Financial Statements and
Report Required by *Government Auditing Standards*
June 30, 2022

Francis Tuttle Technology Center School District No. 21 Oklahoma County, Oklahoma

Board of Education 1

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Independent Auditor's Report

To the Board of Education
Francis Tuttle Technology Center
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Francis Tuttle Technology Center as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Francis Tuttle Technology Center, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Francis Tuttle Technology Center's basic financial statements. The schedule of expenditures of federal awards as required by *Title 2 U.S.* Code of Federal Regulations *Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2023 on our consideration of the Francis Tuttle Technology Center'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 Francis Tuttle Technology Center'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 Francis Tuttle Technology Center's internal control over financial reporting and compliance.

Eide Bailly LLP

Oklahoma City, Oklahoma
January 6, 2023

This section of Francis Tuttle Technology Center's annual financial report presents discussion and analysis of Francis Tuttle's financial performance during the fiscal year ended June 30, 2022. To fully understand Francis Tuttle's financial performance read it in conjunction with the basic financial statements and the notes to the financial statements.

Organization

Francis Tuttle Technology Center School District No. 21 (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 Francis Tuttle Technology Center School District includes all of the following public school districts: Cashion, Crescent, Deer Creek, Edmond, Putnam City and Western Heights. The Francis Tuttle Technology Center School District includes portions of four counties: Oklahoma, Logan, Kingfisher and Canadian. The District provides educational opportunities to high school students and adults who reside or work in the District. The District operates three campuses; the Rockwell, Portland and Reno campuses, as well as the Business Innovation Center in Edmond. Each campus has a variety of services and programs to meet the needs of our customers.

Vision – to be the first choice for programs and services in career and technology education.

Mission – We prepare our customers for success in the workplace.

- *Career Training Programs*: The District offers thirty-six different career training programs. These programs are designed to lead to industry certifications or licenses, employment or continuing education. These programs serve both high school students and adults. The career training programs fall into fifteen career clusters. Each career cluster is designed to offer students several choices of career major. Providing our students with many learning opportunities.

- *Adult and Career Development Classes*: Adult and career development (ACD) classes are designed around specific curriculum and are designed to provide an introduction to or enhance knowledge of specific topics. Continuing education and licensing classes are offered in several areas including real estate, insurance and health.

- *Workforce and Economic Development Services*: The District provides customized industry training to businesses and their employees in the district. This may include pre-employment, safety, skills based or management skills.

Financial Highlights

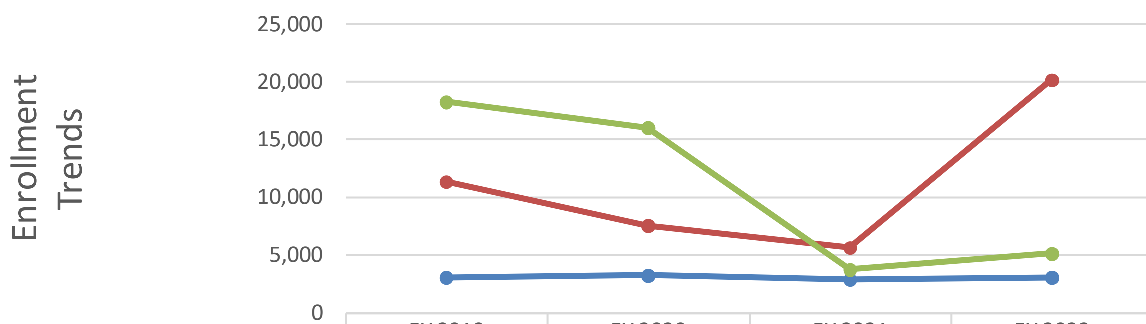
Ad valorem property taxes are the largest source of revenue for the District. The growth rate in property valuations has a direct impact on the financial health of the District. Over the last five years the average growth in property valuation has been 4.2% per year. In FY 2022, the growth rate for property valuation was 2.4%. The District closely monitors property valuations, and adjusts spending accordingly.

The District completed construction on a new, 150,000 square foot, Danforth campus in Edmond. The campus includes: classrooms, instructional labs, business incubator and support services. The Danforth Campus opened August 2021.

The District faced challenges and economic impacts from the worldwide COVID-19 pandemic. ACD classes and industry classes were greatly reduced during FY 2020-21, this decreased both revenue and operating expenses. These classes began to pick up again during FY 2021-22, but are still below historic levels.

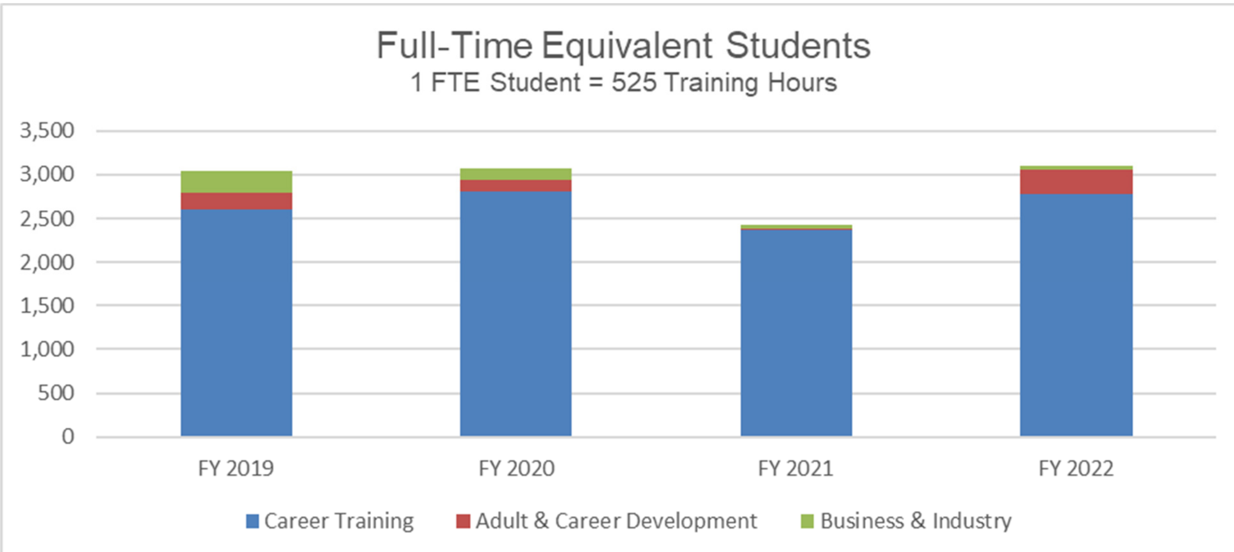
The District received Federal COVID grants to assist adult students impacted by the moved to virtual learning as well as to offset certain costs the District has as a result of the pandemic.

The District measures activity in terms of students served. Important measures of students served include both the number of students enrolled and the number of full-time equivalent (FTE) students. Adult and career development and business and industry classes both have high enrollment in relatively short classes. Career training classes have far fewer enrollments, but the classes last a full school year. The District contracts to provide special training for employers expanding their workforce through the Training for Industry Program (TIP). FY 21 enrollments in business and industry classes dropped dramatically due the COVID-19 pandemic, they began to rebound in FY 22.



	FY 2019	FY 2020	FY 2021	FY 2022
Career Training	3,024	3,301	2,936	3,055
Adult & Career Development	11,392	7,545	5,612	20,155
Business & Industry	18,381	16,023	3,784	5,225

All student training hours are converted into full-time equivalent (FTE) student counts. One FTE student is equal to the length of instruction for one high-school student for one school year (3 hours per day x 175 school days = 525 instructional hours). As noted above, enrollments in Adult & Career Development and Business & Industry dropped dramatically in FY 2021 due to the pandemic. This caused the FTE student counts for these categories to drop as well. The decline was from a combination of campus closings, hesitancy of students and adjunct instructors to risk exposure. Total FTE student counts rebounded in FY 2022 and are close to pre-pandemic levels.



Financial Statements

The financial statements consist of three parts: management discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District. The first two statements are district-wide financial statements—the statement of net position and the statement of activities. These provide both long-term and short-term information about the District's overall financial status.

The next statements are fund financial statements that focus on individual parts of the District's operations in more detail than the district-wide statements. The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending. The governmental funds are the general, building and capital projects funds.

The third statements are for the custodial funds.   The Cooperative fund is reported in the custodial funds statement.

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

Overview of Financial Statements

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall financial health of the District, you need to consider additional factors, such as changes in the ad valorem valuation and the projected student enrollment.

The district-wide financial statements of the District are all reported under governmental activities.

- Governmental activities – All of the District's basic services are included here, such as instruction, business and industry services, administration, and community services. Local property taxes, state appropriations, federal grants, tuition and fees finance most of these activities.

The district-wide financial statements can be found on pages 18-20 of this report.

As discussed in Note 1, as of July 1, 2021, the District adopted GASB Statement No.87, *Leases.* The objective of this Statement is to improve accountability for lease transactions. The FY 2021 amounts have not been adjusted to reflect this for comparative purposes.

Fund Financial Statements

The District's fund financial statements provide detailed information about each fund—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs; state law requires certain funds.

Governmental funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. The governmental fund statements provide a detailed short-term view of the District operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

The governmental funds financial statements can be found on pages 21-25 of this report.

Custodial funds –The custodial funds present the assets, liabilities and activities of the Cooperative fund. The District is the financial agent for an inter-local agreement among 27 technology center school districts to market the Career Tech System as a whole. The District records its contribution to the Cooperative fund as an expenditure in the general fund and government wide financial statements.

The custodial funds financial statements can be found on pages 26-27 of this report.

Financial Analysis of Francis Tuttle as a Whole

The District's total net position was $140,232,687 at June 30, 2022 and $126,439,917 at June 30, 2021.

Table 1 - Condensed Statements of Net Position

	Government Activities	
	2022	2021*
Assets		
Current and other assets	$ 81,484,036	$ 69,897,537
Capital assets	141,309,606	148,315,424
Other non-current assets	662,696	50,998
Total assets	223,456,338	218,263,959
Deferred outflows of resources	9,221,123	15,817,637
Liabilities		
Current and other liabilities	6,243,690	10,257,092
Long-term liabilities	67,972,010	91,842,558
Total liabilities	74,215,700	102,099,650
Deferred inflows of resources	18,229,074	5,542,029
Net position		
Net investment in capital assets	136,543,768	127,679,493
Restricted	575,361	427,897
Unrestricted	3,113,558	(1,667,473)
Total net position	$ 140,232,687	$ 126,439,917

** Not adjusted for GASB 87*

The majority of the District’s net position is net investment in capital assets (buildings, land and equipment). The majority of these assets are not available for future spending. The net investment in capital assets also includes assets which are limited in use primarily due to statutory restrictions on the building and capital projects fund. The unrestricted net position improved during FY 2022 due to a reduction in the District’s proportionate share of Oklahoma Teachers’ Retirement System’s (OTRS) net pension liability, see discussion below.

The District prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) standards. Under the GASB pension reporting standards, the District is allocated a proportionate share of the Oklahoma Teachers’ Retirement System’s (OTRS) net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

GASB has taken the position that the pension liability arises from the employment at the local government unit, not from state laws defining funding requirements. Previously pension costs were defined as statutorily required contributions. Therefore, the District is required to report its proportionate share of the OTRS net pension liability. It should be noted, that OTRS is a defined benefit plan, but the contributions are not actuarially determined. The statutory contribution rates have historically not been sufficient to fully fund the obligations. This funding disconnect is the primary reason for the unfunded net pension liability.

Decisions regarding the allocations are made by the administrators of the pension plan, not by the District’s management. Both employer and employee contribution rates are capped by state statute. Benefit provisions are also determined by state statute. Under current Oklahoma statutes, the District is making all required contributions, and is not obligated to fund the net pension liability.

Statement of Activities
The results of this year's operations as a whole are reported in the statement of activities. All expenses are reported in the first column. Specific charges for services, grants, revenues and subsidies that directly relate to specific expense categories are identified to determine the final amount of the District’s activities that are supported by other general revenues. The largest general revenue category is property (ad valorem) taxes.

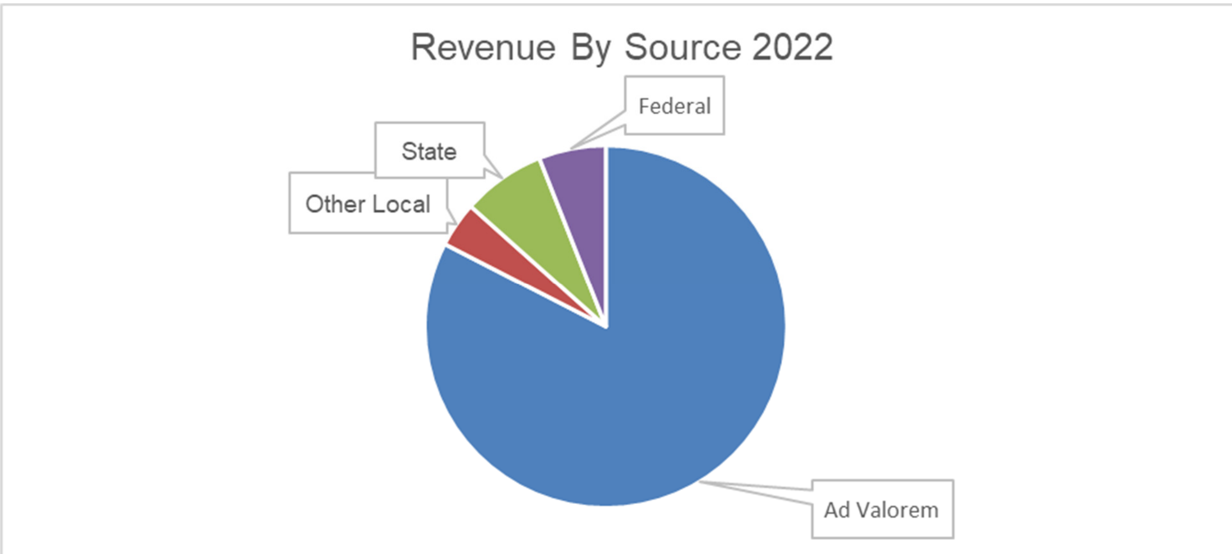
The table below takes the information from the statement of activities, rearranges it slightly, so you can see our total revenues for the year.

Table 2 - Program Revenues and Expenses

	Government Activities	
	2022	2021 *
Revenues		
Program revenues		
Charges for services and sales	$ 2,544,857	$ 1,461,201
Operating grants and contributions	9,218,292	7,514,279
General revenue		
Property taxes	67,169,081	65,452,912
State formula funding	3,684,525	3,623,040
Other	-	54,269
(Loss) earnings on investments	(1,246,745)	125,235
Total revenues	81,370,010	78,230,936
Program expenses		
Instruction	29,117,942	28,916,697
Instructional support	10,050,985	10,534,730
Operational support	21,868,859	22,449,736
Non-instructional services	2,464,563	1,839,416
Debt service	966,724	1,063,327
Student financial aid and other uses	3,108,167	1,941,506
Total expenses	67,577,240	66,745,412
Increase in net position	13,792,770	11,485,524
Net position, beginning of year	126,439,917	114,954,393
Net position, end of year	$ 140,232,687	$ 126,439,917

** Not adjusted for GASB 87*

Total revenue exceeded expenses, increasing net position $13,792,770 in 2022 and $11,485,524 in 2021. Charges for services dropped during FY 2021 as enrollments in short-term classes declined drastically. This drop was partially offset by Federal COVID relief grants.



The following shows the District's largest functions—instructional programs, instructional support, operational support, and student financial aid as well as each program's net cost. The net cost is the total cost less revenues generated by the activities and other grants, subsidies and contributions to show the remaining financial needs supported by state and local taxes and other miscellaneous revenue.

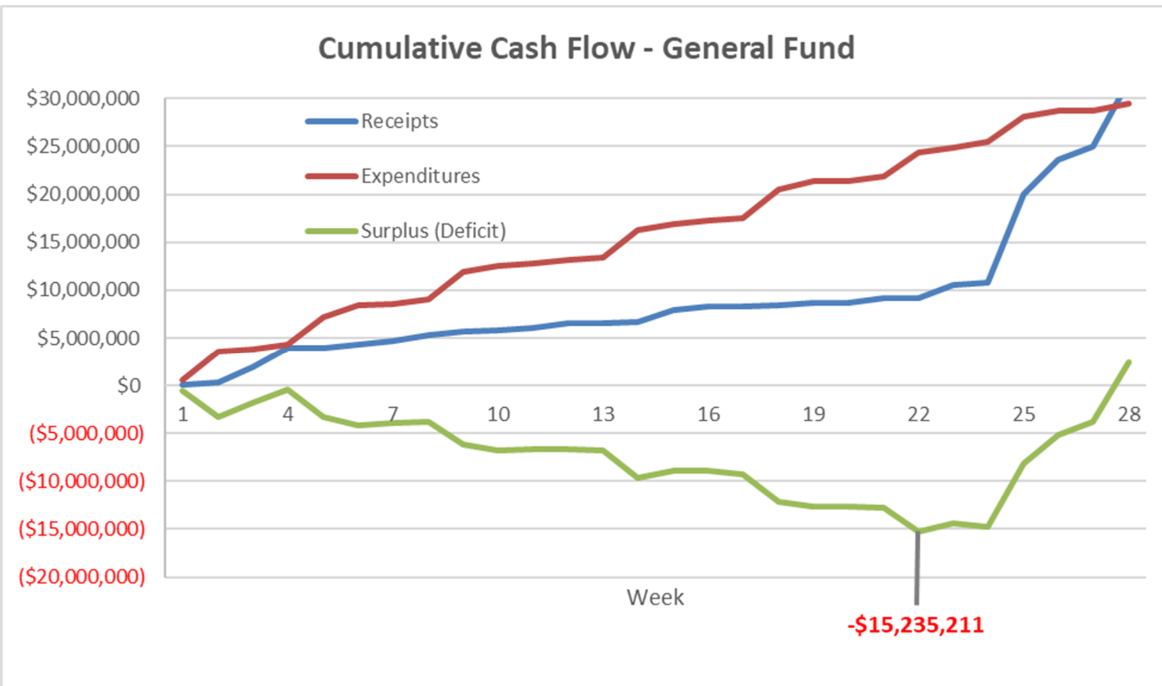
	2022		2021	
Functions/Programs	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 29,117,942	$ 25,225,250	$ 28,916,697	$ 23,990,785
Instructional support	10,050,985	9,127,497	10,534,730	9,517,912
Operational support	21,868,859	18,737,764	22,449,736	21,665,895
Non-instructional services	2,464,563	1,526,959	1,839,416	1,531,122
Debt service	966,724	966,724	1,063,327	1,063,327
Financial aid and other uses	3,108,167	229,897	1,941,506	891
Total governmental activities	$ 67,577,240	$ 55,814,091	$ 66,745,412	$ 57,769,932

Financial Analysis of the District's Funds

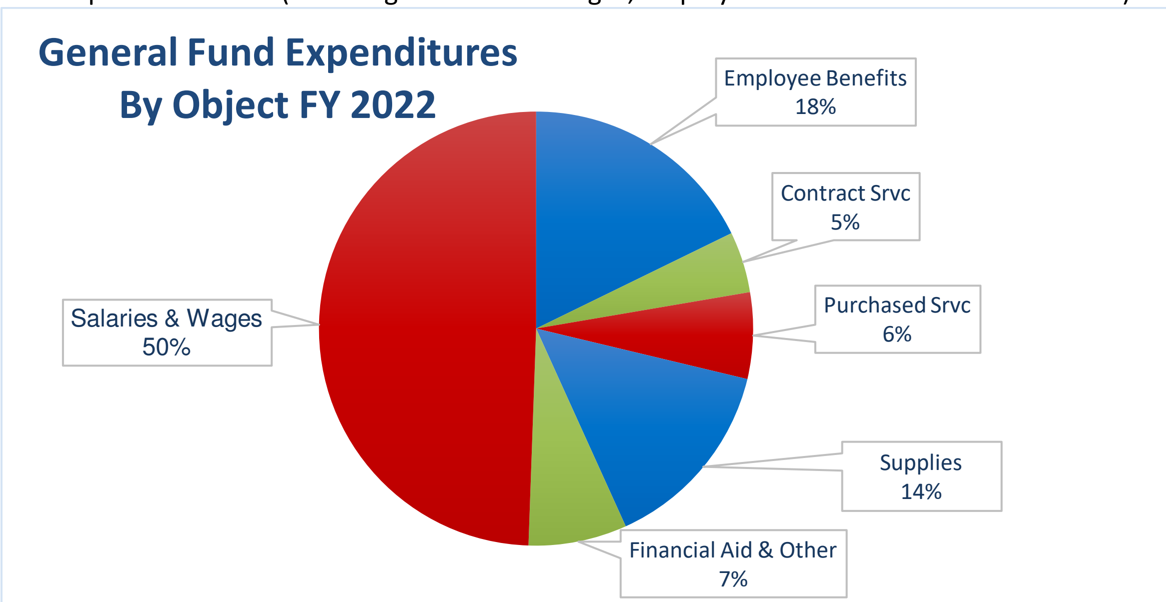
The District's governmental funds reported a total fund balance of $75,639,042 at June 30, 2022 and $59,625,860 at June 30, 2021. During FY 2022, the District sold the Cross Timbers Building in Edmond. The proceeds from the sale of that building are being held in reserve for a future building project.

The primary source of revenue for the governmental funds is property tax. The property tax is not received evenly throughout the fiscal year. The majority of property tax revenues are received between December 15 and March 31 of each year. The governmental funds must carryforward a fund balance large enough to finance the negative cash flow during the first five months of each fiscal year.

General Fund: The general fund balance is set at a level to fund the cash flow needs of the first half of the fiscal year. Expenditures are generally even throughout the year. Cash receipts lag behind expenditures during the first five months of the fiscal year. The collection of property taxes occurs mainly in December through March. This creates a cash flow deficit during the first part of each fiscal year. During week 22 of the fiscal year, December 7, 2021, the cash flow deficit in the general fund reached its peak of $15,235,200. The committed fund balance is used to finance this cash flow deficit.



The District is a service entity and as such is labor intensive. Approximately 80% of general fund expenditures are for personnel costs (including salaries and wages, employee benefits and contract services).



Building Fund: The District uses the building fund to purchase equipment; pay for utilities; maintain, remodel and build facilities and to support our instructional programs.

Student Activity Fund: The District uses the student activity fund to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Budgetary Highlights

The District prepares budgets in compliance with Oklahoma statutes and in accordance with the School District Budget Act. The first operating budget is prepared prior to the beginning of the school year when certain factors are uncertain, such as the final net assessed property values. The Board approves budget amendments as needed. These budget amendments included the following changes:

- Certification of net assessed property values and the related effect on property tax budgets
- Changes in State formula and grant funding
- Additions to or adjustments of operating grants
- Changes in premiums for health and dental insurance

Throughout the year, the District uses an accounting method prescribed by Oklahoma statutes. This statutory method of accounting provides for recording income (revenue) when received, and encumbering expenditures when the purchase commitment is made (purchase order is issued). Budget variances are calculated based upon the statutory accounting method.

Budget variances are considered significant if revenues are under budget or expenditures are over budget. During FY 2022, overall revenue collections were in excess of budget.

In order to facilitate building projects that may extend over more than one fiscal year, construction and remodeling may be budgeted for more than is utilized during the year. During FY 2022, more funds were budgeted for the remodel projects than were encumbered.

Capital Asset and Debt Administration

Capital assets: At June 30, 2022, the District had approximately $141 million invested in a broad range of capital assets, including land, school buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of $7.5 million from June 30, 2021. The decrease is primarily the result of depreciation in excess of new additions and the sale of the Cross Timbers building.

Governmental Activities

Capital Assets - Net of Depreciation

	2022	2021
Land	$ 4,094,341	$ 5,094,341
Site improvements	5,763,086	5,720,453
Buildings and improvements	122,825,969	80,796,650
Equipment and fixtures	7,479,126	6,231,707
Vehicles	618,305	672,976
Construction in progress	38,091	49,799,297
Total capital assets	$ 140,818,918	$ 148,315,424

Right-to-Use Leased Assets - Net of Amortization

	2022	2021
Right-to-use leased assets	$ 490,688	N/A

Additional information on capital assets can be found in Note 4 to the financial statements.

Debt administration:

- ***Bond obligations*****:** The District had no outstanding bond obligations as of June 30, 2022 and 2021.
- ***Leases*****:** The District leases space for the Melrose location, and has several equipment leases.

The District has the following financing lease:

Oklahoma County Finance Authority Series: On December 10, 2019, the District entered into a ground lease of certain property at the Danforth campus from the District to Oklahoma County Finance Authority (OCFA). In addition, a lease purchase agreement from OCFA to the District was executed. The lease purchase agreement provides construction financing for the Danforth Campus. The total amount financed under this agreement was $45,000,000. The financing has two issues, 2020 for $25,000,000 and 2021 for $20,000,000. At June 30, 2022, $45,000,000 was issued with $42,330,531 outstanding.

Each Series of the lease will be paid semi-annually with the final payment due in October 2034. The total payments under the lease begin at $1.4 million per year and will increase to approximately $4 million per year. The payments will be made out of the building fund. The District's net investment in the building increases incrementally as each payment is made.

Additional information on the lease purchase agreements and operating leases can be found in Note 7 to the financial statements.

Factors Bearing on Francis Tuttle Technology Center's Future

There are many factors that may have a positive or negative impact on the District financial status in the future. The District is not aware of any factors, that have a reasonable possibility of occurring, which will negatively impact the District's future operations.

Contacting the District Financial Management

This financial report is designed to provide citizens, taxpayers, parents, students and creditors with a general overview of Francis Tuttle Technology Center District No. 21's finances and to show accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office, Francis Tuttle Technology Center, 12777 North Rockwell Avenue, Oklahoma City, Oklahoma 73142.

Basic Financial Statements

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	$ 6,124,831
Investments	70,973,542
Interest receivable	169,444
Property taxes receivable, net - current year	3,103,669
Receivables from other governments	448,687
Other receivables	178,295
Other assets	485,568
Total current assets	81,484,036
Noncurrent assets	
Land and construction in progress	4,132,432
Capital assets being depreciated, net of accumulated depreciation	136,686,486
Right to use assets, net of accumulated amortization	490,688
Net OPEB asset	662,696
Total noncurrent assets	141,972,302
Total Assets	223,456,338
Deferred Outflows	
Deferred outflows - pension plan	9,084,637
Deferred outflows - OPEB	136,486
Total deferred outflows of resources	9,221,123

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	$ 1,170,774
Salaries and wages payable	2,062,171
Unearned revenue	9,893
Accrued interest payable	313,059
Current portion of long-term liabilities	2,687,793
Total current liabilities	6,243,690
Noncurrent liabilities	
Compensated absences	601,770
Lease purchase agreement	40,789,572
Net pension liability	26,580,668
Total noncurrent liabilities	67,972,010
Total liabilities	74,215,700
Deferred Inflows	
Deferred inflows - pension plan	17,769,900
Deferred inflows - OPEB	459,174
Total deferred inflows of resources	18,229,074
Net Position	
Net investment in capital assets	136,543,768
Restricted for:	
Student activities	235,353
OPEB	340,008
Unrestricted	3,113,558
Total Net Position	$ 140,232,687

Francis Tuttle Technology Center School District No. 21

Statement of Activities

For the Year Ended June 30, 2022

		Program Revenues		
Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Instruction	$ 29,117,942	$ 1,498,723	$ 2,393,969	$ (25,225,250)
Support services - instructional	10,050,985	108,530	814,958	(9,127,497)
Support services - operational	21,868,859	-	3,131,095	(18,737,764)
Operation of non-instruction services	2,464,563	937,604	-	(1,526,959)
Debt services	966,724	-	-	(966,724)
Financial aid and other uses	3,108,167	-	2,878,270	(229,897)
Total governmental activities	$ 67,577,240	$ 2,544,857	$ 9,218,292	(55,814,091)
General revenues:				
Taxes				
Property taxes, levied for capital related costs				22,702,454
Property taxes, levied for general purposes				44,466,627
State aid - formula grants				3,684,525
Loss on investments				(1,246,745)
Total general revenues				69,606,861
Change in net position				13,792,770
Net position, beginning of year				126,439,917
Net position, end of year				$ 140,232,687

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Totals
Assets				
Cash	$ 3,198,860	$ 2,605,538	$ 320,433	$ 6,124,831
Investments	35,023,956	35,949,586	-	70,973,542
Interest receivables	84,504	84,940	-	169,444
Property taxes receivable, net - current year	2,149,827	953,842	-	3,103,669
Receivables from other governments	448,687	-	-	448,687
Other receivables, net	178,295	-	-	178,295
Due from other funds	70,831	-	-	70,831
Other assets	445,081	40,487	-	485,568
Total assets	$ 41,600,041	$ 39,634,393	$ 320,433	$ 81,554,867
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 644,807	$ 511,718	$ 14,249	$ 1,170,774
Salaries and wages payable	2,061,492	679	-	2,062,171
Unearned revenue	9,893	-	-	9,893
Due to other funds	-	-	70,831	70,831
Total liabilities	2,716,192	512,397	85,080	3,313,669

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Totals
Unavailable revenue - property taxes	1,751,655	753,556	-	2,505,211
Unavailable revenue - tuition	96,945	-	-	96,945
Total deferred inflows of resources	1,848,600	753,556	-	2,602,156
Fund Balances				
Non-spendable				
Inventories and prepaid expenses	445,081	40,487	-	485,568
Restricted for				
Capital related costs	-	38,327,953	-	38,327,953
Student activities	-	-	235,353	235,353
Committed for				
Fund temporary cash flow deficit	14,450,000	-	-	14,450,000
Compensated leave	724,327	-	-	724,327
Assigned for				
Compensated leave	523,856	-	-	523,856
Professional services and supplies	865,031	-	-	865,031
Unassigned	20,026,954	-	-	20,026,954
Fund balances, end of year	37,035,249	38,368,440	235,353	75,639,042
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 41,600,041	$ 39,634,393	$ 320,433	$ 81,554,867

Total fund balance - governmental funds		$ 75,639,042
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	$ 229,881,122	
Less accumulated depreciation	(89,062,204)	140,818,918
Right-to-use leased assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Value of right-to-use leased assets	639,376	
Less accumulated amortization	(148,688)	490,688
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:		
Compensated absences	$ (1,248,183)	
Accrued interest payable	(313,059)	
Lease purchase agreements	(42,830,952)	
Net pension liability	(26,580,668)	(70,972,862)
Revenues that have been deferred in the governmental funds are recognized as revenues in the government-wide financial statements		2,602,156
OPEB assets are not current resources for government funds		662,696
Pension and OPEB related deferred outflows and inflows represent a consumption or acquisition of net position in a future periods, therefore, they are not reported in governmental funds		
Deferred OPEB outflows	$ 136,486	
Deferred pension plan outflows	9,084,637	
Deferred OPEB inflows	(459,174)	
Deferred pension plan inflows	(17,769,900)	(9,007,951)
Net position of governmental activities		$ 140,232,687

Francis Tuttle Technology Center School District No. 21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Building Fund	Other Governmental Funds	Totals
Revenues				
Property taxes	$ 44,449,829	$ 22,641,915	$ -	$ 67,091,744
Tuition and fees and other local sources,			-	
net of scholarship allowances	2,788,547	7,500,000	108,945	10,397,492
State revenue	5,806,945	-	-	5,806,945
Federal revenue	4,648,448	-	-	4,648,448
Reimbursements	132,234	-	-	132,234
Earnings (losses) on investments	(587,625)	(659,443)	540	(1,246,528)
Total revenues	57,238,378	29,482,472	109,485	86,830,335
Expenditures				
Current				
Instruction	23,090,384	4,115,485	-	27,205,869
Support services - instructional	8,543,841	780,640	118,142	9,442,623
Support services - operational	19,132,397	2,444,461	791	21,577,649
Non-instruction services	2,152,355	32,615	-	2,184,970
Financial aid and other uses	3,108,148	20	-	3,108,168
Capital outlay	49,621	2,486,855	2,337,151	4,873,627
Debt service				
Principal	-	1,299,469	-	1,299,469
Interest	-	1,124,778	-	1,124,778
Total expenditures	56,076,746	12,284,323	2,456,084	70,817,153
Excess (deficiency) of revenues over ependitures	1,161,632	17,198,149	(2,346,599)	16,013,182
Net Change in Fund Balance	1,161,632	17,198,149	(2,346,599)	16,013,182
Beginning fund balance	35,873,617	21,170,291	2,581,952	59,625,860
Ending fund balance	$ 37,035,249	$ 38,368,440	$ 235,353	$ 75,639,042

Net change in fund balances total governmental funds		$ 16,013,182
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in government a fund as expenditures. However, for governmental activities, those costs are shown in the statement of net position and are allocate dover their estimated useful lives as annual depreciation expenses in the statement of activities		
Capital outlay expenditures	$ 6,099,301	
Depreciation expense	(7,988,408)	
Proceeds from sale of property	(5,593,355)	
Retirements and adjustments	(14,044)	(7,496,506)
Outlays to lease right-to-use space or equipment are reported in a government fund as expenditures. However, for governmental activities, those costs are shown in the statement of net position and are allocated over their useful lives as annual amortization expenses in the statement of activites		
Operating expenditures	181,110	
Interest expense	(45,680)	
Amortization expense	(148,688)	(13,258)
Revenue that have been deferred in the governmental funds but are recognized as revenue in the government wide statements		133,670
Repayment of principal on lease purchase agreements is an expenditure in government funds, but it reduces long-term liabilities in the statement of net position		1,299,469
Interest on lease purchase agreements is recorded as an expenditure in government funds when paid, but interest expense in the statement of activities is accrued when incurred, regardless of when it is paid		203,730
Compensated absences payable do not require the use of current financial resources, and are therefore not reported as expenditures in governmental funds		51,172
Pension expense net of state on-behalf payments of $1,702,000 does not require current financial resources therefore, is not reported as expenditures in governmental funds.		3,444,293
Net other postemployment benefit expense offset		157,018
Changes in net position of governmental activities		$ 13,792,770

	Cooperative Fund
Assets	
Cash	$ 128,007
Total assets	$ 128,007
Liabilities and Net Position and Fund Balances	
Liabilities	
Accounts payable	13,957
Payable to new fiscal agent	114,050
Total liabilities	128,007
Net Position	
Restricted for	
Other organizations	-
Total net position	-
Total Liabilities and Net Position	$ 128,007

	Cooperative Fund
Additions	
Contributions	$ 529,375
Earnings on investments	853
Total additions	530,228
Deductions	
Support services	573,085
Transfer to new agent	714,050
Total deductions	1,287,135
Net Change in Fiduciary Net Position	(756,907)
Beginning net position	756,907
Ending net position	$ -

Note 1 - Summary of Significant Accounting Policies

Reporting entity - Francis Tuttle Technology Center School District No. 21, (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 governing body of the District is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The District has not identified any component units that should be included in the District's reporting entity.

Basic financial statement - Government-Wide Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include tuition or fees paid by students or clients of the District and grants or contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not classified as program revenues are reported as general revenues.

Basic financial statement - Fund Financial Statements: The District reports its financial activities through the use of fund accounting. This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The General Fund, Building Fund and Capital Projects Fund are major funds reported as separate columns in the fund financial statements. The Student Activity Fund is a non-major fund and is reported as other governmental fund(s) in the fund financial statements. A description of the activities of the various funds is provided below.

Basic financial statement – Government Fund Types – Governmental funds are used to account for all or most of a government's general activities, including the collection and distribution of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds), and the servicing of general long-term debt (debt services funds).

Note 1 – Summary of Significant Accounting Policies (Continued)

General Fund – The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes, various state appropriations, tuition and federal and state restricted monies that must be expended for specific programs. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt.

Special Revenue Funds – The District's Building Fund and Student Activity Fund are reported as special revenue funds.

Building Fund – The Building Fund consists primarily of monies derived from property taxes levied for the specific purposes as defined by Oklahoma Statutes. The allowable purposes include: erecting or maintaining school buildings; purchasing furniture, equipment, computer software and telecommunications services, energy and utility costs, fire and casualty insurance premiums and student transportation.

Student Activity Fund – The Activity Fund is used to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Capital Projects Fund – The Capital Projects Fund is used to account for proceeds from the lease purchase agreement described in Note 7, to be used exclusively for the construction of new school facilities.

Custodial Funds – The District's Cooperative Fund is reported as a custodial fund.

Cooperative Fund – The Cooperative Fund is used to account for the activities of the Cooperative Marketing Agreement among Technology Center School Districts, of which Francis Tuttle is the fiscal agent.

Measurement focus and basis of accounting
Basis of accounting refers to when revenues and expenditures are recognized in the financial statements, and relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty (60) days of the fiscal year end. For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual, to be available if they are collected within ninety (90) days of the end of the current fiscal period. Property taxes, interest, tuition and fees, and amounts due from other governments associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions are recorded only when the payment is due. The general and building funds record purchases of equipment and supplies as expenditures rather than as assets to be expensed when used.

Budgets and Budgetary Accounting
The District is required by state law to prepare an annual budget. The District prepares its budget in accordance with the Oklahoma School District Budget Act. The Act requires that the Board of Education adopt a budget for all governmental funds that includes revenues and expenditures by July 1 of the new fiscal year. The approved budget creates an appropriation, which is the legal authority for the District to expend funds.

Encumbrances represent obligations related to unperformed contracts for goods or services.

Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year.

Assets, liabilities, deferred inflows/outflows of resources and net position/fund balances
Cash and cash equivalents: Cash consists of cash on hand, demand deposit accounts, interest bearing checking accounts, less outstanding checks. The District considers highly liquid investments with original maturity of three months or less when purchased to be cash equivalents. As of June 30, 2022, the District's cash equivalents consist of insured cash sweep accounts.

Investments: The District is allowed to invest in various instruments which are directly or indirectly guaranteed or insured by the United States government or the State of Oklahoma and warrants, bonds or judgments of the District. Investments in mutual funds, negotiable certificates of deposit, investments in U.S. Treasury or Agency securities, and investments in Oklahoma agency bonds are recorded at fair value and are generally based on quoted market prices or estimated fair values provided by brokerage statements. Investments in non-negotiable certificates of deposit are recorded at amortized cost. Investment income, including the net change in fair value of investments, is recognized and reported as earnings (loss) on investments.

Note 1 – Summary of Significant Accounting Policies (Continued)

The District has also invested funds in the Oklahoma Public School Liquid Asset Pool (the Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the sponsors (Oklahoma State School Boards Association, Cooperative Council of Oklahoma School Administration, Organization of Rural Oklahoma Schools, and Oklahoma Association of School Business Officials), although it is not registered with the SEC.

Capital assets: Capital assets are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The donated capital assets are recorded at their estimated acquisition value at date of donation. The District defines capital assets as assets with an initial unit cost or an estimated acquisition value at the date of donation equal to or greater than $2,500.

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

The District depreciates assets using the straight-line method beginning in the year they are placed into service. The District's capital assets have the following estimated useful lives:

Building and building improvements	20 - 40 years
Equipment and fixtures	4 -15 years
Vehicles	8 years

Right to use leased assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Salaries and wages payable: Salaries and wages payable represent amounts due under employment contracts for which the services have been performed but payment has not yet been made.

Compensated absences: A liability for compensated absences is recorded in the government-wide financial statement. The liability includes amounts due to employees upon their retirement or termination according to District policy. A liability is reported in government funds only if employees have terminated employment.

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated absences include annual leave; annual leave bank and contingent leave. Other unused leave is not generally payable upon termination. Annual leave time beyond 240 hours is transferred into an employee's annual leave bank at the end of each fiscal year, up to a maximum of 240 hours. Annual leave bank hours are non-usable, and are only paid upon retirement or termination. Contingent leave is a partial payment of certain unused sick leave for employees who terminate after 15 years of continuous full-time employment.

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

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

Deferred outflows/inflows of resources: The District's statement of financial position reports a separate section for deferred outflows of resources. The deferred outflows of resources represent the consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The statement of financial position also reports a separate section for deferred inflows of resources. The deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net position classifications: In the government-wide financial statements, net position is displayed in three components as follows:

> *Net investment in capital assets*: This consists of capital assets, net of accumulated depreciation plus deferred outflows of resources (if applicable) less outstanding balances of any bonds, notes, other borrowings, or deferred inflows of resources (if applicable) attributable to the acquisition, construction, or improvement of those assets.
>
> *Restricted net position*: Consists of net position that is legally restricted by outside parties or by law through constitutional provisions of enabling legislation.
>
> *Unrestricted net position*: This consists of net position that does not meet the definition of restricted net position or net investment in capital assets.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fund balance classifications: Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

Nonspendable fund balance: The nonspendable fund balance classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories and prepaid amounts.

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

The building fund expenditures are restricted by statute to certain capital related costs, the capital projects fund expenditures are restricted by a lease purchase agreement to construction of new school facilities, and the student activity fund expenditures are restricted by state laws; therefore, the fund balance of these funds is shown as restricted.

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

The District has committed a portion of fund balance in the General Fund for funding the cash flow needs during the first half of each fiscal year. The collection of property taxes occurs mainly in December through March. This creates a temporary cash flow deficit during the first part of each fiscal year. The committed fund balance is used to finance this temporary cash flow deficit.

District policy requires payment to retiring or terminating employees for annual leave bank and conditional sick leave. The District commits a portion of fund balance for this purpose.

Assigned fund balance: The assigned fund balance classification reflects amounts that are constrained by the District's intent to be used for specific purposes, but meet neither the restricted or committed forms of constraint. Assigned fund balances cannot cause a deficit in unassigned fund balance. Board policy gives authority to the Director of Finance to assign fund balance for specific purposes.

The District assigns a portion of fund balance to honor the obligations made by the District for encumbrances (purchase orders) for which goods or services have not yet been received and accrued leave.

Note 1 – Summary of Significant Accounting Policies (Continued)

Unassigned fund balance: The unassigned fund balance classification is the residual classification for the general fund only. It is also where negative residual amounts for all other governmental funds would be reported.

Unassigned fund balance represents the funds not restricted in use by statute nor encumbered by purchase orders, legal contracts.

The District uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise.

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

Other local revenues: Other local sources of revenues include tuition, fees, rentals, disposals, commissions, reimbursements, and receipts related to student activities.

Scholarship waivers: Student tuition revenue are reported net of scholarship waivers in the statements of revenues, expenses, and changes in fund balance. Scholarship waivers are awarded by the financial aid department based upon criteria set by the Board of Education. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and other student charges, the District has recorded a scholarship waiver. Scholarship waivers totaled $500,948 during the year ended June 30, 2022.

State revenues: Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, and Oklahoma Statutes. The State Board of Career and Technology Education (State Board) administers the allocation of state aid funds to technology center districts. The state aid funding formula includes the following factors: enrollment, number of school sites in the district, number of approved programs, transportation and local resources.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Federal revenues: Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass-through from another government, such as the state. The majority of the federal revenues received by the District are apportioned to the general fund.

Expenditures: District expenditures are classified based upon their functional classification.

Interfund transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

District's use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the District to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Implementation of GASB Statement No. 87: As of July 1, 2021 the District implemented GASB Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

Note 2 - Cash, Cash Equivalents and Investments

Custodial credit risk – deposits - Custodial credit risk is the risk that in the event of failure of a counterparty, the District will not be able to recover its deposits. Deposits are exposed to credit risk if they are uninsured or uncollateralized. The District's policy requires that all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2022, all of the District's deposits were federally insured by the federal deposit insurance corporation (FDIC) or the national credit union administration (NCUA) or collateralized.

Custodial credit risk – investments - For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2022, all of the District's investments were either federally insured by FDIC or NCUA or are invested in federal securities. Further, all of the District's investments are held by its agent in the District's name. Accordingly, no investments are subject to custodial credit risk.

The District's investments consist of U.S. agency and instrumentality bonds, State of Oklahoma bonds and certificates of deposit, money market mutual funds, repurchase agreements, and qualified investment pools. The District also had an investment in a joint venture that was terminated during the year ended June 30, 2022. The District's investment policies are governed by state statute. The majority of the District's investments are carried at fair value. The District's investments in non-negotiable certificates of deposit, money market accounts, and an external investment pool are recorded at amortized cost.

Note 2 – Cash, Cash Equivalents and Investments (Continued)

Credit risk - Credit risk measures the ability of the issuer to meet its obligation. The District's investment policy requires that funds be invested to provide maximum security. The mutual funds held by the District are invested in the Fidelity Institutional Money Market Government Portfolio – Class II which is rated AAA-mf by Moodys and AAAm by Standard & Poor's. Oklahoma Bonds held by the District are rated by Moodys Aaa or Standard & Poor's AA. Investments in Federal Home Loan Banks (FHLB) and Federal Home Loan Mortgage Corp (FHLMC) are rated AA+ by Standard & Poor's. Other investments are in certificates of deposits, repurchase agreements, or Oklahoma liquid asset pool which are not rated.

Concentration of credit risk - The district policy does not limit the amount the District may invest in any one issuer. The concentration of the investments is listed in the table on the following page.

Interest rate risk - Interest rate risk is the risk that changes in interest rate will adversely affect the fair value on an investment. The length of an investment has an inverse relationship with interest rate risk. Short-term investments have very little interest rate risk. As the length of an investment increases, the interest rate risk also increases. The District strives to maintain a balance between the investment yield and acceptable interest rate risk. The District's investment policy requires appropriate liquidity and a competitive rate of return.

As of June 30, 2022, the District's investments had the following maturities:

		Investment Maturities in Years			
Category	% of Portfolio	< 1	1 - 5	6 - 10	Total Fair Value
Mutual Funds	0.0%	$ 766	$ -	$ -	$ 766
Negotiable certificates of deposit	7.0%	3,163,829	948,689	-	4,112,518
US government agencies					
FFCB	15.3%	-	6,263,855	2,781,000	9,044,855
FHLB	20.7%	-	12,206,140	-	12,206,140
FHLMC	6.7%	-	3,979,555	-	3,979,555
FNMA	0.7%	-	425,876	-	425,876
US Treasury bills	18.5%	10,938,257	-	-	10,938,257
US Treasury notes	31.0%	9,473,784	8,826,447	-	18,300,231
	100%	$ 23,576,636	$ 32,650,562	$ 2,781,000	$ 59,008,198

Non-negotiable certificates of deposit of $6,192,500, recorded at amortized cost, have maturity dates of less than one year as of June 30, 2022. The District's investment includes an external investment pool, recorded at amortized cost, allows the District to withdraw funds on a daily basis.

Note 2 – Cash, Cash Equivalents and Investments (Continued)

Fair value hierarchy: The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The District's investments are categorized by the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These guidelines recognize a three tiered fair value hierarchy, as follows:

Level 1: Quoted prices in active markets for identical assets;

Level 2: Significant other observable inputs, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, and other market corroborated inputs; and,

Level 3: Significant unobservable inputs

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

	Fair Value Measurements Using			
Category	Level 1	Level 2	Level 3	Total Fair Value
Mutual funds	$ -	$ 766	$ -	$ 766
Negotiable certificates of deposit	-	4,112,518	-	4,112,518
US government agencies				
FFCB	-	9,044,855	-	9,044,855
FHLB	-	12,206,140	-	12,206,140
FHLMC	-	3,979,555	-	3,979,555
FNMA	-	425,876	-	425,876
US Treasury bills	10,938,257			10,938,257
US Treasury notes	18,300,231	-	-	18,300,231
	$ 29,238,488	$ 29,769,710	$ -	$ 59,008,198
Cash/investments reported at amortized cost:				
Non-negotiable certificates of deposit				6,192,800
External investment pool - Oklahoma School Liquid Asset Pool				5,773,309
Insured cash sweep deposits				4,778,162
Cash deposits				1,473,911
Total cash, cash equivalents and investments				$ 77,226,380

	Government Funds	Custodial Funds	Total
Total cash, cash equivalents and investments	$ 77,098,373	$ 128,007	$ 77,226,380

Note 3 - Receivables (Net of Allowance for Uncollectibles)

Below is a summary of receivables including the applicable allowances for uncollectible accounts:

	Governmental Funds		
	General Fund	Building Fund	Total
Interest receivable	$ 84,504	$ 84,940	$ 169,444
Property taxes	3,184,826	1,417,842	4,602,668
Receivables from other governments	448,686	-	448,686
Other	859,297	-	859,297
Total gross receivables	4,577,313	1,502,782	6,080,095
Less allowance	(1,716,000)	(464,000)	(2,180,000)
Net receivables	$ 2,861,313	$ 1,038,782	$ 3,900,095

At June 30, 2022, approximately $2.6 million of current property taxes, tuition, and federal grant receivables were considered to be unavailable and were recorded as deferred inflows of resources in the governmental fund statements.

Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land	$ 5,094,341	$ -	$ -	$ (1,000,000)	$ 4,094,341
Construction in progress	49,799,297	3,046,030	(52,807,236)	-	38,091
Total capital assets, not being depreciated	54,893,638	3,046,030	(52,807,236)	(1,000,000)	4,132,432
Capital assets, being depreciated					
Site improvements	12,530,386	15,560	636,268	(1,733)	13,180,481
Building and improvements	138,666,572	343,183	52,017,625	(4,847,270)	186,180,110
Equipment and fixtures	22,308,440	2,613,364	173,983	(624,238)	24,471,549
Vehicles	1,856,026	81,164	(20,640)	-	1,916,550
Total capital assets, being depreciated	175,361,424	3,053,271	52,807,236	(5,473,241)	225,748,690
Less accumulated depreciation					
Site improvements	(6,809,933)	(608,935)	-	1,473	(7,417,395)
Building and improvements	(57,869,922)	(5,738,135)	-	253,916	(63,354,141)
Equipment and fixtures	(16,076,733)	(1,505,503)	(20,640)	610,453	(16,992,423)
Vehicles	(1,183,050)	(135,835)	20,640	-	(1,298,245)
Total accumulated depreciation	(81,939,638)	(7,988,408)	-	865,842	(89,062,204)
Governmental activities capital assets, net	$ 148,315,424	$ (1,889,107)	$ -	$ (5,607,399)	$ 140,818,918

Right-to-use assets for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Right to use assets, being amortized:					
Leased space	$ -	$ 243,764	$ -	$ -	$ 243,764
Leased equipment	-	395,612	-	-	395,612
Total right to use assets, being amortized	-	639,376	-	-	639,376
Less accumulated amortization for:					
Leased space	-	(60,941)	-	-	(60,941)
Leased equipment	-	(87,747)	-	-	(87,747)
Total accumulated amortization	-	(148,688)	-	-	(148,688)
Governmental activities right to use assets, net	$ -	$ 490,688	$ -	$ -	$ 490,688

Under the District's capitalization policy assets with a unit cost or an estimated acquisition value at the date of donation of less than $2,500, are not reported as capital assets in the financial statements nor are they included in depreciation calculations.

Note 4 – Capital Assets (Continued)

Depreciation expense for the year ended June 30, 2022, was charged to functions/programs of the District as follows:

Governmental activities	
Instruction	$ 3,662,931
Support services - instructional	1,246,192
Support services - operational	2,948,379
Operation of non-instruction services	279,594
Total depreciation and amortization expense	$ 8,137,096

Note 5 - Interfund Receivables and Payables

On June 30, 2022, the student activity fund had a balance due to the general fund of $70,831. This is shown as due from other funds on the general fund balance sheet and as due to general fund in the other governmental funds balance sheet.

Certain revenues are collected in the activity fund on behalf of the general fund. These include tuition payments and resale revenue. The revenue, net of refunds, is transferred to the general fund upon approval of the Board of Education. Revenue and expenditures of the student activity fund are reported net of this activity related to tuition payments and resale revenue.

Note 6 - Long-Term Liabilities

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

General long-term debt of the District normally would consist of building bonds payable. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund. The District had no outstanding bonds as of June 30, 2022.

Long-term liabilities of the District consist of lease purchase agreements, leases of space or equipment, obligations for compensated absences and the net pension liability. The obligations for compensated absences include accrued annual leave and certain contingent leave balances payable only upon retirement or termination. Payments for accrued annual leave and contingent leave are generally paid out of the General Fund. See Note 8 for additional disclosures related to the net pension liability.

Note 6 – Long-Term Liabilities (Continued)

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					
Annual leave	$ 541,165	$ 719,741	$ (714,493)	$ 546,413	$ 546,413
Contingent leave	758,190	109,242	(165,662)	701,770	100,000
	1,299,355	828,983	(880,155)	1,248,183	646,413
Space and equipment leases	-	639,376	(138,955)	500,421	161,180
Lease purchase agreements					
OCFA - RCB Bank Series 2019	23,630,000	-	(750,000)	22,880,000	850,000
OCFA - RCB Bank Series 2020	20,000,000	-	(549,469)	19,450,531	1,030,200
Total long-term liabilities	$ 44,929,355	$ 1,468,359	$ (2,318,579)		$ 2,687,793
Net pension liability				26,580,668	
Total governmental activity long-term liabilities				$ 70,659,803	

Space and Equipment Leases:

The District entered an agreement to lease office space beginning July 2016. The term of the lease, including all optional renewal periods, is nine years. The lease terminates July 2025. Under the terms of the lease, the District pays a monthly base fee of $5,706, increasing 5.0% every three years on the anniversary of the agreement. The District also pays a pro rata share of operating expenses and property taxes, which are not included in the measurement of the lease liability as they are variable in nature. The District paid $8,338 during the year towards those variable costs. The District has an option to renew the lease each year with written notice 90 days prior to the renewal date, which the District believes it will exercise with reasonable certainty. If the lease is not renewed, in automatically terminates.

The District has entered into several equipment lease agreements with terms ranging from three to five years. None of the equipment leases is individually significant.

At June 30, 2022, the District has recognized a right to use asset of $639,376 and a lease liability of $500,421 related to these agreements. During the fiscal year, the District recorded $148,688 in amortization expense and $45,680 in interest expense for the right to use the office space. The District leases space in a commercial building along with certain equipment. The lease terms vary from 3 to 9 years with weighted average remaining lease term of 3.0 years. The discount rates range from 8-10% with a weighted average discount rate of 8.57%, based on the length of the lease, and market conditions at the time of inception.

Note 6 – Long-Term Liabilities (Continued)

Remaining obligations associated with these leases are as follows:

Fiscal year Ended June 30	Principal	Interest
2023	$ 161,180	$ 35,559
2024	175,863	21,876
2025	130,076	7,751
2026	33,302	1,461
Total	$ 500,421	$ 66,647

*The government amortized the right to use assets as follows during the fiscal year:

Right to Use Asset	July 1, 2021	Additions	Deletions	June 30, 2022
Office space	$ 291,118	$ -	$ -	$ 291,118
Equipment	249,931	195,351	-	445,282
Total Right to use Asset	$ 541,049	$ 195,351	$ -	$ 736,400

Note 7 - Lease Purchase Agreements

Oklahoma County Finance Authority: On December 10, 2019, the District entered into a ground lease of certain property at the Danforth campus from the District to Oklahoma County Finance Authority (OCFA). In addition, a lease purchase agreement from OCFA to the District was executed. The lease purchase agreement provides construction financing for the Danforth Campus. The total amount financed under this agreement was $45,000,000. The financed amount is split into two series; the first $25,000,000 closed in December 2020; the final $20,000,000 closed in September 2020.

The lease-purchase calls for 29 semiannual payments starting July 2021 through July 15, 2034. The payments will be made out of the building fund. The District's net investment in the building increases incrementally as each payment is made.

Note 7 – Lease Purchase Agreements and Operating Leases (Continued)

The lease payments will be as follows:

Year Ended June 30,	OCFA - RCB 2019 Issue	OCFA - RCB 2020 Issue	Total
2022-23	$ 1,363,133	$ 1,375,000	$ 2,738,133
2023-24	1,967,228	1,717,900	3,685,128
2024-25	2,403,526	1,785,800	4,189,326
2025-26	2,359,456	1,785,800	4,145,256
2026-27	2,315,385	1,785,800	4,101,185
Thereafter	16,040,660	13,394,963	29,435,623
Total obligation	26,449,388	21,845,263	$48,294,651
Less amounts representing interest	(3,569,388)	(2,394,732)	(5,964,120)
Lease purchase payable	$ 22,880,000	$ 19,450,531	$ 42,330,531
Current portion of lease payable	$ 750,000	$ 549,469	$ 1,299,469

The gross amount of buildings and construction in process acquired under the OCFA capital leases at June 30, 2022 was $44,469,367.

Note 8 - Employee Retirement System

Oklahoma Teachers Retirement System:

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

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

Note 8 – Employee Retirement System (Continued)

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five or seven years (depending on hire date) of credited Oklahoma service.

- Members are eligible to retire at maximum benefits when who joined OTRS by June 30, 1992, are age and years of creditable service total 80. Members joining OTRS after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service.

- The maximum retirement benefit is equal to 2% of final compensation for each year of credited service. Monthly benefits are 1/12 of this amount.

- Final compensation for members who joined OTRS prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992, is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995, to $40,000 or $25,000, depending on the member’s election. Service credits accumulated after June 30, 1995, are calculated based on each member’s final average compensation.

- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member’s total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the joint survivor benefit option.

- Upon the death of a retired member, OTRS will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.

- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

- Upon separation from OTRS, members’ contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.

- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code section 403(b).

Note 8 – Employee Retirement System (Continued)

Contributions: The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The District's contribution rate is 9.5% for the year ended June 30, 2022. In addition, the District is required to match the State of Oklahoma's contribution rate on salaries that are paid with federal funds. The District's contributions to OTRS in 2022 was $2,752,846 equal to the required contributions. The District's matching contributions to OTRS in 2022 was $62,667.

Employees are required to contribute 7% of their annual compensation, which the District pays on behalf of full-time employees as allowed by statute. The District made contributions on behalf of its' full-time employees in 2022 totaling $1,975,075.

The State of Oklahoma makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service and ranges from $60.15 per year for -0- years of service to $1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2022, the State of Oklahoma paid $145,194 on behalf of teachers employed at the District. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the government-wide and fund financial statements.

The State of Oklahoma is also required to contribute to the system on behalf of the participating employers. For 2021, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual income taxes, to the system on behalf of participating employers. The District has estimated the amounts contributed to the system by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2022, the total amount contributed to the system by the State of Oklahoma on behalf of the District was approximately $1.4 million. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the fund financial statements. In the government-wide statement of activities, revenue is recognized for the State's on-behalf contributions on an accrual basis of approximately $1.4 million.

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2022, the District reported a liability of $26,580,668 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on the District's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2021. Based upon this information, the District's proportion was 0.5203%. The change in proportion from the June 30, 2020, measurement date was an increase of 0.0055%.

Note 8 – Employee Retirement System (Continued)

For the year ended June 30, 2022, the District recognized pension expense of $6,322,073. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,752,651	$ 988,445
Changes of assumptions	4,134,878	264,710
Net difference between project and actual earnings on pension plan investments	-	13,805,677
Changes in proportion and differences between District contributions and proportionate share of contributions	381,495	2,711,068
Total deferred amounts to be recognized in pension expense in future periods	6,269,024	17,769,900
District contributions subsequent to the measurement date	2,815,613	-
Total deferred amounts related to pension	$ 9,084,637	$ 17,769,900

Deferred pension outflows totaling approximately $2.8 million resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Net deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Other deferred inflows and outflows are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30,	
2023	$ (3,081,164)
2024	(1,931,793)
2025	(2,109,391)
2026	(4,311,816)
2027	(66,712)
	$ (11,500,876)

Note 8 – Employee Retirement System (Continued)

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

- Actuarial cost method -- Entry age normal
- Inflation -- 2.25%
- Future ad hoc cost-of-living increases -- None
- Salary increases -- Composed of 2.25% inflation, including 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment return -- 7.0%
- Retirement age -- Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019.
- Mortality -- 2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

Asset Class	Allocation	Real Rate of Return
Domestic equity	43.50%	4.30%
International equity	19.00%	5.20%
Fixed income	22.00%	0.40%
Real estate**	9.00%	4.30%
Alternative assets	6.50%	6.50%
	100%	

**The Real Estate total expected return is a combination of US Direct Real Estate (unleveraged) and US Value added Real Estate (unleveraged).

Note 8 – Employee Retirement System (Continued)

Discount rate: A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2019, and it was reduced to 7.00% as of June 30, 2020 due to changes in the 2020 experience study. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.0%. Based on the stated assumptions and the projection of cash flows, OTRS' fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's net pension liability	$ 43,446,538	$ 26,580,668	$ 12,618,019

Note 9 - Other Post-Employment Benefits (OPEB)

Oklahoma Teachers Retirement System:
In addition to the retirement Plan described in Note 8, 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 Oklahoma Teacher Retirement System (OTRS).

Plan description: The OPEB System provides a monthly health insurance premium supplement for retired members who are enrolled in the Oklahoma State health insurance plan, provided the retired member had at least ten (10) year of Oklahoma service prior to retirement.

Benefits provided: OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provide health insurance. The supplement is between $100 and $105 per month.

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 and particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 8; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the subsidy averages 0.15% of normal cost as determined by an actuarial valuation.

Note 9 – Other Post-Employment Benefits (OPEB) (Continued)

OPEB liabilities (assets), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2022, the District reported a Net OPEB asset of $662,696 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB asset was based on the District's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2021. Based upon this information, the District's proportion was 0.52%.

For the year ended June 30, 2022, the District recognized OPEB benefit expense (credit) of ($157,018). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 103,750
Changes of assumptions	90,075	-
Net difference between project and actual earnings on pension plan investments	-	355,424
Changes in proportion and differences between District contributions and proportionate share of contributions	14,737	-
Total deferred amounts to be recognized in pension expense in future periods	104,812	459,174
District contributions subsequent to the measurement date	31,674	-
Total deferred amounts related to pension	$ 136,486	$ 459,174

The $31,674 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows::

Year ended June 30,	
2023	$ (94,588)
2024	(76,705)
2025	(79,009)
2026	(102,965)
2027	(236)
Thereafter	(859)
	$ (354,362)

Note 9 – Other Post-Employment Benefits (OPEB) (Continued)

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

- Actuarial cost method -- Entry age normal
- Inflation -- 2.25%
- Future ad hoc cost-of-living increases -- None
- Salary increases -- Composed of 2.25% price inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment return -- 7.0%
- Retirement age -- Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ended June 30, 2019.
- Mortality -- 2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

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

Asset Class	Target Allocation	Long-Term expected Real Rate of Return
Domestic equity	43.5%	4.3%
International equity	19.0%	5.2%
Fixed income	22.0%	0.4%
Real estate**	9.0%	4.3%
Alternative assets	6.5%	6.5%
	100.0%	

**The Real Estate total expected return is a combination of US Direct Real Estate (unleveraged) and US Value added Real Estate (unleveraged).

Note 9 – Other Post-Employment Benefits (OPEB) (Continued)

Discount rate: A single discount rate of 7.00% was used to measure the total OPEB liability as of both June 30, 2020 and June 30, 2021. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.00% for the plan year ending June 30, 2021 and June 30, 2020. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's net pension liability	$ (425,748)	$ (662,696)	$ (863,471)

Note 10 - Employer Funded 403(b) Plan

The Francis Tuttle Technology Center 403(b) Plan (the 403(b) Plan) is a defined contribution plan under the Internal Revenue Code 403(b). The 403(b) Plan accepts voluntary contributions for employees of Francis Tuttle Technology Center, up to annual limits set by the IRS. Employees are fully vested in all contributions, as they are made. The 403(b) Plan allows the employee to select from Focus Financial or VOYA to receive and administer their contributions. Benefits are limited to the balance in each employee's account.

The District makes employer funded contributions to the 403(b) Plan for the senior management team. The amount of the employer contribution is set by the Board each year as a part of the compensation package and is documented in the employment contracts for the senior management team. The District contributed $111,873 to the 403(b) Plan during FY 2022.

Note 11 - 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; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to, and has, a minimum balance on deposit. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

Note 12 - Commitments and Contingencies

Federal awards: During the year ended June 30, 2022, the District expended approximately $4.6 million of Federal awards. Title 2 U.S. Office *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, established uniform audit requirements for nonfederal entities which expended more than $750,000 in federal awards. Amounts received or receivable from grantor agencies are subject to audit and adjustments 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.

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

Commitments: The District encumbers funds prior to ordering goods or services. At June 30, 2022, the District has encumbered funds (less encumbrances that lapsed after year-end) that total $865,031 in the General Fund, and $3,471,533 in the Building Fund for goods or services not yet delivered. The encumbrances in the building fund and capital projects fund are primarily commitments for on-going construction projects and for equipment that has been ordered but not delivered.

COVID-19: The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses, state and local governments, and people throughout the United States. Further, financial markets have experienced significant volatility attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the District's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operation and financial impact to the District, but such an impact could have a material adverse effect on the financial condition of the District.

Note 13 - Cooperative Fund - Cost-Sharing Agreement

The District entered into a cost-sharing agreement with twenty-eight technology center school districts across the State. This agreement allocates the cost of certain marketing or advertising related services among the participating districts. As part of the agreement, the District served as the fiscal agent responsible for accounting the joint marketing and advertising program which includes receiving funds from participating districts and paying vendors for authorized expenditures. The activities of the cost sharing agreement are recorded in the Cooperative fund and are reported in the Custodial funds financial statements. For the year ended June 30, 2022, the District's share of expenses related to this agreement was $27,500.

As of July 1, 2022, the District will no longer be the fiscal agent for the cost-sharing agreement. All assets of this fund were transferred to Autry Technology Center, the new fiscal agent during the first quarter of FY 2022-23.

Required Supplementary Information
June 30, 2022

Francis Tuttle Technology Center School District No. 21

	Budget			Variance with Final
	Original	Final	Actual	Final Budget
Revenues Collected				
Property taxes	$ 43,405,000	$ 43,505,000	$ 44,541,613	$ 1,036,613
Tuition, fees and other local sources	2,217,000	2,217,000	3,071,379	854,379
State sources	4,157,000	4,397,000	4,324,120	(72,880)
Federal sources	6,400,000	6,400,000	6,478,774	78,774
Interest earnings	81,000	81,000	89,687	8,687
Non-revenue receipts	55,000	55,000	131,475	76,475
Total revenues collected	56,315,000	56,655,000	58,637,048	1,982,048
Expenditures				
Instruction	24,199,263	26,845,413	23,068,564	(3,776,849)
Support services - instructional	9,845,700	9,869,000	8,421,429	(1,447,571)
Support services - operational	21,180,404	23,240,840	19,982,821	(3,258,019)
Operation of non-instructional services	2,528,791	2,694,991	2,313,862	(381,129)
Site improvements	-	2,000,000	103,553	(1,896,447)
Other outlays	64,933	224,933	223,272	(1,661)
Financial aid and other uses	3,683,000	3,738,000	3,151,996	(586,004)
Total expenditures	61,502,091	68,613,177	57,265,497	(11,347,680)
Excess (deficiency of revenues over expenditures	(5,187,091)	(11,958,177)	1,371,551	13,329,728
Other financing sources (uses)				
Lapsed appropriations	-	-	1,845,516	-
Net change in fund balance	$ (5,187,091)	$ (11,958,177)	3,217,067	$ 13,329,728
Fund balance, beginning of year			31,484,599	
Fund balance, end of year			$ 34,701,666	
Reconciliation of budgetary basis to GAAP basis				
Unrealized gain (loss) on investments			(741,127)	
Inventories and prepaid expense			445,080	
Revenue accrual net of portion recorded in budgetary statements and net of portion in fund statements			201,274	
Unearned revenues			(9,893)	
Reduce encumbrances to accounts payable			2,438,249	
Fund balance end of year GAAP basis			$ 37,035,249	

	Budget			Variance with Final
	Original	Final	Actual	Budget
Revenues Collected				
Property taxes	$ 22,000,000	$ 22,100,000	$ 22,687,181	$ 587,181
Other local sources	-	7,500,000	7,500,000	-
Interest earnings	50,000	50,000	69,036	19,036
Total revenues collected	22,050,000	29,650,000	30,256,217	606,217
Expenditures				
Instruction	3,148,437	5,725,450	4,805,716	(919,734)
Support services	3,747,865	4,706,315	3,741,093	(965,222)
Operation of non-instructional services	55,530	69,330	34,831	(34,499)
Facilities acquisition and construction services	10,341,303	14,143,703	5,299,264	(8,844,439)
Debt service	2,424,255	2,424,255	2,424,247	(8)
Other outlays	2,000	2,000	362	(1,638)
Total expenditures	19,719,390	27,071,053	16,305,513	(10,765,540)
Excess (deficiency of revenues over expenditures	2,330,610	2,578,947	13,950,704	11,371,757
Other financing sources (uses)				
Lapsed appropriations	-	-	4,987,915	-
Net change in fund balance	$ 2,330,610	$ 2,578,947	18,938,619	$ 11,371,757
Statutory fund balance, beginning of year			15,920,252	
Statutory fund balance, end of year			$ 34,858,871	
Reconciliation of budgetary basis to GAAP basis				
Unrealized gain (loss) on investments			(797,732)	
Revenue accrual net of portion recorded in fund statements			286,841	
Reduce encumbrances to accounts payable			4,020,460	
Fund balance end of year GAAP basis			$ 38,368,440	

	2022	2021	2020	2019	2018	2017	2016
Measurement date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015
District's proportion of the net pension liability	0.5203%	0.5148%	0.5372%	0.5747%	0.6164%	0.6086%	0.5809%
District's proportionate share of the net pension liability	$ 26,580,668	$ 48,853,837	$ 35,555,974	$ 34,735,947	$ 40,813,383	$ 50,794,415	$ 35,273,971
District's covered payroll	$ 27,758,633	$ 26,652,362	$ 25,870,896	$ 26,250,270	$ 25,291,341	$ 26,537,448	$ 24,890,542
District's proportionate share of the net pension liability as a percentage of its covered payroll	95.76%	183.30%	137.44%	132.33%	161.37%	191.41%	141.72%
Plan fiduciary net position as a percentage of the total pension liability	80.80%	63.47%	71.56%	72.74%	69.32%	62.24%	70.31%

*Only eight fiscal years are presented because 10-year data is not yet available.

Changes of Assumptions

The following information is as of the measurement date, which is the prior June 30th.

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

June 30, 2021	Increases are composed of 2.25% wages inflation, plus 0.75% productivity increase rate.
June 30, 2020	No changes from prior year.
June 30, 2019	No changes from prior year.
June 30, 2018	No changes from prior year.
June 30, 2016	Increases are composed of 3.25% wages inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.
June 30, 2015	Increases are composed of 3.75% wage inflation, including 3.00% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of services.
June 30, 2014	Increases were composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

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

June 30, 2021	The retirement age was determined using the experience-based table developed from 2020 Experience Study.
June 30, 2020	No changes from prior year.
June 30, 2019	No changes from prior year.
June 30, 2018	No changes from prior year.
June 30, 2016	No changes from prior year.
June 30, 2015	The retirement age was determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2014. This table was adopted by the OTRS Board in May 2015.
June 30, 2014	Determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2009. This table was adopted by the OTRS Board in September 2010.

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

June 30, 2020	2020 GRS Southwest Region Teacher Mortality table was used to determine mortality rates after retirement or termination
June 30, 2021	No changes from prior year.
June 30, 2019	No changes from prior year.
June 30, 2018	No changes from prior year.
June 30, 2016	No changes from prior year.
June 30, 2015	Rates for active employees were determined using the RP-200 Employee Mortality Tables, with male rates multiplied by 60% and female rates multiplied by 50%. The mortality rates for males after retirement were determined using the RP-2000 Combined 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 were used. The mortality rates for females after retirement were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the tables' base year of 2012 were used.
June 30, 2014	Rates were determined using the RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

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

June 30, 2021	Return was 7.0% per year, net of investment-related expenses and compounded annually, composed of an assumed 2.25% inflation rate and a 4.75% net real rate of return.
June 30, 2020	Return was 7.0% per year, net of investment-related expenses and compounded annually, composed of an assumed 2.50% inflation rate and a 5.00% net real rate of return.
June 30, 2019	No changes from prior year.
June 30, 2018	No changes from prior year.
June 30, 2016	Return was 7.50% per year, net of investment-related expenses and compounded annually, composed of an assumed 2.50% inflation rate and a 5.00% net real rate of return.
June 30, 2015	Return was 8.00% per year, net of investment-related expenses and compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return.
June 30, 2014	Return was 8.00% per year, net of investment-related expenses and compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return.

	2021	2020	2020	2019	2018
Statutorily required contribution	$ 2,815,613	$ 2,587,550	$ 2,509,964	$ 2,522,554	$ 2,440,837
Contributions in relation to the statutorily required contribution	(2,815,613)	(2,587,550)	(2,509,964)	(2,522,554)	(2,440,837)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 26,652,362	$ 26,652,362	$ 25,870,896	$ 26,253,245	$ 25,111,341
Contributions as a percentage of covered payroll	10.56%	9.71%	9.70%	9.61%	9.72%

	2017	2016	2015	2014	2013
Statutorily required contribution	$ 2,570,310	$ 2,585,780	$ 2,426,850	$ 2,293,898	$ 2,142,559
Contributions in relation to the statutorily required contribution	(2,570,310)	(2,585,780)	(2,426,850)	(2,293,898)	(2,142,559)
	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 26,425,995	$ 26,537,448	$ 24,890,542	$ 23,443,816	$ 21,980,236
Contributions as a percentage of covered payroll	9.73%	9.74%	9.75%	9.78%	9.75%

Notes to Schedule

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

January 1, 2010 to present	9.50%

	2022	2021	2020	2019	2018
Measurement date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
District's proportion of the OPEB liability (asset)	0.5203%	0.5148%	0.5372%	0.5747%	0.6164%
District's proportionate share of the net OPEB liability (asset)	$ (662,696)	$ (50,998)	$ (332,203)	$ (371,407)	$ (274,876)
District's covered payroll	$ 27,758,633	$ 26,652,362	$ 25,870,896	$ 26,250,270	$ 25,291,341
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-2.39%	-0.19%	-1.28%	-1.41%	-1.09%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	129.91%	102.30%	115.07%	115.41%	110.40%

*Only five fiscal years are presented because 10-year data is not yet available.

	2022	2021	2020	2019	2018
Statutorily required contribution	$ 31,674	$ 4,709	$ 4,716	$ 16,739	$ 40,147
Contributions in relation to the statutorily required contribution	(31,674)	(4,709)	(4,716)	(16,739)	(40,147)
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	$ 27,758,633	$ 26,652,362	$25,870,896	$26,253,245	$25,111,341
Contributions as a percentage of covered payroll	0.11%	0.02%	0.02%	0.06%	0.16%

*Only four fiscal years are presented because 10-year data is not yet available.

Other Information
June 30, 2022

School District No. 21 Francis Tuttle Technology Center School District No. 21

Francis Tuttle Technology Center

Schedule of Expenditures of Federal Awards

June 30, 2022

Federal Grantor Pass Through Agency Program Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number		Expenditures
U.S. Department of Education				
Direct Program				
Student financial aid cluster:				
Federal Pell Grant Program 2021-2022 (P268K173980)	84.063	N/A	$	942,173
Federal Pell Grant Program Administrative Fee	84.063	N/A		1,335
Federal Supplementary Educational Opportunity Grant (P007A136077)	84.007	N/A		37,527
Subtotal				981,035
COVID-19 Relief - Higher Education Emergency Relief Fund (HEERF)				
HEERF Student Aid Portion (ARP Act)	84.425E	N/A		1,929,667
HEERF Institutional Portion (ARP Act)	84.425F	N/A		1,275,673
Subtotal				3,205,340
Passed through:				
Oklahoma Department of Career and Technology Education				
Career and Technical Education - Basic Grants to States				
Carl Perkins - Secondary	84.048	421		266,404
Carl Perkins - Postsecondary	84.048	422		46,743
Subtotal				313,147
Passed through:				
Oklahoma Department of Rehabilitation Services				
Rehabilitation Services Vocational Rehabilitation Grants to States				
Project SEARCH (F003225)	84.126	456		162,540
Special Education Cluster - IDEA				
Special Education to Grants to States	84.027	456		5,833
Total U.S. Department of Education				4,667,895
U.S. Department of Commerce - NIST				
Passed through:				
Oklahoma Manufacturing Alliance				
Manufacturing Extension Partnership	11.611	None		46,000
Subtotal				46,000
Total federal financial assistance			$	4,713,895

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, and expended during the year are included in the schedule. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3. Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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
Francis Tuttle Technology Center School District No. 21
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 Francis Tuttle Technology Center School District No. 21 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2023.

Report on 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.

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. 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.

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

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Eide Bailly LLP

Oklahoma City, Oklahoma
January 6, 2023

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education
Francis Tuttle Technology Center School District No. 21
Oklahoma City, Oklahoma

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Francis Tuttle Technology Center's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Francis Tuttle Technology Center's major federal program for the year ended June 30, 2022. Francis Tuttle Technology Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Francis Tuttle Technology Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on its Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Francis Tuttle Technology Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Francis Tuttle Technology Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Francis Tuttle Technology Center‘s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Francis Tuttle Technology Center’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Francis Tuttle Technology Center’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Francis Tuttle Technology Center’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Francis Tuttle Technology Center’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Francis Tuttle Technology Center’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Eide Bailly LLP

Oklahoma City, Oklahoma
January 6, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified	No
Significant deficiency(ies) identified not considered to be material weaknesses	None reported
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

Name of Federal Program or Cluster	CFDA number
COVID-19 Higher Education Emergency Relief Fund	84.425E, 84.425F

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

STATE OF OKLAHOMA)
) ss
County of Oklahoma)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Francis Tuttle Technology Center School District No. 21 for the audit year 2022 - 2022.

EIDE BAILLY, LLP

BY Vanessa M. Dutton

Subscribed and sworn to before me on this 6th day of January, 2023.

Jo Carroll
Notary Public

My commission expires 7-21-23

JO CARROLL
NOTARY
99009509
EXP. 07/21/23
PUBLIC
STATE OF OKLAHOMA