund	Total Nonmajor Funds
REVENUES								
Property taxes	\$ 16,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,070
Other local sources	-	-	846	-	-	2,368	-	3,214
Fees and charges	33	3,903	-	-	-	160	-	4,096
State aid	2,233	2,367	-	-	-	-	-	4,600
Federal aid	-	20,507	-	-	-	-	-	20,507
Earnings (Loss) on investments	1,481	64	83	-	-	65	-	1,693
Miscellaneous	1,205	3	25	-	-	(3)	-	1,230
Total revenues	<u>21,022</u>	<u>26,844</u>	<u>954</u>	<u>-</u>	<u>-</u>	<u>2,590</u>	<u>-</u>	<u>51,410</u>
EXPENDITURES								
Current:								
Instruction and instruction-related services	-	-	408	-	-	1,272	-	1,680
Support services - student and staff	39	-	173	-	-	949	-	1,161
Instructional and school leadership	-	-	7	-	-	48	-	55
Administrative support services	780	-	513	-	-	15	-	1,308
Operation of non-instructional services	-	25,875	28	-	-	214	-	26,117
Operation and maintenance of plant services	19,472	-	-	-	-	-	-	19,472
Student transportation services	-	-	33	-	-	67	-	100
Facilities acquisition and construction services	318	-	-	-	-	-	-	318
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital Outlay								
Operation and maintenance of plant services	-	-	-	-	-	-	-	-
Total expenditures	<u>20,609</u>	<u>25,875</u>	<u>1,162</u>	<u>-</u>	<u>-</u>	<u>2,565</u>	<u>-</u>	<u>50,211</u>
Excess (deficiency) revenues over expenditures	<u>413</u>	<u>969</u>	<u>(208)</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>1,199</u>
OTHER FINANCING SOURCES								
Lease	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	14	-	-	-	-	-	-	14
Net change in fund balances	<u>427</u>	<u>969</u>	<u>(208)</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>1,213</u>
Fund balances -- June 30, 2023	7,581	1,990	2,767	2	13	4,717	24	17,094
Fund balances -- June 30, 2024	<u>\$ 8,008</u>	<u>\$ 2,959</u>	<u>\$ 2,559</u>	<u>\$ 2</u>	<u>\$ 13</u>	<u>\$ 4,742</u>	<u>\$ 24</u>	<u>\$ 18,307</u>