



Tulsa Public Schools
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013



Excellence and High Expectations with a Commitment to All

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

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T U L S A

PUBLIC SCHOOLS

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

*Prepared by the
Department of Financial Services*

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

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

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

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TULSA PUBLIC SCHOOLS
2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



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Board of Education

President

Ruth Ann Fate

Members

Lana Turner-Addison
Wilbert Collins
Bobbie Gray-Elliott
Leigh Goodson
Lois Jacobs
Gary Percefull

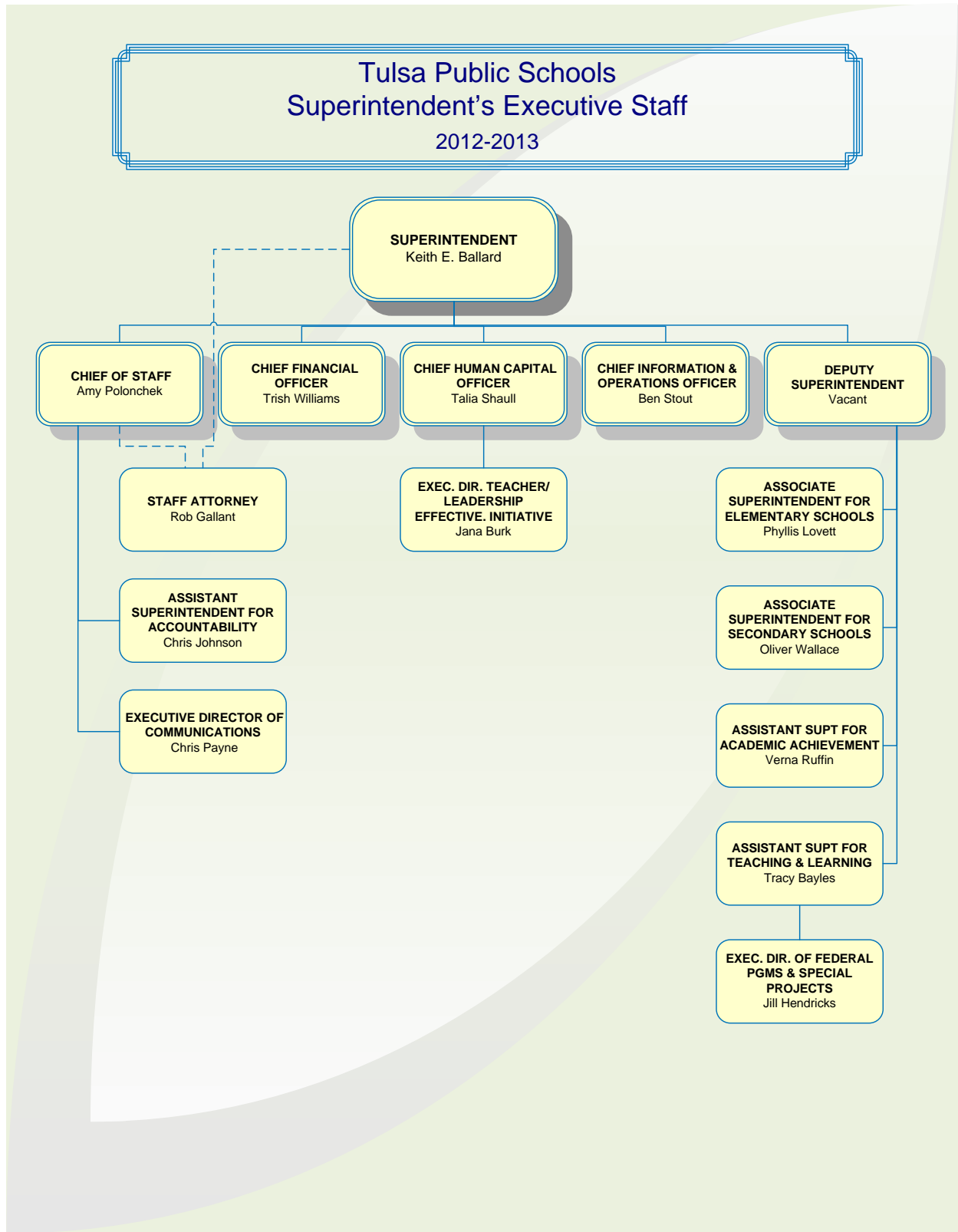
Keith E. Ballard, Ed.D.
Superintendent

Patricia K. Williams
Chief Financial Officer

George P. Stoeppelwerth
Director of Finance
Treasurer

Janet L. Jamison, CPA
Director of Accounting
Encumbrance Clerk

INTRODUCTORY SECTION: ORGANIZATIONAL CHART



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



Before becoming the Superintendent of Tulsa Public Schools in 2008, Dr. Keith Ballard was Executive Director of the Oklahoma State School Boards Association (OSSBA). He has more than 40 years of service in public education. Dr. Ballard began his educational career in 1972 as a teacher in Coweta Public Schools. He moved to Oologah, Oklahoma, in 1974 where he taught and served in several administrative positions including Superintendent from 1986 until 1992. Dr. Ballard then moved to Claremore where he served as Superintendent of Claremore Public Schools before assuming the position with OSSBA on January 1, 2000.

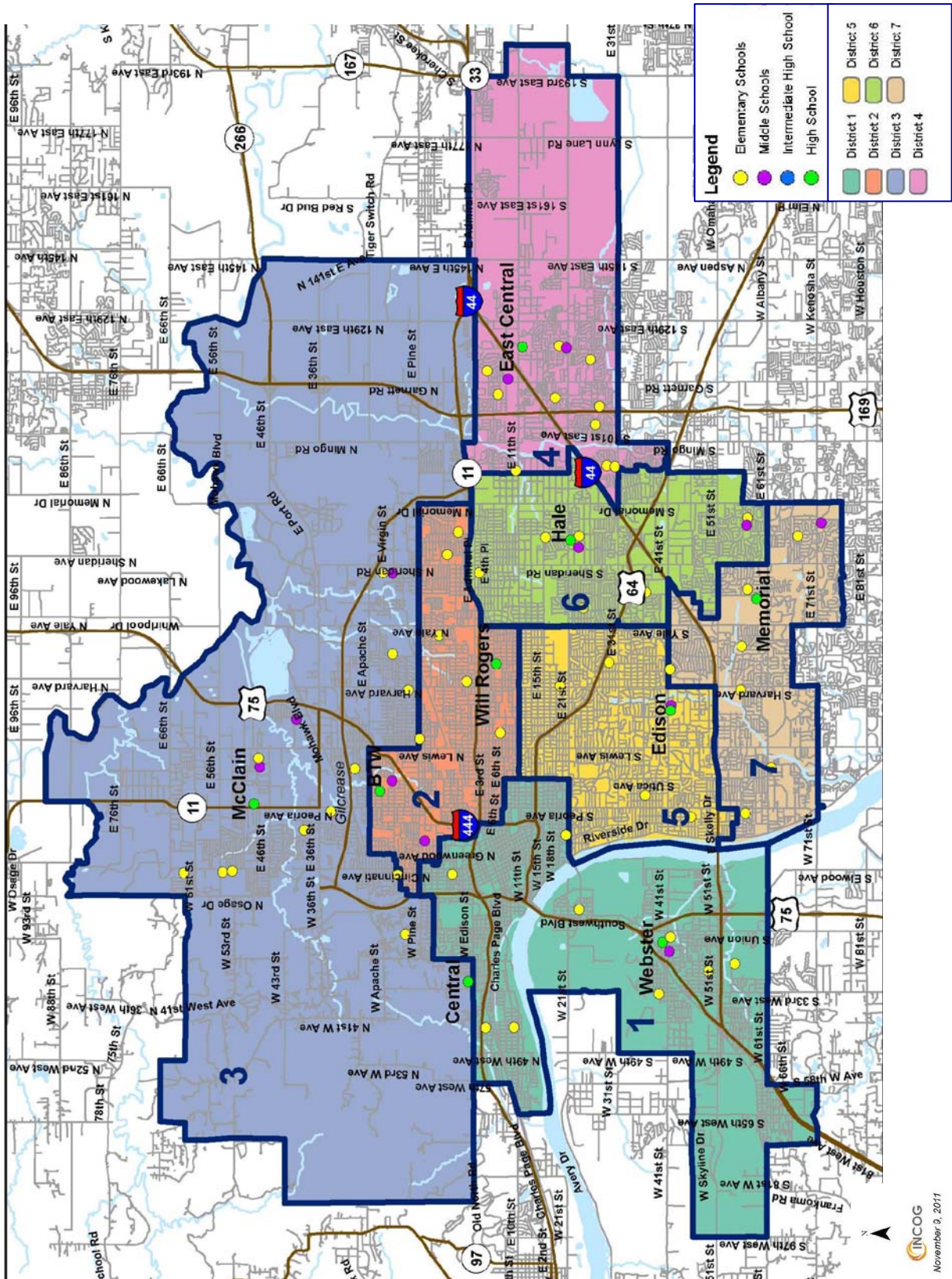
He holds a Bachelor of Arts Degree in Psychology and Speech from Fort Hays State University in Hays, Kansas; a Master's Degree as a Reading Specialist from Northwestern Oklahoma State University in Alva, Oklahoma; and a Doctorate in Educational Administration from Oklahoma State University in Stillwater,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

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

Dr. Ballard has also been active for several years with the Oklahoma State Legislature regarding educational issues. He meets regularly with key legislators and other state leaders to help shape educational legislation and policy. Dr. Ballard has served on several committees to study statewide educational issues including School Funding Formula, All-Day Kindergarten, Mid-term Adjustment, Hold-Harmless, Gifted and Talented, and English as a Second Language.

Dr. Ballard has been honored as being named one of NSBA's "Executive Educator 100" in 1988, "Who's Who in American Education" and "Who's Who Among Top Executives." Dr. Ballard was named COOSA District 5 Administrator of the Year for 2010. He has also been asked to serve as a juror for the 2011 Brock International Prize in Education. Dr. Ballard was inducted into the Oklahoma Educator's Hall of Fame in 2011. In August 2012, he received the State Superintendent's Award for Tulsa's CareerTech programs for outstanding achievement in the delivery of career and technology education in comprehensive schools. In 2011, he was inducted into the Oklahoma Educators Hall of Fame, and he was named "Tulsan of the Year" by TulsaPeople magazine in the January 2012 issue. Dr. Ballard recently accepted the Innovative Schools Award at the Big Picture Principals Conference in San Diego, as well as the Excellence in Educational Leadership Award by the University Council for Educational Administration.








Tulsa Public Schools
Board Member Districts



INCOG
November 9, 2011

INTRODUCTORY SECTION: BOARD MEMBER PROFILES

Color Legend for Board Member Districts Map

	District 1 – Gary Percefull		District 5 – Leigh Goodson
	District 2 – Wilbert E. Collins, Sr.		District 6 – Ruth Ann Fate
	District 3 – Lana Turner-Addison		District 7 – Lois Jacobs
	District 4 – Bobbie Gray-Elliott		



Back: Wilbert Collins, Bobbie Gray-Elliott, Lois Jacobs, Gary Percefull
Front: Leigh Goodson, Lana Turner-Addison, Ruth Ann Fate

District 1 – Gary Percefull

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

District 2 – Wilbert E Collins, Sr.

Mr. Collins was appointed to his post in July 2012. His term will expire February 2017. Mr. Collins graduated from Booker T. Washington High School (Class of 1959). After graduating from Tulsa Junior College, he entered the U.S. Army where he was selected to attend the Sergeants Major Academy at Fort Bliss Army Base located in El Paso, Texas. He graduated there in 1989 and served a combined 27 years on active and reserve duty for the U.S. Army, retiring as a Command Sergeant Major. Mr. Collins was elected as the first African-American county commissioner for Tulsa in 1998, where he initiated the passing of “4 to Fix the County” and “Vision 2025” projects. He is a lifetime member of the historic 103 year old Mt. Zion Baptist Church where he has served as a trustee for more than 30 years and a deacon for three years. Mr. Collins has served as Morton Health Center Chairman of the Board, served on the Board of American State Bank and served as a member of Neighbor for Neighbor. He is currently President of the Business Industrial Development Corporation and a 33rd Degree Mason. Schools in Mr. Collins' election district are Burroughs, Kendall-Whittier, McKinley, Mitchell, Owen, Sequoyah and Springdale Elementary Schools; Carver Middle School; and Will Rogers College Junior High & High School and Booker T. Washington High School.

District 3 – Lana Turner-Addison

Dr. Turner-Addison was elected to her post in April 2005. Her term will expire February 2017. Dr. Turner-Addison earned an Associate Degree at Oklahoma Junior College; has a Bachelor's Degree in Accounting, a Master's Degree in Urban Education from Langston University. She earned a Doctoral degree at Oklahoma State University. She was formerly employed at OSU-Tulsa as the Community Relations Manager and at the City of Tulsa as the Director of Human Rights. Dr. Turner-Addison is a Leadership Tulsa graduate. She has served as Board Chair for Rotary Club of North Tulsa and is the Public Relations Chair for the Martin Luther King Commemorative Society and Chair of the North Tulsa Economic Development Initiative. She is involved and/or volunteers with CARA, YMCA, Modern Woodsmen of America, Salvation Army North Mabee Center, Urban League, Tulsa Talks, Junior Achievement and Going to the Arts for Tulsa Kids. Schools in Dr. Turner-Addison's election district include ECDC Bunche; Academy Central, Anderson, Celia Clinton, Gilcrease, Hamilton, Hawthorne, Jackson, Penn, and Whitman Elementary Schools; Dual Language Program; Monroe Demonstration Academy; Central and McLain Junior High Schools; Central and McLain High Schools; and Early College High, Phoenix Rising, TRAICE Middle, TRAICE High, Tulsa Met Junior High, and Tulsa Met High Alternative Schools.

District 4 – Bobbie Gray-Elliott

Mrs. Gray-Elliott was appointed to the Board of Education in the spring of 1996. She ran unopposed February 1998, 2002 and 2006. In 2010, she lost the election by a very small margin. After 18 months, the board seat was vacated by resignation and Mrs. Gray-Elliott was reappointed by a unanimous vote of the board in September of 2012. Mrs. Gray-Elliott has lived in East Tulsa for 30 years. During that time she has been deeply involved in her community including serving on the Riverside Task Force, Citizens for Tulsa, Home Ownership Tulsa, TMAPC (Tulsa Metropolitan Area Planning Commission), the Mayor's Substandard Housing Task Force, East Tulsa Prevention Coalition and more. She has been a realtor for Keller Williams Realty for 31 years. Her past and present leadership roles in all venues of her life are numerous. Schools in Ms. Gray-Elliott's election district include Columbus, Cooper, Disney, Kerr, Lewis & Clark, Lindbergh, and Peary Elementary Schools; East Central Junior High; and East Central High School.

District 5 – Leigh Goodson (Vice President)

Ms. Goodson's term will expire February 2016. Leigh B. Goodson is Vice President for Research and Institutional Advancement and School Head/Associate Professor, Health Care Administration for OSU Tulsa and OSU Center for Health Sciences. As vice president for research, Leigh oversees the Office of Research and Sponsored Programs. Leigh works closely with the OSU administration regarding state government relations and makes frequent trips to Oklahoma City and Washington, D.C. to foster relationships with state and national legislators. As an active member of the community Leigh serves on the YMCA of Greater Tulsa Metro Board of Directors, YMCA Camp Takatoka Advisory Board, the Center for Legislative Excellence and is also a parent volunteer for Tulsa Public Schools. Leigh is a graduate of Leadership Oklahoma (Class of 2010) and Leadership Tulsa, and has a Ph.D. in Educational Research and a B.A. in Political Science from OSU Stillwater, OK and an M.S. in Organizational Communication from Fort Hays University, Fort Hays, Kansas. Leigh is a native of Tulsa, OK. Schools in Ms. Goodson's election district include Eisenhower International, Eliot, Lanier, and Wright Elementary Schools; Mayo Demonstration School; and Edison Preparatory School.

District 6 – Ruth Ann Fate (President)

Ms. Fate was first elected to her post in April 1996. She served as president of the Board of Education from February 1999 through February 2002. Her term will expire February 2016. She is a life-long Oklahoman, graduating from high school in Miami, Oklahoma, and attending Oklahoma University. Ms. Fate is a charter member of Bethany Christian Church (Disciples of Christ) and a founding member of the Bethany Community pre-school where she taught for ten years. An involved community volunteer, Ms. Fate is on the Board of Trustees for the National Conference for Community and Justice and currently serves as a Docent for the Philbrook Museum of Art. She served as the president of that organization during 1993 and 1994. Ms. Fate is now a trustee of the Philbrook Museum Board, is the past president and a member of the Board of Arts and Humanities Council, is the president of OU College of Education Board of Advocates, is an advisory board member for the Center for Counseling and also for the Tulsa Arboretum and serves on the Phillips Theological Seminary board. Schools in Ms. Fate's election district include Bell, Bell Primary, Hoover, Jones, MacArthur and Salk Elementary Schools; Zarrow International School; Hale and Memorial Junior High Schools; Hale High School; and Margaret Hudson and Street School Alternative Schools.

District 7 – Lois Jacobs

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



December 16, 2013

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

The Comprehensive Annual Financial Report (CAFR) of the Independent School District No. I-1, Tulsa Public Schools, ("District"), for the fiscal year ended June 30, 2013, is hereby submitted. The CAFR has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of the District. Disclosures necessary to enable the reader to gain understanding of such financial operations have been included. The Management's Discussion and Analysis (MD&A) section provides a brief overview of these financial reports. This transmittal letter is designed to be read in conjunction with the MD&A.

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

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

PROFILE OF THE TULSA PUBLIC SCHOOLS

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

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

Tulsa Public Schools is a 173 square mile school district serving the city of Tulsa, the county seat of Tulsa County and the surrounding area in Tulsa, Creek, Osage and Wagoner Counties. The Tulsa Metropolitan Area (MSA) supports a population of 951,880 (2012). Approximately 94 percent of the District is located

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

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

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

Tulsa Public Schools is the second largest public school district in the state of Oklahoma, with an enrollment (ADM) of 39,596 students (excluding approximately 679 charter school students) in fiscal year 2012-13. The District is projecting a slight increase in student enrollment to 39,968 in 2013-14.

As of June 30, 2013 the District employs 6,707 employees of which 2,763 are certified teachers and 202 are certified administrators and 3,715 are support personnel and 27 are support administration. In addition, an estimated 5,000 volunteers offer their services to the District.

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

During FY 2012-13 programs were delivered through 56 elementary schools, 11 middle/junior high schools, and 9 high schools plus 10 alternative school sites. The District contracted with three charter school organizations, Tulsa School for the Arts and Sciences, Lighthouse, and KIPP, during this time. In addition, eight early childhood programs are delivered at school sites operated by not-for-profits or partnerships with county agencies working in cooperation with the District.

Program delivery occurs during the regular school calendar of 177 days (or 1,105 hours) of instruction annually with six elementary schools currently following a Continuous-Learning Calendar (CLC) schedule which distributes these days/hours through a 12-month calendar instead of the traditional 9-month calendar. The District also delivers programs through evening school operating year round and through summer school. During 2010-11, the District launched a virtual academy for secondary students. During 2012-13, 218 students were enrolled in the on-line program.

ECONOMIC OUTLOOK

During FY 2012-13 the State collected approximately \$11.23 billion in revenues, an increase of \$240.5 million or slightly over 2% from FY 2011-12. Most major revenue categories grew from prior year levels with sales tax revenues increasing 4.1% and gross income taxes ending the year 7.0% above 2012. Gross production taxes on gas and oil declined by 20.3% from 2012 collections, and motor vehicle collections declined 2.1% from the previous year.

Oklahoma voters approved the creation of a state lottery in 2004. In FY 2012-13, the State's lottery games were forecasted to collect total proceeds of \$200 million. From these revenues, \$70.0 million was estimated to be transferred to the Oklahoma Education Lottery Trust Fund, with \$31.5 million dedicated to support common education.

The City of Tulsa General Fund revenue collections in 2013 totaled \$257.7 million, compared with \$256.9 million in 2012. Sales taxes, the largest source of revenue for the City, increased by 3.6% or \$7.9 million in 2013.

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

Despite the indications of a slow economic recovery, the Tulsa area had an unemployment rate of 5.2% in August 2013. The Tulsa Metropolitan Area unemployment rate continues to be about 2% below the national rate. Oklahoma's unemployment rate continues to be around the 7th lowest in the nation at 5.3%.

For 2013-14, state appropriations of \$7.159 billion reflect an increase of \$284.8 million (4.1%) from the final 2012-13 appropriation. In comparative terms, state appropriations for FY 14 will be .5% above FY 2009 levels. The FY 14 state budget includes \$126.3 million in one-time fund transfers and \$45 million from the Rainy Day Fund for Tornado relief. Total Common Education appropriations increased from FY 2012-13 by 1.8% to \$2,407.6 billion. Dollars appropriated to the state aid funding formula increased by \$21.5 million (1.2%) to \$1,837.6 billion.

By most estimates this modest increase to formula funds will not cover the loss to schools' ad valorem revenue that resulted from the passage of SQ 766 in November 2012. By exempting centrally assessed intangible property across the state, this ballot question is estimated to cost schools from \$28-58 million annually in ad valorem revenue.

Finally, the share of the state budget allocated to common education continues to decline to 33.8% in FY 2014, from 34.4% in 2013. In fact, the 2014 level is the lowest share of the budget for Common Ed since FY 2000. Formula funding remains \$213 million below FY 2008 levels, despite an increase of 30,000 students statewide.

MAJOR INITIATIVES

During FY 2012-13, the Board of Education and administrative staff worked closely together on a number of school improvement initiatives, despite the state's continuing economic uncertainty. The District's General Fund preliminary budget for 2012-13 was \$303,889 thousand, a reduction of \$14.8 million (4.7%) from the prior year. The reduction reflects the loss of federal Education Jobs and ARRA funds. Major initiatives during the year included the development and passage of the District's "Smart and Secure Schools" Bond package, continuation of the Project Schoolhouse plan, and the development of the Innovation Zone and Growing Together schools.

Planning for the Smart and Secure Schools Bond issue began in the fall of 2012. The \$38 million package focused on improving classroom technology and infrastructure, as well as installing fire sprinklers in 11 buildings and district-wide school security systems. This issue, which was in addition to the 2010 bond series, was designed to establish a standard classroom technology configuration to achieve a 3:1 student-to-computer ratio. All teachers and principals would be provided with tablet devices and curriculum for classroom use. Multi-function printing devices (MFD's) will also be upgraded to provide more efficient printing services and improved functionality. Finally, the bond included funds to sprinkle several older wooden school buildings. The issue received overwhelming support, despite the fact that the proposal represented a tax increase of approximately \$40.50 per year on a \$100,000 home.

On September 5, 2012, a massive fire completely destroyed the former Barnard Elementary school site. The site had been vacated by the district in 2011 and at the time of the fire was leased to a TPS charter school. Fortunately the building was unoccupied at the time of the fire. The district relocated the charter, the Tulsa School of Arts and Sciences, to a vacant elementary building in the area.

Since 2011 the District has institutionalized the Project Schoolhouse (PSH) planning process to address under-enrolled schools, examine curriculum offerings, and ultimately develop a recommendation concerning the number of buildings and grade configurations for the Superintendent and Board approval. Under the PSH umbrella, underutilized schools have been vacated, repurposed, or sold in an ongoing effort to utilize district buildings more efficiently. During PSH 2012-13, several recommendations were made to the Board of Education. A centralized enrollment center will be housed in the vacated Eisenhower elementary building, adjacent to the Education Service Center. The District also plans to

INTRODUCTORY SECTION: LETTER OF TRANSMITTAL

repurpose a closed elementary building as a seventh grade center to relieve overcrowding at McLain Junior High school.

Two important school improvement initiatives began with planning in 2012-13 – the Innovation Zone and Growing Together. The Innovation Zone includes schools in the McLain High School feeder pattern (the High School, Junior High, and 7th Grade Academy, along with 6 elementary school sites). In a partnership with Harvard University's EdLabs, the 2013-14 year will function as a planning year to determine specific steps to improve student performance in these schools. It is likely that the final design will incorporate a longer school day, intensive tutoring, and intense efforts to assure elementary students are on grade level before moving into secondary grade levels. A second partnership within the District – Growing Together – is a collaboration with a local nonprofit, Community Action Project. Originally envisioned in the form of a Promise Neighborhood grant that did not receive federal funding, the local philanthropic community committed to support the initiative. Growing Together will revitalize schools and neighborhoods in the Rogers College High School feeder pattern.

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

During FY 2008-09, TPS applied for, and was accepted as a Teach for America (TFA) district. Patterned after the Peace Corps, TFA recruits students from the top colleges and universities across the country to accept two-year teaching assignments in urban schools. TPS was originally awarded placement of 50 TFA teachers, and the local philanthropic community agreed to sponsor an additional group of approximately 25 new teachers. In early 2011, TFA announced plans to locate their Summer Institute in Tulsa. As the District entered the second year of the Summer Institute in 2012-13, 10 schools will provide approximately 3,000 children with a rigorous summer academic program.

Tulsa Public Schools continues to develop and promote four magnet high schools, created from a \$12 million federal grant received in 2008. These high schools include Central (Fine and Performing Arts), Hale (Restaurant, Lodging, and Health Management), McLain (Science and Technology), and Webster (Broadcasting and Digital Media). These new learning environments are designed to provide students with hands-on, real world learning experiences that integrate traditional subjects with specialized curricula. In May 2013, TPS hosted the Magnet Schools of America Conference, which attracted approximately 800 educators from across the country.

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

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

STRATEGIC PLANNING

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

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

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

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

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

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

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

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

AWARDS

In 2013, the Financial Services Department received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers’ Association (GFOA) for the June 30, 2012 Comprehensive Annual Financial Report (CAFR). To receive the Certificate of Achievement for Excellence, applicants must prepare a CAFR that meets rigorous program standards as well as generally accepted accounting principles and applicable statutory requirements. We believe that the CAFR for the year ended June 30, 2013 conforms to the Certificate of Achievement program requirements, and will submit this report to GFOA for review.

The Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting was also awarded for the June 30, 2012 Comprehensive Annual Financial Report (CAFR). This award recognizes school districts that produce a CAFR meeting the principles and standards of financial reporting as adopted by ASBO. We believe that the CAFR for the year ended June 30, 2013 meets these requirements, and will submit this report to ASBO in application for this esteemed award.

REVENUES

Tulsa Public School’s 2012-13 General Fund revenue totaled \$308.5 million. The primary funding source was the State of Oklahoma, with State revenue comprising 54 percent of the total, or \$165.1 million. Local and intermediate sources represented 32 percent of total revenue collections. Ad valorem tax revenue totaled \$81.0 million. Federal program revenue totaled \$41.5 million, representing 13 percent of total revenue.

Ad valorem tax revenues account for 93 percent of the Building Fund revenue and total \$11.5 million.

Child Nutrition Fund collects 76 percent of fund revenues from the Federal Nutrition Program, administered through the U.S. Department of Agriculture. Eighty-eight percent of TPS students participate in the federal free and reduced price lunch program.

CAPITAL PLANNING AND BOND FUNDS

The District continues to follow a 20 year Capital Improvement Plan developed in 1994 at the request of and with the input of the Citizen's Bond Development Committee. This plan addressed the needs of the 8 million square feet of space owned and maintained by Tulsa Public Schools.

The average age of the District's educational buildings is 54 years, and ninety-five percent of the buildings are thirty-four years old or older. Since 1996, voters have approved bonds totaling \$898.4 million for new facilities, technology, media centers, school buses and textbooks for all students. Bond issues have received strong community support. The District's bonds are rated by both Moody's (Aa2) and Standard & Poor's (AA).

On March 2, 2010, the citizens overwhelmingly approved a \$354 million bond package to fund \$261,415,000 for facility improvements, \$61,290,000 for classroom materials, \$19,600,000 for media centers and \$11,695,000 for transportation. As of June 30, 2013, the district had \$162 million in remaining bonds authorized.

On May 14, 2013, voters approved an additional \$38 million Smart and Secure Schools bond package, designed to enhance classroom and school technology, and address school safety issues.

FINANCIAL POLICIES AND CONTROLS

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

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

Financial Reports and Statements – Defines the periodic financial reporting requirements.

Types of Funds – Establishes separate funds for accounting purposes.

Depository of Funds/Banking Services – Establishes requirements for bidding and investment services.

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

Solicitation Requirements – Defines requirements for solicitations and competitive procurement.

Expense Reimbursement – Establishes authority for reimbursing employees for travel expenses.

Audit – Requires an independent annual audit be performed in accordance with Governmental Auditing Standards.

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

Budget Transfer Authority – Defines levels of authority and required approvals for budget transfers.

Statement of Income and Expenditures and the Related Budget Process – Establishes the timeline for preparing the Annual Statement of Income and Expenditures, and for preparing the Annual School District Budget Plan.

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

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

Budgetary Control – The objective of the District’s budgetary controls is to ensure compliance with legal appropriation limitations and to provide an operating plan for the District’s resources. The annual appropriated budget includes the General Fund, Special Revenue Funds, Capital Improvement Funds, and Debt Services Fund. Preliminary budgets are adopted at the commencement of the fiscal year with periodic amendments approved by the Board of Education. Budgetary control for accounts without a project is generally at the full account level. For accounts within a project the budgetary control is generally maintained by fund, project and site. These appropriated budgets represent the legally adopted fiscal plan of the District. Board of Education approval is required for budgetary transfers totaling \$25,000 and greater. The District utilizes an encumbrance system as a budgetary control mechanism.

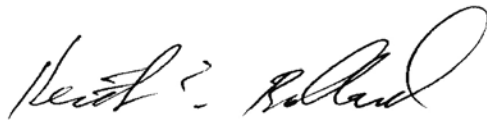
Capital projects activity is controlled with approval of the bond plans and is monitored by individual bond project budgets. The Citizen Bond Oversight Committee reviews all bond project budgets and expenditure reports.

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,



Keith E. Ballard, Ed.D.
Superintendent



Patricia K. Williams
Chief Financial Officer



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Financial Services Department

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



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date June 17, 2013

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Association of School Business Officials International



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

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

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



A handwritten signature in black ink, reading 'Ron McCulley'.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

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FINANCIAL SECTION



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Independent Auditors' Report

To the Board of Education
Tulsa Public Schools
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tulsa Public Schools (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2013 the District adopted several new accounting pronouncements issued by the Governmental Accounting Standards Board, including GASB Statements No. 63 and 65. The provisions of GASB Statements No. 63 and 65 required the District to retroactively restate its 2012 financial statements upon adoption. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other 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 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 combining financial statements and other schedules have 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 financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report (under separate cover) dated December 16, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Oklahoma City, Oklahoma
December 16, 2013

Cole & Reed P.C.

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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, 2013. 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 2013 year end, total fund balance was \$128.7 million, an increase of \$5.9 million, primarily due to general fund revenues exceeding expenditures by \$8.4 million.

During the fiscal year, the District issued \$48 million in debt offerings to further fund capital improvements and acquisitions while our overall credit rating remained strong. The District was issued an "Aa2" rating from Moody's and an "AA" rating from Standard and Poor's for the general obligation bonds issued during the year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46 through 68 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. The required supplementary information can be found on pages 71 and 72 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 exceeded liabilities by \$400.1 million as of June 30, 2013 and \$371.1 million as of June 30, 2012, an increase of \$29 million, or 7.8%.

The largest portion of the District's net position (76%) reflects its investment in capital assets (e.g. land, buildings, vehicles, furniture 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.

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

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,		
	2013	2012	2011
	(millions)		
Current assets	\$ 174.2	\$ 168.6	\$ 188.0
Capital assets, net	489.8	456.8	398.1
Other non current assets	7.3	6.7	-
Total assets	671.3	632.1	586.1
Current liabilities	102.4	101.0	105.2
Long-term liabilities	168.8	160.0	144.6
Total liabilities	271.2	261.0	249.8
Net position:			
Net investment in capital assets	303.4	280.2	262.4
Restricted	53.9	54.5	52.7
Unrestricted	42.8	36.4	21.2
Total net position	\$ 400.1	\$ 371.1	\$ 336.3

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

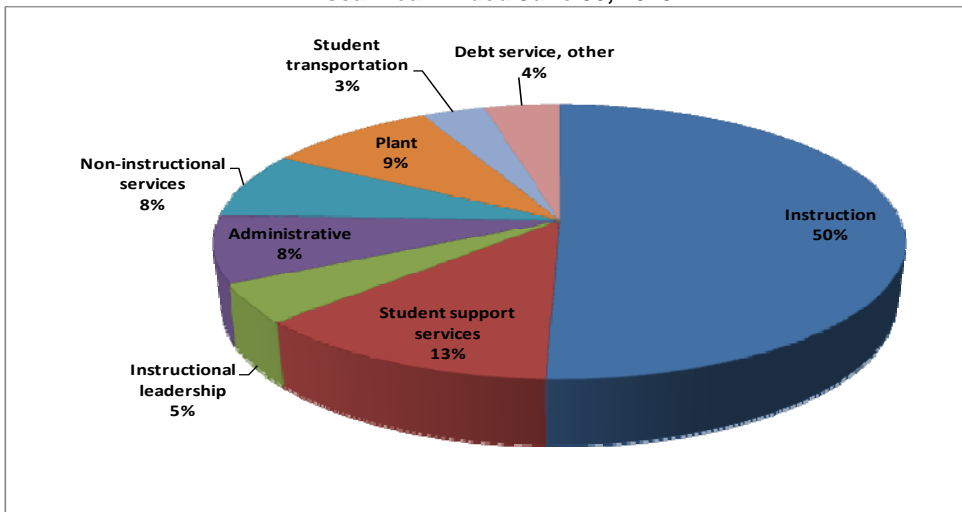
- Net investment in capital assets increased \$23.2 million over the prior fiscal year, representing significant progress in the completion of school building renovations.
- Unrestricted net position increased \$6.1 million over the prior fiscal year primarily due to the increase in general fund cash and investment of \$7.9 million.

Changes in net position. The District's total revenues were \$399.5 million, a decrease of \$7.2 million from the prior fiscal year total of \$406.7 million. The total cost of all programs and services was \$370.5 million and \$371.9 million for the fiscal years ended June 30, 2013 and 2012, respectively. The following table presents a summary of the change in net assets for the fiscal years ended June 30, 2013, 2012, and 2011:

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

	Statement of Activities		
	2013	2012	2011
	(millions)		
Revenues:			
Program revenues:			
Charges for services	\$ 7.6	\$ 7.2	\$ 8.5
Operating grants and contributions	74.6	87.5	97.4
Capital grants and contributions	-	0.1	0.2
General revenues:			
Property taxes	144.6	141.1	139.5
State aid - formula grants	97.2	97.9	94.4
County revenue	10.2	9.6	9.4
Dedicated state revenue	63.4	61.4	57.5
Unrestricted investment earnings	0.4	0.6	0.9
Gain on sale of real estate	-	0.4	-
Gain on early lease payoff	-	0.4	-
Other local revenue	1.5	0.5	0.5
Total revenues	399.5	406.7	408.3
Expenses:			
Instruction and instruction-related services	187.0	191.9	211.2
Support services - student and staff	46.9	46.9	51.7
Instructional and school leadership	17.1	17.0	17.2
Administrative support services	28.7	29.1	27.1
Operation of non-instructional services	28.5	28.8	26.1
Operation and maintenance of plant services	34.4	36.4	36.5
Student transportation services	12.8	13.7	13.0
Facilities acquisition and construction services	7.0	2.0	2.4
Charter schools	4.2	1.3	1.5
QSCB interest	1.0	1.1	-
Interest on long-term debt	2.9	3.7	4.5
Total expenses	370.5	371.9	391.2
Increase in net position	29.0	34.8	17.1
Net position - ending	\$ 400.1	\$ 371.1	\$ 336.3

**District Expenses by Function – Governmental Funds
Fiscal Year Ended June 30, 2013**



FINANCIAL SECTION: MANAGEMENT’S DISCUSSION AND ANALYSIS

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

	Total Expense	Net Expense	% Net Expense
		(millions)	
Instruction and instruction-related services	\$ 187.0	\$ 138.5	48%
Support services - student and staff	46.9	41.4	14%
Instructional and school leadership	17.1	17.1	6%
Administrative support services	28.7	28.7	10%
Operation of non-instructional services	28.5	3.2	1%
Operation and maintenance of plant services	34.4	33.8	12%
Student transportation services	12.8	11.4	4%
Facilities acquisition and construction services	7.0	7.0	2%
Charter schools	4.2	4.2	2%
QSCB interest	1.0	-	-
Interest on long-term debt	2.9	2.9	1%
Total	\$ 370.5	\$ 288.2	100%

FINANCIAL ANALYSIS OF DISTRICT’S FUNDS

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

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

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

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

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

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The District maintains three significant governmental funds: General, Capital Projects, and Debt Service. The following schedules present a summary of the general fund, capital projects fund and debt service fund revenues and other financing sources by type and expenditures by program for the period ended June 30, 2013 as compared to June 30, 2012. They also depict the amount and percentage increases and decreases in relation to prior year revenues and other financing resources.

General Fund, Capital Projects Fund, Debt Service Fund combined

Total Revenues, Other Financing Sources and Expenditures
(Millions)

	2013 Amount	2012 Amount	2013 Percent Of Total	Increase (Decrease) From 2012	Percent Increase (Decrease) From 2012
Revenues:					
Property taxes	\$ 133.2	\$ 129.8	31.6%	3.4	2.6%
Other local sources	6.2	5.5	1.5%	0.7	12.7%
Intermediate sources	10.2	9.6	2.4%	0.6	6.3%
Fees and charges	1.9	1.8	0.4%	0.1	5.6%
State aid	165.1	164.9	39.2%	0.2	0.1%
Federal aid	42.5	60.1	10.1%	(17.6)	-28.0%
Earnings on investments	0.2	0.3	0.0%	(0.1)	-33.3%
Miscellaneous	2.1	1.9	0.5%	0.2	10.5%
Subtotal	<u>\$ 361.4</u>	<u>\$ 373.9</u>	<u>85.7%</u>	<u>(12.5)</u>	<u>-3.1%</u>
Other financing sources	60.3	65.0	14.3%	(4.7)	-8.8%
Total	<u><u>\$ 421.7</u></u>	<u><u>\$ 438.9</u></u>	<u><u>100.0%</u></u>	<u><u>(17.2)</u></u>	<u><u>-3.9%</u></u>
Expenditures:					
Instruction and instruction-related services	\$ 175.6	\$ 181.1	40.7%	(5.5)	-0.5%
Support services - student and staff	46.1	46.1	11.1%	-	0.0%
Instructional and school leadership	17.0	17.0	4.1%	-	0.0%
Administrative support services	25.2	26.2	6.0%	(1.0)	-3.8%
Operation of non-instructional services	0.5	1.0	0.2%	(0.5)	-66.7%
Operation and maintenance of plant services	23.9	25.4	5.7%	(1.5)	-5.9%
Student transportation services	13.1	13.9	3.1%	(0.8)	-5.8%
Facilities acquisition and construction services	51.6	81.3	12.4%	(29.7)	-36.5%
Charter schools	4.2	1.3	1.0%	2.9	223.1%
Debt service	54.8	54.1	13.1%	0.7	1.3%
Other	5.7	5.6	2.6%	0.1	-41.2%
Total	<u>\$ 417.7</u>	<u>\$ 453.0</u>	<u>100.0%</u>	<u>(35.3)</u>	<u>-7.8%</u>
Change in fund balance	<u><u>\$ 4.0</u></u>	<u><u>\$ (14.1)</u></u>			

General Fund

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

	2013 Amount	2012 Amount	2013 Percent Of Total	Increase (Decrease) From 2012	Percent Increase (Decrease) From 2012
Revenues:					
Property taxes	\$ 81.0	\$ 78.5	26.3%	2.5	3.2%
Other local sources	6.2	5.5	2.0%	0.7	12.7%
Intermediate sources	10.2	9.6	3.3%	0.6	6.3%
Fees and charges	1.9	1.8	0.6%	0.1	5.6%
State aid	165.1	164.9	53.5%	0.2	0.1%
Federal aid	41.5	59.0	13.5%	(17.5)	-29.7%
Earnings on investments	0.4	0.3	0.1%	0.1	33.3%
Miscellaneous	2.1	1.9	0.7%	0.2	10.5%
Revenues	<u>\$ 308.4</u>	<u>\$ 321.5</u>	<u>100.0%</u>	<u>(13.1)</u>	<u>-4.1%</u>
Other financing sources	0.0	0.0	0.0%	-	0.0%
Total	<u>\$ 308.4</u>	<u>\$ 321.5</u>	<u>100.0%</u>	<u>(13.1)</u>	<u>-4.1%</u>

Revenues decreased by \$13.1 million compared to 2012:

- **Property taxes** increased by \$2.5 million due to higher property valuations.
- **Federal aid** decreased by \$17.5 million due to programs in fiscal 2012 that did not continue in fiscal 2013; \$9.8 million of ARRA funding and \$4.6 million of Education Jobs funding. In addition, Improving Basic Programs declined by \$3.0 million in fiscal 2013 as compared to fiscal 2012.

**Expenditures
(Millions)**

	2013 Amount	2012 Amount	2013 Percent Of Total	Increase (Decrease) From 2012	Percent Increase (Decrease) From 2012
Instruction and instruction-related services	\$ 170.7	\$ 177.5	55.1%	(6.8)	-1.3%
Support services - student and staff	44.4	44.8	14.8%	(0.4)	-0.9%
Instructional and school leadership	17.0	17.0	5.6%	-	0.0%
Administrative support services	23.1	23.4	7.7%	(0.3)	-1.3%
Operation of non-instructional services	0.5	0.9	0.3%	(0.4)	-64.3%
Operation and maintenance of plant services	23.9	24.7	8.0%	(0.8)	-3.2%
Student transportation services	10.3	13.9	3.4%	(3.6)	-25.9%
Facilities acquisition and construction services	0.2	-	0.1%	0.2	100.0%
Charter schools	4.2	1.3	1.4%	2.9	223.1%
Other	5.7	5.6	3.6%	0.1	-41.2%
Total	<u>\$ 300.0</u>	<u>\$ 309.1</u>	<u>100.0%</u>	<u>(9.1)</u>	<u>-2.9%</u>

Expenditures for 2013 were \$9.1 million below 2012, primarily due to:

- Federal funding sources declined in fiscal 2013 resulting in an \$11.7 million reduction of expenditures as compared to fiscal 2012. In 2013, the District received \$2.3 million more in donor funds to partially offset the reduction in federal funding.

Capital Projects Fund

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

	2013 Amount	2012 Amount	2013 Percent Of Total	Increase (Decrease) From 2012	Percent Increase (Decrease) From 2012
Revenues:					
Federal aid	\$ 1.0	\$ 1.1	1.6%	\$ (0.1)	100.0%
Earnings (loss) on investments	(0.1)	-	-0.2%	(0.1)	-100.0%
Other financing sources	59.9	64.5	98.5%	(4.6)	-7.1%
Total	<u>\$ 60.8</u>	<u>\$ 65.6</u>	<u>100.0%</u>	<u>\$ (4.8)</u>	<u>-7.3%</u>

Other financing sources decreased \$4.6 million from fiscal year 2012, primarily due to draw downs of \$11.9 million from the "Qualified School Construction Bond" lease purchase agreement in 2013 compared to \$17.6 million in 2012.

**Expenditures
(Millions)**

	2013 Amount	2012 Amount	2013 Percent Of Total	Increase (Decrease) From 2012	Percent Increase (Decrease) From 2012
Instruction and instruction-related services	\$ 4.8	\$ 3.7	7.5%	\$ 1.1	29.7%
Support services - student and staff	1.7	1.3	2.7%	0.4	30.8%
Administrative support services	2.0	2.8	3.1%	(0.8)	-28.6%
Operation and maintenance of plant services	-	0.7	0.0%	(0.7)	-100.0%
Student transportation services	2.8	-	4.4%	2.8	100.0%
Facilities acquisition and construction services	51.4	81.3	80.7%	(29.9)	-36.8%
Debt service	1.0	1.1	1.6%	(0.1)	-9.1%
Total	<u>\$ 63.7</u>	<u>\$ 90.9</u>	<u>100.0%</u>	<u>\$ (27.2)</u>	<u>-29.9%</u>

Capital Expenditures decreased by \$27.2 million as the 2010 bond capital improvement program activity has declined.

Debt Service Fund

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

	2013 Amount	2012 Amount	2013 Percent Of Total	Increase (Decrease) From 2012	Percent Increase (Decrease) From 2012
Revenues:					
Property taxes	\$ 52.2	\$ 51.3	99.2%	\$ 0.9	1.8%
Other financing sources	0.4	0.4	0.8%	-	0.0%
Total	<u>\$ 52.6</u>	<u>\$ 51.7</u>	<u>100.0%</u>	<u>\$ 0.9</u>	<u>1.8%</u>

Property taxes increased by \$0.9 million to provide debt service for the general obligation bonds.

**Expenditures
(Millions)**

	2013 Amount	2012 Amount	2013 Percent Of Total	Increase (Decrease) From 2012	Percent Increase (Decrease) From 2012
Debt service	53.9	53.0	100.0%	0.9	1.7%
Total	<u>\$ 53.9</u>	<u>\$ 53.0</u>	<u>100.0%</u>	<u>\$ 0.9</u>	<u>1.7%</u>

Debt service expenditures increased by \$0.9 million due to the increase in current principal and interest payments on the general obligation bonds.

BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Oklahoma law and is based on accounting for certain transactions in appropriated funds on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund, which, including the fund balance, represented 63% of all original budgets of appropriated funds. Only the General Fund is discussed below.

For 2013, the District originally budgeted General Fund revenues of \$302.3 million and expenditures of \$303.9 million. Plans were revised and an amended budget was filed in March 2013. The revised budget decreased revenue expectations to \$300.4 million and increased projected expenditures to \$304.5 million.

Actual revenue on a budgetary basis for the General Fund was \$5.9 million less than projected.

Actual expenditures for the year were \$10.9 million below the final budget.

Expenditures for instruction and instruction-related services, support services, instructional and school leadership, and direct payments to Charter schools were budgeted at a final budget of \$240.4 million or 79% of total budgeted expenditures. Actual expenditures for these same items were \$227.9 million or 78% of total actual expenditures.

The actual fund balance carry forward of \$21.2 million was \$5.1 million greater than the final budgeted amount of \$16.1 million.

Capital Assets. As of June 30, 2013, the District had invested \$489.7 million, net of accumulated depreciation of \$272.3 million, in capital assets including school buildings, athletic facilities, buses and

FINANCIAL SECTION: MANAGEMENT'S DISCUSSION AND ANALYSIS

other vehicles, computers, and other equipment. This amount represented a net increase of \$33.0 million, or 7.2%.

<u>Capital assets (at cost)</u>	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases and Transfers</u>	<u>June 30, 2013</u>
		(millions)		
Land	\$ 4.2	\$ -	\$ -	\$ 4.2
Construction in progress	101.5	49.8	(101.1)	50.2
Buildings	564.2	-	95.9	660.1
Furniture and equipment	40.4	5.1	2.1	47.5
Total asset cost	<u>710.2</u>	<u>54.9</u>	<u>(3.1)</u>	<u>762.0</u>
Accumulated depreciation	<u>(253.4)</u>	<u>(20.9)</u>	<u>2.1</u>	<u>(272.3)</u>
Capital assets (net)	<u>\$ 456.8</u>	<u>\$ 34.0</u>	<u>\$ (1.0)</u>	<u>489.7</u>

Additional information related to the District's capital assets can be found in Note 6 on page 61 of this report.

Debt administration. At the end of the fiscal year, the District had \$205.9 million in bonds and capital leases outstanding, \$52.5 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, 2013 and 2012.

	June 30,		
	<u>2013</u>	<u>2012</u>	<u>Change</u>
Capital leases (at present value)	\$ 29.9	\$ 18.0	\$ 11.9
General obligation bonds	174.8	177.0	(2.2)
Net unamortized bond premium	1.2	1.2	-
Total	<u>\$ 205.9</u>	<u>\$ 196.2</u>	<u>\$ 9.7</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, 2013, the District had a legal debt limitation of \$222.2 million, which was \$94.4 million more than the District's net bonded indebtedness.

In March 2010, the electors approved issuance of \$354 million in general obligation bonds for various building and equipment acquisition purposes. In May 2013, the electors approved issuance of \$38 million of technology equipment bonds. At June 30, 2013, \$200 million remained available for future issuance. See Note 8 for additional information regarding the District's long-term debt on pages 63-64.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

Or visit our website at: www.tulsaschools.org

Basic Financial Statements

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**Statement of Net Position
June 30, 2013
(Thousands)**

		<u>Governmental Activities</u>
ASSETS		
Current		
Cash and cash equivalents	\$	104,090
Investments		56,485
Due from other governments		10,182
Other receivables		2,140
Inventories and prepaid items		1,329
Total current assets		<u>174,226</u>
Noncurrent:		
Capital assets		
Land and construction in progress		54,393
Other capital assets net of accumulated depreciation		435,400
Assets held for sale		7,308
Total noncurrent assets		<u>497,101</u>
Total assets		<u>671,327</u>
LIABILITIES		
Current:		
Accounts payable and other current liabilities		44,833
Current portion of bonds, capital leases, and contracts		52,488
Accrued interest		804
Special termination benefits and compensated absences		364
Insurance reserves		3,889
Total current liabilities		<u>102,378</u>
Noncurrent:		
Bonds, capital leases, and contracts		153,463
Special termination benefits and compensated absences		6,020
Insurance reserves		9,368
Total long-term liabilities		<u>168,851</u>
Total liabilities		<u>271,229</u>
NET POSITION		
Net investment in capital assets		303,399
Restricted for:		
Debt service		47,125
Building		5,608
Gifts		1,209
Unrestricted		42,757
Total net position	\$	<u><u>400,098</u></u>

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Statement of Activities
For the Year Ended June 30, 2013
Thousands**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (expense)/ revenue</u>
Instruction and instruction-related services	\$ 187,029	\$ 9	\$ 48,484	\$ -	\$ (138,536)
Support services - student and staff	46,942	62	5,478	-	(41,402)
Instructional and school leadership	17,051	-	-	-	(17,051)
Administrative support services	28,713	10	4	-	(28,699)
Operation of non-instructional services	28,519	5,722	19,590	-	(3,207)
Operation and maintenance of plant services	34,385	555	49	-	(33,781)
Student transportation services	12,714	1,263	34	-	(11,417)
Facilities acquisition and construction services	6,998	-	-	-	(6,998)
Charter schools	4,249	-	-	-	(4,249)
QSCB interest	973	-	973	-	-
Interest on long-term debt	2,935	-	-	-	(2,935)
Total primary government	<u>\$ 370,508</u>	<u>\$ 7,621</u>	<u>\$ 74,612</u>	<u>\$ -</u>	<u>\$ (288,275)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	52,171
Property taxes, levied for debt service	92,431
State aid - formula grants	97,186
Unrestricted dedicated state revenue	63,360
County 4 mill levy and apportionment	10,194
Unrestricted investment earnings (loss)	389
Other local revenue	<u>1,507</u>
Total general revenues	<u>317,238</u>

Change in net position

*Net position - beginning	<u>371,135</u>
Net position - ending	<u>\$ 400,098</u>

The accompanying notes to the financial statements are an integral part of this statement.
*Restated after implementing GASB 65

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**Balance Sheet - Governmental Funds
June 30, 2013
(Thousands)**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 74,890	\$ 7,505	\$ 13,027	\$ 8668	\$ 104,090
Investments	2,000	19,888	33,847	750	56,485
Due from other governments	9,906	-	-	276	10,182
Other receivables	1,834	-	251	55	2,140
Inventories and prepaid items	624	139	-	566	1,329
Total Assets	<u>89,254</u>	<u>27,532</u>	<u>47,125</u>	<u>10,315</u>	<u>174,226</u>
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	36,414	7,975	-	444	44,833
Claims and judgments	90	-	-	-	90
Total liabilities	<u>36,504</u>	<u>7,975</u>	<u>-</u>	<u>444</u>	<u>44,923</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-other local revenue	564	-	-	-	564
Total deferred inflows of resources	<u>564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>564</u>
Fund balances:					
Non-spendable					
Inventories and prepaids	624	139	-	566	1,329
Endowments	-	-	-	30	30
Restricted					
Federal allocation carryover	1,443	-	-	-	1,443
Capital projects	-	19,418	-	-	19,418
Debt service	-	-	47,125	-	47,125
Building	-	-	-	5,608	5,608
Gifts	-	-	-	1,209	1,209
Assigned					
Purchases on order	6,491	-	-	-	6,491
Workers compensation	7,773	-	-	-	7,773
Child nutrition	-	-	-	2,442	2,442
Flexible benefit	-	-	-	16	16
Unassigned	35,855	-	-	-	35,855
Total fund balances	<u>52,186</u>	<u>19,557</u>	<u>47,125</u>	<u>9,871</u>	<u>128,739</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 89,254</u>	<u>\$ 27,532</u>	<u>\$ 47,125</u>	<u>\$ 10,315</u>	<u>\$ 174,226</u>

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

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2013
(Thousands)**

Total fund balances - governmental funds \$ 128,739

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. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Land	\$ 4,226	
Construction in progress	50,167	
Buildings	660,142	
Furniture and equipment	47,529	
Accumulated depreciation	<u>(272,271)</u>	489,793

Assets held for sale 7,308

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

Bonds, capital leases and contracts	\$ (205,951)	
Interest payable	(804)	
Special termination benefits and compensated absences	(6,384)	
Claims and judgments	<u>(13,167)</u>	(226,306)

Revenues that have been deferred in the governmental funds but are recognized as revenue in the government-wide financial statements. 564

Total net position **\$ 400,098**

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, 2013
(Thousands)**

	General Fund	Capital Projects Fund	Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 80,973	\$ -	\$ 52,170	\$ 11,458	\$ 144,601
Other local sources	6,202	-	-	854	7,056
Intermediate sources	10,194	-	-	-	10,194
Fees and charges	1,905	-	-	4,522	6,427
State aid	165,104	-	-	2,650	167,754
Federal aid	41,543	973	-	20,173	62,689
Earnings (loss) on investments	402	(104)	(116)	228	410
Miscellaneous	2,128	-	-	-	2,128
Total revenues	<u>308,451</u>	<u>869</u>	<u>52,054</u>	<u>39,885</u>	<u>401,259</u>
EXPENDITURES					
Current:					
Instruction and instruction-related services	170,653	4,800	-	982	176,435
Support services - student and staff	44,436	1,654	-	54	46,144
Instructional and school leadership	17,039	-	-	11	17,050
Administrative support services	23,127	2,041	-	179	25,347
Operation of non-instructional services	543	-	-	25,694	26,237
Operation and maintenance of plant services	23,890	22	-	9,794	33,706
Student transportation services	10,271	2,851	-	11	13,133
Facilities acquisition and construction services	190	51,405	-	1,303	52,898
Charter schools	4,249	-	-	-	4,249
Other	5,649	-	5	74	5,728
Debt service					
Principal	-	-	50,175	-	50,175
Interest	-	973	3,681	-	4,654
Total expenditures	<u>300,047</u>	<u>63,746</u>	<u>53,861</u>	<u>38,102</u>	<u>455,756</u>
Excess (deficiency) revenues over expenditures	<u>8,404</u>	<u>(62,877)</u>	<u>(1,807)</u>	<u>1,783</u>	<u>(54,497)</u>
OTHER FINANCING SOURCES					
Bond issuances	-	48,000	-	-	48,000
Premium on bond issuances	-	-	432	-	432
Capital Leases	-	11,936	-	-	11,936
Net change in fund balances	<u>8,404</u>	<u>(2,941)</u>	<u>(1,375)</u>	<u>1,783</u>	<u>5,871</u>
Fund balance -- June 30, 2012	<u>43,782</u>	<u>22,498</u>	<u>48,500</u>	<u>8,088</u>	<u>122,868</u>
Fund balance -- June 30, 2013	<u>\$ 52,186</u>	<u>\$ 19,557</u>	<u>\$ 47,125</u>	<u>\$ 9,871</u>	<u>\$ 128,739</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, 2013
(Thousands)**

Change in fund balance of governmental activities	\$	5,871
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for government-wide activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceed depreciation for the period.</p>		
Capital outlay	\$ 54,890	
Depreciation expense	(20,933)	
Impairment	(91)	
Retirements and adjustments	<u>(326)</u>	33,540
<p>Revenues that have been deferred in the governmental funds but are recognized as revenue in the government-wide financial statements.</p>		
		227
<p>Payments made on capital leases are reported as expenditures in the governmental funds, but the amount of the lease payments attributable to principal reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This is the principal portion of the lease payments made during the period.</p>		
		80
<p>Proceeds from QSCB lease are reported in the governmental funds as a source of financing but are recorded as long-term liabilities in Statement of Net Position.</p>		
		(11,936)
<p>In the Statement of Activities, sick pay and vacation pay are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. During the period, payments for sick pay were less than accruals by \$8 while payments for vacation pay were less than accruals by \$134.</p>		
		142
<p>Proceeds from sales of bonds and related premiums are reported in the governmental funds as a source of financing but are recorded as long-term liabilities in the Statement of Net Position.</p>		
		(48,432)
<p>Repayment of bond principal in the amount of \$50175 and bond premium in the amount of \$340 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
		50,515
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest cost is recognized as the interest accrues, regardless of when it is due.</p>		
		387
<p>Change in long-term liability for Claims and Judgments does not require current financial resources, therefore, is not reported as expenditures in governmental funds.</p>		
		(1,431)
Change in Net Position	\$	<u>28,963</u>

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

Statement of Fiduciary Assets and Liabilities
Student Activity Funds
June 30, 2013
(Thousands)

ASSETS	
Cash and cash equivalents	\$ 2,526
Investments	1,038
TOTAL ASSETS	\$ <u>3,564</u>
LIABILITIES	
Due to student groups	\$ 3,564
TOTAL LIABILITIES	\$ <u>3,564</u>

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Reporting Entity

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

As required by accounting principles generally accepted in the United States of America, the basic financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the District's basic financial statements to be misleading. The District has presented the entities which comprise the reporting entity in the basic financial statements for 2013. The District has not identified any component units that should be included in the District's reporting entity.

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.

Basic Financial Statements

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

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Funds

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

Governmental Funds

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

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

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

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

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

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Arbitrage Rebate Fund – The arbitrage rebate fund is used to accumulate the earnings of certain bond issues to which the Internal Revenue Service arbitrage rules apply. These funds will either be retained or transferred to the Internal Revenue Service, depending on future financial events and computations. There was no activity in this fund during the year ended June 30, 2013.

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

Fiduciary Funds

As of June 30, 2013, the fiduciary fund category was comprised entirely of agency-type funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for monies collected principally through fundraising efforts of the students and District sponsored groups. Fiduciary funds are not included in the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes levied in the current fiscal year, federal revenue for which the associated reimbursable expenditure occurred in the current fiscal year, and all other sources of revenue associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year to the extent the availability criteria discussed above was met.

Cash and Cash Equivalents

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments consist of United States Treasury securities and agencies and certificates of deposit. Investments are recorded at fair value generally based on quoted market prices or estimated fair values provided by brokerage statements. The net change in fair value of investments is recognized and reported as earnings (loss) on investments.

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include land, building, building improvements, and equipment, are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for buildings and improvements, and equipment and fixtures is \$10,000 and \$2,500, respectively. Donated capital assets are recorded at estimated fair market value at date of donation. As capital assets are identified as surplus, they are reclassified as assets held for sale. Assets held for sale 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 is 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 and fixtures	5-15
Vehicles	8

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows as of June 30, 2013.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The governmental fund balance sheet includes deferred inflows of resources related to unavailable local sources of revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

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

Long-term Liabilities

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances and Equity

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

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

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

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

For purposes of committed fund balance, the District's Board of Education is considered to be its highest level of decision making. Funds set aside by the Board of Education as committed fund balance requires a resolution by the Board of Education. Such resolution must be made prior to the District's fiscal year-end in order for it to be applicable to the District's fiscal year-end, although it is permitted for the specific amount of the commitment to be determined after the fiscal year-end if additional information is required in order to determine the exact amount to be committed. The Board of Education has the authority to remove or change the commitment of funds by resolution. The District had no committed fund balance at June 30, 2013.

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

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Net position on the Statement of Net Position include the following:

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

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

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

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

District's Use of Estimates

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements Adopted in Fiscal Year 2013

The District adopted several new accounting pronouncements during the year ended June 30, 2013 as follows:

Fiscal Year Ended June 30, 2013

- **Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements**

GASB No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The District will only be required to adopt the provisions of GASB No. 60 if it enters into an SCA, and it currently has not entered into any such arrangements.

- **Statement No. 61, The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34**

GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The adoption of GASB No. 61 did not have an impact on the District's financial statement presentation.

- **Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements**

GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The adoption of GASB No. 62 did not have an impact on the District's financial position, or changes in financial position or cash flows, or its financial statement presentation.

- **Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position**

GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Adoption of this statement will require the District to make changes in its financial statement presentation, and required certain financial statement elements previously reported as liabilities in the governmental funds to be reported as deferred inflows of resources. Unavailable revenue previously classified as liabilities are now reported as deferred inflows of resources.

- **Statement No. 65, Items Previously Reported as Assets and Liabilities**

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. The District has chosen to early adopt GASB Statement No. 65 in 2013. As a result of the adoption of GASB Statement No. 65, Net Position as of June 30, 2012 decreased from \$371.4 million as originally reported to \$371.1, a decrease of \$.3 million.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements Issued Not Yet Adopted

The GASB has also issued several new accounting pronouncements, which will be effective to the District in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the District's consideration of the impact of these pronouncements are described below:

Fiscal Year Ended June 30, 2014

- ***Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees***

GASB No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for certain disclosure requirements which may be applied prospectively, the provisions of this Statement are required to be applied retroactively. The District has not yet evaluated the effects that GASB No. 70 will have on its financial statements.

Fiscal Year Ended June 30, 2015

- ***Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27***

GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and implementation guidance is expected to be issued in November 2013. Although the District has not yet quantified the impact that GASB No. 68 will have on its financial statements, it believes that adoption will result in a significant decrease in its Net Position.

- ***Statement No. 69, Government Combinations and Disposals of Government Operations***

GASB No. 69 was issued in January 2013 and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisitions and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

Note 2. REVENUES

Property Taxes

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, capital project and debt service funds based on the levies approved for each fund. The District receives property taxes from four counties. Levies by fund and county for fiscal year 2013 were as follows:

**FY2013 Tax Levy
in mills (1/1000 of a dollar or .001)**

<u>County</u>	<u>General Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Valuation</u>
Tulsa	36.05	5.15	23.45	\$ 2,173,974,867
Creek	35.04	5.01	23.45	\$ 13,513,176
Osage	36.53	5.22	23.45	\$ 33,883,710
Wagoner	35.55	5.16	23.45	\$ 225,255

The County Assessor for each county, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax rolls for submission to the County Treasurer prior to October 1. The County Treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

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

Intermediate Revenues

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

Fees and Charges

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

State Revenues

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

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 2. REVENUES (continued)

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

Federal Revenues

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

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

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, 2013, all of the District's deposits were either covered by federal deposit insurance or were collateralized at 110% of the investment principal.

The District had deposits at financial institutions with a carrying amount of approximately \$104.1 million at June 30, 2013. The bank balance of these deposits at June 30, 2013 was approximately \$106.6 million. Differences between the carrying amount and bank balance consist of deposits in transit and outstanding checks.

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, 2013, 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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

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

Credit Risk

The District's fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. At June 30, 2013, The District's bond portfolio consisted of \$52.2 million of investments in Freddie Mac, FAMCA, FHLB, and Federal Farm Credit Bank mortgage backed securities. These securities are considered direct obligations of the U.S. government and are rated AA+ by Standard & Poor's. The remaining investment balance at June 30, 2013, \$4.3 million, was invested in certificates of deposit which are not subject to credit risk.

Concentration of Credit Risk

The District's investment policy requires that, except for direct obligations of the U.S. government, its agencies or instrumentalities, or certificates of deposit secured by diversified pledges of collateral, the District's investment portfolio will be diversified to avoid incurring undue concentration in securities of one type. At June 30, 2013, all investments were in direct obligations of the U.S. government or certificates of deposit.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits the duration of investments to a maximum maturity from the date of purchase of thirty-six months, provided that sufficient liquidity is available to meet the District's major cash outlays. The District monitors investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2013, all of the District's investments were scheduled to mature in 3 years or less.

Maturities of investments as of June 30, 2013 are as follows (000's):

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>		
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-3</u>
Certificates of deposit	\$ 4,256	\$ 2,750	\$ 1,506
Mortgage-backed securities			
Freddie Mac	4,487	-	4,487
FAMCA	6,961		6,961
FHLB	12,933	-	12,933
Federal Farm Credit Bank	27,848	-	27,848
Total	<u>\$ 56,485</u>	<u>\$ 2,750</u>	<u>\$ 53,735</u>

Student Activity Funds also hold certificates of deposit totaling approximately \$1.0 million with maturities of 2 years or less.

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.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

Investment Authority

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

The District treasurer shall limit investments to:

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

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

Investment Philosophy

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

- **Liquidity:** Available funds will be invested to the fullest extent practicable in interest-bearing investments or accounts, with the investment portfolio remaining sufficiently liquid to meet reasonably anticipated operating requirements.
- **Diversification:** The investment portfolio will be diversified to avoid one class of investment causing a disproportionate risk of loss to the portfolio. Provided this restriction will not apply to direct obligations of the United States Government, its agencies or instrumentalities, or Certificates of Deposit secured by diversified pledges of collateral as provided this policy.
- **Safety of Principal:** Although investments are made to produce income for the District, investments will be made in a manner that preserves principal and liquidity.
- **Prohibition of Speculation:** The purchase of an investment to be sold before its maturity will normally result in either a gain or loss for the District and is therefore “speculative” by definition. This practice is prohibited.
- **Yield:** The portfolio will be designed to attain maximum yield within each class of investment instrument, consistent with the safety of the funds invested and taking into account investment risk and liquidity needs.
- **Maturity:** Investments will be purchased with expectation that they will be held to maturity. Investments may have remaining maturities extending to 36 months, provided sufficient liquidity is available to meet major outlays, and except that General Fund investments may not exceed 18 months. Any investment collateralized by a pledge of a surety bond or letter of credit as permitted by OAC 735, Chapter 20, may not have a maturity date after the expiration of the surety bond or letter of credit.
- **Capability of Investment Management:** The Superintendent shall be responsible for seeing that the treasurer and any assistant treasurer are qualified and capable of managing the investment portfolio and satisfactorily complete any investment education programs required by state law or by the Board.
- **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

June 30, 2013

Note 4. DUE FROM OTHER GOVERNMENTS AND OTHER RECEIVABLES

At June 30, 2013, the District had the following receivables of which \$564 thousand were considered to be unavailable and were recorded as deferred inflows of resources.

	(Millions)
Due From Other Governments	
Tulsa County (property tax)	\$.3
State of Oklahoma	2.6
Federal	7.3
Other Receivables	2.1
	<u>\$ 12.3</u>

Note 5. INVENTORIES AND PREPAID ITEMS

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

The inventories on hand at June 30, 2013 were comprised of the following categories (000's):

Food service supplies	\$ 549
Classroom supplies	255
Custodial supplies	380
	<u>\$ 1,184</u>

Prepaid maintenance agreements are for technology-related equipment and have terms ranging from 22 months to 36 months. These are amortized over the life of the service agreement and recorded as expenditures/expenses when consumed rather than when purchased. The balance of prepaid items at June 30, 2013 is \$145 thousand.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

Note 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows (000's):

<u>Governmental Activities:</u>	<u>Beginning</u>				<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets, not being depreciated:					
Land	\$ 4,242	\$ -	\$ -	\$ (16)	\$ 4,226
Construction in progress	<u>101,456</u>	<u>49,800</u>	<u>(101,089)</u>		<u>50,167</u>
Total capital assets not being depreciated	<u>\$ 105,698</u>	<u>\$ 49,800</u>	<u>\$ (101,089)</u>	<u>\$ (16)</u>	<u>\$ 54,393</u>
Capital assets being depreciated:					
Buildings	\$ 564,178	\$ -	\$ 97,608	\$ (1,644)	\$ 660,142
Furniture and equipment	<u>40,367</u>	<u>5,090</u>	<u>3,481</u>	<u>(1,409)</u>	<u>47,529</u>
Total capital assets being depreciated	<u>\$ 604,545</u>	<u>\$ 5,090</u>	<u>\$ 101,089</u>	<u>\$ (3,053)</u>	<u>\$ 707,671</u>
Total assets	<u>\$ 710,243</u>	<u>\$ 54,890</u>	<u>\$ -</u>	<u>\$ (3,069)</u>	<u>\$ 762,064</u>
Less accumulated depreciation for:					
Buildings	\$ (230,216)	\$ (17,977)	\$ -	\$ 1,010	\$ (247,183)
Furniture and equipment	<u>(23,215)</u>	<u>(2,956)</u>	<u>-</u>	<u>1,083</u>	<u>(25,088)</u>
Total accumulated depreciation	<u>\$ (253,431)</u>	<u>\$ (20,933)</u>	<u>\$ -</u>	<u>\$ 2,093</u>	<u>\$ (272,271)</u>
Governmental activities capital assets, Net	<u>\$ 456,812</u>	<u>\$ 33,957</u>	<u>\$ -</u>	<u>\$ (976)</u>	<u>\$ 489,793</u>

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

Governmental activities:	
Instruction	\$ 11,644
Support services - student and staff	1,129
Administrative support services	3,707
Operation and maintenance of plant services	1,249
Student transportation services	1,316
Operation of non-instructional services	1,819
Other	69
	<u>\$ 20,933</u>

Assets Held for Sale

Assets Held for Sale includes sites identified as surplus properties under the Project Schoolhouse initiative. During 2013 capital assets of \$650 thousand were identified as surplus and reclassified as assets held for sale and an impairment of \$91 thousand was recognized. As of June 30, 2013 assets held for sale were approximately \$7.3 million.

Construction Commitments

The District has active construction projects as of June 30, 2013. These projects include new construction and renovations of schools. At year-end, the District had approximately \$21.1 million in outstanding construction encumbrances.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

Note 7. CAPITAL LEASES

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

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

In April 2011, the District entered into an Equipment Lease Purchase Agreement with JPMorgan Chase Bank in the amount of \$30.0 million for the purpose of providing equipment and improvements to school facilities; such as HVAC, windows, doors, and various other building renovations. This agreement is designated as a "Qualified School Construction Bond" pursuant to the American Recovery and Reinvestment Act of 2009. At the same time, the District entered into an Escrow and Paying Agent Agreement between the Bank of Oklahoma as escrow agent and JPMorgan Chase Bank as lessor. The agreement allowed the Lessor to deposit funds of \$30.0 million with the escrow agent to be held in Trust for the purpose of acquiring certain improvements to and equipment at various school facilities within the District. The District received an allocation from the federal government in the aggregate amount of \$30.0 million for such bonds. Under the legislation, the federal government will make interest payments on behalf of the District which the District records as revenue and expenses/expenditures in the government-wide and fund financial statements. Interest payments at 3.25% per annum is payable semi-annually on each December 1 and June 1, beginning December 1, 2011. Interest payments for fiscal year 2013 were reported as revenue and expenditure in the amount of \$1 million. The principal due under the Agreement will be in the form of one installment on December 1, 2015 paid from the proceeds of general obligation bonds which have been previously approved by the voters of the District. As of June 30, 2013, there were draw downs of \$29.8 million used by the District to fund various projects.

The future lease payments due at June 30, 2013, are as follows (000's):

Fiscal Year(s)	Buildings and Improvements
2014	\$ 80
2015	-
2016	29,828
Total lease payments	29,908
Less imputed interest	(1)
Present value of minimum lease payment	\$ 29,907

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

	June 30, 2012	Additions	Retirements	June 30, 2013
Buildings and improvements	\$ 18,051	\$ 11,936	\$ (80)	\$ 29,907
Less: Current portion				(79)
Total long-term capitalized lease obligations outstanding				\$ 29,828

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

Buildings and improvements total	\$ 30,434
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FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

Note 8. LONG-TERM DEBT

Combined Purpose Bonds (Series 2012B)

In August 2012, the District issued \$38 million in Combined Purpose Bonds Series 2012B. The proceeds from these bonds will be used to construct and renovate school facilities, for library additions, renovations and library materials and to acquire textbooks, classroom materials, technology infrastructure and computer hardware and software.

Combined Purpose Bonds (Series 2013A)

In March 2013, the District issued \$10 million in Combined Purpose Bonds Series 2013A. The proceeds from these bonds will be used to construct and renovate school facilities.

The District uses the effective interest rate method for accruing interest expense. Bonds sold at discounts decrease the carrying value of the bond, and bonds sold at a premium increase the carrying value. The discount or premium is then amortized as an increase or decrease, respectively, to the coupon interest payment in reporting interest expense. Amortization expense on bond premiums for the year ended June 30, 2013 is \$0.3 million. The net amount of unamortized premium at June 30, 2013 was \$1.2 million.

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

Series	Principal Outstanding June 30, 2012	Issuances	Retirements	Principal Outstanding June 30, 2013	Due within one year
2013A	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ -
2012B	-	38,000	-	38,000	-
2012A	5,000	-	-	5,000	1,250
2011	42,000	-	-	42,000	10,500
2010B	40,000	-	10,000	30,000	10,000
2010A	42,750	-	14,250	28,500	14,250
2009B	16,045	-	5,300	10,745	5,300
2009A	7,250	-	3,625	3,625	3,625
2008B	14,000	-	7,000	7,000	7,000
2008A	4,500	-	4,500	-	-
2007B	5,500	-	5,500	-	-
Total Long-term debt	<u>177,045</u>	<u>48,000</u>	<u>50,175</u>	<u>174,870</u>	<u>51,925</u>
Premium on bonds	1,266	432	340	1,174	484
Capital leases	<u>18,051</u>	<u>11,936</u>	<u>80</u>	<u>29,907</u>	<u>79</u>
Total bonds, capital leases, and contracts	<u>\$ 196,362</u>	<u>\$ 60,368</u>	<u>\$ 50,595</u>	<u>\$ 205,951</u>	<u>\$ 52,488</u>

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

Note 8. LONG-TERM DEBT (continued)

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

Fiscal Year	Principal	Coupon Interest	Total
2014	\$ 51,925	\$ 2,998	\$ 54,923
2015	53,445	1,825	55,270
2016	33,750	899	34,649
2017	23,750	394	24,144
2018	12,000	109	12,109
	<u>\$ 174,870</u>	<u>\$ 6,225</u>	<u>\$ 181,095</u>

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

	Issue Date	Original Amount	Final Maturity	Annual Principal Payments
2013A	3/1/2013	\$ 10,000	3/1/2018	\$ 2,500
2012B	8/1/2012	38,000	8/1/2017	9,500
2012A	4/1/2012	5,000	4/1/2017	1,250
2011	9/1/2011	42,000	9/1/2016	10,500
2010B	11/1/2010	40,000	11/1/2015	10,000
2010A	6/1/2010	57,000	6/1/2015	14,250
2009B	8/1/2009	21,345	8/1/2014	5,300
2009A	2/1/2009	14,500	2/1/2014	3,625
2008B	8/1/2008	28,000	8/1/2013	7,000

Interest Rates on the bonds range from 0.97% to 4.5% and nominal rates range from 0.98% to 4.04%

	Coupon Rate	Nominal Rate
2013A	0.97%	0.98%
2012B	0.99%	0.99%
2012A	1.07%	1.06%
2011	1.29%	1.30%
2010B	1.62%	1.69%
2010A	2.00%	1.78%
2009B	2.00%	2.08%
2009A	2.25%	2.03%
2008B	3.75%	3.62%
2008A	3.50%	3.46%
2007B	4.50%	4.04%

Interest expense on bonds during the year ended June 30, 2013 totaling \$3.7 million is reported in the debt service fund.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 9. RISK MANAGEMENT

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

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

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

The District is self-insured for workers' compensation claims and accounts for this activity in a separate fund that has been combined with the general fund for purposes of financial presentation. Premiums are paid into the workers' compensation fund from the general fund and the child nutrition fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. For example, estimated recoveries from salvage or subrogation are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$825,000 up to an aggregate total of \$5,000,000. Settlements did not exceed coverage for the past three years.

At June 30, 2013, the District had established reserves for workers compensation claims liability and deductibles on commercial coverage of \$12.0 million and \$1.3 million, respectively. Changes in the balances of claims liability for the past three years are as follows (000's):

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Unpaid claims, beginning of year	\$ 11,826	\$ 6,929	\$ 6,853
Incurred claims (including IBNRs)	6,120	9,632	5,085
Claim payments	(4,689)	(4,735)	(5,009)
Unpaid claims, end of year	<u>\$ 13,257</u>	<u>\$ 11,826</u>	<u>\$ 6,929</u>

\$3.9 million of the amount unpaid at June 30, 2013 is expected to be paid out in the next fiscal year from General Funds.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 10. COMMITMENTS AND CONTINGENT LIABILITIES

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

General Fund	\$ 15,067
Capital Projects Fund	21,066
Other Funds	1,880
Total	<u>\$ 38,013</u>

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

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

Note 11. PENSION BENEFITS

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

Participation in the plan is required for certified teachers and administrators. Other permanent, support employees working at least half time are eligible for participation in the plan at their option. At June 30, 2013, there were 3,760 active employees of the District participating in the plan, comprising 3% of the total system active members.

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

- Increased to 9.5% on January 1, 2010
- Remained 9.5% on January 1, 2011
- Remained 9.5% on January 1, 2012
- Remained 9.5% on January 1, 2013

No further employer contribution rate increases are currently scheduled.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 11. PENSION BENEFITS (continued)

The District fully funds its required contribution each year. The total amount of the District's contribution for the year ended June 30, 2013 was \$15.2 million. The District's contribution for each of the years ended June 30, 2012 and 2011 was \$15.0 and \$15.1 million, respectively.

Each teacher meeting minimum salary requirements has a specific amount of the employee's contribution to the System paid by the state. The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. In the fiscal years ended June 30, 2013 and 2012, the State paid \$1.9 and \$2.0 million, respectively, on behalf of teachers employed at the District and have been recognized as revenue and expenditure/expense in the fund financial and government-wide statements.

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2013, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf by multiplying the ratio of its covered salaries to total covered salaries for the System for the year by the applicable percentage of taxes collected during the year. For the year ended June 30, 2013, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$11.9 million. These on behalf payments have been recorded as both revenue and expenses/expenditures in the government-wide and fund financial statements.

Other Post-Employment Benefits (OPEB)

During 2012 and 2013, the Oklahoma Teachers Retirement System paid between \$100 and \$105 per month, depending on the members' years of service, to the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB), for each retiree who elected to obtain health insurance coverage through OSEEGIB. The District retains no obligation for this benefit and performs no administrative functions related to the health insurance coverage provided through OSEEGIB.

FINANCIAL SECTION: BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 12. COMPENSATED ABSENCES

Sick Pay Benefits

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

Vacation Benefits

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

The activity related to these benefits during the year ended June 30, 2013 is as follows (000's):

	<u>Balance</u> <u>6/30/2012</u>		<u>Accruals</u>		<u>Payments</u>		<u>Balance</u> <u>6/30/2013</u>
Vacation	\$ 2,512	\$	2,694	\$	2,650	\$	2,556
Sick	4,014		6,915		7,101		3,828
Total	<u>\$ 6,526</u>	<u>\$</u>	<u>9,609</u>	<u>\$</u>	<u>9,751</u>	<u>\$</u>	<u>6,384</u>

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

Note 13. SUBSEQUENT EVENTS

Combined Purpose Bonds (Series 2013B)

In August 2013, the District issued \$30 million in Combined Purpose Bonds Series 2013B. The proceeds from these bonds will be used to construct and renovate school facilities, for library additions, renovations and library materials and to acquire textbooks, classroom materials, technology infrastructure and computer hardware and software. This bond has a coupon rate of 1.59%, a nominal rate of 1.58%, and a maturity date of August 1, 2018.

Smart and Secure Schools Bond (Series 2013C)

In August 2013, the District issued \$10 million in Smart and Secure Schools Bond Series 2013C. The proceeds from these bonds will be used on improving classroom technology and infrastructure, upgrading printing services with multi-function devices, installing fire sprinklers in several older school buildings and district-wide school security systems. This bond has a coupon rate of 1.55%, a nominal rate of 1.54%, and a maturity date of August 1, 2018.

Required Supplementary Information

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**Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013
(Thousands)**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 98,496	\$ 101,033	\$ 101,410	\$ 377
State program revenues	151,662	150,784	151,096	312
Federal program revenues	52,231	48,629	42,048	(6,581)
Total revenues	<u>302,389</u>	<u>300,446</u>	<u>294,554</u>	<u>(5,892)</u>
EXPENDITURES				
Current:				
Salaries	196,333	198,991	186,519	(12,472)
Benefits	48,332	49,522	57,084	7,562
Purchased Services	25,225	20,869	21,203	334
Supplies	22,675	25,767	22,597	(3,170)
Property	218	161	310	149
Other Expenditures	4,262	2,967	1,474	(1,493)
Other Outlays	6,844	6,169	4,305	(1,864)
				-
				-
				-
Total expenditures	<u>303,889</u>	<u>304,446</u>	<u>293,492</u>	<u>(10,954)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,500)</u>	<u>(4,000)</u>	<u>1,062</u>	<u>5,062</u>
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year and fund transfer	<u>1,500</u>	<u>4,000</u>	<u>3,864</u>	<u>(136)</u>
Net change in fund balances	-	-	4,926	4,926
Fund balance -- June 30, 2012	12,805	16,118	16,254	136
Fund balance -- June 30, 2013	<u>\$ 12,805</u>	<u>\$ 16,118</u>	<u>\$ 21,180</u>	<u>\$ 5,062</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, 2013
(Thousands)**

Change in fund balance of governmental activities - General Fund	\$ 8,404
Revenues are recognized when earned in the governmental funds but are recognized when received for budgetary purposes. During the year, \$10,691 was received that was attributable to prior year activities and \$11,176 of revenue was realized but not received by the close of the year.	(485)
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 less supplies and materials than it used during the year, resulting in a decrease in inventories from \$744 to \$618 and prepaids increased by \$31.	157
Obligations are accrued when incurred and measurable in the governmental funds but reported when expended for budgetary purposes. A decrease of \$1 in insurance deductibles was accrued in the general fund for the year and there was a increase of \$217 in the accounts payable accrual.	216
Encumbrances are included in expenditures for budgetary purposes but not for the governmental fund financial statements.	(15,020)
Expenditures in the governmental fund financial statements include those paid with prior year encumbrances, which are excluded on the budgetary basis.	8,509
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.	(794)
Expenditures for federal projects 5422 and 5440 claims are shown in a separate fund for budgetary purposes but combined with the general fund in the governmental funds.	75
Excess (deficiency) of revenues over expenditures - budgetary basis	\$ <u>1,062</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

Note 1. BUDGETS AND BUDGETARY ACCOUNTING

BUDGETARY COMPARISON SCHEDULE

A cash basis of accounting is used to prepare the Budgetary Comparison Schedule. A reconciliation from the cash basis to the modified accrual basis of accounting, which is Generally Accepted Accounting Principles (GAAP), is presented on the face of the schedule.

BUDGET LAW AND PRACTICE

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

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

The District presents the budget in four funds: the General Fund, Capital Projects Fund, Debt Service Fund and the Special Revenue Fund which includes the Child Nutrition and Building Funds. Budgetary control for accounts without a project is generally at the full account level. For accounts within a project the budgetary control is generally maintained by fund, project and site. The District Superintendent or designee may transfer an unexpended and unencumbered appropriation from one account to another within the same fund. Line item transfers that are not original budget items in excess of \$25,000 require Board approval. Whenever the necessity for maintaining any special fund of a school district has ceased to exist and a balance remains in the fund, the governing body may authorize the transfer of the balance to the General Fund. Applicable law governs the use or transfer of any remaining balance in the Debt Service or Capital Projects Fund.

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

ENCUMBRANCES

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

REVENUES

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

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Other Supplementary Information

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**Budgetary Comparison Schedule - Debt Service
For the Year Ended June 30, 2013
(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	\$ 50,044	\$ 51,126	\$ 52,231	\$ 1,105
State program revenues	-	-	-	-
Federal program revenues	-	-	-	-
Total revenues	<u>50,044</u>	<u>51,126</u>	<u>52,231</u>	<u>1,105</u>
EXPENDITURES				
Current:				
Salaries	-	-	-	-
Benefits	-	-	-	-
Purchased Services	-	-	-	-
Supplies	-	-	-	-
Property	-	-	-	-
Other Expenditures	97,446	99,761	53,862	(45,899)
Other Outlays	-	-	-	-
Total expenditures	<u>97,446</u>	<u>99,761</u>	<u>53,862</u>	<u>(45,899)</u>
Excess (deficiency) of revenues over expenditures	<u>(47,402)</u>	<u>(48,635)</u>	<u>(1,631)</u>	<u>47,004</u>
OTHER FINANCING SOURCES				
Premium on bonds sold	411	411	432	21
Lapsed appropriations from prior year	-	-	-	-
Net change in fund balances	<u>(46,991)</u>	<u>(48,224)</u>	<u>(1,199)</u>	<u>47,025</u>
Fund balance -- June 30, 2012	46,991	48,224	48,224	-
Fund balance -- June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,025</u></u>	<u><u>\$ 47,025</u></u>

**Budgetary Comparison Schedule - Capital Improvements
For the Year Ended June 30, 2013
(Thousands)**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Final Budget</u>
REVENUES				
Local and intermediate sources	\$ 53,002	\$ 48,001	\$ 48,000	\$ (1)
State program revenues	-	-	-	-
Federal program revenues	-	-	-	-
Total revenues	<u>53,002</u>	<u>48,001</u>	<u>48,000</u>	<u>(1)</u>
EXPENDITURES				
Current:				
Salaries	-	-	-	-
Benefits	-	-	-	-
Purchased Services	50,948	40,170	37,209	(2,961)
Supplies	7,702	9,589	9,002	(587)
Property	3,487	5,279	5,311	32
Other Expenditures	10	-	3	3
Other Outlays	-	-	-	-
Total expenditures	<u>62,147</u>	<u>55,038</u>	<u>51,525</u>	<u>(3,513)</u>
Excess (deficiency) of revenues over expenditures	<u>(9,145)</u>	<u>(7,037)</u>	<u>(3,525)</u>	<u>3,512</u>
OTHER FINANCING SOURCES				
Lapsed appropriations from prior year	<u>1,000</u>	<u>1,000</u>	<u>(574)</u>	<u>(1,574)</u>
Fund Net change in fund balances	(8,145)	(6,037)	(4,099)	1,938
Fund balance -- June 30, 2012	8,145	6,037	7,793	1,756
Fund balance -- June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,694</u>	<u>\$ 3,694</u>

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule -Special Revenue Funds
For the Year Ended June 30, 2013
(Thousands)**

	BUILDING FUND				CHILD NUTRITION FUND			
	Original	Final	Actual (Budgetary Basis)	Variance Final Budget	Original	Final	Actual (Budgetary Basis)	Variance Final Budget
REVENUES								
Local and intermediate sources	\$ 11,582	\$ 11,979	\$ 11,732	\$ (247)	\$ 4,219	\$ 4,519	\$ 4,559	\$ 40
State program revenues	550	550	594	44	351	350	2,056	1,706
Federal program revenues	-	-	-	-	19,481	20,112	19,281	(831)
Total revenues	<u>12,132</u>	<u>12,529</u>	<u>12,326</u>	<u>(203)</u>	<u>24,051</u>	<u>24,981</u>	<u>25,896</u>	<u>915</u>
EXPENDITURES								
Current:								
Salaries	5,755	5,904	5,407	(497)	8,231	8,808	8,431	(377)
Benefits	1,348	1,348	1,282	(66)	2,317	2,417	2,648	231
Purchased Services	5,776	6,116	4,923	(1,193)	2,197	2,261	2,108	(153)
Supplies	314	184	183	(1)	11,089	11,411	12,118	707
Property	65	65	16	(49)	358	179	188	9
Other Expenditures	455	2,267	-	(2,267)	208	144	-	(144)
Total expenditures	<u>13,713</u>	<u>15,884</u>	<u>11,811</u>	<u>(4,073)</u>	<u>24,400</u>	<u>25,220</u>	<u>25,493</u>	<u>273</u>
Excess (deficiency) of revenues over expenditures	<u>(1,581)</u>	<u>(3,355)</u>	<u>515</u>	<u>3,870</u>	<u>(349)</u>	<u>(239)</u>	<u>403</u>	<u>642</u>
OTHER FINANCING SOURCES								
Lapsed appropriations from prior year	-	20	20	-	-	65	32	(33)
Net change in fund balances	<u>(1,581)</u>	<u>(3,335)</u>	<u>535</u>	<u>3,870</u>	<u>(349)</u>	<u>(174)</u>	<u>435</u>	<u>609</u>
Fund balance -- June 30, 2012	2,081	3,835	3,835	-	1,149	974	1,007	33
Fund balance -- June 30, 2013	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 4,370</u>	<u>\$ 3,870</u>	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 1,442</u>	<u>\$ 642</u>

**Statement of Changes in Fiduciary Assets and Liabilities
Student Activity Funds
For the Year Ended June 30, 2013
(Thousands)**

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and cash equivalents	\$ 2,888	\$ 4,196	\$ 4,558	\$ 2,526
Investments	787	251	-	1,038
TOTAL ASSETS	3,675	4,447	4,558	3,564
LIABILITIES				
Due to student groups	3,675	4,447	4,558	3,564
TOTAL LIABILITIES	\$ 3,675	\$ 4,447	\$ 4,558	\$ 3,564

**Combining Balance Sheet
Other Funds
June 30, 2013
(Thousands)**

	Building Fund	Child Nutrition Fund	Gifts and Endowments Fund	Flexible Benefit Fund	Total Other Funds
ASSETS					
Cash and cash equivalents	\$ 5,768	\$ 2,347	\$ 537	\$ 16	\$ 8,668
Investments	-	-	750	-	750
Due from other governments	-	276	-	-	276
Other receivables	55	-	-	-	55
Inventories and prepaid items	17	549	-	-	566
Total Assets	5,840	3,172	1,287	16	10,315
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	215	181	48	-	444
Deferred revenue	-	-	-	-	-
Total liabilities	215	181	48	-	444
Fund balances:					
Non-spendable					
Inventories and prepaids	17	549	-	-	566
Endowments	-	-	30	-	30
Restricted	5,608	-	1,209	-	6,817
Committed	-	-	-	-	-
Assigned	-	2,442	-	16	2,458
Unassigned	-	-	-	-	-
Total fund balances	5,625	2,991	1,239	16	9,871
Total liabilities and fund balances	\$ 5,840	\$ 3,172	\$ 1,287	\$ 16	\$ 10,315

FINANCIAL SECTION: OTHER SUPPLEMENTARY INFORMATION

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Funds
For the Year Ended June 30, 2013
(Thousands)**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Gifts and Endowments Fund</u>	<u>Flexible Benefit Fund</u>	<u>Total Other Funds</u>
REVENUES					
Property taxes	\$ 11,458	\$ -	\$ -	\$ -	\$ 11,458
Other local sources	17	-	836	1	854
Fees and charges	30	4,492	-	-	4,522
State aid	594	2,056	-	-	2,650
Federal aid	-	20,173	-	-	20,173
Earnings on investments	223	2	3	-	228
Miscellaneous	-	-	-	-	-
Total revenues	<u>12,322</u>	<u>26,723</u>	<u>839</u>	<u>1</u>	<u>39,885</u>
EXPENDITURES					
Current:					
Instruction and instruction-related services	8	-	974	-	982
Support services - student and staff	-	-	54	-	54
Instructional and school leadership	-	-	11	-	11
Administrative support services	95	-	84	-	179
Operation of non-instructional services	-	25,691	3	-	25,694
Operation and maintenance of plant services	9,794	-	-	-	9,794
Student transportation services	-	-	11	-	11
Facilities acquisition and construction services	1,301	-	2	-	1,303
Other	-	-	71	3	74
Total expenditures	<u>11,198</u>	<u>25,691</u>	<u>1,210</u>	<u>3</u>	<u>38,102</u>
Excess (deficiency) of revenues over expenditures	<u>1,124</u>	<u>1,032</u>	<u>(371)</u>	<u>(2)</u>	<u>1,783</u>
OTHER FINANCING SOURCES					
Proceeds from sale of real estate	-	-	-	-	-
Net changes in fund balances	1,124	1,032	(371)	(2)	1,783
Fund balances -- June 30, 2012	4,501	1,959	1,610	18	8,088
Fund balances -- June 30, 2013	<u>\$ 5,625</u>	<u>\$ 2,991</u>	<u>\$ 1,239</u>	<u>\$ 16</u>	<u>\$ 9,871</u>

STATISTICAL SECTION



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

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	86
These schedules contain trend information to help the reader understand how the District's financial performance has changed over time.	
<i>Revenue Capacity</i>	92
These schedules present information to help the reader assess the District's major revenue sources.	
<i>Debt Capacity</i>	96
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<i>Demographic and Economic Information</i>	99
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<i>Operating Information</i>	101
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources

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

STATISTICAL SECTION: FINANCIAL TRENDS

**Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Thousands)**

	Fiscal Year Ended June 30,			
	2013	2012	2011	2010
Expenses				
Governmental activities:				
Instruction and instruction-related services	\$ 181,380	\$ 186,608	\$ 193,410	\$ 201,598
Support services - student and staff	46,942	46,858	51,731	49,917
Instructional and school leadership	17,051	16,986	17,192	17,781
Administrative support services	28,713	28,765	27,092	27,641
Operation of non-instructional services	28,519	28,800	26,117	27,375
Operation and maintenance of plant services	34,385	36,426	36,498	36,733
Student transportation services	12,714	13,753	12,969	13,927
Facilities acquisition and construction services	6,998	2,008	2,396	-
Charter schools	4,249	1,310	1,468	3,461
Other	5,649	5,253	7,400	-
QSCB interest	973	1,063	-	-
Interest on long-term debt	2,935	3,735	4,490	4,544
Total primary governmental activities expense	<u>370,508</u>	<u>371,565</u>	<u>380,763</u>	<u>382,977</u>
Program Revenues				
Governmental activities:				
Charges for services				
Operation of non-instructional services	5,722	5,754	5,429	6,039
Student transportation services	1,263	1,079	1,855	1,736
Other	636	378	1,270	699
Operating grants and contributions	74,612	87,483	97,373	85,309
Capital grants and contributions	-	90	167	150
Total primary governmental activities program revenues	<u>82,233</u>	<u>94,784</u>	<u>106,094</u>	<u>93,933</u>
Net Expense				
Total primary governmental activities net expenses	<u>(288,275)</u>	<u>(276,781)</u>	<u>(274,669)</u>	<u>(289,044)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	144,602	141,061	139,515	140,357
Unrestricted investment earnings	389	575	890	396
Other local revenue	1,507	529	508	722
County revenue	10,194	9,581	9,446	9,061
State aid - formula grants	97,186	97,945	94,405	96,698
Dedicated state revenue	63,360	61,413	47,055	44,411
Gain on sale of real estate	-	417	-	-
Gain on early lease payoff	-	359	-	-
Insurance recovery	-	-	-	-
Total primary governmental activities	<u>317,238</u>	<u>311,880</u>	<u>291,819</u>	<u>291,645</u>
Change in Net Position				
Total primary government	<u>\$ 28,963</u>	<u>\$ 35,099</u>	<u>\$ 17,150</u>	<u>\$ 2,601</u>

STATISTICAL SECTION: FINANCIAL TRENDS

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$	189,657	\$ 188,736	\$ 181,576	\$ 168,043	\$ 156,042	\$ 143,655
	46,783	41,738	42,005	41,472	35,467	30,257
	17,104	17,195	17,260	16,780	15,120	14,440
	24,990	18,849	18,929	16,800	17,194	18,325
	25,053	23,994	22,909	19,466	18,626	17,578
	38,964	38,959	40,655	37,433	35,324	35,652
	13,176	14,743	14,232	12,128	12,993	11,240
	-	-	2,161	1,825	2,846	2,653
	3,328	4,514	4,251	4,072	3,950	3,746
	805	5,725	8,412	5,462	3,306	4,476
	-	-	-	-	-	-
	6,039	4,542	4,842	4,597	4,420	4,771
	<u>365,899</u>	<u>358,995</u>	<u>357,232</u>	<u>328,078</u>	<u>305,288</u>	<u>286,793</u>
	6,411	6,368	5,002	5,540	5,019	5,208
	1,370	760	1,338	1,149	1,097	1,183
	907	899	883	1,037	1,110	1,187
	84,977	71,787	68,093	61,751	70,793	62,653
	-	868	231	86	12	1,967
	<u>93,665</u>	<u>80,682</u>	<u>75,547</u>	<u>69,563</u>	<u>78,031</u>	<u>72,198</u>
	<u>(272,234)</u>	<u>(278,313)</u>	<u>(281,685)</u>	<u>(258,515)</u>	<u>(227,257)</u>	<u>(214,595)</u>
	132,731	128,508	120,729	114,968	113,697	114,954
	1,396	4,544	5,610	5,395	3,082	1,196
	614	370	430	393	359	168
	8,653	9,120	9,970	9,668	9,620	8,199
	117,458	116,347	113,516	104,843	85,386	88,155
	44,033	42,495	41,140	38,897	40,294	33,154
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	101	113	1,333	-
	<u>304,885</u>	<u>301,384</u>	<u>291,496</u>	<u>274,277</u>	<u>253,771</u>	<u>245,826</u>
\$	<u>32,651</u>	<u>23,071</u>	<u>9,811</u>	<u>15,762</u>	<u>26,514</u>	<u>31,231</u>

STATISTICAL SECTION: FINANCIAL TRENDS

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

	Fiscal Year Ended June 30,			
	2013	2012	2011	2010
Revenues				
Property taxes	\$ 144,601	\$ 141,060	\$ 149,208	\$ 150,748
Other local sources	7,056	8,090		
Intermediate sources	10,194	9,581	9,446	9,061
Fees and charges	6,427	6,222	7,566	7,199
State aid	167,754	165,789	151,118	151,481
Federal aid	62,689	79,665	83,271	78,227
Earnings on investments	410	597	972	757
Miscellaneous	2,128	1,938	1,734	1,547
Total revenues	<u>401,259</u>	<u>412,942</u>	<u>403,315</u>	<u>399,020</u>
Expenditures				
Instruction and instruction-related services	176,435	181,320	184,121	189,495
Support services - student and staff	46,144	46,196	50,758	49,112
Instructional and school leadership	17,050	16,986	17,197	17,781
Administrative support services	25,347	26,208	26,258	24,845
Operation of non-instructional services	26,237	25,850	25,759	26,303
Operation and maintenance of plant services	33,706	35,588	36,309	37,813
Student transportation services	13,133	13,948	17,482	15,582
Facilities acquisition and construction services	52,898	83,689	42,026	23,348
Charter schools	4,249	1,310	1,468	3,461
Other	5,728	6,085	7,536	10,610
Debt service:				
Principal	50,175	49,593	43,490	44,615
Interest	4,654	4,470	5,280	6,320
Total expenditures	<u>455,756</u>	<u>491,243</u>	<u>457,684</u>	<u>449,285</u>
Excess of expenses over revenues	<u>(54,497)</u>	<u>(78,301)</u>	<u>(54,369)</u>	<u>(50,265)</u>
Other financing sources				
Bond issuances	48,432	47,412	40,213	79,011
Capital Leases	11,936	17,562	3,848	-
Contributions on behalf of QSCB interest payment	-	-	-	-
Net change in fund balances	<u>\$ 5,871</u>	<u>\$ (11,379)</u>	<u>\$ (10,308)</u>	<u>\$ 28,746</u>
Debt service as a percentage of noncapital expenditures	13.68%	13.29%	11.75%	11.73%

STATISTICAL SECTION: FINANCIAL TRENDS

	2009	2008	2007	2006	2005	2004
\$	140,856	\$ 135,964	\$ 128,419	\$ 123,694	\$ 121,494	\$ 123,600
	8,873	9,063	9,886	9,990	9,620	8,199
	7,069	6,518	6,467	6,415	5,978	6,199
	170,505	172,858	164,064	149,152	141,995	137,048
	71,656	56,873	57,298	54,387	50,153	44,407
	1,569	4,693	5,794	5,477	3,146	1,259
	1,591	2,045	1,711	1,669	1,772	3,229
	<u>402,119</u>	<u>388,014</u>	<u>373,639</u>	<u>350,784</u>	<u>334,158</u>	<u>323,941</u>
	181,595	181,011	175,160	162,753	150,674	139,437
	46,018	40,981	41,287	40,876	34,955	30,664
	17,104	17,195	17,260	16,798	15,098	14,439
	22,258	20,144	23,209	18,231	16,350	16,548
	23,862	22,744	21,904	18,928	18,015	16,593
	40,088	40,443	41,870	39,117	36,679	35,359
	11,647	13,158	14,866	14,870	12,662	11,427
	34,685	32,912	33,832	44,099	25,369	14,160
	3,328	4,514	4,251	4,072	3,950	3,746
	6,670	5,315	6,126	6,135	7,185	7,050
	39,615	36,615	38,850	38,800	37,550	34,800
	5,813	4,118	5,005	4,452	4,156	6,061
	<u>432,683</u>	<u>419,150</u>	<u>423,620</u>	<u>409,131</u>	<u>362,643</u>	<u>330,284</u>
	<u>(30,564)</u>	<u>(31,136)</u>	<u>(49,981)</u>	<u>(58,347)</u>	<u>(28,485)</u>	<u>(6,343)</u>
	42,824	40,390	32,545	59,944	47,263	20,000
	-	-	101	113	1,333	-
	-	-	-	-	-	-
\$	<u>12,260</u>	<u>\$ 9,254</u>	<u>\$ (17,335)</u>	<u>\$ 1,710</u>	<u>\$ 20,111</u>	<u>\$ 13,657</u>
	11.34%	10.47%	11.09%	11.86%	12.27%	12.58%

STATISTICAL SECTION: FINANCIAL TRENDS

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

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Invested in capital assets, net of related debt	\$ 303,399	\$ 280,211	\$ 262,429	\$ 255,543	\$ 236,025	\$ 215,331	\$ 197,939	\$ 182,975	\$ 160,410	\$ 138,748
Restricted for:										
Debt service	47,125	48,500	49,781	48,708	47,453	43,660	38,361	41,302	41,484	41,282
Building	5,608	4,487	1,108	1,191	-	-	-	-	-	-
Gifts	1,209	1,580	1,810	1,239	-	-	-	-	-	-
Unrestricted	<u>42,757</u>	<u>36,357</u>	<u>21,175</u>	<u>12,472</u>	<u>33,074</u>	<u>24,910</u>	<u>24,530</u>	<u>26,742</u>	<u>33,363</u>	<u>28,713</u>
Total primary governmental activities net position	<u>\$ 400,098</u>	<u>\$ 371,135</u>	<u>\$ 336,303</u>	<u>\$ 319,153</u>	<u>\$ 316,552</u>	<u>\$ 283,901</u>	<u>\$ 260,830</u>	<u>\$ 251,019</u>	<u>\$ 235,257</u>	<u>\$ 208,743</u>

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

STATISTICAL SECTION: FINANCIAL TRENDS

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

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 6,284	\$ 3,485	\$ 2,876	\$ 4,605	\$ 8,222	\$ 7,111
Unreserved	-	-	-	-	26,654	22,484	18,803	17,168	19,260	18,147
Non-spendable										
Inventories and prepaids	624	781	717	842	-	-	-	-	-	-
Endowments	-	-	-	-	-	-	-	-	-	-
Restricted										
Federal allocation carryover	1,443	168	387	4,137	-	-	-	-	-	-
Committed	-	4,566	3,976	710	-	-	-	-	-	-
Assigned	14,264	10,766	4,822	6,016	-	-	-	-	-	-
Unassigned	35,855	27,501	21,430	5,124	-	-	-	-	-	-
Total general fund	<u>\$ 52,186</u>	<u>\$ 43,782</u>	<u>\$ 31,332</u>	<u>\$ 16,829</u>	<u>\$ 32,938</u>	<u>\$ 25,969</u>	<u>\$ 21,679</u>	<u>\$ 21,773</u>	<u>\$ 27,482</u>	<u>\$ 25,258</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 69,562	\$ 63,725	\$ 56,911	\$ 69,847	\$ 63,018	\$ 47,881
Unreserved, reported in:										
Capital projects funds	-	-	-	-	874	1,268	1,012	5,562	2,959	690
Special revenue funds	-	-	-	-	5,582	5,734	7,840	7,595	9,608	9,128
Non-spendable										
Inventories and prepaids	705	622	970	640	-	-	-	-	-	-
Endowments	30	30	30	30	-	-	-	-	-	-
Restricted										
Capital projects	19,418	22,432	47,563	66,692	-	-	-	-	-	-
Debt service	47,125	48,500	49,781	48,708	-	-	-	-	-	-
Building	5,608	4,487	1,091	1,145	-	-	-	-	-	-
Gifts	1,209	1,580	1,780	1,209	-	-	-	-	-	-
Assigned										
Child nutrition	2,442	1,417	1,668	2,431	-	-	-	-	-	-
Arbitrage	-	-	9	3	-	-	-	-	-	-
Flexible benefits	16	18	23	15	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 76,553</u>	<u>\$ 79,086</u>	<u>\$ 102,915</u>	<u>\$ 120,873</u>	<u>\$ 76,018</u>	<u>\$ 70,727</u>	<u>\$ 65,763</u>	<u>\$ 83,004</u>	<u>\$ 75,585</u>	<u>\$ 57,699</u>

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

STATISTICAL SECTION: REVENUE CAPACITY

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

Fiscal Year Ended June 30,	Total Taxable Assessed Value (000's)				Direct Tax Rate*				Total Direct Tax Rate*
	Tulsa County	Creek County	Osage County	Wagoner County	Tulsa County	Creek County	Osage County	Wagoner County	
2013	\$ 2,173,975	\$ 13,513	\$ 33,884	\$ 225	64.65	63.50	65.20	64.16	64.65
2012	2,136,830	13,071	32,988	237	64.79	63.64	65.34	64.30	64.79
2011	2,149,629	16,974	35,032	224	63.90	62.75	62.70	63.41	63.87
2010	2,130,553	15,056	34,369	205	64.95	63.80	63.75	64.46	64.92
2009	2,050,504	13,296	31,315	161	65.30	64.15	64.10	64.81	65.27
2008	1,949,996	11,907	29,048	160	63.77	62.62	62.57	63.28	63.75
2007	1,889,198	10,969	26,632	134	62.93	61.78	61.73	62.44	62.91
2006	1,814,232	10,675	24,848	62	64.62	63.46	63.42	64.13	64.60
2005	1,769,286	10,466	22,809	114	64.91	63.75	63.71	64.42	64.90
2004	1,738,274	11,274	21,398	135	65.79	64.63	64.59	65.30	65.77

*Mills per \$1,000.00 assessed valuation.

Source: Tulsa County Excise Board, County Assessor's Office.

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 taxable assessed value)**

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tulsa Public Schools Rates										
General Fund	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05	\$ 36.05
Building Fund	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15	5.15
Sinking Fund	23.45	23.59	22.70	23.75	24.10	22.57	21.73	23.42	23.71	24.59
Total Direct Rate	\$ 64.65	\$ 64.79	\$ 63.90	\$ 64.95	\$ 65.30	\$ 63.77	\$ 62.93	\$ 64.62	\$ 64.91	\$ 65.79
Tulsa Community College	7.21	7.21	7.21	7.21	7.21	7.21	7.21	7.21	7.21	8.28
Tulsa County Vo-Tech	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33	13.33
Tulsa County	22.24	22.24	22.21	22.21	22.21	22.21	22.21	22.59	22.61	22.89
City of Tulsa	20.16	20.01	16.98	14.15	14.08	13.48	12.67	9.97	10.11	11.16
Total For All Governments	\$ 127.59	\$ 127.58	\$ 123.63	\$ 121.85	\$ 122.13	\$ 120.00	\$ 118.35	\$ 117.72	\$ 118.17	\$ 121.45

Source: Tulsa County Assessor's Office.

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

Fiscal Year Ended June 30,	Total Taxable Assessed Value (000's)			Total Direct Tax Rate*	Estimated Actual Value (000's)	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property	Public Service			
2013	\$ 1,661,274	\$ 370,958	\$ 189,365	64.65	\$ 19,672,823	11.29%
2012	1,643,445	354,142	185,539	64.79	19,325,190	11.30%
2011	1,627,450	370,050	204,359	63.87	19,424,410	11.34%
2010	1,562,217	379,621	188,715	64.92	19,299,072	11.04%
2009	1,541,415	378,479	175,382	65.27	18,594,837	11.27%
2008	1,467,926	340,065	183,119	63.75	17,577,797	11.33%
2007	1,404,704	317,543	204,687	62.91	16,875,863	11.42%
2006	1,351,255	281,662	216,900	64.60	16,086,664	11.50%
2005	1,278,451	296,869	227,354	64.90	15,624,403	11.54%
2004	1,227,605	296,152	247,323	65.77	15,245,768	11.62%

*Mills per \$1,000.00 assessed valuation.

Source: Tulsa County Assessor's Office.

STATISTICAL SECTION: REVENUE CAPACITY

Principal Property Taxpayers

Taxpayer	Year Ended June 30,					
	2013			2004		
	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (000's)	Rank	Percentage of Total Taxable Assessed Value
AT&T Companies*	\$ 55,368	1	2.5%	\$ 76,042	1	4.3%
Public Service Company of Oklahoma	48,474	2	2.2%	52,933	3	3.0%
Holly Refining & Marketing	44,172	3	2.0%	n/a	n/a	n/a
AHS Hillcrest/Tulsa Holdings	28,755	4	1.3%	n/a	n/a	n/a
Oklahoma Natural Gas Company	28,056	5	1.3%	25,947	4	1.5%
Williams Companies	13,884	6	0.6%	63,597	2	3.6%
Warren Foundation	13,397	7	0.6%	12,249	6	0.7%
Cox Communications	11,230	8	0.5%	n/a	n/a	n/a
Cellco Partnership	10,917	9	0.5%	n/a	n/a	n/a
Helmerich & Payne	9,521	10	0.4%	n/a	n/a	n/a
Kanbar Property Mgmt LLC	n/a	n/a	n/a	n/a	n/a	n/a
AT&T Companies	n/a	n/a	n/a	24,151	5	1.4%
Sun Oil Company	n/a	n/a	n/a	11,073	7	0.6%
MCI	n/a	n/a	n/a	10,930	8	0.6%
Albertson's	n/a	n/a	n/a	9,013	9	0.5%
EDS Information	n/a	n/a	n/a	8,890	10	0.5%
Total	\$ 263,774		12.1%	\$ 294,825		16.7%

*Formerly Southwestern Bell

STATISTICAL SECTION: REVENUE CAPACITY

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

Fiscal Year Ended June 30,	Gross Tax Levy*	Collected within Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	143,629	139,486	97.12%	-	139,486	97.12%
2012	141,448	134,758	95.27%	2,542	137,300	97.07%
2011	140,637	133,314	94.79%	6,204	139,518	99.20%
2010	141,544	134,517	95.04%	5,827	140,344	99.15%
2009	136,769	129,564	94.73%	6,527	136,091	99.50%
2008	126,925	121,880	96.03%	3,852	125,732	99.06%
2007	121,217	113,781	93.87%	4,783	118,564	97.81%
2006	119,495	111,124	92.99%	6,159	117,283	98.15%
2005	116,988	109,994	94.02%	4,600	114,594	97.95%
2004	116,485	110,951	95.25%	3,822	114,773	98.53%

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

STATISTICAL SECTION: DEBT CAPACITY

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

Fiscal Year Ended June 30,	Total General Obligation Bonded Debt (1) (thousands)	Sinking Fund Balance (thousands)	Net General Obligation Bonded Debt (thousands)	Capital Leases (1) (thousands)	Total Debt (thousands)	Ratio of Net General Obligation Bonded Debt to Estimated Actual Value	Net General Obligation Bonded Debt Per Capita(2)	Total Debt Per Capita(3)
2013	\$ 176,044	\$ 47,125	\$ 128,919	\$ 29,907	\$ 158,826	0.66%	\$ 323.04	\$ 402.09
2012	178,460	48,500	129,960	17,722	147,682	0.67%	433.20	492.27
2011	179,586	49,781	129,805	3,823	133,628	0.67%	432.68	445.43
2010	183,270	48,773	134,497	2,122	136,619	0.70%	448.32	455.40
2009	149,305	47,453	101,852	797	102,649	0.55%	339.51	342.16
2008	146,533	43,660	102,873	1,802	104,675	0.59%	342.91	348.92
2007	142,989	38,361	104,628	2,789	107,417	0.62%	348.76	358.06
2006	149,378	41,302	108,076	4,044	112,120	0.67%	360.25	373.73
2005	128,435	41,489	86,946	4,926	91,872	0.56%	289.82	306.24
2004	118,955	41,282	77,673	5,982	83,655	0.51%	258.91	278.85

Source: Notes to the Financial Statements and Other Supplementary Information

Notes

(1) Note 8. Long-term debt

(2) Based on population of 395,442 according to the City of Tulsa

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

STATISTICAL SECTION: DEBT CAPACITY

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$ 222,160	\$ 218,313	\$ 220,186	\$ 218,018	\$ 209,528	\$ 199,111	\$ 192,693	\$ 184,982	\$ 180,267	\$ 177,108
Net Debt Applicable to Limit	127,745	129,233	129,287	134,327	101,266	102,360	104,094	108,353	86,933	77,356
Legal Debt Margin	<u>\$ 94,415</u>	<u>\$ 89,080</u>	<u>\$ 90,899</u>	<u>\$ 83,691</u>	<u>\$ 108,262</u>	<u>\$ 96,751</u>	<u>\$ 88,599</u>	<u>\$ 76,629</u>	<u>\$ 93,334</u>	<u>\$ 99,752</u>
Total net debt applicable to the limit as a percentage of debt limit	57.50%	59.20%	58.72%	61.61%	48.33%	51.41%	54.02%	58.57%	48.22%	43.68%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	\$ 2,221,597
Debt Limit (10% of assessed value)	222,160
Total Bonded Indebtedness	174,870
Sinking Fund Balance	<u>47,125</u>
Net Bonded Indebtedness	127,745
Legal Debt Margin	<u>\$ 94,415</u>

Source: District records.

**Direct and Overlapping Governmental Debt
June 30, 2013
(Thousands)**

Governmental Unit	Net Indebtedness	Estimated % Applicable to the District	Estimated Share of Overlapping Debt
City of Tulsa	\$ 417,579 *	69.90%	\$ 291,888
Tulsa Community College	-	43.53%	-
Tulsa County	144 *	43.53%	63
Tulsa Vo-Tech #18	-	40.02%	-
Creek County	262 *	3.21%	8
Osage County	-	12.05%	-
Wagoner County	-	0.05%	-
Subtotal, overlapping debt			\$ 291,959
Tulsa School District Direct Debt			158,826
Total Direct and Overlapping Debt			\$ 450,785

*As of June 30, 2012

Source: Tulsa County Assessor's Office and District records.

Note: The Estimated % Applicable to the District is calculated as a % of the net assessed valuation of the District that overlaps other taxing districts to the total net assessed valuation for other taxing governmental units.

Tulsa Area Principal Employers

Employer	2012			2003		
	Employees	Rank	Percentage of Total Employment *	Employees	Rank	Percentage of Total Employment *
Wal-Mart/Sam's Club	7,500	1	1.62%	-	-	-
Tulsa Public Schools	7,000	2	1.51%	5,784	4	1.39%
American Airlines	7,000	3	1.51%	8,300	1	2.00%
Saint Francis Hospital, Inc.	6,500	4	1.40%	7,105	2	1.71%
St. John Medical Center, Inc.	6,500	5	1.40%	5,000	5	1.20%
Hillcrest Medical Center	5,000	6	1.08%	6,150	3	1.48%
City of Tulsa	4,000	7	0.86%	3,942	6	0.95%
Sprint AeroSystems	3,000	8	0.65%	-	-	-
Cherokee Hard Rock Hotel and Casino	3,000	9	0.65%	-	-	-
Reasor's (all Tulsa Area)	2,500	10	0.54%	-	-	-
U.S. Postal Service	-	-	-	2,200	7	0.53%
MCI/WorldCom	-	-	-	2,078	8	0.50%
	<u>52,000</u>		<u>11.22%</u>	<u>40,559</u>		<u>9.76%</u>

*Tulsa MSA

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

Note: Information is not available for fiscal year 2013.

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

Fiscal Year Ended	Tulsa County					
	Population	Personal Income (000's)	Per Capita Personal Income	Labor Force	Number Employed	Unemployment Rate
June 30,						
2013	(N/A)	\$ (N/A)	\$ (N/A)	448,588	421,981	5.9%
2012	613,816	31,065,583	50,611	296,731	280,321	5.5%
2011	608,205	29,402,555	48,343	288,296	269,714	6.4%
2010	605,413	25,710,797	42,468	295,330	272,740	7.7%
2009	601,961	27,035,375	44,912	304,990	285,110	6.5%
2008	592,406	28,122,403	47,472	292,130	280,520	4.0%
2007	585,407	25,922,322	44,281	303,900	290,860	4.3%
2006	577,271	25,321,413	43,864	311,700	299,550	3.9%
2005	570,051	22,560,933	39,577	300,970	288,430	4.2%
2004	567,695	20,989,144	36,973	303,307	288,779	4.8%

Sources:
Bureau of Economic Analysis, U.S. Department of Commerce,
Bureau of Labor Statistics

STATISTICAL SECTION: OPERATING INFORMATION

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

Fiscal Year	Regular Education											Total - Net Current Expenditures Per Pupil	Average Daily Membership
	Instruction	Support Services & Staff	Administrative Support Services	Instructional and School Leadership	Central Services	Operation & Maintenance of Plant Facilities	Child Nutrition	Total	Facility Acquisition and Construction	Student Transportation	Other		
2012-13	\$ 4,231	\$ 1,172	\$ 253	\$ 436	\$ 410	\$ 966	\$ 633	\$ 8,101	\$ 1,010	\$ 421	\$ 269	\$ 9,588	39,596.1
2011-12	4,256	1,172	240	423	433	1,001	592	8,117	1,005	380	277	9,566	40,133.1
2010-11	4,424	1,229	222	427	434	897	576	8,209	1,944	304	264	10,580	40,540.5
2009-10	4,724	1,240	252	450	372	957	578	8,573	543	293	399	9,592	39,893.4
2008-09	4,466	1,140	166	425	400	1,007	527	8,131	818	362	295	9,469	40,632.3
2007-08	4,422	1,026	142	424	350	1,013	489	7,866	866	310	306	9,191	40,707.0
2006-07	4,181	996	128	416	444	919	483	7,566	730	285	300	8,736	41,379.0
2005-06	3,889	931	105	408	342	1,006	431	7,112	1,104	436	272	8,775	41,475.0
2004-05	3,603	910	97	366	317	939	403	6,635	967	315	270	8,025	41,351.0
2003-04	3,389	748	78	345	330	864	381	6,135	400	285	304	6,957	41,777.0

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Number of operating cafeterias	82	85	87	89	89	89	87	88	87	87
Number of schools participating in Federal lunch program	82	85	87	89	89	89	87	88	87	87
Student lunches served:										
Free lunches	3,671,959	3,753,767	3,796,583	3,792,050	3,581,503	3,460,550	3,503,609	3,488,501	3,294,952	3,108,878
Reduced price lunches	394,713	420,617	397,012	473,123	478,911	526,753	532,689	528,325	504,865	479,217
Paid lunches	567,143	589,680	626,107	672,277	718,211	754,244	759,301	814,036	818,501	786,405
Total student lunches served	<u>4,633,815</u>	<u>4,764,064</u>	<u>4,819,702</u>	<u>4,937,450</u>	<u>4,778,625</u>	<u>4,741,547</u>	<u>4,795,599</u>	<u>4,830,862</u>	<u>4,618,318</u>	<u>4,374,500</u>
Adult lunches served	58,971	63,945	83,735	101,467	225,713	233,530	234,222	248,125	271,264	273,888
Ala Carte lunches:										
Student daily equivalent meals	1,061	766	980	1,644	1,883	1,813	1,972	2,155	2,886	3,042
Adult daily equivalent meals	114	99	103	152	159	160	195	220	211	208
Daily average lunches served (including ala carte lunches):										
Student	28,643	29,124	29,499	29,698	28,881	28,908	28,035	29,760	28,123	26,435
Adult	465	480	599	729	1,434	1,494	1,468	1,638	1,693	859
Average Daily Membership (ADM)	39,551	40,919	41,224	39,893	40,632	40,707	41,379	41,475	41,351	41,777
Percent of student lunches served to ADM	72.40%	71.2%	71.6%	74.4%	71.1%	71.0%	67.8%	71.8%	68.0%	63.3%

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

**High School Graduates
Last Ten Fiscal Years**

School Year	Central	East Central	Edison	Hale	Memorial	Rogers	McClain	Washington	Webster	Total
2012-13	73	168	216	226	189	- (1)	78	296	74	1,320
2011-12	109	176	251	255	194	- (1)	84	316	72	1,457
2010-11	106	223	246	125	203	148	107	295	80	1,533
2009-10	122	211	259	125	225	137	104	296	59	1,538
2008-09	123	218	220	116	204	148	88	287	64	1,468
2007-08	136	217	266	150	266	148	112	318	68	1,681
2006-07	167	214	244	160	275	173	128	289	109	1,759
2005-06	205	196	255	147	274	184	123	306	104	1,794
2004-05	122	164	196	135	255	168	150	257	95	1,542
2003-04	173	217	196	139	259	169	122	281	88	1,644

(1) Effective FY 2011-12 Rogers was re-structured and the next graduating class will not occur until FY 2013-14.

STATISTICAL SECTION: OPERATING INFORMATION

**List of School Buildings: Square Footage, Capacity, Age
June 30, 2013**

School Building*	Physical Address	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/Construction Date(1)	Depreciation Effective Date(2)
Academy Central	1789 W. Seminole Street	53,377	399	572	70%	1974	1982
Anderson	1921 E. 29th Street North	86,908	360	598	60%	1961	1972
Bell	6304 E. Admiral Boulevard	136,955	594	740	80%	1953	1972
Burroughs	1924 N. MLK Jr. Boulevard	58,836	326	409	80%	1926	1972
Carnegie	4309 E. 56th Street	54,580	442	419	105%	1959	1972
C. Clinton	1740 N. Harvard Avenue	82,118	605	700	86%	1954	1982
Chouteau	4132 W. Cameron Street	84,183	436	414	105%	1959	1979
Columbus	10620 E. 27th Street	50,366	365	484	75%	1972	1985
Cooper	1808 S. 123rd East Avenue	81,545	781	859	91%	1967	1979
Disney	11702 E. 25th Street	83,564	874	904	97%	1970	1982
ECDC Bunche	5402 N. Cincinnati Avenue	65,489	248	335	74%	1959	1979
ECDC Porter	1740 W. 41st Street	33,221	152	175	87%	1929	1929
ECDC Reed	10908 E. 5th Street	40,503	137	290	47%	1967	1967
Eisenhower	3111 East 56th Street	101,868	378	540	70%	1953	1979
Eliot	1442 E. 36th Street	47,504	435	430	101%	1956	1979
Emerson	909 N. Boston Avenue	54,679	318	430	74%	1967	1979
Eugene Field	2249 S. Phoenix Avenue	58,782	418	462	90%	2006	2006
Gilcrease	5550 N. MLK Jr. Boulevard	129,845	375	550	68%	1965	1979
Grimes	3213 E. 56th Street	40,550	292	344	85%	1962	1979
Grissom	6646 S. 73rd East Avenue	54,062	373	440	85%	1970	1979
Hamilton	2316 N. Norwood Place	120,896	563	610	92%	1958	1974
Hawthorne	1105 E. 33rd Street North	60,471	405	550	74%	1956	1982
Hoover	2327 S. Darlington Avenue	71,755	633	665	95%	1955	1979
Jackson	2137 N. Pittsburg Avenue	55,974	342	450	76%	1960	1972
Jones	1515 S. 71st East Avenue	46,702	418	430	97%	1962	1971
Kendall Whittier	2601 E. 5th Place	125,520	1,156	1,226	94%	1998	1998
Kerr	202 S. 117th East Avenue	62,015	560	666	84%	1965	1981
Key	5702 S. Irvington Avenue	58,042	597	633	94%	1962	1979
Lanier	1727 S. Harvard Avenue	46,657	319	366	87%	1926	1972
Lee	1920 S. Cincinnati Avenue	42,607	385	440	88%	1921	1972
Lewis & Clark	737 S. Garnett Road	105,666	503	558	90%	1963	1982
Lindbergh	931 S. 89th East Avenue	60,157	474	560	85%	1958	1979
MacArthur	2182 S. 73rd East Avenue	57,695	442	514	86%	1958	1979
Mark Twain	541 S. 43rd West Avenue	57,462	455	505	90%	2003	2003
Marshall	1142 E. 56th Street	65,798	432	548	79%	1954	1974
Mayo	1127 South Columbia Avenue	124,853	264	346	76%	1974	1982
McClure	1770 E. 61st Street	68,573	589	646	91%	1958	1979
McKinley	6703 E. King Street	56,180	518	590	88%	1957	2000
Mitchell	733 N. 73rd East Avenue	49,336	549	517	106%	1961	1979
Owen	1132 N. Vandalia Avenue	62,459	530	570	93%	1953	1979
Park	3205 W. 39th Street	40,492	285	311	92%	1921	1979
Patrick Henry	3820 E. 41st Street	56,378	478	548	87%	1958	1974
Peary	10818 E. 17th Street	44,337	315	430	73%	1969	1982
Penn	2138 E. 48th Street North	53,079	365	429	85%	1960	1983
Remington	2524 W. 53rd Street	48,518	285	406	70%	1968	1974
Robertson	2721 W. 50th Street	53,692	438	495	88%	2003	2003

STATISTICAL SECTION: OPERATING INFORMATION

**List of School Buildings: Square Footage, Capacity, Age
June 30, 2013**

School Building*	Physical Address	Square Footage	Average Daily Membership*	Capacity**	Capacity Utilized	Acquisition/ Construction Date(1)	Depreciation Effective Date(2)
Salk	7625 E. 58th Street	68,562	625	731	85%	1965	1979
Sequoyah	724 N Birmingham Avenue	126,377	514	731	70%	1929	1974
Skelly	2940 S. 90th East Avenue	157,774	1,028	1,215	85%	1967	1979
Springdale	2510 E. Pine Street	58,188	531	592	90%	1926	1972
Whitman	3924 N. Lansing Avenue	51,593	423	464	91%	1962	1980
Wright	1110 E. 45th Place	99,534	410	595	69%	1960	1974
Zarrow	3613 S. Hudson Avenue	51,511	362	377	96%	1960	1979
Carver	624 E. Oklahoma Place	114,349	633	676	94%	1929	1972
Clinton	2224 W. 41st Street	123,811	305	734	42%	2010	2010
East Central JH	12121 E. 21st Street	127,548	711	778	91%	1968	1979
Edison MS	2906 E. 41st Street	116,047	848	766	111%	1958	1979
Hale JH	2177 S. 67th East Avenue	132,777	723	671	108%	1961	1974
McLain 7th Grade Academy	525 E. 46th Street North	51,625	352	346	102%	1958	1974
Memorial JH	7502 E. 57th Street	128,733	522	594	88%	1967	1982
Monroe	2010 E. 48th Street North	98,155	276	397	70%	1959	1979
Thoreau	7370 East 71st Street	123,110	614	646	95%	1974	1984
Central JR/HS	3101 W. Edison Street	178,245	885	883	100%	1977	1988
East Central	12150 E. 11th Street	264,818	1,047	1,415	74%	1967	1979
Edison	2906 E. 41st Street	287,018	1,152	1,165	99%	1958	1979
Hale	6960 E. 21st Street	251,413	1,084	1,267	86%	1960	1979
McLain JR/HS	4929 N. Peoria Avenue	221,638	453	1,009	45%	1960	1988
Memorial	5840 S. Hudson Avenue	223,219	1,045	1,225	85%	1963	1988
Rogers	3909 E. 5th Place	286,334	897	1,206	74%	1938	1972
Washington	1514 E. Zion Street	259,805	1,314	1,502	87%	2004	2004
Webster	1919 W. 40th Street	208,807	489	678	72%	1939	1972
Street School (Franklin)	1135 S. Yale Avenue	40,635	91	145	63%	1927	1927
Tulsa MET (Bryant)	6201 E. Virgin Street	57,850	166	285	58%	1929	1929
Margaret Hudson	1136 S. Alleghany Avenue	18,565	55	90	61%	1999	1999
Phoenix Rising (Lombard)	1205 West Newton Street	31,928	61	115	53%	1910	1910
Traice (Lindsey)	2740 E. 41st Street North	45,075	108	150	72%	1957	1957

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

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

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

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

Source: District records.

STATISTICAL SECTION: OPERATING INFORMATION

**Number of Schools, Student Enrollment and Attendance Information
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Total Number of Schools			Total Student Enrollment	Average Daily Membership (ADM)	Average Daily Attendance (ADA)	Ratio ADA to ADM
	Elementary Schools	Middle Schools	High Schools				
2013	54	12	9	40,252	39,596	36,630	92.51%
2012	54	12	9	39,178	40,133	37,044	92.30%
2011	59	15	9	39,957	40,540	37,433	92.33%
2010	59	15	9	40,719	39,893	36,664	91.90%
2009	59	15	9	40,242	40,632	37,546	92.41%
2008	59	15	9	40,600	40,707	37,630	92.44%
2007	59	16	9	42,242	41,379	38,406	92.82%
2006	57	16	9	42,281	41,475	38,679	93.26%
2005	57	15	9	41,966	41,351	38,200	92.38%
2004	57	15	9	42,532	41,777	38,423	91.97%

Source: District records.

Schedule of Government Employees by Function

Function	Number of Employees at June 30,				
	2013	2012	2011	2010	2009
Instruction and instruction-related services	4,222	4,425	4,657	4456	4512
Support services - student and staff	716	642	540	563	507
Instructional and school leadership	212	204	232	218	102
Administrative support services	153	154	160	163	163
Operation of non-instructional services	586	529	562	456	529
Operation and maintenance of plant services	529	562	529	548	552
Student transportation services	289	329	276	258	280
Total Government Employees	<u>6,707</u>	<u>6,845</u>	<u>6,956</u>	<u>6,662</u>	<u>6,645</u>

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