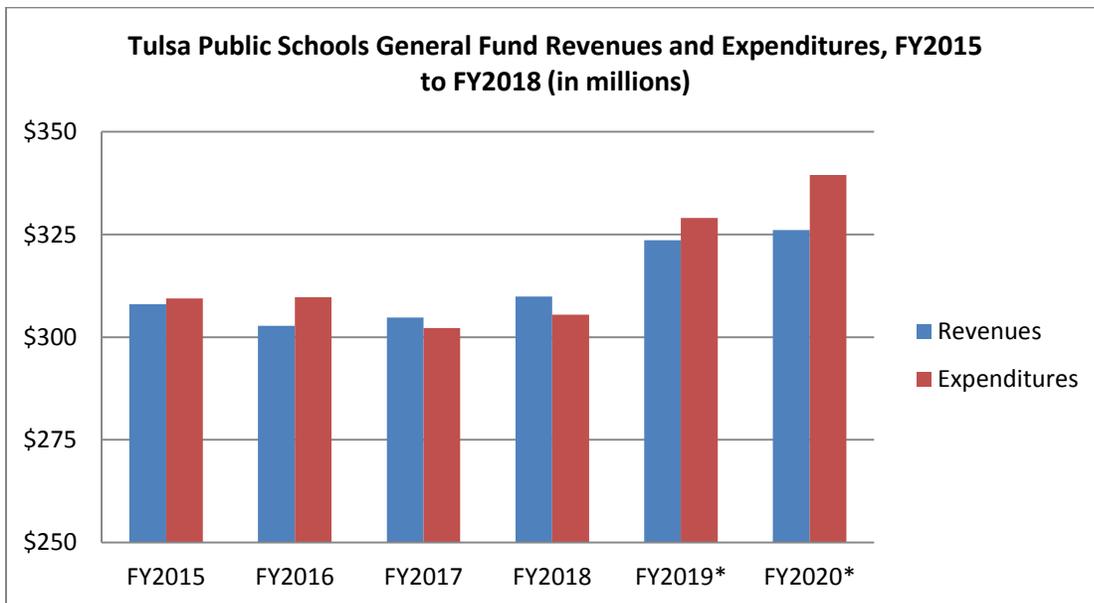


Highlights

- Overall general fund revenues have been rising since FY2016. Expenditures are down from FY2015 and FY2016.
- Enrollment continues its downward trend.
- The general fund balance grew from FY2017 to FY2018, though the district projects it will shrink in coming years. The district is projecting shortfalls for FY2019, FY2020, and FY2021.
- Charter school spending doubled between FY2015 and FY2018.
- Despite budgetary concerns, administrative spending is up from prior years.
- Despite its challenges, the district has a strong bond rating from Moody's, with some caveats.

Revenues & Expenditure



**FY2019 figures are estimated actual revenues and expenditures (budgetary basis) and may not correspond to prior year CAFR actual figures. FY2020 figures are projected (budgetary basis).*

Revenue Trends

- Total revenues have risen steadily from FY2016 to FY2018, but as of FY2018, were still less than one percent greater than in FY2015.
- State aid, the district's largest source of revenue, decreased from FY2015 to FY2017 but has since increased. The district expects an additional \$9 million from the state, intended to fund teacher raises, for FY2020.

- Revenue from property taxes rose 13% from FY2015 to FY2018.

Expenditure Trends

- Overall general fund expenditures are down from FY2015, due in part to declining enrollment.
- Administrative support services expenditures increased 14% from FY2017 to FY 2018. Administrative support services costs remain nearly 8% higher than they were in FY2015 and are up slightly as a proportion of total expenditures.
- Instructional expenditures meanwhile, increased only 4% from FY2017 to FY2018 and are down roughly a third of a percent from FY2015. Instructional expenditures make up roughly the same share of total expenses as four years ago.
- Charter school spending, while a small share of the overall budget, has increased steadily over the past four years. Charter expenditures rose \$1.7 million, or 18% in the last year, from FY2017 to FY2018. Spending on charter schools in FY2018 was over twice as high as in FY2015.

Per-pupil Revenues and Expenditures

- In part due to declining enrollment and with overall revenues remaining relatively steady, per pupil revenues increased nearly 10% from FY2015 to FY2018. However, per pupil expenditures, while also up from four years ago, have increased less than 7% over the same period.

Fund Balance

- The district's FY2018 comprehensive annual financial report (CAFR) shows an ending general fund balance of \$54.8 million, with the majority, over \$50 million, of the fund balance marked unassigned, meaning it is not committed or restricted to any specific uses.
 - o *Note that the district's preliminary budget documents show different values for the fund balance and total revenues and expenditures than their CAFRs for the corresponding years. This may be due to using different bases of accounting (typically, budgetary for budgets and GAAP for CAFRs, which are the official record of the district's finances).*
- A primary measure of fiscal health is the ratio of a district's general fund balance to its annual expenditures – essentially, the extent to which the district can cover its expenses from its reserves, in the event needed.
 - o There are no universal guidelines for fund balance to expenditure ratios. The Government Finance Officers Association (GFOA) recommends keeping at least two months' expenditures in unrestricted reserve. For public school districts, a general fund balance representing between roughly 15% and 20% of annual expenditures is typically accepted as financially sound.
 - o According to the figures reported in its CAFRs, Tulsa Public Schools' fund balance ratio has been 15% or above in each of the four years from FY2015 to FY2018 and the district's total fund balance to expenditure ratio for FY2018 was 18%.

- Looking only at the unassigned portion of the district's fund balance for FY18, we find that the ratio of the unassigned balance to total expenditures was still 16.4%, well within the range of good financial health, and in keeping with the GFOA's recommendation of two months in reserve.

Enrollment

- Tulsa's enrollment has been in slow but steady decline over the past five years.
 - After bouncing back from an earlier decline around 2010, enrollment decreased slightly from 2013 to 2014 and has continued to shrink in the years that followed.
 - The district's reported 2018 enrollment according to their comprehensive annual financial report was 37,054, though the FY2020 budget shows 2018 enrollment at 37,433. The budget shows 2019 enrollment at 36,512 and 2020 enrollment is projected at 36,065.
- The district notes growth in charter schools has contributed to the district's enrollment losses.

Bond Rating

- Tulsa Public Schools have a Aa2 rating from Moody's as of April 2019, a strong rating and higher than the national median (Aa3) for public school districts in the U.S. Moody's has assigned Tulsa schools a negative outlook, which indicates the possibility that the district may be subject to a bond rating downgrade. However, Moody's initially changed the district's outlook from stable to negative in March of 2016. While it's still possible for the district to experience a rating downgrade, ratings changes following an outlook update most often occur within a year to 18 months of the initial change.
 - Moody's notes the district's strong overall financial position, but does cite its "below median" (as of FY2016, the Moody's median general fund balance to revenues ratio was 22%) general fund balance to revenue ratio as a factor in the district's negative outlook assignment. This threat of a bond rating downgrade is likely also causing the district to feel pressure to maintain their current level of reserves.
- Note that the district also touts its "AA" rating from Standard and Poor's in the Management and Discussion section of the FY2018 CAFR, as an indication of their strong fiscal health.