

**Independent School District No. 89
of Oklahoma County, Oklahoma,
also known as the Oklahoma City
Public Schools**

Financial Statements
June 30, 2021

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**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

District Profile

Board of Education

<i>Name</i>	<i>Office</i>	<i>District</i>	<i>Term of Office</i>	<i>End of Term</i>
Paula Lewis	Board Chairperson		4 yrs	2025
Carole Thompson	Member	1	4 yrs	2025
Lori Bowman	Member	2	4 yrs	2025
Carrie Jacobs	Member	3	4 yrs	2024
Mark Mann	Vice Chairperson	4	4 yrs	2024
Ruth Veales	Member	5	4 yrs	2022
Gloria Torres	Member	6	4 yrs	2023
Meg McElhaney	Member	7	1 yrs	2022

Superintendent

Dr. Sean McDaniel

Chief Financial Officer

Shannon Meeks, CPA

FINANCIAL SECTION



Independent Auditor's Report

RSM US LLP

Board of Education
Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools

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 Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining financial statements and budgetary schedules, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 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. These statements and 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

RSM US LLP

Oklahoma City, Oklahoma
March 2, 2022

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

Within the management's discussion and analysis of the Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section. The reports are prepared using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, which also requires that certain comparative information between the current year and the prior year be presented.

Unless specifically stated otherwise, all dollar amounts in this management's discussion and analysis are expressed in thousands.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2021 were:

- The District's Statement of Net Position (accrual basis) reported that assets and deferred outflows exceeded liabilities and deferred inflows by \$458.5 million (net position) a decrease of \$35.0 million, or (7.1%) over the previous year end net position of \$493.5 million.
- General fund expenditures (budgetary basis) of \$391.4 million were more than total revenues (revenues plus lapsed appropriations) of \$371.3 million by \$20.1 million, or 5.4% of total revenues. The fund balance decreased to \$20.8 million, or 5.3% of total expenditures.
- Standard & Poor's affirmed its 'AA' annual bond rating on the District's general obligation debt outstanding. Their outlook is negative.
- Per State Department of Education accreditation as of October 1 of the fiscal year, student membership totaled 31,029, a decrease of 4,868 students, or (13.6%), from last year's membership of 35,897.

Overview of the Financial Statements

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

District-Wide Financial Statements

The district-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, deferred outflows/inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information on 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, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods (e.g., uncollected taxes).

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

The district-wide financial statements display functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities).

The governmental activities of the District include regular education, special education, school nutrition services, school activity, transportation and administration.

The district-wide financial statements can be found on pages 16 and 17.

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 laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are reported separately while all other funds are combined into a single, aggregated presentation.

All District funds are Governmental funds and are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financing requirements. All of the District's basic services are included here, such as regular education, special education, school nutrition, school activity, transportation and administration. Property taxes, federal grants, state grants and state funding provide the financing for most of these activities.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances each provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are presented on pages 18 and 20. Major funds are presented separately, and nonmajor governmental funds are combined into a single column. Individual fund data for each of these nonmajor governmental funds are provided in a combining statement on pages 57 and 58.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. Notes to the financial statements can be found on pages 22 through 47.

Required Supplementary Information

The *Required Supplementary Information* (RSI) section presents information concerning the District's budgeting process. The District adopts an annual appropriated budget for the following funds: general fund, building fund, school nutrition fund, bond funds, debt service fund and insurance fund.

The District is required to present a budget to actual comparison schedule for both the general fund and each major special revenue fund with a legally adopted annual budget. A budgetary comparison schedule has been provided for the general fund, to demonstrate compliance with the budgets. There are no major special revenue funds with a legally adopted annual budget.

Pension and OPEB information are also included in the required supplementary information.

Other Supplementary Information

The *Other Supplementary Information* section presents the detailed by fund nonmajor Other Governmental Funds Balance Sheet and Revenues and Expenditures, and Changes in Fund Balances, and budgetary comparison schedules for the nonmajor special revenue funds and other funds: building fund, bond funds, debt service fund and insurance fund.

District-Wide Financial Analysis

The following financial analysis discussion reports the District's comparative results for Governmental Activities. As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

Net Position

The District's total net position at June 30, 2021 and 2020 was \$459.0 million and \$493.5 million, respectively. During the fiscal year ended June 30, 2021, net position decreased \$34.5 million or (7.0%). As a result of the District recording its proportionate share of the net pension liability of the state-administered Oklahoma Teachers Retirement System (OTRS) in accordance with GASB Statement No. 68, the District is unable to report positive unrestricted net position.

The largest portion of the District's net position, \$638.0 million (139.0% of total net position), reflects its net investment in capital assets. The District uses these capital assets to provide instruction, facilities and transportation services; consequently, these assets are not available for future spending. Although the District's investment in 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.

Detailed financial information is available on page 16.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

The following table provides a comparative summary of the District's statements of net position as of June 30, 2021 and 2020:

	Statements of Net Position Governmental Activities	
	2021	2020
Current assets	\$ 419,339	\$ 439,597
Capital assets and other post employment benefits	711,151	711,093
Total assets	1,130,490	1,150,690
Deferred outflows of resources	151,135	59,869
Current liabilities	62,735	88,551
Long-term liabilities	596,772	456,741
Total liabilities	659,507	545,292
Deferred inflows of resources	163,612	171,762
Net position:		
Net investment in capital assets	638,006	625,924
Restricted	73,052	70,176
Unrestricted (deficit)	(252,552)	(202,595)
Total net position	\$ 458,506	\$ 493,505

The District's total assets at June 30, 2021 were \$1,130.5 million, a decrease of \$20.2 million, or 1.8%, over last year's assets of \$1,150.7 million.

	Total Assets Governmental Activities	
	2021	2020
Cash and cash equivalents	\$ 176,956	\$ 177,005
Investments	37,448	57,383
Deposits held by a third party	26,807	42,627
Accounts receivables, net of allowances	177,557	161,893
Inventories	571	689
Total current assets	419,339	439,597
Land and construction	14,021	25,440
Other capital assets, net of accumulated depreciation	696,662	682,827
Other noncurrent assets	468	2,826
Total noncurrent assets	711,151	711,093
Total assets	\$ 1,130,490	\$ 1,150,690

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Current Assets

The District’s current assets consist primarily of cash and cash equivalents, investments, deposits held by a third party, receivables, and inventories. Current assets at June 30, 2021, was \$419.3 million, a decrease of \$20.3 million, or (4.6%), over last year’s current assets of \$439.6 million. Major transactions/factors were:

- Decrease of investments of \$19.9 million from prior year.
- Decrease of deposits held by a third party of \$15.8 million is related to a decrease in bond principal and interest payments due July 1st.
- Increase of receivables of \$15.7 million, primarily due to increases in property tax and federal grant claim receivables.

Noncurrent Assets

The District’s investment in capital assets includes: land; assets under construction; buildings and improvements; technology, appliances and musical instruments; machinery, equipment, furniture and fixtures; and vehicles. Capital assets, net of accumulated depreciation, at June 30, 2021 was \$710.7 million, an increase of \$2.4 million, or 0.3%, over last year’s total net capital assets of \$708.3 million. Major transactions/factors were:

- Increase for capital grants transfers of \$3.1 million for buildings, improvements, and technology.
- Increase for assets under construction activity of \$22.9 million.
- Increase for purchasing vehicles of \$2.1 million.
- Decrease for asset sales with a basis of \$0.7 million.
- Decrease for depreciation expense of \$24.7 million.

The following table provides a comparative summary of the District’s capital assets as of June 30, 2021 and 2020:

	Capital Assets, Net of Accumulated Depreciation Governmental Activities	
	2021	2020
Land	\$ 3,993	\$ 3,457
Assets under construction	10,028	21,983
Buildings and improvements	669,907	657,576
Technology, appliances, and musical instruments	6,610	7,798
Machinery, equipment, furniture and fixtures	8,943	6,565
Vehicles	11,202	10,888
Total capital assets	\$ 710,683	\$ 708,267

Additional information concerning the District’s capital assets is contained in Note 4 to the financial statements.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Total Liabilities

The District’s total liabilities at June 30, 2021, was \$659.5 million, an increase of \$114.2 million, or 20.9%, over last year’s total liabilities of \$545.3 million. The following table provides a comparative summary of the District’s liabilities as of June 30, 2021 and 2020:

	Total Liabilities Governmental Activities	
	2021	2020
Current liabilities	\$ 36,228	\$ 45,336
Current portion of long-term liabilities	26,507	43,215
Total current liabilities	62,735	88,551
Long-term portion of GO bonds	141,420	146,325
Premium on bonds	1,797	2,275
Accrued compensated absences	4,904	5,631
Net pension liability	448,651	302,510
Total noncurrent liabilities	596,772	456,741
Total liabilities	\$ 659,507	\$ 545,292

Current Liabilities

The District’s total current liabilities at June 30, 2021, was \$62.7 million, a decrease of \$25.8 million, or (29.1%), over last year’s total current liabilities of \$88.6 million. Major factors were:

- Decrease in accounts payables of \$9.1 million.
- Decrease in the current portion of long-term obligations of \$16.7 million.

Noncurrent Liabilities

The District’s total noncurrent liabilities at June 30, 2021, was \$596.8 million, an increase of \$140.0 million or 30.7%, over last year’s total noncurrent liabilities of \$456.7 million. Major transactions/factors were:

- Increase in net pension liability of \$146.1 million.
- Decrease in the total long-term portion of general obligation bonds of \$4.9 million, resulting from the 2021 general obligation bond sale of \$19.5 million and the scheduled repayment of \$24.4 million for other existing general obligation bonds.

Additional information concerning the District’s noncurrent liabilities is contained in Note 6 – Long-Term Liabilities and Note 8 – Employee Retirement Plans.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Outstanding Debt

General obligation bond debt at June 30, 2021, was \$165.8 million, a decrease of \$21.3 million or (11.4%), below last year’s total bond debt of \$187.1 million. Changes in the outstanding debt balance reflect the net impact of any increases of debt for new bond sales and any reductions of debt for bond principal payments. Major transactions/factors were:

- Increase for debt associated with the 2016 Bond Sale of \$19.5 million.
- Decrease for general obligation bond principal payments totaling \$40.8 million.

The following table provides a comparative summary of the District’s outstanding debt as of June 30, 2021 and 2020:

	Outstanding Debt Governmental Activities	
	2021	2020
General obligation bonds	\$ 165,825	\$ 187,075
Premium on bonds	1,797	2,275
Total	\$ 167,622	\$ 189,350

Deferred Outflows of \$150.8 million consists of items not yet charged to pension expense and contributions from the employer to the pension and OPEB plans after the measurement date but before the end of the employer’s reporting period. Deferred outflows of \$0.3 million relate to debt refunding and equals the difference between the re-acquisition price and the net carrying amount of old debt. The deferred outflows will be recognized as a component of interest expense over the life of the old debt or the life of the new debt, whichever is shorter.

Deferred Inflows of \$141.6 million was recorded related to future property tax collections as projected based on the Oklahoma County lien date of January 1, 2021, as these will not be recognized as revenue until the year for which it is budgeted. Deferred inflows of \$22.0 million was recorded related to items not yet recognized as a reduction of pension expense and OPEB expense.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Financial Analysis of the District’s Activities

The District’s statement of activities is reported on the accrual basis. Detailed financial information is available on page 17. The following table provides a comparative summary of the District’s statements of activities for the years ended June 30, 2021 and 2020:

	Statements of Activities	
	Governmental Activities	
	2021	2020
Program revenues:		
Charges for services	\$ 2,337	\$ 3,887
Operating grants and contributions	124,143	85,927
Capital grants and contributions	3,139	12,895
General revenues:		
Property and other taxes	177,705	169,292
State aid, charter schools	39,619	44,836
State aid	127,949	148,009
Support from other governments	6,900	7,596
Interest and dividends	129	2,109
Loss on disposal of capital assets	(722)	-
Other	4,346	5,141
Total revenues	485,545	479,692
Expenses:		
Instruction	226,957	197,380
Support services	206,612	162,528
Operation of noninstructional services	23,655	26,615
Facilities, acquisitions, and construction	20,275	26,617
Charter schools	39,619	44,836
Other outlays	1,141	610
Interest	2,285	2,580
Total expenses	520,544	461,166
Increase (decrease) in net position	(34,999)	18,526
Net position, beginning	493,505	474,979
Net position, ending	\$ 458,506	\$ 493,505

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

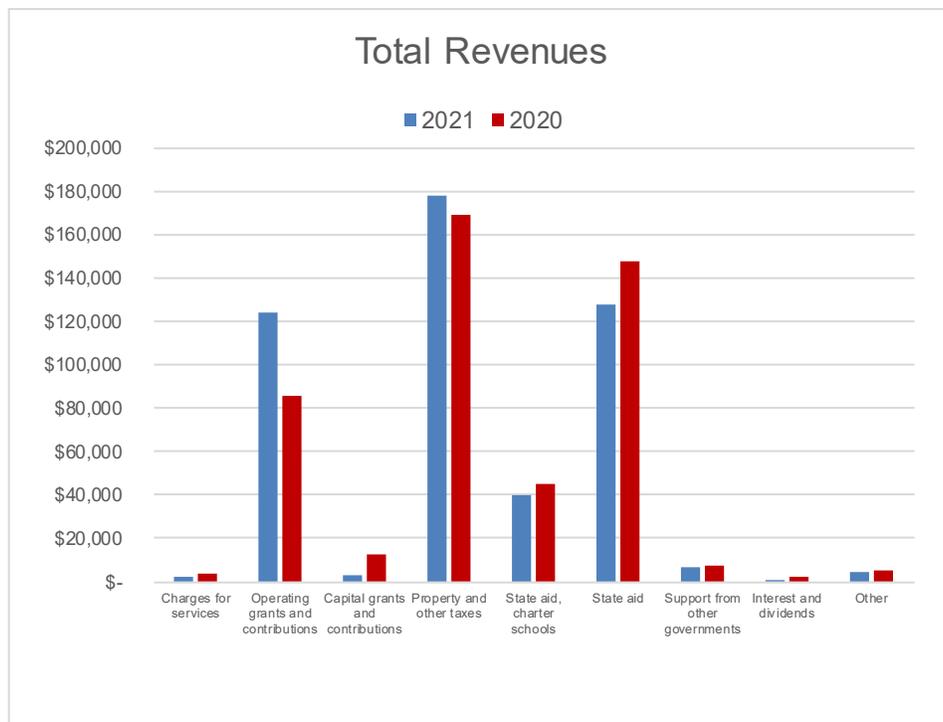
**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Revenues

The District’s total accrual basis revenues at June 30, 2021, was \$485.5 million, an increase of \$5.8 million, or 1.2%, over last year’s total revenues of \$479.7 million. Major transactions/factors were:

- Revenue from operating and capital grants and contributions was \$127.3 million, an increase of \$28.5 million or 28.8%, over prior year revenues of \$98.8 million.
- Pass through state funding revenue for charter schools was \$39.6 million, a decrease of \$5.2 million or (11.6%), below prior year revenues of \$44.8 million.
- Revenue from property and other taxes was \$177.7 million, an increase of \$8.4 million or 5.0%, over prior year revenues of \$169.3 million.
- Revenue from state aid was \$128.0 million, a decrease of \$20.0 million or (13.5%), below prior year revenues of \$148.0 million.
- Revenue from interest was \$0.1 million, a decrease of \$2.0 million or (95.2%), below prior year revenues of \$2.1 million.

As graphically portrayed below, the District is heavily reliant on state aid to support operations. Property and other taxes support both general fund and building fund operations and provide proceeds for bond indebtedness.



Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

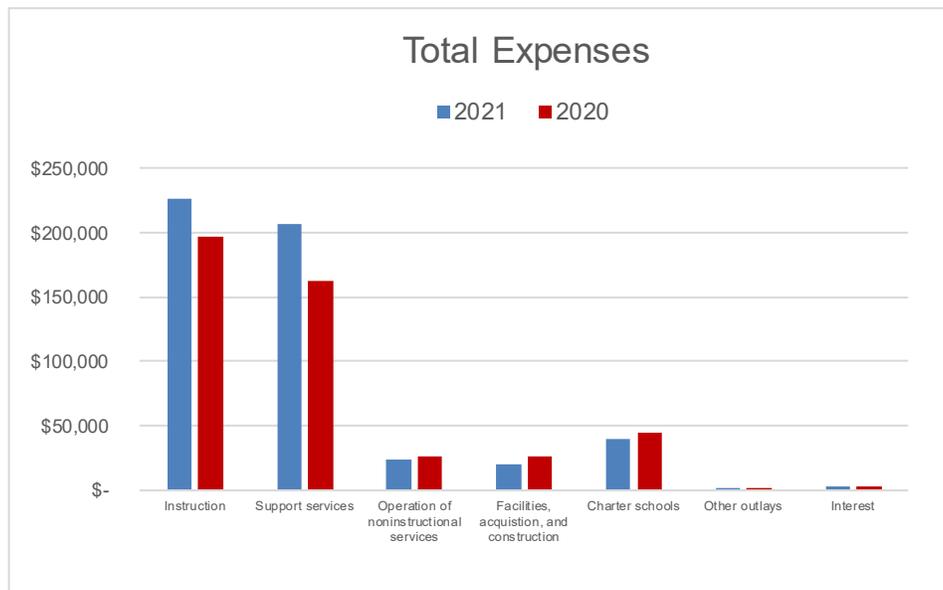
**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Expenses

The District’s total accrual basis expenses at June 30, 2021, was \$520.5 million, an increase of \$59.4 million, or 12.9%, over last year’s total expenses of \$461.2 million.

Financial transactions benefiting the District that reflect both revenue and expense impact include the Federal Grant Programs (such as Title I) and on-behalf teacher retirement contributions by the State of Oklahoma. These financial transactions are generally reflected within instructional costs classification. Major transactions/factors were:

- Instructional costs were \$227.0 million, an increase of \$29.6 million or 15.0% over last year’s expenses of \$197.4 million.
- Support costs were \$206.6 million, an increase of \$44.1 million or 27.1% over last year’s expenses of \$162.5 million.
- Facilities costs were \$20.3 million, a decrease of \$6.3 million or (23.7%) below last year’s expenses of \$26.6 million.
- Pass through expense for charter schools was \$39.6 million, a decrease of \$5.2 million or (11.6%) below prior year expenses of \$44.8 million.



Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Financial Analysis of the District’s Funds

Governmental funds: The focus of the District’s governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. Long-term financial reporting, such as fixed assets and long-term debt, are adjusted back to revenue and expenditures to reflect only short-term activity. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. See pages 18 and 20 for detailed reporting.

The District’s main sources of revenues by category are:

- *Local* (including ad valorem, tuition and fees, investment earnings, rentals and reimbursements)
- *Intermediate* (including County Four Mill Ad Valorem)
- *State* (including state taxes and fees, state aid, state grants and state programs)
- *Federal* (federal programs, projects, services and activities)
- *Charter School* (flow-through of charter school state formula funding)
- *Other* (reimbursements and other miscellaneous revenues)

Other financing sources of governmental funds include bond sales, revenue transfers between funds and insurance recoveries.

Total Revenues by Source				
	2021		2020	
Local sources	\$	150,229	\$	149,380
Intermediate sources		17,437		15,525
State sources		179,494		199,393
Federal sources		102,247		61,590
Charter schools		39,619		44,836
Other		82		202
Total sources of revenue	\$	489,108	\$	470,926

The District’s main activities by function are instruction, support services, noninstructional services, facilities acquisition and construction, other outlays (charter school pass-through), and debt service. The following table shows each activity’s total cost before any offsets for fees generated by the activities and intergovernmental aid provided for specific programs, as well as the financial burden that was placed on the State of Oklahoma, federal government, and the District’s taxpayers by each of these functions.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Total Expenditures by Function		
	2021	2020
Instruction	\$ 191,413	\$ 189,485
Support services	170,254	147,610
Noninstructional services	22,113	26,135
Facilities acquisition and construction	112	116
Charter schools	39,619	44,836
Other outlays	883	573
Debt service	43,630	34,566
Capital outlay	54,163	54,552
Total cost of service	\$ 522,187	\$ 497,873

General Fund Budget Discussion

In accordance with statutory requirements, prior to the end of the current fiscal year, the budget for the subsequent year is prepared and submitted to the Board of Education for approval prior to June 30. Budgets are established based on historical trend information that is adjusted for one-time budget increases that may have occurred, new or ending programs, legislative activity, local economic activity and any changes in priorities or initiatives by the Oklahoma City Public School Board of Education.

Revenues

In addition to evaluating historical trends, budget preparation incorporates the District’s student projections, prepared by the PRE (Planning, Research, and Evaluation) department for the upcoming year. State formula funding is the District’s largest revenue stream and is dependent on the WADM (Weighted Average Daily Membership) of the student projections. The second largest revenue stream, federal funding, is budgeted to authorize the full potential allocation of all federal programs. All revenue projections are also evaluated based on any applicable factors that may be impactful including interest rates and specific economic trends.

Expenditures

Similar to the revenue budgeting process, expenditure budgets are heavily reliant on trend information. Employee compensation and benefits are the largest expense of the District. Based on the projected increase or decrease of student enrollment, the related District instructional staffing is evaluated and may be adjusted. All expense projections are also evaluated based on any applicable factors that may be impactful including, teacher shortages, union negotiations and new legislative mandates.

Economic Outlook

During FY21, the District continued its commitment to maximizing student and classroom investments and incorporating equity into decision-making processes while protecting the District’s overall financial position.

The State of Oklahoma is experiencing a recovering state economy thanks in part to a growing economy, but also attributable to increased Federal funds and inflation. Unemployment rates, 2.3% in December 2021, are lower than the national average of 3.9%. State Treasurer, Randy McDaniel, announced February 4, 2022, that 12-month collections as of January 2022 are \$15.5B, \$2.4B or 18% more than the previous period.

The District was awarded two additional federal stimulus packages in FY21. Allocations of \$73M (ESSERII) and \$165M (ARP) brought cumulative federal stimulus funding to \$256M. These much-needed funds will assist in the continuing battle to prevent the spread and mitigate the impact of COVID19

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Looking forward, the Oklahoma State Board of Education approved a FY23 budget request of \$3.26 billion for common education, representing an increase of \$96M, of which \$74M would be used to increase the statewide funding formula. This request now goes to the Senate, the House, and the Governor's office as they prepare and finalize the state budget.

The District's state funding is highly dependent on student enrollment and district weighted enrollment continues to decline while overall state weighted enrollment increases. District leadership will continue to carefully evaluate legislative activity and monitor revenues and expenditures to ensure that the financial resources are equitably aligned to meet our student's academic and emotional needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's financials and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools
Financial Services Department
P.O. Box 36609
Oklahoma City, Oklahoma 73136

BASIC FINANCIAL STATEMENTS

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Statement of Net Position
June 30, 2021
(in thousands)**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 176,956
Investments	37,448
Deposits held by third party	26,807
Receivables:	
Delinquent/protected property taxes, net of allowance	9,664
Property taxes - succeeding year, net of allowance	141,602
Due from other governments	26,192
Other, net of allowance	99
Inventories	571
Total current assets	<u>419,339</u>
Noncurrent assets:	
Capital assets:	
Land and assets under construction	14,021
Other capital assets, net of accumulated depreciation	696,662
Net other postemployment benefits	468
Total noncurrent assets	<u>711,151</u>
Total assets	<u>1,130,490</u>
Deferred outflows of resources	
Debt refunding related amounts	293
Other postemployment benefits amounts	2,120
Pension related amounts	148,722
Total deferred outflows of resources	<u>151,135</u>
Liabilities	
Current liabilities:	
Warrants payable	1,992
Accounts payable and accrued liabilities	31,737
Accrued interest payable	2,499
Current portion of long-term obligations	26,507
Total current liabilities	<u>62,735</u>
Noncurrent liabilities:	
General obligation bonds	141,420
Premium on bonds	1,797
Capital lease obligation	-
Accrued compensated absences	4,904
Net pension liability	448,651
Total noncurrent liabilities	<u>596,772</u>
Total liabilities	<u>659,507</u>
Deferred inflows of resources	
Property taxes - succeeding year	141,602
Pension related amounts	20,980
Other postemployment benefits amounts	1,030
Total deferred inflows of resources	<u>163,612</u>
Net position	
Net investment in capital assets	638,006
Restricted for:	
Debt service	53,967
Capital projects	66
Building	6,730
School nutrition	1,453
Other postemployment benefits	1,558
Other	9,278
Unrestricted (deficit)	(252,552)
Total net position	<u>\$ 458,506</u>

See notes to financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Statement of Activities
Year Ended June 30, 2021
(in thousands)**

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Functions/Programs					
Governmental activities:					
Instruction	\$ 226,957	\$ 697	\$ 33,833	\$ -	\$ (192,427)
Support services	206,612	1,321	65,188	-	(140,103)
Noninstructional services	23,655	319	19,416	-	(3,920)
Facilities, acquisitions, and construction	20,275	-	-	3,139	(17,136)
Charter schools	39,619	-	682	-	(38,937)
Other outlays	1,141	-	5,024	-	3,883
Interest on long-term debt	2,285	-	-	-	(2,285)
Total governmental activities	\$ 520,544	\$ 2,337	\$ 124,143	\$ 3,139	(390,925)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					93,955
Property taxes, levied for debt service					41,963
Other					41,787
State aid not restricted to specific purposes - charter schools					39,619
State aid not restricted to specific purposes					127,949
Support from other local governments, not restricted to specific purposes					6,900
Interest, dividends and investment earnings					129
Loss on disposal of capital assets					(722)
Other					4,346
Total general revenues					355,926
Change in net position					(34,999)
Net position at beginning of year					493,505
Net position at end of year					\$ 458,506

See notes to financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Balance Sheet - Governmental Funds
June 30, 2021
(in thousands)**

	General Fund	Debt Service Fund	2016 Bond Funds	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 32,106	\$ 30,269	\$ 85,387	\$ 29,194	\$ 176,956
Investments	30,453	-	-	6,995	37,448
Deposits held by third party	-	26,807	-	-	26,807
Receivables:					
Delinquent/protested property taxes, net of allowance	6,106	2,756	-	802	9,664
Property taxes - succeeding year, net of allowance	85,758	43,586	-	12,258	141,602
Due from other governments	25,695	165	-	332	26,192
Other, net of allowance	56	-	-	43	99
Inventories	293	-	-	278	571
Total assets	\$ 180,467	\$ 103,583	\$ 85,387	\$ 49,902	\$ 419,339
Liabilities					
Warrants payable	\$ 1,592	\$ -	\$ -	\$ 400	\$ 1,992
Accounts payable and accrued liabilities	26,778	450	2,197	2,312	31,737
Total liabilities	28,370	450	2,197	2,712	33,729
Deferred inflows of resources					
Unavailable revenue - delinquent/protested property taxes	6,106	2,756	-	802	9,664
Unavailable revenue - property taxes - succeeding year	85,758	43,586	-	12,258	141,602
Unavailable revenue - due from other governments	126	-	-	31	157
Total deferred inflows of resources	91,990	46,342	-	13,091	151,423
Fund balances					
Nonspendable	293	-	-	303	596
Restricted	1,690	56,791	83,190	28,897	170,568
Committed	-	-	-	4,541	4,541
Assigned	6,838	-	-	358	7,196
Unassigned	51,286	-	-	-	51,286
Total fund balances	60,107	56,791	83,190	34,099	234,187
Total liabilities, deferred inflows of resources and fund balances	\$ 180,467	\$ 103,583	\$ 85,387	\$ 49,902	\$ 419,339

See notes to financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Reconciliation of Total Governmental Fund Balances to Net Position
of Governmental Activities
June 30, 2021
(in thousands)**

Total governmental fund balances	\$	234,187
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Cost of capital assets	\$ 1,039,392	
Accumulated depreciation	<u>(328,709)</u>	710,683
Certain assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent/protested property taxes, net of allowance	9,664	
Due from other governments	157	
Net other postemployment benefits	<u>468</u>	10,289
Deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources, debt refunding related amounts	293	
Deferred outflows of resources, pension related amounts	148,722	
Deferred outflows of resources, net other postemployment benefits	2,120	
Deferred inflows of resources, net other postemployment benefits	(1,030)	
Deferred inflows of resources, pension related amounts	<u>(20,980)</u>	129,125
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities consist of:		
General obligation bonds payable	(165,825)	
Premium on bonds	(1,797)	
Compensated absences	(7,006)	
Net pension liability	(448,651)	
Accrued interest	<u>(2,499)</u>	(625,778)
Net position of governmental activities	\$	<u>458,506</u>

See notes to financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2021
(in thousands)**

	General Fund	Debt Service Fund	2016 Bond Funds	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 90,557	\$ 43,237	\$ 74	\$ 16,361	\$ 150,229
Intermediate sources	17,437	-	-	-	17,437
State sources	174,803	-	-	4,691	179,494
Federal sources	81,451	-	-	20,796	102,247
Charter schools	39,619	-	-	-	39,619
Other	39	-	-	43	82
Total revenues	403,906	43,237	74	41,891	489,108
Expenditures:					
Current:					
Instruction	191,214	-	75	124	191,413
Support services	152,480	-	1,861	15,913	170,254
Noninstructional services	830	-	-	21,283	22,113
Facilities, acquisitions, and construction	112	-	-	-	112
Charter schools	39,619	-	-	-	39,619
Other outlays	476	325	-	82	883
Debt service:					
Principal payments	53	40,750	-	-	40,803
Interest and fiscal charges	2	2,825	-	-	2,827
Capital outlay:					
Instruction	10,779	-	578	355	11,712
Support services	9,333	-	11,086	1,887	22,306
Noninstructional services	-	-	-	329	329
Facilities, acquisitions, and construction	55	-	12,602	6,882	19,539
Other outlays	277	-	-	-	277
Total expenditures	405,230	43,900	26,202	46,855	522,187
Excess (deficiency) of revenues over (under) expenditures	(1,324)	(663)	(26,128)	(4,964)	(33,079)
Other financing sources:					
Bond issuances	-	-	19,500	-	19,500
Premium on bond issuances	-	378	-	-	378
Insurance recoveries	34	-	-	6	40
Total other financing sources	34	378	19,500	6	19,918
Net change in fund balances	(1,290)	(285)	(6,628)	(4,958)	(13,161)
Fund balances, beginning of year	61,397	57,076	89,818	39,057	247,348
Fund balances, end of year	\$ 60,107	\$ 56,791	\$ 83,190	\$ 34,099	\$ 234,187

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021
(in thousands)**

Net changes in fund balances - total governmental funds	\$	(13,161)
Amounts reported for governmental activities and the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement activities. This is the amount by which the capital outlays exceeded depreciation and retirements in the period.		
Capital outlay expenditures capitalized	\$	26,639
Depreciation expense		(24,738)
Contributed capital		1,237
Loss on disposal of capital assets		(722)
		<u>2,416</u>
Repayments of principal on long-term debt are expenditures in governmental funds but reduce long-term liabilities in the statement of net position and do not affect the statement of activities. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Proceeds from the sale of new bonds are other financing sources in the governmental funds but have no impact on the statements of activities.		
Principal payments and amortization of bond premium		41,606
Proceeds from the sale of bonds and premium on the issuance of bonds		(19,878)
Capital lease payments		53
		<u>21,781</u>
Because some revenues (property taxes and certain other income) will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are instead deferred inflows of resources. They are, however, recorded as revenues in the statement of activities.		
		(4,036)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		1,037
Interest expense recognized in the statement of activities		(314)
Net other postemployment benefit expense		(128)
Pension expense, net of state on-behalf payments of \$15.1 million		(42,594)
		<u>(42,594)</u>
Change in net position of governmental activities	\$	(34,999)

See notes to financial statements.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies

Nature of operations: Oklahoma County School District No. I-89, Oklahoma City Public Schools (the District), is a corporate body for public purposes created under Title 70 of 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 Oklahoma State Department of Education. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes. The District is a primary government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. The governing body of the District, the Board of Education, is composed of elected members. The Superintendent is appointed by the Board and is the chief executive officer of the District.

Significant accounting policies: The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for school districts are defined as those principles promulgated by the Governmental Accounting Standards Board (GASB).

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements are as follows:

Reporting entity: 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 would cause the District's basic financial statements to be misleading. The District has not identified any organizations that should be included in the District's reporting entity.

District wide and fund financial statements: The district-wide financial statements (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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental funds: Governmental funds are used to account for all or most of the government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds).

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

The District reports the following major governmental funds:

- **General Fund:** The General Fund is established as the District's primary operating fund and is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation and incentive aid program, and federal and state restricted monies that must be expended for specific programs.
- **Debt Service Fund:** The Debt Service Fund (the Sinking Fund) is established to account for the local property tax proceeds levied specifically for debt service retirement and related investment interest earnings and the general obligation bond debt obligations and payments.
- **2016 Bond Funds:** The 2016 Bond Funds, capital project funds, are established to account for the various general obligation bond sale proceeds and expenditures as authorized by the voters on November 8, 2016. These resources are used exclusively for maintaining, renovating, and equipping school facilities, enhancing safety and security, and acquiring technology and transportation equipment. The total bond issue authorized by the voters was \$180 million, and consisted of the following separately approved propositions:
 - *Proposition 1:* \$106.34 million for school building maintenance, including roofing, heating, air conditioning, safety improvements, and general equipment;
 - *Proposition 2:* \$54.46 million for technology infrastructure upgrades, student and testing labs, and computers; and
 - *Proposition 3:* \$19.20 million to replace school buses and update the support vehicle fleet.

The District reports the following nonmajor governmental funds:

- **Building Fund:** The Building Fund, a special revenue fund, is established to account for the proceeds of the local property taxes levied specifically for the Building Fund. These resources may be used for building operations and maintenance including supplies, services and personnel.
- **School Nutrition Services:** The School Nutrition Services program, a special revenue fund, is established to account for revenues collected, including federal and state, for meals served, and for associated costs of the program.
- **Gifts and Endowments Fund:** The Gifts and Endowments Fund, a special revenue fund, is established to account for any receipt of assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. Income derived from such funds may be expended, but the principal must remain intact.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

- **2007 Bond Funds:** The 2007 Bond Funds, a capital project fund, is established to account for the various general obligation bond sale proceeds and expenditures as authorized by the voters on October 9, 2007. These resources are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, enhancing safety and security, and acquiring technology and transportation equipment. The total bond issue authorized by the voters was \$248.3 million, and consisted of the following separately approved propositions:
 - *Proposition 1:* \$212 million for capital improvements for elementary school gymnasiums, 54 new classrooms, and routine maintenance;
 - *Proposition 2:* \$21 million to provide network system upgrades to better track and evaluate students and update and add library materials;
 - *Proposition 3:* \$7.3 million to replace school buses more than 10 years old and update the support vehicle fleet; and
 - *Proposition 4:* \$8 million to improve safety and security equipment throughout the District.
- **Casualty Flood Insurance Recovery Fund:** The Casualty Flood Insurance Recovery Fund, a capital projects fund, was established July 2, 2007 by Board of Education Resolution in order to establish a reserve for repairs or replacement of District property that has been destroyed or damaged or lost by a hazard or cause which is either excluded from coverage in the policy of the insurance procured by the District or which falls within the self-insured retention (deductible) of the policy.
- **School Activity Fund:** The School Activity Fund is a special revenue fund established to account for all financial transactions related to the fundraising efforts of students and District-sponsored groups.

Basis of accounting, measurement focus, and financial statement presentation: The government-wide statement of net position and statement of activities financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are budgeted. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds financial statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. 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.

All revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Property tax and other revenues collected within the time frame noted are therefore susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent the availability criteria discussed above was met.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

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, pensions, and other postemployment benefit obligations, are only recorded when the payment is due.

Cash and cash equivalents and investments: The District considers all cash on hand, demand deposits, interest-bearing checking accounts, high yield savings accounts, and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. As of June 30, 2021, the District's investments were in sweep accounts and Insured Cash Sweeps which meet the definition of cash equivalents and certificates of deposit and the District's position in the Oklahoma Public School Liquid Asset Pool (the Pool) which are classified as investments. Certificates of deposit have maturities of one year or less and are recorded at amortized cost. In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the sponsors (Oklahoma State School Boards Association, Cooperative Council of Oklahoma School Administration, Organization of Rural Oklahoma Schools, and Oklahoma Association of School Business Officials), although it is not registered with the SEC.

Receivables: Uncollected taxes assessed on valuations made each year are recorded in the District's financial statements. An allowance for doubtful accounts for property taxes receivable is calculated based on an aged analysis of protested and delinquent tax receivables and historical collection data.

Interfund transactions: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. There were no amounts due to/from other funds as of June 30, 2021. Transfers move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. Transfers within governmental activities are eliminated upon consolidation. During the year ended June 30, 2021, there were no interfund transactions.

Inventories: Inventories are carried at cost (FIFO method, or first-in, first-out) and are recorded as expenditures when consumed rather than when purchased. Inventories include fuel, maintenance stock, and food service supplies.

Capital assets: Capital assets, which include land, buildings, and improvements; machinery and equipment; vehicles; and computers and technology, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial unit cost or an estimated acquisition value at the date of donation equal to or greater than \$5,000 (not in thousands).

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Type of Asset	Years
Buildings	50
Land improvements	15
Machinery, equipment, furniture and fixtures	10
Vehicles	10
Technology, appliances, and musical instruments	5

Deferred outflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s). It will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources include the debt refunding loss equal to the difference between the reacquisition price and the net carrying amount of the old debt. The deferred outflow will be recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Deferred outflows of resources also consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period. See Note 8 for additional discussion regarding pension deferred outflows of resources. In addition, the District has reported deferred outflows of resources for contributions made subsequent to the measurement date for its other postemployment benefit liability. See Note 9 for additional discussion regarding other post-employment benefit deferred outflows of resources.

Deferred inflows of resources: In addition to liabilities, the statement of net position and fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s). It will not be recognized as an inflow of resources (revenue) until then. The governmental fund balance sheet includes unavailable revenues from delinquent property taxes, succeeding year property taxes, and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's district-wide statement of net position, the property tax revenues for the succeeding year remain a deferred inflow and will be recognized as revenue in the year for which they are budgeted. The district-wide statement of net position also consists of deferred inflows related to unrecognized items not yet charged to pension expense. See Note 8 for additional discussion regarding pension deferred inflows of resources. In addition, the District has reported deferred inflows of resources related to unrecognized items not yet charged to expense related to its other postemployment benefits. See Note 9 for additional discussion regarding other post-employment benefit deferred inflows of resources.

Long-term liabilities: In the governmental fund financial statements, principal and interest on long-term debt and other long-term obligations are recognized as liabilities only when payment has matured or become due. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources. Discounts are reported as other financing uses. Principal payments and bond issuance costs are reported as debt service expenditures.

Long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the debt using a method which approximates the effective interest method. Bond issue costs are recorded as an expense when incurred.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

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

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

Compensated absences: The liability for compensated absences attributable to the District's governmental funds is recorded in the district-wide financial statements. Vested compensated absence balances are reported as a long-term liability with an estimated short-term portion recorded as due within one year.

Equalized pay: Oklahoma City Public Schools utilizes equalized pay to provide equal base pay amounts each pay period to employees throughout the year including intercession periods.

To provide equalized base pay throughout the year, including times when employees do not work, a liability account is maintained for each employee who has a specific annual work schedule. The liability account increases when the employee earns more than equalized base pay and decreases when the employee is not working as many days in a pay period or is not working at all during intercession periods. This account is zero at the end of the contract year, which can be different than the fiscal year.

Net position and fund balance: The district-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets:** This component of net position reports capital assets less both 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 net position:** This component of net position should be reported when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The restricted net position for other purposes is made up of the following: state allocation carryover of \$6,463, student services of \$2,490, and legal settlements of \$325.

Net position totaling \$13,193 is restricted by enabling legislation. The remaining \$59,860 is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

- **Unrestricted net position:** Net position that does not meet the definition of net investment in capital assets or restricted are classified as unrestricted.

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

Governmental fund equity is classified as fund balance. Fund balance consists of five categories, defined 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 long-term 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 highest level of decision-making authority (the District's Board of Education). Such constraints can only be removed or changed by the same form of formal action.

Funds set aside by the Board of Education as committed fund balance requires the approval of a resolution by a majority vote of the members of the Board of Education. Such approval must take place prior to the District's fiscal year-end in order for it to be applicable to that fiscal year. It is permitted for the specific amount of the commitment to be determined after the fiscal year-end if any additional information is required in order to determine the exact amount. The Board of Education has the authority to remove or change the commitment of funds with a resolution.

- **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 given authority to its Chief Financial Officer as the Board approved Encumbrance Clerk to assign funds for specific purposes.
- **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 must be reported. Unassigned fund balance essentially consists of excess funds that have not been classified in the other four fund balance categories mentioned above.

It is the District's policy to use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The District's policy for the use of unrestricted fund balance amounts requires that committed amounts would be used first, followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

The following table shows the fund balance classifications as shown on the governmental funds balance sheet:

	Major Funds			Nonmajor		Total Governmental Funds
	General Fund	Debt Service Fund	2016 Bond Funds	Other Governmental Funds		
Nonspendable:						
Inventories	\$ 293	\$ -	\$ -	\$ 278	\$	571
Gifts	-	-	-	25		25
	<u>293</u>	<u>-</u>	<u>-</u>	<u>303</u>		<u>596</u>
Restricted for:						
Capital projects	66	-	83,190	13,410		96,666
Debt service	-	56,466	-	-		56,466
Building	-	-	-	6,730		6,730
Student services	19	-	-	2,445		2,464
School nutrition services	-	-	-	1,454		1,454
State allocation carryover	1,605	-	-	4,858		6,463
Legal settlement	-	325	-	-		325
	<u>1,690</u>	<u>56,791</u>	<u>83,190</u>	<u>28,897</u>		<u>170,568</u>
Committed for:						
Capital projects	-	-	-	4,541		4,541
Assigned for:						
Compensated absences	5,932	-	-	-		5,932
Capital projects	-	-	-	358		358
Purchase commitments	906	-	-	-		906
	<u>6,838</u>	<u>-</u>	<u>-</u>	<u>358</u>		<u>7,196</u>
Unassigned						
	51,286	-	-	-		51,286
Total fund balance	<u>\$ 60,107</u>	<u>\$ 56,791</u>	<u>\$ 83,190</u>	<u>\$ 34,099</u>	<u>\$</u>	<u>234,187</u>

State revenues: Revenues from state sources for current operations are primarily governed by the state aid formula under the provision of Article XVIII, Title 70, Oklahoma Statutes. The Oklahoma State Department 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 Oklahoma State Department of Education may adjust subsequent fiscal period allocations of money due to changes in state revenue actual collections versus appropriated funds.

The District receives revenues from the state to administer certain categorical educational programs. Oklahoma State Department of Education rules require that revenues earmarked for these programs are expended only for the program for which the money is provided and require that money not expended as of the close of the fiscal year be carried forward into the following fiscal year to be expended for the same categorical programs. Approximately \$1,627 of state categorical revenue was carried forward to fiscal year 2021. The Oklahoma State Department of Education requires that categorical educational program revenue be accounted for in the general fund.

Property tax revenue: The District is authorized by state law to levy property taxes. Property tax is levied each October 1 on the assessed valuation of real and personal property within the District as of the preceding January 1, the lien date. The county assessor, upon receipt of the certification of tax levies from the Oklahoma County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer. All taxes levied upon an ad valorem basis for each fiscal year shall become due and payable on the first day of November.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

The first half of taxes is due prior to January 1, and the second half is due prior to April 1. If the first half of tax payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes are delinquent on April 1 of the year following the year of assessment. Mortgage servicers are prohibited from paying in halves; ad valorem from mortgage servicers is due prior to January 1. The Oklahoma County Treasurer conducts an annual Resale the second Monday in June. Property with taxes delinquent of four years are sold at Resale. A successful bidder at Resale will be issued a deed to the property by the next business day. Any property not sold at Resale will be deeded to Oklahoma County.

Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is budgeted.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred inflows and outflows, liabilities, and net position; the disclosure of contingent assets and liabilities; and the reported revenues and expenditures. Actual results could differ from those estimates.

New accounting pronouncements issued not yet adopted: The GASB has issued several new accounting pronouncements that will be effective in future years. Only the following issued pronouncements are believed to have a significant impact to the District.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2022, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. The District is currently evaluating the impact that this new standard may have on its financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. This statement will be effective for the District with its year ending June 30, 2023. The District is currently evaluating the impact that this new standard may have on its financial statements.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The statement will be effective for the District with its year ending June 30, 2022. The District is currently evaluating the impact that this new standard may have on its financial statements.

Note 2. Deposits and Investments

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of failure of the counterparty, the District may not be able to recover the value of its deposits. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. The District's policy requires all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2021, all of the District's deposits were either covered by federal deposit insurance or were collateralized with securities held by the pledging financial institution's trust department in the District's name.

Custodial credit risk – investments: For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by a counterparty or the counterparty's trust department but not in the name of the District. The District's investments in sweep accounts, totaling \$167.2 million, are not deposits or obligations of any bank, are not guaranteed by any bank and are not insured or guaranteed by the FDIC, the Federal Reserve Board, or any other government agency, and are therefore exposed to custodial credit risk. The District mitigates this risk by investing in sweep accounts that invest primarily in short-term U.S. Treasury and government securities, in accordance with State Statutes. In addition, the District's investments in certificates of deposit classified as investments, totaling \$2.0 million, are held by its agent in the District's name and fully insured or collateralized and are therefore not exposed to custodial credit risk.

Concentration of credit risk: The District's investment policy requires that, except for direct obligations of the U.S. government, its agencies, or instrumentalities or certificates of deposit secured by diversified pledges of collateral, the District's investment portfolio will be diversified to avoid incurring undue concentration in securities of one type. As of June 30, 2021, the District's investment portfolio was invested in sweep accounts (78%), the Oklahoma Public School Liquid Asset Pool (21%), and certificates of deposit (1%).

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 does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy does limit investment maturities for purposes of liquidity management. District sources of funding limit investments to be very short-term in nature. Funds are strategically placed for meeting cash flow needs for all areas of cash management. As of June 30, 2021, the District's investments were in sweep accounts that mature daily, six and twelve-month certificates of deposit, or the Oklahoma Public School Liquid Asset Pool from which funds can be withdrawn on a daily basis.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 3. Receivables

Total receivables before provision for allowances for uncollectible accounts at June 30, 2021, for the District's governmental funds are as follows:

	Governmental Activities			Total Governmental Activities
	General Fund	Debt Service Fund	Other Governmental Funds	
Delinquent/protested property taxes	\$ 7,672	\$ 3,423	\$ 1,018	\$ 12,113
Property taxes receivable - succeeding year	87,378	44,495	12,489	144,362
Due from other governments	25,696	165	331	26,192
Other	476	-	170	646
Total	<u>\$ 121,222</u>	<u>\$ 48,083</u>	<u>\$ 14,008</u>	<u>\$ 183,313</u>

Total allowances for uncollectible accounts are as follows:

	Governmental Activities			Total Governmental Activities
	General Fund	Debt Service Fund	Other Governmental Funds	
Allowances for uncollectible accounts attributable to:				
Delinquent/protested property taxes	\$ 1,566	\$ 667	\$ 216	\$ 2,449
Property taxes - succeeding year	1,620	909	231	2,760
Other	420	-	127	547
Total	<u>\$ 3,606</u>	<u>\$ 1,576</u>	<u>\$ 574</u>	<u>\$ 5,756</u>

Total receivables, net of allowances for uncollectible accounts, are as follows:

	Governmental Activities			Total Governmental Activities
	General Fund	Debt Service Fund	Other Governmental Funds	
Delinquent/protested property taxes	\$ 6,106	\$ 2,756	\$ 802	\$ 9,664
Property taxes receivable - succeeding year	85,758	43,586	12,258	141,602
Due from other governments	25,696	165	331	26,192
Other	56	-	43	99
Total	<u>\$ 117,616</u>	<u>\$ 46,507</u>	<u>\$ 13,434</u>	<u>\$ 177,557</u>

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 4. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reclassifications	Disposals	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 3,457	\$ 544	\$ -	\$ (8)	\$ 3,993
Assets under construction	21,983	22,876	(34,831)	-	10,028
Total capital assets not being depreciated	25,440	23,420	(34,831)	(8)	14,021
Capital assets being depreciated:					
Buildings and improvements	881,064	802	31,358	(1,651)	911,573
Technology, appliances, and musical instruments	83,805	153	1,062	(8,194)	76,826
Machinery, equipment, furniture and fixtures	14,037	1,384	2,411	(2,199)	15,633
Vehicles	22,633	2,117	-	(3,411)	21,339
Total assets being depreciated	1,001,539	4,456	34,831	(15,455)	1,025,371
Accumulated depreciation for:					
Buildings and improvements	(223,488)	(19,321)	-	1,143	(241,666)
Technology, appliances, and musical instruments	(76,007)	(2,387)	-	8,178	(70,216)
Machinery, equipment, furniture and fixtures	(7,472)	(1,291)	-	2,073	(6,690)
Vehicles	(11,745)	(1,739)	-	3,347	(10,137)
Total accumulated depreciation	(318,712)	(24,738)	-	14,741	(328,709)
Total capital assets being depreciated, net	682,827	(20,282)	34,831	(714)	696,662
Governmental activities capital assets, net	\$ 708,267	\$ 3,138	\$ -	\$ (722)	\$ 710,683

Depreciation expense for the year ended June 30, 2021, was charged to functions/programs of the District as follows:

Governmental activities:	
Instruction	\$ 188
Support services	5,148
Noninstruction services	160
Facilities, acquisitions, and construction	19,242
Total governmental activities	\$ 24,738

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 5. Compensated Absences

Upon retirement or resignation in good standing, the District pays eligible employees for unused sick leave at a set daily rate as determined by classification and/or length of service. The length of service required to receive the sick leave payout is determined by the employee's applicable collective bargaining agreement for the District's school administrators, support, and certified staff and District policy for all other pro-tech/administrative staff. The number of allowed sick leave carryforward days for support, professional/technical and principals is 201 days. Certified employees (teachers) may carryover 201 days.

Unused vacation leave is calculated at hourly rates. The maximum carryover of vacation leave is two times the allowable annual accrued amount.

Personal days not used by employees by June 30 become sick days subject to the accrual calculation and limitations above. As of June 30, 2021, the District had an outstanding liability for unused sick, vacation, and personal leave totaling approximately \$6.51 million and a related liability for payroll taxes associated with the unused sick, vacation, and personal leave totaling approximately \$0.5 million. The activity for the year is as follows:

Beginning balance	\$	8,043
Leave earned		2,739
Leave used		(3,776)
Ending balance	\$	<u>7,006</u>

This liability is typically liquidated from the fund balance of the General, Building and School Nutrition funds.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 6. Long-Term Liabilities

Oklahoma Statutes prohibit the District from becoming indebted in an amount exceeding revenues to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue.

As of June 30, 2021, the District had the following long-term liabilities:

Governmental Activities:

\$10.0 million general obligation bonds of 2016, dated June 16, 2016, due in annual installments of \$2.5 million beginning in July 1, 2018 through July 1, 2021, plus interest ranging from 1.50% to 2.00%	\$ 2,500
\$9.0 million general obligation bonds of 2017, dated April 20, 2017, due in annual installments of \$2.25 million beginning in July 1, 2019 through July 1, 2022, plus interest ranging from 2.00% to 3.00%	4,500
\$30.985 million general obligation bonds of 2017, dated June 9, 2017, due in varying annual installments beginning July 1, 2018 with an installment of \$7.38 million and a final installment of \$3.775 million due July 1, 2024, plus interest ranging from 4.00% to 5.00%	14,825
\$44.0 million general obligation bonds of 2018, dated July 5, 2017, due in annual installments of \$11 million beginning in July 1, 2020 through July 1, 2023, plus interest ranging from 0.05% to 3.00%	33,000
\$15.0 million general obligation bonds of 2019, dated January 24, 2019, due in annual installments of \$5 million beginning in July 1, 2021 through July 1, 2023, plus interest ranging from 2.00% to 3.00%	15,000
\$76.5 million general obligation bonds of 2020, dated January 28, 2020, due in annual installments of \$25.5 million beginning in July 1, 2022 through July 1, 2024, plus interest ranging from 0.05% to 2.50%	76,500
\$19.5 million general obligation bonds of 2021, dated January 28, 2021, due in annual installments of \$6.5 million beginning in July 1, 2023 through July 1, 2025, plus interest of 1.00%	19,500
Total general obligation bonds outstanding – at face value	165,825
Premium on bonds outstanding	1,797
Total general obligation bonds outstanding	167,622
Compensated absences and related taxes	7,006
Net pension liability	448,651
Total long-term liabilities for governmental activities	\$ 623,279

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 6. Long-Term Liabilities (Continued)

During the year ended June 30, 2021, long-term liability transactions were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	One Year
Governmental Activities:					
General obligation bonds:					
2014 general	\$ 12,000	\$ -	\$ 12,000	\$ -	\$ -
2015 general	9,375	-	9,375	-	-
2016 general	5,000	-	2,500	2,500	2,500
2017 general	6,750	-	2,250	4,500	2,250
2017 general	18,450	-	3,625	14,825	3,655
2018 general	44,000	-	11,000	33,000	11,000
2019 general	15,000	-	-	15,000	5,000
2020 general	76,500	-	-	76,500	-
2021 general	-	19,500	-	19,500	-
Total general obligation bonds	187,075	19,500	40,750	165,825	24,405
Premium on bonds	2,275	378	856	1,797	-
Capital lease obligation	53	-	53	-	-
Total Governmental Activities	<u>\$ 189,403</u>	<u>\$ 19,878</u>	<u>\$ 41,659</u>	167,622	24,405

**Reconciliation to Statement
of Net Position:**

Plus: Net pension liability	448,651	-
Plus: Compensated absences	7,006	2,102
	<u>\$ 623,279</u>	<u>\$ 26,507</u>

Debt service requirements to maturity over the next five years are as follows:

Year ending June 30:	General Obligation Bonds	
	Principal	Interest
2022	\$ 24,405	\$ 3,643
2023	47,435	2,518
2024	51,710	1,284
2025	35,775	332
2026	6,500	32
Total long-term liabilities	<u>\$ 165,825</u>	<u>\$ 7,809</u>

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 6. Long-Term Liabilities (Continued)

Interest expense on general obligation bonds during the year ended June 30, 2021, totaling approximately \$2.28 million is recorded in the debt service fund.

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, using the effective interest method, 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, 2021, is approximately \$0.86 million. The net amount of unamortized premium at June 30, 2021, is approximately \$1.80 million.

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 is calculated based on the lessor's implicit interest rate.

In December 2016, the District entered into a 60-month equipment lease purchase agreement with Dell totaling approximately \$259. At the end of the lease, the District can and did exercise the option to purchase the equipment for one dollar. The lease was paid off during 2021.

The gross amount of assets acquired under capital leases, accumulated depreciation, and net book value by major asset class are as follows:

Technology, appliances, and musical instruments	\$	2,079
Accumulated depreciation		(2,058)
Net book value	\$	<u>21</u>

Note 7. Risk Management

The District purchases commercial insurance for all types of risk including, but not limited to, property, casualty, worker's compensation, auto, crime, malicious acts, and surety bonds. The deductibles for property claims is \$1,000 per occurrence. The deductible for vehicle and general/professional liability claims is \$1,000 per occurrence. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans

The District participates in the state-administered Oklahoma Teachers Retirement System (OTRS). Additionally, the District provides a defined contribution plan for eligible employees.

Oklahoma Teachers Retirement System

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

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

Benefit provisions include:

- Members who join TRS after July 1, 1991 become fully vested in retirement benefits earned to date after five years of credited service. Members who join TRS on or after November 1, 2017 become fully vested after seven years of credited service. Any member who has attained age 55 or who has completed 30 years of creditable service, or for any person who initially became a member prior to July 1, 1992, whose age and number of years of creditable service total 80 may be retired upon proper application for retirement on forms established by the System and executing a retirement contract. Any person who became a member after June 30, 1992, but prior to November 1, 2011, whose age and number of years of creditable service total 90 may be retired upon proper application for retirement and executing a retirement contract. Any person who becomes a member on or after November 1, 2011, who attains the age of 65 years or who reaches a normal retirement date having attained a minimum age of 60 years may be retired upon proper application for retirement and executing a retirement contract.
- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

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Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans (Continued)

- Upon the death of a retired member, OTRS will pay \$5,000 (not in thousands) to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the Internal Revenue Code (IRC).
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions: The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees who are non-retired members of OTRS are required to contribute 7% of their annual compensation. Annual compensation is defined as the salary plus fringe benefits (excluding flexible benefit allowance). For employees who are covered by the American Federation of Teachers (AFT) Certified Collective Bargaining Agreement (CBA), the District paid 7% of the employee's annual compensation minus the OTRS service credit. For building administrators who are covered by the Oklahoma City Business Administrator (OCBA) CBA and Central Office/professional and technical staff, the District paid 100% of the 7% up to \$60,000 (not in thousands) of annual compensation, then the District paid 90% and the employee paid 10% of the 7% of annual compensation for the rest of the fiscal year. For support employees who are covered by the Oklahoma City Federation of Classified Employees (OCFCE) CBA, the District paid 90% of the 7% and the employee paid 10% of the 7% up to \$40,000 (not in thousands) of annual compensation, then the employee contributed the full 7% of annual compensation for the rest of the fiscal year. For all retired OTRS members employed by the District, the District paid 16.5% (the employee and District/employer portions) of the employee's annual compensation. If a member's salary is paid from federal funds or certain grant money, an additional contribution (the grant matching contribution) is required. The matching contribution rate is set by the Board of Trustees annually and is expressed as a percentage of federal/grant salaries. This is currently set to 7.7%. The amount paid by the District for employees totaled approximately \$14.08 million for the year ended June 30, 2021.

The District's statutory contribution rate is 9.5% for the year ended June 30, 2021. In addition, the District is required to match the State of Oklahoma's contribution rate on salaries that are paid with grant funds. The District's contributions to OTRS in 2021 was \$22.14 million, equal to the annual required contributions. The District's matching contributions to OTRS in 2021 was \$2.33 million.

The State of Oklahoma makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service recognized by the District and ranges from \$60.15 actual dollars per year for zero years of service to \$1,410.53 actual dollars per year for 25 years or more of service. For the fiscal year ended June 30, 2021, the State paid approximately \$1.66 million on behalf of teachers employed at the District. In accordance with generally accepted accounting principles, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the district-wide and fund financial statements.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans (Continued)

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2021, 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 based on a contribution rate provided to the District. For the year ended June 30, 2021, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$16.11 million. In accordance with generally accepted accounting principles, District recognized the on-behalf-of payments as revenue and expenditure in the governmental fund financial statements. In the government-wide statement of activities, revenue is recognized for the State's on-behalf contributions on an accrual basis of approximately \$15.63 million.

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

Pension liabilities, pension expense, and deferred inflows/outflows of resources related to pensions: At June 30, 2021, the District reported a liability of \$448.65 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the District's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2020. Based upon this information, the District's proportion was 4.72750700%. The change in proportion from June 30, 2019, was an increase of 0.15649363%.

For the year ended June 30, 2021, the District recognized pension expense of \$83.58 million. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,841	\$ 7,599
Changes of assumptions	55,021	6,482
Net difference between projected and actual earnings on pension plan investments	38,674	-
Changes in proportion and differences between District contributions and proportionate share of contributions	8,720	6,899
Total deferred amounts to be recognized in pension expense in future periods	124,256	20,980
District contributions subsequent to the measurement date	24,466	-
Total deferred amounts related to pension	<u>\$ 148,722</u>	<u>\$ 20,980</u>

Deferred pension outflows totaling \$24.47 million resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Net deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Other deferred inflows and outflows are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans (Continued)

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	15,449
2023		21,242
2024		31,461
2025		30,480
2026		4,644
	\$	<u>103,276</u>

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.25%
Future ad hoc cost-of-living increases	None
Salary increases	Composed of 2.25% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
Investment return	7.00%
Retirement age	Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019.
Mortality rates after retirement	<i>Males and females:</i> 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
Mortality rates for active members	PUB-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

The mortality rates were developed based upon the June 30, 2019 experience study.

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

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 8. Employee Retirement Plans (Continued)

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic equity	43.50%	7.50%
International equity	19.00	8.50
Fixed income	22.00	2.50
Real estate*	9.00	4.50
Alternative assets	6.50	6.20
Total	100.00%	

* The real estate total expected return is a combination of U.S. Direct Real Estate (unleveraged) and U.S. Value Added Real Estate (unleveraged).

Discount rate: For the valuation period ending June 30, 2020, a single discount rate of 7.00% was used to measure the total pension liability. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

Sensitivity of the net pension liability to changes in the discount rate: The following table presents the net pension liability of the District calculated using the discount rate of 7.0%, as well as what the District’s net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District’s net pension liability	\$ 598,797	\$ 448,651	\$ 324,354

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 9. Other Postemployment Insurance Benefits

Defined Contribution Plan

Plan description: The District provides a defined contribution plan under section 401(a) of the Internal Revenue Code to eligible employees. Eligible employees include administrators, professional/technical staff, and building administrators (e.g., principals). Administrators and professional/technical staff must complete three years of continuous service and building administrators must complete two years of continuous service in order for the employee to receive an employer contribution at the end of the fiscal year.

Funding policy: Eligible administrators, professional/technical staff members, and building administrators receive a contribution of \$700 actual dollars per year. Upon termination or retirement, each of these employees can receive the money paid for them in either a lump sum or in any other benefit option available. This plan is administered by Variable Annuity Life Insurance Company (VALIC). The District contributed \$309 to the plan during the year ended June 30, 2021.

Oklahoma Teachers Retirement System—OPEB Subsidy

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

Benefits provided: OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 (not in thousands) per month, provided the member has 10 years of Oklahoma service prior to retirement.

Contributions: Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 8; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.15% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the System were \$43.

OPEB liabilities (assets), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2021, the District reported an asset of \$468 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB asset was based on the District's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2020. Based upon this information, the District proportion was 4.72750700%. The change in proportion from June 30, 2019 was an increase of 0.15649363%.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 9. Other Postemployment Insurance Benefits (Continued)

For the year ended June 30, 2021, the District recognized OPEB benefit of \$3. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,029
Net difference between projected and actual earnings on plan investments	1,023	-
Changes of assumptions	1,013	-
Change in proportion	41	1
District contributions subsequent to the measurement date	43	-
Total	<u>\$ 2,120</u>	<u>\$ 1,030</u>

The \$43 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2022. Net deferred outflows resulting from the difference between projected and actual earnings on OPEB plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Other deferred inflows are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period.

Deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (25)
2023	226
2024	343
2025	384
2026	87
Thereafter	32
Total	<u>\$ 1,047</u>

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 9. Other Postemployment Insurance Benefits (Continued)

Actuarial assumptions: The total OPEB liability as of June 30, 2021, was determined based on an actuarial valuation prepared as of June 30, 2020, using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.25%
Future ad hoc cost-of-living increases	None
Salary increases	Composed of 2.25% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
Investment rate of return	7.00%
Retirement age	Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019.
Mortality rates after retirement	<i>Males and females:</i> 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
Mortality rates for active members	PUB-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

The mortality rates were developed based upon the June 30, 2019 experience study.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	43.50%	7.50%
International equity	19.00	8.50
Fixed income	22.00	2.50
Real estate*	9.00	4.50
Alternative assets	6.50	6.20
Total	100.00%	

*The real estate total expected return is a combination of U.S. Direct Real Estate (unleveraged) and U.S. Value Added Real Estate (unleveraged)

Discount rate: For the valuation period ending June 30, 2020, a single discount rate of 7.00% was used to measure the total pension liability. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 9. Other Postemployment Insurance Benefits (Continued)

The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's net OPEB liability (asset)	\$ 1,700	\$ (468)	\$ (2,307)

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

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

Note 10. Commitments and Contingencies

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 and services. At year end, the amount of encumbrances (less encumbrances that lapsed after year end) expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 906
2016 Bond Funds	7,377
Other governmental funds	2,060
	<u>\$ 10,343</u>

The District receives grant funds from various federal and state grantor agencies. Under the terms of the grants, periodic audits are required, and certain costs may be questioned as not being allowable expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. The District management believes disallowances, if any, would be immaterial to the accompanying financial statements.

Independent School District No. 89 of Oklahoma County, Oklahoma, also known as the Oklahoma City Public Schools

Notes to Financial Statements (dollars in thousands unless specifically noted otherwise)

Note 10. Commitments and Contingencies (Continued)

The District is a defendant in various lawsuits. The District intends to vigorously defend itself on the various lawsuits. Although the outcome of these lawsuits is not presently determinable, and the amounts are not readily estimable, the District believes the resolution of these matters will not have a material adverse effect on the financial statements and may be settled by the District's insurance carrier.

Note 11. Charter Schools

The District is the pass-through agency of state funds for seven Charter Schools, which are considered to be operationally independent of the District. State funding sources are received by the District and distributed to the charter schools monthly. In addition, certain payments are made and costs incurred by the District to benefit various charter schools through such programs as the School Nutrition Services program, alternative education, at risk sites for adequate yearly progress, and certain contractually obligated costs for custodial care and supplies. The District charges each charter school an administrative fee of 3.0% of state funding sources. In addition to the seven charter schools for which the District is a pass-through agency of state funds, the District began sponsoring one charter school on July 1, 2020 that started operating after this audit year.

Note 12. Enterprise Schools

The District has four enterprise schools. An enterprise school is a District school that has established its own governing board. This governing board has contracted with the District to allow for more authority to make certain independent decisions impacting that school. All employees and operating costs are budgeted and processed within the District's regular financial operations. However, the enterprise school can direct their dollars with regard to curriculum and admission standards within the legal laws governing public schools as well as within the specifics of their contract.

Note 13. Tax Abatements

The Oklahoma City Economic Development Trust (Trust) was established by Oklahoma City Council resolution on October 9, 2007, to support the City's economic and community development goals. The City has designated the Trust to manage economic development, including incentives. The Trust provides economic development incentives in the form of development financing or performance-based incentives that reduce ad valorem increment allocated to the City, and therefore, the District. These economic development project plans have been adopted by the Trust pursuant to the Local Development Act, Title 60 of the Oklahoma Statutes, Sections 850, et. seq. It is noted that the incentives do not meet the criteria of tax abatement defined in the Oklahoma Local Development Act. The City of Oklahoma City's active TIF agreements resulted in a reduction of reported property tax revenues of approximately \$3,441. The District's share of that tax revenue abatement is 55.03%, for a reduction of \$1,894 of property tax revenues to the District. In all cases of the active agreements, the District receives ad valorem taxes at the assessed valuation of the property prior to the TIF agreement.

The state of Oklahoma grants a 5-year exemption of Ad Valorem taxes for certain new manufacturing or research and development equipment and facilities. Pursuant to Section 193 of Title 62 of the Oklahoma Statutes, the state will reimburse the District for foregone property taxes as a result of this exemption. During the year ended June 30, 2021, the amount of foregone tax revenues as a result of this exemption was \$2,093, all of which was reimbursed by the State during the year ended June 30, 2021, in connection with the abated tax revenues.

REQUIRED SUPPLEMENTARY INFORMATION

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Oklahoma Teachers Retirement System
Last Ten Fiscal Years*
(in thousands)**

	As of June 30,						
	2021	2020	2019	2018	2017	2016	2015
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	4.72750700%	4.57101307%	4.56584132%	4.58531210%	4.88242665%	4.98137440%	4.81459900%
District's proportionate share of the net pension liability	\$ 448,651	\$ 302,510	\$ 275,965	\$ 303,608	\$ 407,466	\$ 302,507	\$ 259,019
District's covered payroll	\$ 229,551	\$ 217,262	\$ 203,999	\$ 181,767	\$ 195,534	\$ 195,499	\$ 184,945
District's proportionate share of the net pension liability as a percentage of its covered payroll	195.45%	139.24%	135.28%	167.03%	208.39%	154.74%	140.05%
Plan fiduciary net position as a percentage of the total pension liability	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%	72.43%

* NOTE—GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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**Required Supplementary Information
Notes to Schedule of the District's Proportionate Share of the Net Pension Liability**

Note 1. Changes in benefit terms: There were no significant changes of benefit terms.

Note 2. Changes of assumptions:

The following information is as of the measurement date:

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

June 30, 2020 Increases are composed of 2.25% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

June 30, 2019 No changes from prior year.

June 30, 2018 No changes from prior year.

June 30, 2017 No changes from prior year.

June 30, 2016 Increases are composed of 3.25% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.

June 30, 2015 Increases are composed of 3.75% wage inflation, including 3.00% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.

June 30, 2014 Increases were composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

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

June 30, 2020 The retirement age was determined using the experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019.

June 30, 2019 No changes from prior year.

June 30, 2018 No changes from prior year.

June 30, 2017 No changes from prior year.

June 30, 2016 No changes from prior year.

June 30, 2015 The retirement age was determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2014. This table was adopted by the OTRS Board in May 2015.

June 30, 2014 Determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2009. This table was adopted by the OTRS Board in September 2010.

(Continued)

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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Required Supplementary Information

Notes to Schedule of the District's Proportionate Share of the Net Pension Liability

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

- June 30, 2020 The mortality rates for active employees was determined using the PUB-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010. The mortality rates for employees after retirement were determined using the 2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
- June 30, 2019 No changes from prior year.
- June 30, 2018 No changes from prior year.
- June 30, 2017 No changes from prior year.
- June 30, 2016 No changes from prior year.
- June 30, 2015 Rates for active employees were determined using the RP-200 Employee Mortality Tables, with male rates multiplied by 60% and female rates multiplied by 50%. The mortality rates for males after retirement were determined using the RP-2000 Combined Health Mortality Table for Males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000 were used. The mortality rates for females after retirement were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the tables' base year of 2012 were used.
- June 30, 2014 Rates were determined using the RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

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

- June 30, 2020 Return was 7.00% per year, net investment- related expenses and compounded annually, composed of an assumed 2.25% inflation rate and a 4.75% net real rate of return.
- June 30, 2019 No changes from prior year.
- June 30, 2018 No changes from prior year.
- June 30, 2017 No changes from prior year.
- June 30, 2016 Return was 7.50% per year, net of investment-related expenses and compounded annually, composed of an assumed 2.50% inflation rate and a 5.00% net real rate of return.
- June 30, 2015 No changes from prior year.
- June 30, 2014 Return was 8.00% per year, net of investment-related expenses and compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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**Required Supplementary Information
Schedule of District Contributions
Oklahoma Teachers Retirement System
(in thousands)**

Fiscal year ending:	Statorily Required Contribution	Contributions in Relation to the Statorily Required Contribution	Contributions Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 22,135	\$ 22,135	\$ -	\$ 229,551	9.64%
2020	21,078	21,078	-	217,262	9.70
2019	19,750	19,750	-	203,999	9.68
2018	17,714	17,714	-	183,373	9.66
2017	19,156	19,156	-	181,767	10.54
2016	20,764	20,764	-	195,534	10.62
2015	20,780	20,780	-	195,499	10.63
2014	19,677	19,677	-	184,945	10.64
2013	18,914	18,914	-	177,916	10.63
2012	18,506	18,506	-	173,534	10.66

The District's statutorily required contribution rate for the prior 10 years is as follows:

1. July 1, 2011 to present 9.50%

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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**Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset)
Oklahoma Teachers Retirement System
Last Ten Fiscal Years*
(in thousands)**

	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability (asset)	4.72750700%	4.57101307%	4.56584132%	4.58531210%
District's proportionate share of the net OPEB liability (asset)	\$ (468)	\$ (2,826)	\$ (2,951)	\$ (2,048)
District's covered payroll	\$ 229,551	\$ 217,262	\$ 203,999	\$ 183,373
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.20%	-1.30%	-1.45%	-1.12%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	102.30%	115.07%	115.41%	110.40%

* NOTE - The District is required to present information for 10 years. However, until a full 10-year trend is available, the District will present information for those years which information is available.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Required Supplementary Information
Schedule of District Contributions to the OPEB Plan
Oklahoma Teachers Retirement System
(in thousands)**

Fiscal year ending:	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributions Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 43	\$ 43	\$ -	\$ 229,551	0.02%
2020	299	299	-	217,262	0.14%
2019	299	299	-	203,999	0.15%
2018	299	299	-	183,373	0.16%
2017	299	299	-	181,767	0.16%

NOTE - The District is required to present information for 10 years. However, until a full 10-year trend is available, the District will present information for those years which information is available.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Budgetary Comparison Schedule (Budgetary Basis) - General Fund
Year Ended June 30, 2021
(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 85,866	\$ 85,866	\$ 90,781	\$ 4,915
Intermediate sources	15,883	15,883	17,439	1,556
State sources	207,868	207,868	158,416	(49,452)
Federal sources	69,189	69,189	64,198	(4,991)
Nonrevenue receipts	344	344	39,661	39,317
Total revenues	379,150	379,150	370,495	(8,655)
Expenditures:				
Instruction	206,470	206,470	191,197	(15,273)
Support services	133,739	133,739	158,819	25,080
Operation of noninstruction services	874	874	830	(44)
Facilities acquisition and construction services	191	191	167	(24)
Other	44,258	44,258	40,425	(3,833)
Total expenditures	385,532	385,532	391,438	5,906
Excess (deficiency) of revenues over (under) expenditures	(6,382)	(6,382)	(20,943)	(14,561)
Other financing sources:				
Lapsed appropriations	2,155	2,155	836	(1,319)
Total other financing sources	2,155	2,155	836	(1,319)
Net change in fund balances	(4,227)	(4,227)	(20,107)	(15,880)
Fund balances, beginning of year	41,306	41,306	40,892	(414)
Fund balances, end of year	\$ 37,079	\$ 37,079	\$ 20,785	\$ (16,294)

See notes to required supplementary information.

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

Notes to Budgetary Comparison Schedule

Budgetary comparison schedule—general fund: The budgetary comparison schedule is prepared using the cash plus encumbrances basis of accounting. A reconciliation from this basis to the modified accrual basis of accounting, which is generally accepted accounting principles (GAAP), is included below.

Budgetary reconciliation—general fund: Item required to adjust actual revenues, expenditures and fund balance reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2021, are as follows (in thousands):

Fund balance - budgetary basis	\$ 20,785
Current year revenue accrual less portion deferred in fund statements	25,625
Grant revenue received, but not expended (deferred for budgetary purposes)	3,648
Inventory	293
Encumbrances outstanding	3,824
Compensated absences	5,932
	<hr/>
Fund balance - fund financial statements	<u>\$ 60,107</u>
Revenues - budgetary basis	\$ 370,495
Current year revenue accrual	117,615
Prior year revenue accrual	(103,557)
Current year revenue deferred in fund statements	(91,990)
Prior year deferred revenue recognized in fund statements in current year	91,409
Current year grant revenue received, but not expended (deferred for budgetary purposes)	3,648
Insurance recoveries reported in other financing sources in the fund statements	(34)
Other	(45)
Prior year grant revenue recognized in the current year	(442)
On-behalf payments	16,807
	<hr/>
Revenues - fund financial statements	<u>\$ 403,906</u>
Expenditures - budgetary basis	\$ 391,438
Change in encumbrance payable	(3,916)
Change in compensated absences	919
Change in inventory	26
Other	(44)
On-behalf payments	16,807
	<hr/>
Expenditures - fund financial statements	<u>\$ 405,230</u>

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

Notes to Budgetary Comparison Schedule

Budget law and practice: The following is the budget development process for all funds appropriated on an annual basis (General Fund, Building Fund, School Nutrition Services Fund, and Sinking Fund). For each fiscal year of the District, which begins on July 1, a tentative, or preliminary, budget is presented to the Board of Education at the first meeting in July, if not earlier. As required by the School District Budget Act (adopted June 4, 2001), a public hearing on the proposed budget summary shall be held within five days' notice published in a newspaper of general circulation in the school district. Within the 30-day period preceding the beginning of each fiscal year, a budget for the school district shall be approved by the Board of Education. The District may amend the budget after June 30 and present it for the Board of Education approval, as required by law, and filed (the legal appropriation establishing revenue, tax levies, and ad valorem valuations) with the county excise board and the State of Oklahoma Auditor and Inspector.

The Board of Education must approve revisions to the final budget and ensure it will not exceed the level of appropriation for each fund as established by temporary budget or supplemental appropriation, according to law. The budget is updated and reported to the superintendent and Board of Education as needed.

The following is the budget development process for all funds operated on an overall budget basis (Bond Funds and Casualty Flood Insurance Recovery Fund). Based on available bonding capacity, the superintendent and staff prepare a list of projects determined by the needs within the District and with available monies. This list, once approved by the Board of Education, becomes the resolution that is then presented to the voters in the District. Oklahoma laws allow schools to be indebted to a maximum of 110% of the net assessed valuation of the District.

The following is the budget administration and management process. Each fund has a budget that is assigned by cost center. This budget is administered by a designee authorized by the superintendent to monitor and control the budget in compliance with Board of Education policies and state law.

Budget expenditures are monitored through the financial management system, which will not allow expenditures to exceed the appropriated budget. The District's superintendent or designee may transfer an unexpended and unencumbered appropriation from one account to another within the same fund. Purchase orders are submitted to the Board of Education for approval of payment.

The budgets for the School Activity Fund or the Gifts and Endowments Fund are not approved.

Encumbrances: Encumbrances represent commitments related to unperformed contracts for goods and/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 as 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, except for federal 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. Federal revenues are recognized for any prior year April through June 30 collections deferred and for any collections received July 1 through March 31 of the current year. Any federal cash collections received April 1 through June 30 are deferred into the subsequent year.

OTHER SUPPLEMENTARY INFORMATION

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021
(in thousands)**

	Special Revenue Funds				Capital Projects Funds		Total
	Building Fund	School Nutrition Services	Student Activity Fund	Gifts and Endowments Fund	2007 Bond Funds	Casualty Flood Insurance Recovery Fund	
Assets							
Cash and cash equivalents	\$ 5,445	\$ 7,406	\$ 2,512	\$ 26	\$ 8,906	\$ 4,899	\$ 29,194
Investments	2,000	-	-	-	4,995	-	6,995
Receivables:							
Delinquent/protested property taxes, net of allowance	802	-	-	-	-	-	802
Property taxes receivable - succeeding year net of allowance	12,258	-	-	-	-	-	12,258
Due from other governments	54	278	-	-	-	-	332
Other, net of allowance	1	42	-	-	-	-	43
Inventories	-	278	-	-	-	-	278
Total assets	\$ 20,560	\$ 8,004	\$ 2,512	\$ 26	\$ 13,901	\$ 4,899	\$ 49,902
Liabilities							
Warrants payable	\$ 159	\$ 201	\$ 40	\$ -	\$ -	\$ -	\$ 400
Accounts payable and accrued liabilities	580	1,214	27	-	491	-	2,312
Total liabilities	739	1,415	67	-	491	-	2,712
Deferred inflows of resources							
Unavailable revenue - delinquent/protested property taxes	802	-	-	-	-	-	802
Unavailable revenue - property taxes - succeeding year	12,258	-	-	-	-	-	12,258
Unavailable revenue - due from other governments	31	-	-	-	-	-	31
Total deferred inflows of resources	13,091	-	-	-	-	-	13,091
Fund balances							
Nonspendable	-	278	-	25	-	-	303
Restricted	6,730	6,311	2,445	1	13,410	-	28,897
Committed	-	-	-	-	-	4,541	4,541
Assigned	-	-	-	-	-	358	358
Total fund balances	6,730	6,589	2,445	26	13,410	4,899	34,099
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,560	\$ 8,004	\$ 2,512	\$ 26	\$ 13,901	\$ 4,899	\$ 49,902

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2021
(in thousands)**

	Special Revenue Funds				Capital Projects Funds		
	Building Fund	School Nutrition Services	Student Activity Fund	Gifts and Endowments Fund	2007 Bond Funds	Casualty Flood Insurance Recovery Fund	Total
Revenues:							
Local sources	\$ 15,193	\$ 459	\$ 704	\$ -	\$ 5	\$ -	\$ 16,361
State sources	1,384	3,307	-	-	-	-	4,691
Federal sources	-	20,796	-	-	-	-	20,796
Other sources	40	-	3	-	-	-	43
Total revenues	16,617	24,562	707	-	5	-	41,891
Expenditures:							
Current:							
Instruction	-	-	28	-	96	-	124
Support services	14,986	-	725	-	202	-	15,913
Noninstructional	-	21,148	135	-	-	-	21,283
Other outlays	-	-	82	-	-	-	82
Capital outlay							
Instruction	-	-	9	-	346	-	355
Support services	741	-	109	-	1,037	-	1,887
Noninstructional	-	329	-	-	-	-	329
Facilities acquisition and constructions	1,849	473	-	-	4,560	-	6,882
Total expenditures	17,576	21,950	1,088	-	6,241	-	46,855
Excess (deficiency) of revenues over (under) expenditures	(959)	2,612	(381)	-	(6,236)	-	(4,964)
Other financing sources:							
Insurance recoveries	-	-	6	-	-	-	6
Total other financing sources	-	-	6	-	-	-	6
Net change in fund balances	(959)	2,612	(375)	-	(6,236)	-	(4,958)
Fund balances, beginning of year	7,689	3,977	2,820	26	19,646	4,899	39,057
Fund balances, end of year	\$ 6,730	\$ 6,589	\$ 2,445	\$ 26	\$ 13,410	\$ 4,899	\$ 34,099

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Budgetary Comparison Schedule (Budgetary Basis) - 2007 Bond Funds
Year Ended June 30, 2021
(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 300	\$ 300	\$ 6	\$ (294)
Total revenues	300	300	6	(294)
Expenditures:				
Instruction	-	-	405	405
Support services	5,633	5,633	1,263	(4,370)
Facilities, acquisition, and construction services	5,734	5,734	3,912	(1,822)
	11,367	11,367	5,580	(5,787)
Excess (deficiency) of revenues over (under) expenditures	(11,067)	(11,067)	(5,574)	5,493
Other financing sources, prior year lapsed appropriations	200	200	660	460
Net change in fund balances	(10,867)	(10,867)	(4,914)	5,953
Fund balances, beginning of year	10,867	10,867	16,938	6,071
Fund balances, end of year	\$ -	\$ -	\$ 12,024	\$ 12,024

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Budgetary Comparison Schedule (Budgetary Basis) - Debt Service Fund
Year Ended June 30, 2021
(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 39,680	\$ 39,680	\$ 43,328	\$ 3,648
Nonrevenue receipts	254	254	378	124
Total revenues	39,934	39,934	43,706	3,772
Expenditures:				
Other	27,756	27,756	43,575	15,819
	27,756	27,756	43,575	15,819
Excess (deficiency) of revenues over (under) expenditures	12,178	12,178	131	(12,047)
Other financing sources, prior year lapsed appropriations	-	-	-	-
Net change in fund balances	12,178	12,178	131	(12,047)
Fund balances, beginning of year	55,022	55,022	56,945	1,923
Fund balances, end of year	\$ 67,200	\$ 67,200	\$ 57,076	\$ (10,124)

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Budgetary Comparison Schedule (Budgetary Basis) - Building Fund
Year Ended June 30, 2021
(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 14,349	\$ 14,349	\$ 15,126	\$ 777
State sources	674	674	901	227
Nonrevenue receipts	-	-	40	40
Total revenues	15,023	15,023	16,067	1,044
Expenditures:				
Support services	14,950	14,950	14,776	(174)
Facilities, acquisition, and construction services	4,305	4,305	805	(3,500)
Total expenditures	19,255	19,255	15,581	(3,674)
Excess (deficiency) of revenues over (under) expenditures	(4,232)	(4,232)	486	4,718
Other financing sources, prior year lapsed appropriations	750	750	967	217
Net change in fund balances	(3,482)	(3,482)	1,453	4,935
Fund balances, beginning of year	4,855	4,855	3,500	(1,355)
Fund balances, end of year	\$ 1,373	\$ 1,373	\$ 4,953	\$ 3,580

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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**Budgetary Comparison Schedule (Budgetary Basis) - School Nutrition Services Fund
Year Ended June 30, 2021
(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 575	\$ 575	\$ 436	\$ (139)
State sources	3,030	3,030	2,823	(207)
Federal sources	23,388	23,388	19,056	(4,332)
Total revenues	26,993	26,993	22,315	(4,678)
Expenditures:				
Noninstructional	23,023	23,023	19,992	(3,031)
Facilities, acquisition, and construction services	1,999	1,999	344	(1,655)
	25,022	25,022	20,336	(4,686)
Excess (deficiency) of revenues over (under) expenditures	1,971	1,971	1,979	8
Other financing sources, prior year lapsed appropriations	300	300	1,356	1,056
Net change in fund balances	2,271	2,271	3,335	1,064
Fund balances, beginning of year	578	578	1,500	922
Fund balances, end of year	\$ 2,849	\$ 2,849	\$ 4,835	\$ 1,986

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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**Budgetary Comparison Schedule (Budgetary Basis) - Casualty Flood Insurance Recovery Fund
Year Ended June 30, 2021
(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Support services	2,276	2,276	-	(2,276)
Facilities, acquisition, and construction services	2,622	2,622	-	(2,622)
	4,898	4,898	-	(4,898)
Excess (deficiency) of revenues over (under) expenditures	(4,898)	(4,898)	-	4,898
Other financing sources, prior year lapsed appropriations	-	-	-	-
Net change in fund balances	(4,898)	(4,898)	-	4,898
Fund balances, beginning of year	4,898	4,898	4,899	1
Fund balances, end of year	\$ -	\$ -	\$ 4,899	\$ 4,899

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Budgetary Comparison Schedule (Budgetary Basis) - 2016 Bond Funds
Year Ended June 30, 2021
(in thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Local sources	\$ 1,000	\$ 1,000	\$ 87	\$ (913)
Nonrevenue receipts	15,000	15,000	19,500	4,500
Total revenues	16,000	16,000	19,587	3,587
Expenditures:				
Instruction	5,100	5,100	665	(4,435)
Support services	45,174	45,174	12,129	(33,045)
Facilities, acquisition, and construction services	53,259	53,259	12,737	(40,522)
	103,533	103,533	25,531	(78,002)
Excess (deficiency) of revenues over (under) expenditures	(87,533)	(87,533)	(5,944)	81,589
Other financing sources, prior year lapsed appropriations	432	432	864	432
Net change in fund balances	(87,101)	(87,101)	(5,080)	82,021
Fund balances, beginning of year	87,101	87,101	80,704	(6,397)
Fund balances, end of year	\$ -	\$ -	\$ 75,624	\$ 75,624

OTHER INFORMATION

**Independent School District No. 89 of Oklahoma County, Oklahoma,
also known as the Oklahoma City Public Schools**

**Schedule of Surety Bonds
Year Ended June 30, 2021**

The District provides the following surety bonds, compliant with 70 Oklahoma Statute §5-116a and §5-129 (E) requirements for any Superintendent or financial officer or other relevant employee of the school district who has supervision of or authority to expend school district funds. The District had the following Surety Bonds for fiscal year 2020:

Effective July 1, 2019 through June 30, 2020
Insurance Carrier: Ohio Casualty

Position/Description	Bond #	Amount
District Officers		
Treasurer	LSF041268/1597454	\$ 1,000,000
Assistant Treasurer	LSF041268/1597454	1,000,000
Director of Purchasing	LSF041268/1597454	750,000
Encumbrance Clerk/Chief Financial Officer	LSF041268/1597454	500,000
Superintendent	LSF041268/1597454	500,000
Treasurer Clerk	LSF041268/1597454	25,000
Minute Clerk & Board Clerk	LSF041268/1597454	10,000
Activity Funds		
Activity Fund Custodian - Administration	1597443	25,000
Activity Fund Custodian - High Schools	1597443	25,000
Activity Fund Custodian - Middle Schools	1597443	10,000
Activity Fund Custodian - Elementary Schools	1597443	2,500
Financial/Principal Secretary	1597443	2,500

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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**Charter School Membership
Year Ended June 30, 2021**

Charter school membership for the year ended June 30, 2021 was as follows:

	Membership
Harding Charter Preparatory High School	503
Harding Fine Arts Center	336
Independence Charter Middle School	307
John W. Rex Charter Elementary School	717
KIPP Reach College Preparatory	453
Santa Fe South	3,578
Stanley Hupfeld Academy at Western Village	324
Total	<u><u>6,218</u></u>

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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**Enterprise School Membership
Year Ended June 30, 2021**

Enterprise school membership for the year ended June 30, 2021 was as follows:

Enterprise School	Membership
Belle Isle Enterprise Middle School	552
Mary Golda Ross Enterprise Elementary School	834
John Marshall Enterprise Middle School	601
John Marshall Enterprise High School	638
Total	<u><u>2,625</u></u>

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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**Schedule of MAPS Sales Tax Funded Transfers and Classification
Year Ended June 30, 2021**

A schedule of MAPS sales tax funded transfers and classification is reported as follows (in thousands):

Description	Value
Total Retirements FY 2021	\$ (3,203)
Total Transferred FY 2005 - FY 2020	370,971
Total Transferred through June 30, 2021	<u>\$ 367,768</u>
Total Technology	\$ 23,852
Total Other Construction/FFE etc.	343,740
Total Transportation	<u>176</u>
	<u>\$ 367,768</u>

**Independent School District No. 89 of Oklahoma County, Oklahoma,
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**School Activity Fund - State Regulatory Basis
Year Ended June 30, 2021
(in thousands)**

Revenues:	
Local sources	\$ 709
Nonrevenue receipts	3
Total revenues	<u>712</u>
Expenditures:	
Instruction	33
Support services	834
Noninstructional	132
Other	81
Total expenditures	<u>1,080</u>
Excess (deficiency) of revenues over (under) expenditures	(368)
Other financing sources, prior year lapsed appropriations	<u>5</u>
Net change in fund balances	(363)
Fund balances, beginning of year	<u>2,801</u>
Fund balances, end of year	<u>\$ 2,438</u>