



Financial Statements and  
Report Required by *Government Auditing Standards*  
June 30, 2021

# Metro Technology Center, School District No. 22

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## Independent Auditor's Report

To the Board of Education  
Metro Technology Center, School District No. 22  
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Metro Technology Center, School District No. 22 (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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Metro Technology Center, School District No. 22, as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Correction of Error*

As discussed in Note 14 to the financial statements, errors resulting in the overstatement of compensated absences liability, understatement of accounts payable, and understatement of construction in progress as of June 30, 2020, were discovered by management of the District during the current year. Accordingly, adjustments have been made to the net position of the governmental activities and to the fund balances of the general fund and the building fund as of July 1, 2020 to correct the error. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, budgetary comparison schedule - Building Fund, the schedule of the District's proportionate share of the net pension liability, the schedule of District's pension contributions, the schedule of the District's proportionate share of the net OPEB asset, and the schedule of District's OPEB contributions on pages 4 through 11 and 41 through 47 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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 schedule of accountants' professional liability insurance affidavit is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of accountants' professional liability insurance affidavit 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Oklahoma City, Oklahoma  
March 15, 2022

Our discussion and analysis of the Metro Technology Center, School District No. 22's, performance provides an overview of the School District's financial activities for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follows this section.

### **USING THIS ANNUAL REPORT**

The District is governed by a seven member elected board. The District is one of 29 technology centers under the coordinating body of the Oklahoma State System for Career and Technology Education. The District has four campuses and two satellite training sites. The District serves two public school districts, Oklahoma City and Crooked Oak, as well as business and industry and post-secondary students of the District.

The District provides three basic types of instruction:

- Full-time Career Majors - The District offers over 100 full-time career majors within 15 of the 16 career clusters. These career majors are designed to lead to industry certifications, licensure, employment and/or continuing education.
- Adult and Continuing Education - These classes are designed around specific curriculum, providing an introduction to, or enhanced knowledge of specific topics Continuing education and licensure classes are offered within 12 of the 15 career clusters.
- Business and Industry Services - This division strives to meet the training and development needs of business and industry in the Oklahoma City metropolitan area.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. For governmental activities, the fund statements tell how these services were financed in the short term as well as what remains for future spending.

### **FINANCIAL HIGHLIGHTS**

The District's financial status improved from the last year.

- Overall revenues were \$53.5 million and overall expenses were \$45.4 million.
- The total costs of all District programs increased 7.59%.
- The general fund reported an increase in fund balance of 76%.
- The building fund reported an increase in fund balance of 14%.

### **Reporting the School District as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question.

These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes in them. You can think of the School District's net position – the difference between assets and liabilities – as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we report the following:

Governmental activities – The School District's basic services are reported here, including the educational activities for daytime high school and adults, short term training for adults, services and training for business and industry, and general administration. Also, the School District charges a fee to customers to help defray expenses involved in providing the services.

This format that is significantly different than a typical statement of revenues, expenses and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense) revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from general revenues or if it is self-financing through fees, contributions and grants.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Some funds are required to be established by State law and by bond covenants. All of the School District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required and other supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**THE SCHOOL DISTRICT AS A WHOLE**

	<u>2020</u> (as restated)	<u>2021</u>
Current and other assets	\$ 103,145,382	\$ 99,389,846
Capital assets	<u>37,324,305</u>	<u>41,397,691</u>
Total assets	<u>140,469,687</u>	<u>140,787,537</u>
Deferred outflows of resources	<u>5,153,275</u>	<u>10,737,737</u>
Long-term liabilities, net of current portion	102,286,120	102,142,318
Other liabilities	<u>12,856,703</u>	<u>12,543,428</u>
Total liabilities	<u>115,142,823</u>	<u>114,685,746</u>
Deferred inflows of resources	<u>5,260,504</u>	<u>3,524,997</u>
Net Position		
Net investment in capital assets	25,051,407	31,016,334
Restricted	9,388,379	19,469,934
Unrestricted (deficit)	<u>(9,220,151)</u>	<u>(17,171,737)</u>
Total Net Position	<u>\$ 25,219,635</u>	<u>\$ 33,314,531</u>

**Net Position.** The District's combined net position was greater on June 30, 2021, than the year before – increasing by \$8.1 million to \$33.3 million. Most of this change is due to a positive change in net position.



Metro Technology Centers School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

For the years ended June 30, 2021 and 2020, net position changed as follows:

	2020 (as restated)	2021	
Beginning net position	\$ 13,352,556	\$ 25,219,635	
Revenues			
Program revenues			
Charges for services	1,718,924	2,626,172	
Operating grants/contributions	3,643,939	3,330,752	
General revenues			
Property taxes	41,763,836	43,844,697	
Federal and State aid	3,893,683	3,283,628	
Investment earnings	1,577,986	189,617	
Other revenue	415,035	209,163	
Total revenues	<u>53,013,403</u>	<u>53,484,029</u>	<u>0.89%</u>
Expenses			
Program expenses			
Instruction	10,374,644	11,266,839	
Support services	21,596,156	24,198,470	
Non-instruction	272,086	128,568	
Facilities and construction	3,866,910	3,164,979	
Student financial aid	1,000,939	1,312,246	
Other uses	-	26,231	
Interest on long-term debt	2,380,022	2,486,341	
Depreciation-unallocated	2,694,904	2,805,459	
Total expenses	<u>42,185,661</u>	<u>45,389,133</u>	<u>7.59%</u>
Increase in net position	<u>10,827,742</u>	<u>8,094,896</u>	<u>-25.24%</u>
Restatement	<u>1,039,337</u>	-	
Ending net position	<u>\$ 25,219,635</u>	<u>\$ 33,314,531</u>	<u>32.10%</u>

**Changes in Net Position.** The District's total revenues increased 0.89 percent to \$53.5 million. Property taxes accounted for most of the increase. Total expenses were less than revenues, increasing net position \$8.1 million over the past year. The District's total expenditures increased by 7.59 percent to \$45.4 million.

### Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the School District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Some of the individual line item revenues reported for each function are:

District Sources of Revenue:

Ad Valorem property tax	Taxes for current year and prior years, revenue in lieu of taxes
Interest	Interest earning of investments and taxes
Tuition and Fees	Tuition and fees for Full-time adult classes, Short-term adult classes, Safety Training, Industry Specific, Assessment, Quality Management, and Health Certification
Local Sources	Rental of school facilities and property, sale of surplus equipment, bookstore revenue, reimbursement for insurance loss recoveries, damages to school property, rebates, and fiscal agent expenses.
State Revenue	Formula operation, Existing Industry Initiative, training for industry programs, Safety Training, Welfare to Work, and Professional Development
Federal Revenue - Grants	TANF Grant, Carl Perkins Grants and COVID Stimulus Funds resulting from the CARES, CRRSA and ARP Acts.

**THE SCHOOL DISTRICT'S FUNDS**

The following schedule presents a summary of general, special revenue (building fund), debt service, other governmental fund (activity fund) revenue and expenditures for the fiscal year ended June 30, 2021 and 2020.

	2020 Amount	Percent of Total	2021 Amount	Percent of Total
Property Taxes	\$ 41,960,048	80.94%	\$ 44,249,104	83.14%
Interest	1,577,986	3.04%	189,617	0.36%
Tuition and Fees	1,340,967	2.59%	1,636,482	3.07%
State Revenue	4,273,677	8.24%	3,458,173	6.50%
Federal Sources	1,894,558	3.65%	2,715,961	5.10%
Miscellaneous	795,718	1.54%	974,747	1.83%
Total Revenues	\$ 51,842,954	100.00%	\$ 53,224,084	100.00%

Total revenue increased due to collection of property taxes for debt service.

**Expenditures**

Instruction	Expenditures for direct classroom activities.
Support Services	Expenditures for administrative, technical and logistical support to facilitate and enhance education.
Non-Instructional Services	Activities concerned with providing non-instructional services to students, staff, or community.
Facilities	Activities involved with the acquisition of land buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; improvements to sites; and equipment. These expenditures are included below in capital outlay and debt service.

	2020 Amount	Percent of Total	2021 Amount	Percent of Total
Instruction	\$ 10,373,723	24.22%	\$ 10,863,786	19.97%
Support Services	21,299,672	49.73%	23,929,254	43.97%
Non-Instructional Services	297,655	0.69%	128,567	0.24%
Capital Outlay and Debt Service	9,858,021	23.02%	19,445,844	35.74%
Other Outlays	1,000,939	2.34%	43,600	0.08%
Total Expenditures	\$ 42,830,010	100.00%	\$ 54,411,051	100.00%

Expenditures increased primarily to increase in capital outlay and debt service.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the General Fund budget had to be revised due to an increase in local revenue sources. Additional collections of prior year ad valorem and adjustment to initial fund balance estimate contributed to the budget revisions. Local revenue decreased due to significantly lower interest rates which contributed to decreased investment earnings, and decreased tuition and fees due to decreased enrollments in light of the pandemic. State revenue decreased due to declining collections. Employees and departments were asked to spend their assigned budget wisely as economic conditions continued to show instability. The District was able to have a \$9.8 million budgetary fund balance at the end of the fiscal year.

Metro Technology Center formally adopted a budget on June 9, 2020. A final amended budget was adopted on June 29, 2021 which increased the overall budget by \$1.9 million. There was an increase in beginning fund balance of \$1.2 million, an increase in Ad Valorem of \$1.6 million with the final revised ad valorem tax certification, an increase in interest income and federal funds and a decrease in other sources.

**CAPITAL ASSETS**

At the end of June 30, 2021, the School District had \$79.5 million invested in capital assets (see table below). This represents a net increase of \$6.2 million or 8.5 percent, over the previous fiscal year.

	2020 As restated	2021
Land	\$ 1,700,590	\$ 1,700,590
Construction in Progress	3,728,057	6,412,952
Computers	883,386	1,080,767
Buildings	53,181,484	56,859,801
Equipment	10,731,490	10,655,925
Furniture	209,239	224,433
Vehicles	2,880,798	2,606,935
	\$ 73,315,044	\$ 79,541,403

See Note 8 for additional information on capital assets.

**LONG-TERM LIABILITIES**

**Lease Purchase**

On December 1, 2009, the District entered into a lease purchase agreement with Oklahoma Industries Trust. The agreement called for the Trust to issue \$13.4 million in Lease Revenue Bonds. The proceeds of these bonds were used to fund the construction of the Metro College and Career Academy Building.

By the terms of the agreement, the lease payments are guaranteed with Metro Technology Center's Building Fund ad valorem collections. The payments are approximately \$1.03 million per year for 22 years. Semi-annual payments were made in the year ended June 30, 2021. The amount of the capitalized lease at June 30, 2021 was \$6,460,000.

**General Obligation Bonds**

On June 1, 2019, the District issued \$80,000,000 in general obligation bonds. The bonds will be used to equip and perform improvements to the South Bryant and Springlake campuses to include, but not limited to constructing and equipping a new Aerospace classroom, renovating and remodeling existing buildings, constructing safe rooms, and performing safety and security improvements.

The bonds are payable over 10 years with amount levied for payment through the debt service fund (sinking fund). Total amount outstanding principal as of June 30, 2021, was \$72,000,000.

See Note 3 for additional information on long-term liabilities.

### **Net Pension Liability**

The District's share of the Teachers' Retirement System's net pension liability as of June 30, 2021 was \$32,363,131. This was an increase of \$9.7 million from the prior year (2020). The measurement year for the net pension liability as of June 30, 2021 was June 30, 2020. See Note 4 for additional information on the net pension liability.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

There are many factors that may have a positive or negative impact on the District's financial status in the future. The District is utilizing attrition as a cost savings effort to offset possible negative impacts to the financial status. The Tax Increment Financing reimbursement agreement for capital improvement projects at the District's South Bryant Campus will save the District \$5 million on related capital expenditures.

The District continues to face the effects of the outbreak of the coronavirus disease ("COVID-19"). The District's operations are heavily dependent on the ability to collect property taxes and state aid. Additionally, access to grants and contracts from federal and state government may decrease or may not be available. The outbreak may continue to have a material adverse impact on economic conditions. At this time, management cannot predict the impact of the COVID-19 pandemic, but management continues to monitor the situation, to assess further possible implications to operations and to take actions in an effort to mitigate adverse consequences.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, Business Office at Metro Technology Center, 1900 Springlake Drive, Oklahoma City, Oklahoma 73111.

# Metro Technology Centers School District

## Statement of Net Position

June 30, 2021

	Governmental Activities
<b>Assets</b>	
Cash	\$ 1,757,653
Certificates of deposit	41,000,000
Investments	52,978,649
Property taxes receivable (net)	2,386,061
Due from other governments	286,790
Other receivables	443,433
Restricted cash	512,709
Nondepreciable capital assets	8,113,542
Depreciable capital assets, net of depreciation	33,284,149
Net OPEB asset	24,551
<b>Total assets</b>	<b>140,787,537</b>
<b>Deferred Outflows</b>	
Deferred outflows of resources related to debt refunding	372,835
Deferred outflows of resources related to pensions and OPEB	10,364,902
<b>Total deferred outflows of resources</b>	<b>10,737,737</b>
<b>Liabilities</b>	
Accounts payable and other current liabilities	2,011,089
Employee related payable	135
Accrued interest payable	163,745
Long-term obligations	
Due within one year	10,368,459
Due beyond one year	102,142,318
<b>Total liabilities</b>	<b>114,685,746</b>
<b>Deferred Inflows</b>	
Deferred inflows of resources related to pensions and OPEB	3,524,997
<b>Net Position</b>	
Net investment in capital assets	31,016,334
Restricted for:	
Buildings	9,797,267
Debt service	9,357,622
School organizations	124,286
OPEB	190,759
Unrestricted (deficit)	(17,171,737)
<b>Total Net Position</b>	<b>\$ 33,314,531</b>

Metro Technology Centers School District

Statement of Activities

For the Year Ended June 30, 2021

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in
		Charges for Services	Operating Grants and Contributions	Net Position Total Governmental ACTIVITIES
Governmental activities:				
Instruction	\$ 11,266,839	\$ 2,280,006	\$ 2,365,508	\$ (6,621,325)
Support services	24,198,470	144,940	-	(24,053,530)
Non-instruction services	128,568	201,226	44,247	116,905
Facilities and construction	3,164,979	-	-	(3,164,979)
Student financial aid	1,312,246	-	920,997	(391,249)
Other uses	26,231	-	-	(26,231)
Interest on long-term debt	2,486,341	-	-	(2,486,341)
Depreciation - unallocated	2,805,459	-	-	(2,805,459)
<b>Total school district</b>	<b>\$ 45,389,133</b>	<b>\$ 2,626,172</b>	<b>\$ 3,330,752</b>	<b>(39,432,209)</b>
General revenues:				
Taxes				
Property taxes, levied for general purposes				21,775,773
Property taxes, levied for debt service purposes				11,224,938
Property taxes, levied for building purposes				10,843,986
State aid - formula grants				3,283,628
Other revenue				209,163
Interest income				189,617
<b>Total general revenues</b>				<b>47,527,105</b>
Change in net position				8,094,896
Net position, beginning of year, as restated (See Note 14)				25,219,635
Net position, end of year				<b>\$ 33,314,531</b>

Metro Technology Centers School District  
Balance Sheet – Governmental Funds  
June 30, 2021

	General Fund	Building Fund	Debt Service Fund	Capital Project Fund	Other- Activity Fund	Totals
<b>Assets</b>						
Cash	\$ 777,437	\$ 701,635	\$ -	\$ 148,755	\$ 129,826	\$ 1,757,653
Pooled cash and investments	8,948,878	7,614,584	7,370,837	29,044,350	-	52,978,649
Certificates of deposit	-	-	1,000,000	40,000,000	-	41,000,000
Property taxes receivable, net	147,123	1,252,153	986,785	-	-	2,386,061
Restricted cash	-	512,709	-	-	-	512,709
Other receivables	144,139	-	-	299,294	-	443,433
Due from other governments	286,790	-	-	-	-	286,790
<b>Total assets</b>	<b>\$ 10,304,367</b>	<b>\$ 10,081,081</b>	<b>\$ 9,357,622</b>	<b>\$ 69,492,399</b>	<b>\$ 129,826</b>	<b>\$ 99,365,295</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 318,931	\$ 272,996	\$ -	\$ 1,413,757	\$ 5,540	\$ 2,011,224
Compensated absences	35,695	10,818	-	-	-	46,513
<b>Total liabilities</b>	<b>354,626</b>	<b>283,814</b>	<b>-</b>	<b>1,413,757</b>	<b>5,540</b>	<b>2,057,737</b>
<b>Deferred inflows of resources</b>						
Deferred intergovernmental	121,013	1,076,150	836,491	-	-	2,033,654
<b>Total deferred inflows of resources</b>	<b>121,013</b>	<b>1,076,150</b>	<b>836,491</b>	<b>-</b>	<b>-</b>	<b>2,033,654</b>
<b>Fund Balances</b>						
<b>Fund balances</b>						
Restricted	-	8,721,117	8,521,131	68,078,642	-	85,320,890
Committed	-	-	-	-	124,286	124,286
Assigned	9,211,062	-	-	-	-	9,211,062
Unassigned	617,666	-	-	-	-	617,666
<b>Fund balances, end of year</b>	<b>9,828,728</b>	<b>8,721,117</b>	<b>8,521,131</b>	<b>68,078,642</b>	<b>124,286</b>	<b>95,273,904</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,304,367</b>	<b>\$ 10,081,081</b>	<b>\$ 9,357,622</b>	<b>\$ 69,492,399</b>	<b>\$ 129,826</b>	
<b>Amounts Reported for Governmental Activities in the Statement of Net Position Are Different Because:</b>						
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$79,541,403 and the accumulated depreciation is \$38,143,712.						41,397,691
Property taxes receivable and other receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds						2,033,654
Net OPEB asset is not a financial resource so is not reported in the funds						24,551
Net pension obligation is not due and payable in the current period and, therefore is not reported in the funds						(32,363,131)
Deferred outflows related to refunded debt is applicable to future periods and therefore, are not reported in the funds						372,835
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in the funds						6,839,905
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:						
Capital lease payable				\$ 6,460,000		
General obligation bonds				72,000,000		
Accrued interest				163,745		
Compensated absences (non-fund)				1,641,133		(80,264,878)
<b>Total Net Position - Governmental Activities</b>						<b>\$ 33,314,531</b>



Metro Technology Centers School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2021

	General Fund	Building Fund	Debt Service Fund	Capital Project Fund	Other Governmental - Activity Fund	Totals
<b>Revenues</b>						
Property taxes	\$ 21,917,239	\$ 11,664,576	\$ 10,667,289	\$ -	\$ -	\$ 44,249,104
Interest	189,585	32	-	-	-	189,617
Tuition and fees	1,636,482	-	-	-	-	1,636,482
State revenue	3,458,173	-	-	-	-	3,458,173
Federal revenue	2,220,357	495,604	-	-	-	2,715,961
Other	330,842	143,385	-	299,294	201,226	974,747
<b>Total revenues</b>	<b>29,752,678</b>	<b>12,303,597</b>	<b>10,667,289</b>	<b>299,294</b>	<b>201,226</b>	<b>53,224,084</b>
<b>Expenditures</b>						
Current						
Instruction	9,486,205	65,335	-	-	-	9,551,540
Support services	14,679,881	9,050,425	-	-	198,948	23,929,254
Non-instruction services	128,567	-	-	-	-	128,567
Capital outlay	-	1,123,874	-	7,087,104	-	8,210,978
Student financial aid	1,312,246	-	-	-	-	1,312,246
Other outlays	43,600	-	-	-	-	43,600
Debt service						
Interest and fees paid	-	183,566	2,216,300	-	-	2,399,866
Principal retirement	-	835,000	8,000,000	-	-	8,835,000
<b>Total expenditures</b>	<b>25,650,499</b>	<b>11,258,200</b>	<b>10,216,300</b>	<b>7,087,104</b>	<b>198,948</b>	<b>54,411,051</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	156,710	-	-	-	-	156,710
Transfers Out	-	-	(1,058)	(155,652)	-	(156,710)
<b>Total Other Financing Sources (Uses)</b>	<b>156,710</b>	<b>-</b>	<b>(1,058)</b>	<b>(155,652)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>4,258,889</b>	<b>1,045,397</b>	<b>449,931</b>	<b>(6,943,462)</b>	<b>2,278</b>	<b>(1,186,967)</b>
Beginning fund balance, as restated (See Note 14)	5,569,839	7,675,720	8,071,200	75,022,104	122,008	96,460,871
Ending fund balance	<u>\$ 9,828,728</u>	<u>\$ 8,721,117</u>	<u>\$ 8,521,131</u>	<u>\$ 68,078,642</u>	<u>\$ 124,286</u>	<u>\$ 95,273,904</u>

Metro Technology Centers School District  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
 For the Year Ended June 30, 2021

Total net changes in fund balances - governmental funds \$ (1,186,967)

The change in net position reported in the statement of activities is 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 allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation during the period.

	Capital Outlays	\$ 6,878,846	
	Depreciation Expense	<u>(2,805,459)</u>	4,073,387

Because the cost of capital assets acquired are reported in governmental funds as expenditures in the year of purchase, the proceeds from their sale are reported as revenue. However, the costs of these assets must be included as a reduction of the sales proceeds in the statement of activities.

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Because some property taxes and grant revenue will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred inflows of resources. They are however, recorded as revenues in the statement of activities.

(945,085)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave earned exceeded amounts used.

(76,983)

Governmental funds report district pension and OPEB contributions as expenditures (benefits). However, the statement of activities reports the cost of pension and OPEB benefits earned net of employee contributions as pension and OPEB expense (benefit). This is the difference between the two.

(2,517,991)

Support for pension contributions from nonemployer contributing entities not in a special funding situation does not provide current financial resources so are not recorded in governmental funds but are recorded as revenues in the statement of activities.

(105,223)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources. Some expenses do not require current financial resources so therefore are not reported as expenditures in the governmental funds.

	Accrued interest	\$ 18,758	
	Debt payments	8,000,000	
	Payments on Capital Leases	<u>835,000</u>	<u>8,853,758</u>

Change in net position of governmental activities

\$ 8,094,896

**Note 1 - Summary of Significant Accounting Policies**

The Metro Technology Center School District No. 22 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Career and Technology Education. The general operating authority for the public-school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

**The Reporting Entity** - The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. The District has not identified any component units that should be included in the District's reporting entity.

**Basic Financial Statements – Government-Wide Statements** - The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental Activities include programs primarily supported by taxes, tuition and fees, State aid, grants and other intergovernmental revenue. The District does not have any activities classified as business-type activities.

In the government-wide Statement of Net Position, the District's governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations and deferred inflows/outflows of resources. The District's net assets are reported in three parts – net investment in capital assets; restricted net position and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Direct expenses are those that are clearly identifiable with a specific function. Program revenues must be directly associated with the function. Charges for services include charges and fees to students, or customers who purchase, use or directly benefit from the goods, services, or privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs are normally covered by general revenue (property taxes, State and Federal aid, other taxes etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

**Basic Financial Statements – Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. The fund financial statements provide reports on the financial condition and results of operations of governmental fund category.

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes and various state appropriations and federal grants. Expenditures include the costs associated with the daily operations of the District.

Building Fund is used to account for monies derived from the building fund levy and rental of facilities to be used for erecting, remodeling, repairing or maintaining school buildings, paying energy and utility costs; paying fire and casualty insurance premiums for school facilities, security systems and personnel.

Debt Service Fund (Sinking Fund) is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Capital Project Fund (Bond Fund) is used to account for proceeds from long-term financing and revenues and expenditures related to voter authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund:

Other – Activity Fund (Special revenue fund) – The District accounts for resources collected from student or extracurricular activities including admission fees, concession income, fund raising and dues. The Board of Education exercises control over all of these funds.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual: The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual:** The funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Capital Assets** - Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School buildings	40 years
Site improvements	10-20 years
Computer equipment	3-5 years
Vehicles	5-10 years
Furniture	5-10 years
Other equipment	10-15 years

**Compensated Absences** - The District accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide statement of net position and represents a reconciling item between the fund and government-wide presentations.

**Budgets and Budgetary Accounting** - The District is required by state law to prepare an annual budget. The District by resolution of the Board of Education has adopted the School District Budget Act. This Act requires that within the thirty-day period preceding the beginning of each fiscal year, a budget shall be approved by the governing body. The original budget is to be amended after the June financial activity has been recorded, the annual Foundation and Salary Incentive Aid allocation has been released, and the property tax valuations have been certified for all affected counties within the district.

A budget is legally adopted by the Board of Education for the General Fund and Building Fund (Special Revenue Fund) that includes revenue and expenditures

**Cash** - The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. All short-term cash surpluses are maintained in a cash pool, excluding the Activity Fund, and investments are pooled into one common pooled account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash account or investment account has an equity therein. Interest earned on the investment of these monies is deposited to the General fund. An individual fund's pooled cash and investments are available upon demand. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

**Investments** - The District's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government and Agencies
2. Obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged
3. Certificates of deposit of savings and loan associations and bank and trust companies secured by acceptable collateral
4. Savings accounts or savings certificates of savings and loan associations that are fully insured
5. County, municipal and school district direct debt obligations
6. Money market mutual funds regulated by the Securities and Exchange Commission
7. Warrants, bonds or judgments of the school district
8. Qualified pooled investment programs

**Property Tax Revenues** - The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid within a period of three years or more as of the date such taxes first became due, the property is offered for sale for the amount of taxes due.

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2020 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Property tax receivables are net of an allowance for uncollectible taxes of \$0 in the general fund, \$23,830 in the building fund and \$27,960 in the debt service (sinking) fund. The allowance represents the estimated amount that is deemed uncollectible based on past collection history.

**Deferred Outflows of Resources** - The District reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for (1) contributions made to Teachers' Retirement System of Oklahoma (TRS the Plan) for defined benefit pension and OPEB plans between the measurement date of the net pension and OPEB liabilities (asset) (June 30, 2020) and the end of the current fiscal year (June 30, 2021). This will be recognized in the subsequent fiscal year. (2) A loss from changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan. (3) The actual pension or OPEB plan investment earnings less than the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year. (4) A loss in changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan. (5) a deferred amount arising from the refunding of debt. This amount will be amortized over the life of the new debt as a part of interest expense.

**Deferred Inflows of Resources** - The District's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period.

Deferred inflows of resources are reported in the statement of net position for (1) A gain from difference between expected and actual experience that the pension and OPEB plan actuary uses to develop expectations such as future salary increases and inflation. (2) A gain from changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan (3) the actual pension or OPEB plan investment earnings greater than the expected amounts included in determining pension expense. The first 2 deferred inflows of resources are amortized to pension expense over the average expected remaining service life of the Plan. The third deferred inflow is amortized to pension expense over a total of 5 years, including the current year.

In its governmental funds, the only deferred inflow of resources is for revenues not considered available. The District will not recognize the related revenues until available (collected no later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies to be reported in this category. Accordingly, deferred property taxes are reported in the governmental funds balance sheet.

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

**Other Postemployment Benefits (OPEB)** – For purposes of measuring the net OPEB asset, deferred outflows of resources, deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they have been reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**State Revenues** - Revenues from state sources for current operations are primarily governed by the joint resolution of the Oklahoma House of Representatives and Senate. The Oklahoma Department of Career and Technical Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 6.50% of the District's revenue comes from state sources.

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

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

**Use of Estimates** - The preparation of financial statements in conformity with the basis of accounting referred to above requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

**Interfund Transfers** - During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide interest income transfers, services, purchase assets and service debt. Transactions that are normal and recurring between funds are recorded as transfers.

**Net Position and Fund Balance** - District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets– The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Buildings – The component of net assets that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District’s buildings. This amount is restricted by enabling legislation.

Restricted for Debt Service – The component of net position that reports assets restricted for debt service.

Restricted for School Organizations – The component of net position that report the assets restricted for use by student organizations and extracurricular activities.

Restricted for OPEB – The component of net position that report the assets restricted for OPEB use including the related net asset and deferred inflows and outflows of resources.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.



**Governmental Fund Financial Statements** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District does not have any funds classified as nonspendable as of June 30, 2021.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Building Fund revenue from levy as being restricted because the use is restricted by State Statute for certain types of expenditures.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities as being committed because their use is imposed by the Board of Education regarding use of the funds.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the superintendent through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds

**On-behalf Payments** – The State of Oklahoma makes direct payments to Oklahoma Teachers Retirement System on behalf participating schools. The pro rata portion of the payment attributable to the District is recognized in these financial statements as an addition to state revenues and recording the related expense.

**Note 2 - Cash and Investments**

**Deposits** - At June 30, 2021, the bank balance of deposits, cash investments and cash pools was \$9,648,090.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The District policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2021, the District was not exposed to custodial credit risk.

Investments - As of June 30, 2021, \$512,709 restricted cash consists of combination of government money market mutual funds and FDIC insured savings accounts held by trustee bank. These funds are classified as investments for the purposes of disclosure requirements and therefore, are not subject to custodial credit risk. For presentation on the face of the statement of net position, these funds are classified as cash.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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.

Oklahoma Public School Liquid Asset Pool (OLAP) - The District participates in an external investment pool, Oklahoma Public School Liquid Asset Pool (OLAP). The plan is sponsored by the Oklahoma State School Boards Association, Cooperative Council of Oklahoma School Administration, Organization of Rural Oklahoma Schools and the Oklahoma Association of School Business Officials. OLAP is governed through an interlocal cooperative agreement and the investment advisors and other professionals are competitively selected. OLAP's portfolio consists of cash and short-term investments valued at amortized cost which approximates fair value. OLAP invests in obligations of the U.S. Government, its agencies and instrumentalities and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. Government, its agencies and instrumentalities and the OLAP custodian takes delivery of the collateral. To receive a copy of the Oklahoma Public School Liquid Asset Pool annual audit report, call toll free 1-866-472-6527 or visit [www.OLAPonline.org](http://www.OLAPonline.org). The District's other investments consist of money market mutual fund investments held in sweep accounts.

Investment valuation - All securities, with the exceptions of non-negotiable certificates of deposit and Certificate of Deposit Registry (CDARS) which are valued at amortized cost, are stated at fair value. Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Metro Technology Centers School District

Notes to Financial Statements

June 30, 2021

Investment fair value measurements are as follows at June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Certificates of deposits	\$ 41,000,000	\$ -	\$ 41,000,000	\$ -
	<u>Amortized Cost</u>			
External investment pool	<u>\$ 52,978,649</u>			
Total investments	<u><u>\$ 93,978,649</u></u>			

**Credit Risk – Investments** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. Investments held by the District in investment pools (sweep accounts and external investment pools) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The fair market value of the external investment pool held securities whose Standard & Poor’s credit ratings were 27.0 percent AA+, 5.7 percent AAAM, and 67.3 percent NR. Securities with an NR rating are bank deposit accounts. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

The District does not have a formal policy limiting its exposure arising from concentrations of investments.

**Investment Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market 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 from increasing interest rates.

At year ended June 30, 2021, the District had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1 Year</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Certificates of deposit	\$ 41,000,000	\$ 41,000,000	\$ -	\$ -	\$ -

The funds held in the external investment pool have no defined maturity dates due to the nature of the funds. The non-negotiable certificates of deposit are considered deposits so are not subject to investment interest rate risk.

**Concentration of Credit Risk** - The District places no limit on the amount the District can invest in any one issuer other than the limitations on types of investments contained in state law.

**Note 3 - Long-Term Liabilities**

The long-term liability balances and activity for the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated absences	\$ 1,595,811	\$ 270,307	\$ 178,472	\$ 1,687,646	\$ 513,459
General obligation bonds	80,000,000	-	8,000,000	72,000,000	9,000,000
Capital Leases					
2009 Capital lease	7,295,000	-	835,000	6,460,000	855,000
	87,295,000	-	8,835,000	78,460,000	9,855,000
	<u>\$ 88,890,811</u>	<u>\$ 270,307</u>	<u>\$ 9,013,472</u>	80,147,646	<u>\$ 10,368,459</u>
				<u>32,363,131</u>	
Net pension liability					
Total governmental activity long-term liabilities				<u>\$ 112,510,777</u>	

Payments on the leases are made through the building fund with property taxes. Payment on the general obligation bonds are made through the debt service (sinking) fund with property taxes. Compensated absences are liquidated by the fund where the employee's normal compensation is recorded.

*Capital Leases*

On November 27, 2017, the District entered into a lease purchase agreement with the Oklahoma Industries Trust (an Oklahoma public trust). The purpose of this agreement was to refund the outstanding amount of the original lease dated December 1, 2009 and pay costs associated with the issuance. The original lease was used to construct and equip a new 57,000 square foot facility to house the Metro College and Career Academy. This facility is located on existing Metro Technology Center property and is designed to provide classroom and other space for alternative education students.

The lease purchase agreement requires the District to make monthly base rental payments, commencing December 25, 2017. According to the agreement, the District shall only be liable for the payment of base rental payments according to the amounts scheduled to be due within each of its fiscal years. This obligation is specifically subject to the annual renewals of the lease and the availability of funds in the District's building fund in sufficient amounts to make required payments under the lease.

Base rental payments are due monthly and are 1/12th of the principal and interest payments due on the certificates of participation for each 12-month period and are reset annually.

Metro Technology Centers School District

Notes to Financial Statements

June 30, 2021

Leased buildings in capital assets at June 30, 2021, include the following:

Buildings	\$ 14,012,490
Less accumulated depreciation	<u>(3,529,167)</u>
	<u>\$ 10,483,323</u>

Amortization of leased buildings under capital assets is included with depreciation expense.

The debt matures as follows:

<u>Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rate</u>
Oklahoma Industries Trust				
2022	\$ 855,000	\$ 161,810	\$ 1,016,810	2.590%
2023	875,000	139,537	1,014,537	2.590%
2024	895,000	116,745	1,011,745	2.590%
2025	925,000	93,369	1,018,369	2.590%
2026	945,000	69,283	1,014,283	2.590%
2027-2028	<u>1,965,000</u>	<u>64,038</u>	<u>2,029,038</u>	2.590%
	<u>\$ 6,460,000</u>	<u>\$ 644,782</u>	<u>\$ 7,104,782</u>	

Future minimum lease payments are:

<u>Year Ended June 30,</u>	<u>Lease Payments</u>
2022	\$ 1,016,810
2023	1,014,537
2024	1,011,745
2025	1,018,369
2026	1,014,283
2027-2028	<u>2,029,038</u>
	<u>\$ 7,104,782</u>

*General Obligation Bonds*

On June 1, 2019, the District issued \$80 million in general obligation bonds. The bonds mature serially over a 10-year period. The annual requirements to amortize the bond debt outstanding as of June 30, 2021 including interest payments are as follows:

<u>Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rate</u>
2022	\$ 9,000,000	\$ 2,016,000	\$ 11,016,000	2.500%
2023	9,000,000	1,791,000	10,791,000	2.500%
2024	9,000,000	1,557,000	10,557,000	2.500%
2025	9,000,000	1,318,500	10,318,500	2.600%
2026	9,000,000	1,071,000	10,071,000	2.650%
2027-2028	27,000,000	1,638,000	28,638,000	2.75-3.05%
	<u>\$ 72,000,000</u>	<u>\$ 9,391,500</u>	<u>\$ 81,391,500</u>	

The bond issue was approved by voters and issued by the District for various capital improvements. These bonds are required to be paid serially within 25 years from the date of issue. General obligation bond debt is limited by state law to 10% of assessed valuation of the District. Proceeds of the general obligation bonds are recorded in a bond fund and at least 85% of the proceeds are restricted to the use for which they were approved by voters in the bond election.

The District's interest expense for 2021 was \$2,486,341.

**Note 4 - Employee Retirement System**

**Teachers' Retirement Plan of Oklahoma**

**Plan Description** - The Oklahoma Teachers' Retirement Plan is a cost-sharing multiple-employer defined benefit pension plan administered by Teachers' Retirement System of Oklahoma (TRS) (the System). The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. The System issues a publicly available financial report that can be obtained at <http://www.ok.gov/trs/>.

**Benefits Provided** – The System 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.

**Contributions** – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2021, qualifying employee contributions were reduced by a retirement credit of \$93,353 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2021, the District had a statutory contribution rate of 9.5% plus 7.7% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2021, the District contributions to the System for were \$1,660,856.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period (2020) was \$1,129,179.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2021, the District reported a liability of \$32,363,131 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.341533254%, which was a .023% decrease proportion measured as of June 30, 2019.

# Metro Technology Centers School District

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$3,647,352. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 1,577,893	\$ 548,962
Changes of assumptions	3,974,962	468,278
Net difference between projected and actual earnings on pension plan investments	2,836,321	-
Changes in proportion and differences between District contributions and proportionate share of contributions	148,662	2,433,556
District contributions subsequent to the measurement date	1,660,856	-
	\$ 10,198,694	\$ 3,450,796

\$1,660,856 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended	
2022	\$ 1,011,025
2023	1,274,623
2024	1,731,689
2025	1,474,333
2026	488,531
Thereafter	(893,159)
	\$ 5,087,042



Actuarial assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Inflation – 2.5%
- Future Ad Hoc Cost-of living increases - None
- Salary Increases – Composed of 3.25 %wage inflation, including 2.50 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of service.
- Investment Rate of Return – 7.5%
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the TRS Board in May, 2015, in conjunction with five year experience study for the period ending June 30, 2014
- Mortality Rates after Retirement – Males: RP-2000 Combined Healthy Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled to 105%. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.
- Mortality Rates for Active Members – RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

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 expecting inflation.

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	Long-Term Expected Real Rate of Return
Fixed Income	22.00%	2.50%
Domestic Equity	43.50%	7.50%
International Equity	19.00%	8.50%
Real Estate	9.00%	4.50%
Limited	6.50%	6.10%
	100.00%	

Discount rate – A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2020. Previously, a rate of 7.50% was used. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. 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 projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection also assumed the state’s contribution plus the matching contributions will remain a constant percent of the projected member payroll based on the past five years of actual contributions.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate (7.0%)	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 43,259,413	\$ 32,363,131	\$ 23,432,580

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

**Note 5 - Other Post-Employment Benefits (OPEB)**

In addition to the retirement plan described in Note 4, the District participates in the state-administered Supplemental Health Insurance Program (OPEB Plan) within Teachers’ Retirement System of Oklahoma (the OPEB System), which is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Teacher Retirement System (TRS).

Plan Description – The OPEB System provides pays a monthly health insurance premium supplement for each retired member who is enrolled in the health insurance plan provided by the State and Education Employees Group Health and Dental Insurance plan or in an insurance program provided by a participating education employer who provides health insurance coverage to former employees, provided the retired member had at least ten (10) years of Oklahoma service prior to retirement.

Benefits Provided –All retirees are eligible except for special retirees (as defined) and spouses and beneficiaries as long as they have at least 10 years of service. Retirees who elect such coverage receive the smaller of (i) a Medicare supplement benefit, if eligible, or (ii) an amount between \$100 and \$105 per month, depending on service and final average compensation. Payments made on the retirees’ behalf to the Employees Group Insurance Division of the Office of Management and Enterprise Services, if the member continues health coverage under that Plan, or (ii) to the member’s former employer, if the member retains health coverage under a plan maintained by the former employer.

Contributions – Employer and employee contributions are made based upon the TRS Plan provisions contained in State Statute Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. The cost of the subsidy averages 0.15% of normal cost, as determined by an actuarial valuation.

OPEB (Assets) Liabilities, 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 (\$24,551) for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB asset was based on a projection of the District’s long-term share of the contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30,2020 the District’s proportion was 0.341533254%, which was a .023% decrease from its proportion measured as of June 30, 2019.

For the year ended June 30 2021, the District recognized OPEB expense (credit) of (\$188). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ -	\$ 74,201
Changes of assumptions	73,206	-
Net difference between projected and actual earnings on OPEB plan investments	73,898	-
Changes in proportion and differences between District contributions and appropriate share of contributions	16,942	-
District contributions subsequent to the measurement date	2,162	-
	<u>\$ 166,208</u>	<u>\$ 74,201</u>

\$2,162 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the measurement year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended		
2022	\$	(8,429)
2023		15,459
2024		27,248
2025		25,346
2026		10,475
Thereafter		19,746
	\$	<u>89,845</u>

See Note 4 employee pension plans for Actuarial assumptions, measurement, discount rate, long-term expected rate of return and target asset allocation.

An assumption change was made to the OPEB Plan during the current valuation lowering the rate of participation in the supplemental insurance benefit from 100% to 50%, based on historical data. The benefits are only available to those retirees that participate and have at least 10 years of service credit at retirement.

Sensitivity of the District’s proportionate share of the net OPEB asset to changes in the discount rate – A single discount rate of 7.00% was used to measure OPEB as of June 30, 2020. Previously, a rate of 7.50% was used. The following presents the District’s proportionate share of the net OPEB asset calculated using a discount rate of 7.0%, as well as what the District’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net OPEB asset	\$ 122,824	\$ (24,551)	\$ (166,679)

Due to the structure of the OPEB plan, healthcare cost trend rate sensitivity analysis is not meaningful.

OPEB plan fiduciary net position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

**Note 6 - Contingencies and Commitments**

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

The District is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period pursuant to state law.

The District continues to evaluate the impact of the COVID-19 pandemic. The specific impact is not readily determinable, but it is reasonably possible that the virus could have a negative effect on the District's financial position and results of operations.

### Note 7 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program, the District is required to, and has, on deposit 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to but must contribute if their deposits fall below 1.6%. The money contributed by each district earns interest and is fully insured. If the District claims in excess of the amount in its account, it will be liable for the excess.

### Note 8 - Capital Assets

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

	Balances (As Restated)	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,700,590	\$ -	\$ -	\$ 1,700,590
Construction in progress	3,728,057	6,363,212	3,678,317	6,412,952
Total capital assets not being depreciated	<u>5,428,647</u>	<u>6,363,212</u>	<u>3,678,317</u>	<u>8,113,542</u>
Capital assets being depreciated:				
Buildings and improvements	53,181,484	3,678,317	-	56,859,801
Furniture, fixtures and equipment	11,824,115	308,768	171,758	11,961,125
Vehicles/buses	2,880,798	206,866	480,729	2,606,935
Total capital assets being depreciated	<u>67,886,397</u>	<u>4,193,951</u>	<u>652,487</u>	<u>71,427,861</u>
Less accumulated depreciation for:				
Buildings and improvements	23,824,025	1,988,433	-	25,812,458
Furniture, fixtures and equipment	10,095,906	609,944	171,758	10,534,092
Vehicles/buses	2,070,809	207,082	480,729	1,797,162
Total accumulated depreciation	<u>35,990,740</u>	<u>2,805,459</u>	<u>652,487</u>	<u>38,143,712</u>
Total capital assets being depreciated, net	<u>31,895,657</u>	<u>1,388,492</u>	<u>-</u>	<u>33,284,149</u>
Governmental activity capital assets, net	<u>\$ 37,324,304</u>	<u>\$ 7,751,704</u>	<u>\$ 3,678,317</u>	<u>\$ 41,397,691</u>

Depreciation expense was not allocated to the various functions because the District believes all functions are supported equally.

**Note 9 - Fund Balances – Governmental Funds**

As of June 30, 2021, fund balances, other than unassigned are composed of the following:

	General	Building Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Restricted						
Buildings	\$ -	\$ 8,721,117	\$ -	\$ -	\$ -	\$ 8,721,117
Capital Projects	-	-	-	68,078,642	-	68,078,642
Debt Service	-	-	8,521,131	-	-	8,521,131
Financial Aid	-	-	-	-	-	-
	<u>-</u>	<u>8,721,117</u>	<u>8,521,131</u>	<u>68,078,642</u>	<u>-</u>	<u>85,320,890</u>
Committed						
Student Activities	-	-	-	-	124,286	124,286
Assigned						
2022 Budget	9,211,062	-	-	-	-	9,211,062
	<u>9,211,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,211,062</u>
Unassigned	617,666	-	-	-	-	617,666
	<u>\$ 9,828,728</u>	<u>\$ 8,721,117</u>	<u>\$ 8,521,131</u>	<u>\$ 68,078,642</u>	<u>\$ 124,286</u>	<u>\$ 95,273,904</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds

**Note 10 - Transfers**

The transfers for the year ended June 30, 2021 are as follows:

Transfer from	Transfer to	Amount	Nature of Transfer
Capital project fund	General fund	\$ 155,652	Intrafund transfers
Debt service fund	General fund	1,058	Intrafund transfers
		<u>\$ 156,710</u>	

Transfers are used for (1) reimbursement of funds collected by one fund that are accounted for in another fund and (2) return of funds in excess of budgetary requirements.

**Note 11 - Tax Abatement**

Oklahoma Statutes Title 31 offers a homestead exemption of up to 1 acre property in an urban area or 160 acres in a rural area. In addition, households with gross income under \$20,000 are entitled to an additional \$1,000 exemption. Honorably discharged veterans who are 100 percent disabled and surviving spouse of veteran killed while on active duty are fully exempted. These homestead exemptions reduce the ad valorem taxes remitted to the District.

For the year ended June 30, 2021, abated property taxes were approximately \$6 million.

**Note 12 - New GASB Pronouncements**

The District implemented the following GASB Statements:

- Effective July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. There was no significant impact to the District's as a result of the implementation of this standard.

The following pronouncements will be effective in the future: Management has evaluated these statements as having a potential impact on the District and still under evaluation.

- GASB Statement No. 87, *Leases*, which supersedes current guidance on leases and establishes that leases are a financing arrangement for the right to use an underlying asset. The standard requires the government to record a lease liability and capitalize and amortize the underlying asset over the shorter of the asset life or the lease term. It provides an exception for short-term leases (e.g., less than 12 months) and requires leases that transfer ownership of the underlying asset to be accounted for as a financed purchase. Lease disclosure requirements are also amended.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

- GASB Statement No. 90, Majority Equity Interest – An Amendment of GASB Statements 14 and 61, defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.
- GASB Statement No. 91, Conduit Debt, clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.
- GASB Statement No. 92, Omnibus 2020, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issue that have been identified during implementation and application of certain GASB statements. The provisions of this statement are effective based on various GASB statements affected.
- GASB Statement No. 93, Replacement of Interbank Offered Rates, addresses replacement of rates used in computing derivative instruments and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.
- GASB Statement No. 98, The Annual Comprehensive Financial Report, establishes the term annual comprehensive financial report (ACFR). This term replaces the term comprehensive annual financial report (CAFR).



**Note 13 - Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and Other Postemployment Benefits (OPEB)**

As of June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources in connection with Employee Retirement system and Other Postemployment Benefits (OPEB) as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employee Retirement System	\$ 10,198,694	\$ 3,450,796
OPEB	<u>166,208</u>	<u>74,201</u>
	<u>\$ 10,364,902</u>	<u>\$ 3,524,997</u>

**Note 14 - Correction of Errors**

**Fund Financial Statements**

Beginning fund balance of the general fund has been restated on the fund basis financial statements to record a prior period adjustment to record student refunds payable that were not recorded in prior years. Further, compensated absences for the general fund and building fund have been adjusted to recognize a liability for the amounts due under the modified accrual basis of accounting.

A reconciliation of the prior period ending fund balance to the current year beginning fund balance for the governmental funds is as follows:

	General Fund	Building Fund	Total Governmental Funds
Beginning fund balance	\$ 5,425,063	\$ 7,630,939	\$ 96,271,314
Adjustment to correct compensated absences	304,853	44,781	349,634
Adjustment to correct accounts payable	(160,077)	-	(160,077)
Beginning fund balance, as restated	<u>\$ 5,569,839</u>	<u>\$ 7,675,720</u>	<u>\$ 96,460,871</u>

**Governmental Activities**

Beginning net position of the Governmental Activities in the government-wide Statement of Net Position has been restated to record a prior period adjustment to correct construction in progress and the effect of the adjustment above to general fund accounts payable. A reconciliation of the prior period ending fund balance to the current year beginning fund balance for the general fund is as follows:

Beginning net position	\$ 24,180,298
Adjustment to correct construction in progress	1,199,414
Adjustment to correct accounts payable	(160,077)
Beginning net position, as restated	<u>\$ 25,219,635</u>



# Required Supplementary Information

June 30, 2021

## Metro Technology Centers School District

Metro Technology Centers School District  
 Budgetary Comparison Schedule – General Fund (Unaudited)  
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 4,000,000	\$ 5,159,384	\$ 5,569,839	\$ 1,159,384	\$ 410,455
Resources (inflows)					
Property taxes	19,800,000	21,400,000	21,917,239	1,600,000	517,239
Interest	100,000	310,000	189,585	210,000	(120,415)
Tuition and fees	2,160,000	1,130,000	1,636,482	(1,030,000)	506,482
State revenue	3,601,783	3,571,672	3,458,173	(30,111)	(113,499)
Federal revenue	976,210	1,404,722	2,220,357	428,512	815,635
Other	550,000	370,000	487,552	(180,000)	117,552
Total resources	27,187,993	28,186,394	29,909,388	998,401	1,722,994
Amounts available for appropriation	31,187,993	33,345,778	35,479,227	2,157,785	2,133,449
Charges to appropriations (outflows)					
Instruction	10,460,000	9,991,911	9,486,205	(468,089)	505,706
Support services - Instructional	4,300,000	4,491,954	14,679,881	191,954	(10,187,927)
Support services - Noninstructional	12,050,000	10,515,588	128,567	(1,534,412)	10,387,021
Non-instruction services	300,000	160,000	-	(140,000)	160,000
Other outlays (including student financial aid)	300,000	341,148	1,355,846	41,148	(1,014,698)
Total charges to appropriations	27,410,000	25,500,601	25,650,499	(1,909,399)	(149,898)
Budgetary fund balance, June 30	\$ 3,777,993	\$ 7,845,177	\$ 9,828,728	\$ 4,067,184	\$ 1,983,551

Metro Technology Centers School District  
 Budgetary Comparison Schedule – Building Fund (Unaudited)  
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 6,959,956	\$ 6,959,956	\$ 7,675,720	\$ -	\$ 715,764
Resources (inflows)					
Property taxes	10,400,000	11,600,000	11,664,576	1,200,000	64,576
Federal revenue	-	496,000	495,604	496,000	(396)
Other	3,400,000	401,130	143,417	(2,998,870)	(257,713)
Total resources	<u>13,800,000</u>	<u>12,497,130</u>	<u>12,303,597</u>	<u>(1,302,870)</u>	<u>(193,533)</u>
Amounts available for appropriation	<u>20,759,956</u>	<u>19,457,086</u>	<u>19,979,317</u>	<u>(1,302,870)</u>	<u>522,231</u>
Charges to appropriations (outflows)					
Instruction	755,000	67,200	65,335	(687,800)	1,865
Support services	125,000	214,100	-	89,100	214,100
Non-instruction services	5,980,000	10,528,921	9,050,425	4,548,921	1,478,496
Capital outlay/debt service	3,500,000	2,328,800	2,142,440	(1,171,200)	186,360
Total charges to appropriations	<u>10,360,000</u>	<u>13,139,021</u>	<u>11,258,200</u>	<u>2,779,021</u>	<u>1,880,821</u>
Budgetary fund balance, June 30	<u>\$ 10,399,956</u>	<u>\$ 6,318,065</u>	<u>\$ 8,721,117</u>	<u>\$ (4,081,891)</u>	<u>\$ 2,403,052</u>

Metro Technology Centers School District  
Schedule of the District's Proportionate Share of the Net Pension Liability (Unaudited)  
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's portion of the net pension liability (asset)	0.341533250%	0.364683440%	0.388238850%	0.390643040%	0.383147640%	0.398737490%	0.411074050%	0.411074050%
District's proportionate share of the net pension liability (asset)	\$ 32,363,131	\$ 22,611,604	\$ 23,465,591	\$ 25,865,711	\$ 32,104,484	\$ 24,844,546	\$ 22,115,235	\$ 29,422,121
District's covered payroll	\$ 17,477,568	\$ 17,886,958	\$ 17,597,547	\$ 16,932,589	\$ 17,134,579	\$ 17,027,758	\$ 17,330,242	\$ 17,390,474
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	185.17%	126.41%	133.35%	152.76%	187.37%	145.91%	127.61%	169.19%
Plan fiduciary net position as a percentage of the total pension liability	63.47%	71.54%	72.71%	69.92%	62.24%	70.30%	72.43%	62.18%

Notes:

In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Information to present a 10 year schedule is not currently available

Metro Technology Centers School District  
Schedule of District's Pension Contributions (Unaudited)  
June 30, 2021

Measurement Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractual required contribution	\$ 1,660,856	\$ 1,660,369	\$ 1,699,261	\$ 1,671,767	\$ 1,608,596	\$ 1,627,785	\$ 1,617,637	\$ 1,646,373	\$ 1,652,095
Contribution in relation to the contractually required contribution	1,660,856	1,660,369	1,699,261	1,671,767	1,608,596	1,627,785	1,617,637	1,646,373	1,652,095
Contribution deficiency (excess)		-	-	-	-	-	-	-	-
District's covered payroll	\$ 17,234,689	\$ 17,477,568	\$ 17,886,958	\$ 17,597,547	\$ 16,932,589	\$ 17,134,579	\$ 17,027,758	\$ 17,330,242	\$17,390,474
Contribution as a percentage of covered payroll	9.64%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%

**Note:**

Information to present a 10 year schedule is not currently available.

Metro Technology Centers School District  
 Schedule of the District's Proportionate Share of the Net OPEB Asset (Unaudited)  
 June 30, 2021

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Measurement Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's portion of the net OPEB asset	0.341533250%	0.364683440%	0.388238850%	0.390643040%
District's proportionate share of the net OPEB asset	\$ 24,551	\$ 216,209	\$ 250,905	\$ 174,204
District's covered payroll	\$ 17,477,568	\$ 17,886,958	\$ 17,597,547	\$ 16,932,589
District's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.14%	1.21%	1.43%	1.03%
Plan fiduciary net position as a percentage of the total OPEB asset	102.30%	115.07%	115.41%	110.40%

Note:

In accordance with GASB Statement No. 75, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Information to present a 10 year schedule is not currently available.



Metro Technology Centers School District  
 Schedule of District's OPEB Contributions (Unaudited)  
 June 30, 2021

Measurement Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractual required contribution	\$ 2,162	\$ 3,124	\$ 3,201	\$ 11,308
Contribution in relation to the contractually required contribution	2,162	3,124	321	11,308
Contribution deficiency (excess)	-	-	-	-
District's covered payroll	\$ 17,234,688	\$ 17,477,568	\$ 17,886,958	\$ 17,597,547
Contribution as a percentage of covered payroll	0.01%	0.02%	0.02%	0.06%

Note:

Information to present a 10 year schedule is not currently available.

**Note 1 - Budgeting and Budgetary Control**

The District is required by state law to prepare an annual budget. The District by resolution of the Board of Education has adopted the School District Budget Act. This Act requires that within the thirty-day period preceding the beginning of each fiscal year, a budget shall be approved by the governing body. The original budget is to be amended after the June financial activity has been recorded, the annual Foundation and Salary Incentive Aid allocation has been released, and the property tax valuations have been certified for all affected counties within the district.

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund that includes revenue and expenditures.

**Note 2 - Budgetary Basis of Accounting**

Under the budgetary basis of accounting, revenues are recognized when they are received rather than earned. Purchases of materials, outside services and capital outlays are recognized as expenditures when the commitment to purchase is made (encumbered).

**Note 3 - Changes of Assumptions**

The assumption change in fiscal year 2015 is attributable to the new assumptions adopted by the TRS board in May, 2015.

The assumption change in fiscal year 2016 is attributable to the new economic assumptions adopted by the TRS board in September, 2016.

The assumption change in fiscal year 2017 is attributable to the change in assumed election rate for the assumed election rate for the Supplemental Medical Insurance benefit adopted by the TRS board in August, 2017.



# Metro Technology Centers School District

Other Information

June 30, 2021

Metro Technology Centers School District  
Schedule of Expenditures of Federal Awards  
June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal Financial Assistance/ Federal CFDA #	Pass-through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/2020	Federal Grant Receipts	Total Grant Expenditures	Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/2021
U.S. Department of Education								
Direct Programs								
COVID-19 - Higher Education Emergency Relief Fund (HEERF)								
COVID-19 - HEERF - Student Aid Portion	84.425E	415	\$ -	\$ 380,494	\$ 380,494	\$ -	\$ 380,494	\$ -
COVID-19 - HEERF - Institutional Portion	84.425F	415	(78,725)	825,013	746,235	-	746,235	53
COVID-19 - HEERF - FIPSE	84.425N	415	-	33,193	33,193	-	33,193	-
COVID-19 - HEERF - American Rescue Plan - Student Aid Portion	84.425E	415	-	21,400	-	-	-	21,400
Total HEERF			<u>(78,725)</u>	<u>1,260,100</u>	<u>1,159,922</u>	<u>-</u>	<u>1,159,922</u>	<u>21,453</u>
Student Financial Aid								
Federal Pell Grant Program	84.063	474	-	576,591	576,591	-	576,591	-
Pell Admin Fee	84.063	n/a	-	15	15	-	15	-
Direct Student Loans	84.268	471	-	319,047	319,047	-	319,047	-
Total Student Financial Aid Cluster			<u>-</u>	<u>895,653</u>	<u>895,653</u>	<u>-</u>	<u>895,653</u>	<u>-</u>
Carl Perkins Vocational Education Act								
Passed through Oklahoma Department of Career Technology Education								
Carl Perkins Secondary	84.048	421	(155,635)	155,635	187,229	-	187,229	(187,229)
Carl Perkins Supplemental	84.048	424	(47,200)	47,200	-	-	-	-
Tech Centers That Work	84.243	429	(11,677)	31,668	19,991	-	19,991	-
Total Pass Through Programs			<u>(214,512)</u>	<u>234,503</u>	<u>207,220</u>	<u>-</u>	<u>207,220</u>	<u>(187,229)</u>
Total U.S. Department of Education			<u>(293,237)</u>	<u>2,390,256</u>	<u>2,262,795</u>	<u>-</u>	<u>2,262,795</u>	<u>(165,776)</u>
U.S. Department of Health and Human Services								
Passed through Oklahoma Department of Human Services and Oklahoma Department of Career Technology Education								
TANF Job Readiness	93.558	456	(19,999)	19,999	15,812	15,812	-	-
TANF/HIRE	93.558	452	(95,962)	184,112	187,710	-	187,710	(99,560)
Total U.S. Department of Health and Human Services			<u>(115,961)</u>	<u>204,111</u>	<u>203,522</u>	<u>15,812</u>	<u>187,710</u>	<u>(99,560)</u>
Total Expenditures of Federal Awards			<u>\$ (409,198)</u>	<u>\$ 2,594,367</u>	<u>\$ 2,466,317</u>	<u>\$ 15,812</u>	<u>\$ 2,450,505</u>	<u>\$ (265,336)</u>

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Metro Technology Center, District No. 22 under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 220, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Metro Technology Center, District No. 22 it is not intended to and does not present financial position, changes in financial position or cash flows.

**Note B: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on using the cash basis of accounting. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C: Indirect Cost Rate**

Metro Technology Center, District No. 22 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note D: Subrecipients**

Metro Technology Center, District No. 22 did not have any awards that have been passed through to subrecipients.



CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Education  
Metro Technology Centers School District No. 22  
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Metro Technology Centers School District No. 22 (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, and have issued our report thereon dated March 15, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as 2021-001 in the accompanying schedule of findings and questioned costs to be a material weakness.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as 2021-002 and 2021-003 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described as 2021-003 in the accompanying schedule of findings and questioned costs.

### **The District's Response to Findings**

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
March 15, 2022



CPAs & BUSINESS ADVISORS

## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance**

To the Board of Education  
Metro Technology Centers School District No. 22  
Oklahoma City, Oklahoma

### **Report on Compliance for Each Major Federal Program**

We have audited Metro Technology Centers School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Metro Technology Centers School District's major federal programs for the year ended June 30, 2021. Metro Technology Centers School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Metro Technology Centers School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro Technology Centers School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Metro Technology Centers School District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Metro Technology Centers School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



## Report on Internal Control over Compliance

Management of Metro Technology Centers School District (the District) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The signature is written in a cursive, handwritten style. It reads "Eide Bailly LLP".

Oklahoma City, Oklahoma  
March 15, 2022

**Section I – Summary of Auditor’s Results**

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements	Yes

FEDERAL AWARDS

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

<u>Name of Federal Program or Cluster</u>	<u>CFDA number</u>
Student Financial Aid Cluster	84.063, 84.268
COVID-19 - Higher Education Emergency Relief Fund (HEERF)	84.425E, F, & N
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee	Yes

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**Section II – Financial Statement Findings**

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<b>2021-001</b>	<b>Adjustments in Financial Reporting Material Weakness in Internal Controls over Financial Reporting</b>
Criteria:	Controls over complete year-end financial reporting process should be in place to ensure proper and timely reporting in accordance with Generally Accepted Accounting Principles (GAAP).
Condition:	<p>The District’s financial reporting control system in place during the past fiscal year did not identify a prior period adjustment which did not properly record student refunds payable at June 30, 2020 for \$160,077. Further, construction in progress was not properly recorded as of June 30, 2020 in the amount of \$1.2 million. Both of these items were caught and corrected by management prior to the start of the audit procedures.</p> <p>We also identified two adjustments as a result of our audit procedures including the adjustment to remove compensated absences liability in the amount of \$466,946, including a beginning of year impact of \$349,634, and a depreciation adjustment in the amount of \$1.8 million.</p> <p>Such items should be presented in order to be in accordance with Generally Accepted Accounting Principles (GAAP).</p>
Cause:	The District has a process at year-end to record adjustments for financial statement presentation, but the process was not effective in identifying all the necessary adjustments and disclosures in accordance with GAAP.
Context:	The District’s financial statements were prepared by a consulting firm with much assistance from District management, but material adjustments, including prior period adjustments, were necessary.
Effect:	The District is at risk for material misstatements. Material adjustments, including restatement of prior period amounts, were necessary to correctly present the financial statements.
Recommendation:	We recommend a control process be put in place to properly and timely reconcile relevant financial data to the general ledger in order to be presented in accordance with GAAP.

View of Responsible

Officials: The District concurs with the recommendation and has already implemented control processes to properly and timely reconcile relevant financial data to the general ledger in order to be presented in accordance with GAAP. It was these newly implemented control processes that identified and recorded the necessary adjustments applicable to the prior period. The district continues to refine its internal controls to reduce the risk of material misstatement. These efforts include but are not limited to the hiring & training of staff and the implementation of financial software.

**2021-002      Retention of Employee Contracts to Support Current Pay  
Significant Deficiency in Internal Controls over Financial Reporting**

Criteria: Proper record retention includes the process of obtaining and storing documentation to support current business practices.

Condition: Human resources could not provide support and/or approvals for current salary or hourly rates for certain employees.

Cause: There are currently no consistent policies to obtain/retain approved rates of pay for certain District personnel.

Context: Of the 40 employees selected for payroll testing, support for the current rate of pay could not be provided for 14 of those employees.

Effect: Lack of documentation for current rates of pay does not support proper approvals over those rates for proper internal controls. Further, lack of such documentation could lead to potential disagreements with employees. Lastly, the lack of documentation does not allow for a proper audit trail for external audits and reviews.

Recommendation:

Implementation of this proper document retention policies would provide the following:

- Legal, written proof of the terms of agreements in the event of employee challenges or litigation;
- Documentation of proper approvals of changes in employee rates and help reduce the risk of fraud or error;
- Reduction in the risk of error in the recording of the transaction as the District would have a document to refer to when recording the transaction; and

- Better accounting records in the event of both financial statement audits and regulator reviews.

Views of Responsible

Officials: The district concurs with the recommendation. All new hires are required to sign a salary offer. The documentation for long term employees has been lost over time. The district prioritized updates to salary scales and positions. With the newly approved salary scales & positions, the district will begin packaging the annual compensation statement with the annually signed employee contracts.

**2021-003 Student Activity funds  
Significant Deficiency in Internal Controls over Financial Reporting; Compliance**

Condition: Student activity receipts are not deposited within the next business day or at least weekly if less than \$100.

Criteria: Oklahoma Statutes Section 70-5-129 related to student activity funds states “deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week.”

Cause: Teacher sponsors are not turning funds over to financial secretaries on a timely basis and/or financial secretaries are not depositing daily as required by School policy and Oklahoma statutes.

Context: Approximately 32% of the deposits tested (13 in our sample of 40) identified instances where the receipts were not deposited in accordance with state statutes.

Effect: Failure to comply with State law indicating a failure to exercise control over funds received from student activities.

Recommendation: Requirements for daily submission of student activity funds should be monitored for all sites by School administration.

Views of  
Responsible

Officials: The district concurs with the recommendation. During the height of the pandemic, there was some lag time in making deposits. This was due to personnel working remotely, the bank being closed, and the timeliness of mail runs. The importance of submitting daily receipts has been emphasized with the sites. This district continues to make improvements in this area to ensure compliance with state statutes.

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**Section III – Federal Award Findings and Questioned Costs**

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None.

