



Financial Statements and
Report Required by Uniform Guidance
June 30, 2022

**Moore Norman Technology Center School
District No. 17**

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Independent Auditor's Report

To the Board of Education
Moore Norman Technology Center School District No. 17
Norman, 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 Moore Norman Technology Center School District No. 17 (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 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 Moore Norman Technology Center School District No. 17, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the District 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. No restatements were necessary with regards to this new standard. Our opinions are not modified with respect to this matter.

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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 District'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 the District'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 the District'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 proportional share of the net pension liability pension, the schedule of the District's pension contributions, the schedule of the District's proportionate share of the net OPEB asset, and the schedule of the District's OPEB contributions 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 GAAS, 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 the District's basic financial statements. The schedule of federal awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals 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 GAAS. In our opinion, the schedule 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 March 16, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Oklahoma City, Oklahoma
March 16, 2023

Our discussion and analysis of the Moore Norman Technology Center, School District No. 17's (the District), performance provides an overview of the School District's financial activities for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follows this section.

USING THIS ANNUAL REPORT

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

FINANCIAL HIGHLIGHTS

The District's financial status improved from the last year. Total net position increased 12.2 percent.

- Overall revenues were \$53.4 million and overall expenses were \$41.5 million.
- The District's net assessed valuation increased by \$93.8 million or 3.94 percent.
- The District decreased its outstanding long-term debt in bonds by \$14.7 million.
- The District's share of the cost sharing retirement plan net pension obligation increased long-term debt \$16.0 million.

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

THE SCHOOL DISTRICT AS A WHOLE

	Government Activities	
	2022	2021*
Assets		
Current and other assets	\$ 69,961,273	\$ 44,577,393
Capital assets	113,083,982	113,532,035
Net OPEB Asset	465,374	36,343
Total Assets	183,510,629	158,145,771
Deferred outflows of resources	6,177,492	11,209,427
Liabilities		
Long-term liabilities	59,199,412	61,690,820
Current and other liabilities	10,037,519	8,429,300
Total Liabilities	69,236,931	70,120,120
Deferred inflows of resources	11,518,514	2,144,378
Net position		
Net investment in capital assets	85,708,817	81,291,638
Restricted	26,132,742	23,170,225
Unrestricted	(2,908,883)	(7,371,163)
Total Net Position	\$ 108,932,676	\$ 97,090,700

* Not adjusted for GASB 87

Net Position. The District's combined net position was more on June 30, 2022, than they were the year before – increasing by 12.2% from \$97.1 million to \$108.9 million. Most of this change is due to the increase in operating grants. The increase in capital assets is primarily due to on-going construction projects.

For the years ended June 30, 2022 and 2021, net position changed as follows:

	<u>2022</u>	<u>2021 *</u>	<u>Percent Change</u>
Revenues			
Program revenues			
Charges for services and sales	\$ 1,648,934	\$ 842,041	
Operating grants and contributions	3,114,175	1,809,000	
General revenue			
Property taxes	44,476,004	43,165,674	
Federal and State Grants	3,760,714	3,816,318	
Investment Earnings (Loss)	(4,197)	58,772	
Other	356,113	650,401	
Total revenues	<u>53,351,743</u>	<u>50,342,206</u>	<u>5.98%</u>
Program expenses			
Instruction	9,925,678	12,947,484	
Support Services	22,389,256	23,543,840	
Non-Instruction	2,638,190	1,075,199	
Student Financial Aid	1,331,444	659,924	
Debt service	934,718	742,714	
Depreciation (unallocated)	4,290,481	3,465,950	
Total expenses	<u>41,509,767</u>	<u>42,435,111</u>	<u>-2.18%</u>
Increase in net position	11,841,976	7,907,095	<u>49.76%</u>
Net position, beginning of year	<u>97,090,700</u>	<u>89,183,606</u>	
Net position, end of year	<u>\$ 108,932,676</u>	<u>\$ 97,090,700</u>	<u>12.20%</u>
<i>* Not adjusted for GASB 87</i>			

Changes in Net Position. The District's total revenues decreased 5.98 percent to \$53.4 million. Reduction in charges for services accounted for most of the decrease. Property taxes accounted for 84 percent of the District's collections. Another 6 percent came from tuition and fees.

Total revenues surpassed expenses, increasing net position \$11.8 million over the past year.

The District's total expenditures increased by 2.2 percent to \$41.5 million. The District's expenses are primarily related to education, training and support of students and business clients (80%).

Governmental Activities

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

District Sources of Revenue:

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

THE SCHOOL DISTRICT'S FUNDS

The following schedule presents a summary of general, special revenue (building and bond fund), other governmental fund (activity fund and sinking fund), and expenditures for the fiscal year ended June 30, 2022 and 2021.

	2022		2021	
	Amount	Percent of Total	Amount	Percent of Total
Property Taxes	\$ 45,037,253	84.98%	\$ 42,470,551	87.97%
Investment Return	(4,198)	-0.01%	58,772	0.12%
Tuition and Fees	1,155,158	2.18%	702,060	1.45%
State Revenue	2,791,799	5.27%	2,646,846	5.48%
Federal Revenue	2,857,771	5.39%	1,555,543	3.22%
Other	1,162,218	2.19%	843,809	1.75%
Total Revenues	\$ 53,000,001	100.00%	\$ 48,277,581	100.00%

Economic growth within the School District and increase in property valuation led to increases in property taxes revenue.

Expenditures

- Instruction Expenditures for direct classroom activities.

- Support Services Expenditures for administrative, technical and logistical support to facilitate and enhance education.

- Non-Instructional Services Activities concerned with providing non-instructional services to students, staff, or community.

- Facilities Activities involved with the acquisition of land buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; improvements to sites; and equipment. These expenditures are included below in capital outlay and debt service.

	2022		2021	
	Total Cost of Services	Percent of Total	Total Cost of Services	Percent of Total
Instruction	\$ 11,858,184	24.17%	\$ 12,332,019	19.61%
Support Services	23,327,621	47.55%	21,296,757	33.86%
Non Instruction	778,894	1.59%	401,059	0.64%
Capital Outlay and Debt Service	11,696,344	23.84%	28,088,578	44.66%
Student Financial Aid	1,340,488	2.73%	659,924	1.05%
Other Outlays	59,973	0.12%	111,804	0.18%
Total governmental activities	\$ 49,061,504	100.00%	\$ 62,890,141	100.00%

The decreases in expenditures are due to a decrease in capital outlay and debt services related to the \$60 million bond issue and related projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget had to be revised due to increase in local revenue sources. State revenue decreased due to declining collections. The District was able to have a \$16.5 million fund balance at the end of the fiscal year.

CAPITAL ASSETS

At the end of June 30, 2022, the School District had \$152.9 million invested in capital assets (see table below). This represents a net increase of \$4.1 million or 2.7 percent, over the previous fiscal year.

	2022	2021	2020	2019
Land	\$ 13,614,246	\$ 13,614,246	\$ 2,052,163	\$ 2,052,163
Construction in progress	3,117,427	28,456,495	18,881,242	20,258,061
Buildings and Improvements	124,755,150	96,037,828	95,863,976	79,278,449
Furniture and Equipment	9,506,611	8,942,095	8,287,881	6,997,134
Vehicles	1,876,641	1,734,128	1,852,605	1,208,279
Total capital assets	\$ 152,870,075	\$ 148,784,792	\$ 126,937,867	\$ 109,794,086

See Note 10 for additional information on capital assets.

LONG-TERM LIABILITIES

General Obligation Bonds

On June 1, 2016, Moore Norman Technology Center issued \$60,000,000 in general obligation bonds. The bonds have enabled the Center to meet the needs of students and business & industry partners through the expansion and modernization of various programs and classrooms, the addition of safe rooms and vital security features, and the creation of a student services center.

The bonds are payable over 10 years with amount levied for payment through the debt service fund (sinking fund). Total amount outstanding as of June 30, 2022, was \$26,704,514, including debt premium. See Note 3 for additional information on long-term liabilities.

Financed Lease Purchases

On November 1, 2021, the District entered into a ground lease and sublease agreement with the Cleveland County Public Facilities Authority. The Authority issued \$13.255 million in revenue bonds to finance improvements to Aerospace/Wellness Center/IT Services Expansion and public safety law enforcement driver training course and an outdoor firing range. The sublease is payable over 14 years. The total amount outstanding as of June 30, 2022, was \$15,106,281, including debt premium.

On May 1, 2022, the District entered into a ground lease and sublease agreement with the Cleveland County Public Facilities Authority. The Authority issued \$5.935 million in revenue bonds to finance acquisition, construction, improvement, equipping and furnishing the construction of a new indoor gun range. The sublease is payable over 9 years. The total amount outstanding as of June 30, 2022, was \$6,263,227, including debt premium.

The Authority will sublease the land and completed improvements to the District in exchange for finance payments. Once the bonds are paid, the sublease agreement and the ground lease agreement will expire along with any Authority ownership interest therein, and the Improvements will belong to the District. See Note 4 for additional information on long-term liabilities.

Net Pension Liability

The District's share of the Teachers' Retirement System of Oklahoma (TRS) net pension liability as of June 30, 2022 was \$18,792,759. This was an increase of \$16.0 million from the prior year (2021). See Note 5 for additional information on the net pension liability.

Net OPEB Asset

The District's a share of the TRS net OPEB asset as of June 30, 2022 was \$465,374. This was an increase of \$429,031 from the prior year (2021). See note 6 for additional information on the net OPEB asset.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

State revenues for formula operations increased by .12% during FY22. Next year's operations are anticipated to decrease by .4%, at this time. The local ad valorem net assessed valuation increased by \$82 million or 3.59% for FY22 and FY23 is an increase of \$190 million or 7.68%. The overall FY22 budget had a increase of approximately \$7.9 million in the District for the General and Building Funds, due to slow supply chains and building up funds for the future of our new programs. The outlook for FY23's budget is \$13 million higher than FY22's and this is due to increased cost of supplies and increasing spending for Public Safety and Aerospace areas along with an increase for salaries.

Smaller growth is expected in Cleveland County this year. The unemployment rate continues to be lower than the national average and employers continue to want to invest in their workforce in the areas of professional and skills development. Construction and other economic indicators in the Moore and Norman markets appear to be positive and trending in the right direction. Current long-term programs are operating at full capacity. At the national level, the economy continues to show signs of increasing stability and moderate growth, along with higher interest rates have provided a more favorable impact on investment earnings for the District.

The District will move forward with cautious optimism in Fiscal Year 2023. Capital improvements will continue to provide facility capacity for increases to long-term programs.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's Office at Moore Norman Technology Center, PO Box 4701, Norman, OK 73070.

Moore Norman Technology Center
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 21,803,075
Investments	38,841,952
Property taxes receivable, net	8,984,136
Receivables from other governments	193,521
Other receivables	138,589
Land and construction in progress	16,731,673
Capital assets being depreciated, net of accumulated depreciation	96,352,309
Net OPEB asset	465,374
	183,510,629
Deferred Outflows	
Deferred outflows - pension and OPEB plans	6,177,492
Liabilities	
Accounts payable	586,009
Other payables	170,610
Salaries and wages payable	846,310
Long-term obligations	
Due within one year	8,434,590
Due beyond one year	59,199,412
	69,236,931
Deferred Inflows of Resources	
Deferred inflows - pension and OPEB plans	11,518,514
Net Position	
Net investment in capital assets	85,708,817
Restricted for:	
Buildings	21,372,237
Debt service	4,345,441
OPEB	202,313
School organizations	212,751
Unrestricted	(2,908,883)
	\$ 108,932,676

Moore Norman Technology Center

Statement of Activities

For the Year Ended June 30, 2022

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 9,925,678	\$ 1,453,106	\$ 2,314,613	\$ (6,157,959)
Support services	22,389,256	170,326	223,400	(21,995,530)
Non-instruction services	2,638,190	25,502	60,493	(2,552,195)
Student financial aid	1,331,444	-	515,669	(815,775)
Interest on long-term debt	934,718	-	-	(934,718)
Depreciation - unallocated	4,290,481	-	-	(4,290,481)
Total governmental activities	<u>\$ 41,509,767</u>	<u>\$ 1,648,934</u>	<u>\$ 3,114,175</u>	<u>(36,746,658)</u>
General revenues:				
Taxes				
Property taxes, levied for general purposes				24,992,663
Property taxes, levied for building purposes				12,527,028
Property taxes, levied for debt service purposes				6,956,313
State aid - formula grants				3,496,116
Federal aid - formula grants				264,598
Other revenue				356,113
Earnings on investments				(4,197)
Total general revenues				<u>48,588,634</u>
Change in net position				11,841,976
Net position, beginning of year				<u>97,090,700</u>
Net position, end of year				<u>\$ 108,932,676</u>

Moore Norman Technology Center
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Building Fund	2021 CCEFA Bond Fund	Debt Service Fund	Other Governmental Funds	Governmental Totals
Assets						
Cash	\$ 551,391	\$ 783,663	\$ 13,863,831	\$ 56,400	\$ 6,547,790	\$ 21,803,075
Pooled cash and investments	12,180,895	9,061,243	-	1,324,585	638	22,567,361
Investments	4,790,719	9,014,010	-	1,970,513	499,349	16,274,591
Property taxes receivable, net	5,397,061	2,682,558	-	904,517	-	8,984,136
Receivables from other governments	193,521	-	-	-	-	193,521
Other receivables, net	138,589	-	-	-	-	138,589
Total assets	\$ 23,252,176	\$ 21,541,474	\$ 13,863,831	\$ 4,256,015	\$ 7,047,777	\$ 69,961,273
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	406,017	179,992	-	-	-	586,009
Salaries and wages payable	846,310	-	-	-	-	846,310
Compensated Absences	48,100	-	-	-	-	48,100
Total liabilities	1,300,427	179,992	-	-	-	1,480,419
Deferred inflows of resources						
Unavailable revenue - property taxes	5,200,065	2,583,721	-	237,651	-	8,021,437
Unavailable revenue - tuition	223,226	-	-	-	-	223,226
Total deferred inflows of resources	5,423,291	2,583,721	-	237,651	-	8,244,663
Fund Balances						
Restricted	-	15,653,307	-	3,842,170	-	19,495,477
Committed	9,727,604	-	-	-	-	9,727,604
Assigned	-	3,124,454	13,863,831	176,194	7,047,777	24,212,256
Unassigned	6,800,853	-	-	-	-	6,800,853
Fund balances, end of year	16,528,457	18,777,761	13,863,831	4,018,364	7,047,777	60,236,190
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 23,252,176	\$ 21,541,474	\$ 13,863,831	\$ 4,256,015	\$ 7,047,777	\$ 69,961,273
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. The cost of the assets is \$152,870,075 and the accumulated depreciation is \$39,786,093.						113,083,982
Property taxes receivable and other receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.						8,244,663
Net pension obligation is not due and payable in the current period and, therefore, is not reported in the funds.						(18,792,759)
Net OPEB asset is not due and receivable in the current period and, therefore, is not reported in the funds.						465,374
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in the funds.						(5,341,022)
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:						
Financed Lease Purchase					\$ 21,369,508	
General Obligation Bonds					26,704,514	
Accrued Interest					170,609	
Compensated absences - Long-term					719,121	(48,963,752)
Total Net Position - Governmental Activities						\$ 108,932,676

Moore Norman Technology Center
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Building Fund	2021 CCEFA Bond Fund	Debt Service Fund	Other Governmental Funds	Governmental Totals
Revenues						
Property taxes	\$ 24,948,693	\$ 12,500,444	\$ -	\$ 7,588,116	\$ -	\$ 45,037,253
Investment earnings (loss)	121,463	(95,719)	4,481	(35,088)	665	(4,198)
Tuition and fees	1,155,158	-	-	-	-	1,155,158
State revenue	2,791,799	-	-	-	-	2,791,799
Federal revenue	2,857,771	-	-	-	-	2,857,771
Other	717,445	332,696	-	5,269	106,808	1,162,218
Total revenues	32,592,329	12,737,421	4,481	7,558,297	107,473	53,000,001
Expenditures						
Current						
Instruction	10,923,421	920,396	464	-	13,903	11,858,184
Support services	16,287,556	6,241,179	495,855	-	303,031	23,327,621
Non-instruction services	753,712	-	-	-	25,182	778,894
Financial aid and other uses	1,331,444	-	-	-	9,044	1,340,488
Capital outlay	485,701	1,857,280	1,154,105	-	311,032	3,808,118
Other outlays	59,973	-	-	-	-	59,973
Debt service						
Principal	-	-	222,389	670,837	-	893,226
Interest	-	-	320,000	6,675,000	-	6,995,000
Total expenditures	29,841,807	9,018,855	2,192,813	7,345,837	662,192	49,061,504
Other Financing Sources (Uses)						
Operating transfers In	-	-	555,644	-	-	555,644
Operating transfers Out	-	(555,644)	-	-	-	(555,644)
Proceeds of bonds	-	-	15,496,519	-	6,263,227	21,759,746
Total Other Financing Sources (Uses)	-	(555,644)	16,052,163	-	6,263,227	21,759,746
Net Change in Fund Balance	2,750,522	3,162,922	13,863,831	212,460	5,708,508	25,698,243
Beginning fund balance	13,777,935	15,614,839	-	3,805,904	1,339,269	34,537,947
Ending fund balance	\$ 16,528,457	\$ 18,777,761	\$ 13,863,831	\$ 4,018,364	\$ 7,047,777	\$ 60,236,190

See Notes to Financial Statements

Moore Norman Technology Center
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
 For the Year Ended June 30, 2022

Net change in fund balances total governmental funds		\$25,698,243
The change in net position reported in the statement of activities is different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities		
Capital outlay expenditures and adjustments	\$ 3,842,428	
Depreciation expense	(4,290,481)	(448,053)
Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred revenues. They are however, recorded as revenues in the statement of activities.		
		(594,144)
Some receipts of grant revenue will not be collected for several months after the District's fiscal year-end they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred inflows of resources. They are, however, recorded as revenues in the statement of activities.		
		(65,889)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave used exceeded amounts earned.		
		11,843
Governmental funds report district pension and OPEB contributions as expenditures (benefits). However, the statement of activities reports the cost of pension and OPEB benefits earned net of employee contributions as pension and OPEB expense (benefit). This is the difference between the two.		
		1,034,437
Support for pension contributions from nonemployer contributing entities not in a special funding situation does not provide current financial resources so are not recorded in governmental funds but are recorded as revenues in the statement of activities.		
		1,011,778
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources. Some expenses do not require current financial resources so therefore are not reported as expenditures in the governmental funds.		
	Accrued Interest	(116,571)
	New Financed Lease Purchases	(21,759,746)
	Payments on Debt	7,070,078
		(14,806,239)
Change in net position of governmental activities		\$11,841,976

Note 1 - Summary of Significant Accounting Policies

The Moore Norman Technology Center School District No. 17 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

The District's financial statements are prepared in accordance with generally accepted accounting principles promulgated by The Governmental Accounting Standards Board (GASB).

The Reporting Entity - The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. There are no component units included within the reporting entity.

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

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

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

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

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

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

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

2021 CCEFA Bond Fund is used to account for proceeds from long-term financing and revenues and expenditures related 2021 sublease agreement with Cleveland County Educational Facilities Authority.

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

Additionally, the District reports the following funds:

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

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

2022 CCEFA Bond Fund is used to account for proceeds from long-term financing and revenues and expenditures related 2022 sublease agreement with Cleveland County Educational Facilities Authority.

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

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

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

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

School Buildings	50 years
Site improvements	20 years
Business machines and computers	5-10 years
Vehicles	8 years
Other Equipment	10-15 years

Compensated Absences - Twelve-month employees earn sick leave starting the first day of employment, accrued monthly as defined for each individual. Administration receives all sick leave up front each fiscal year in the amount of 12 days. All 10- month employees receive sick leave up front each fiscal year in the amount of 10 days.

Administration and 12-month employees receive annual leave accrued as defined for each individual each fiscal year. 10-month employees are not eligible for annual leave. Only annual leave is payable to the employee at termination.

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

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

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

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

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

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

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

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2021, and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Property tax receivables are net of an allowance for uncollectible taxes of \$109,700 in the general fund, \$53,360 in the building fund and \$20,880 in the sinking fund. The allowance represents the estimated amount that is deemed uncollectible based on past collection history.

State Revenues - Revenues from state sources for current operations are primarily governed by the joint resolution of the Oklahoma House of Representatives and Senate. The Oklahoma Department of Career and Technical Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 5% of the District's revenue comes from state sources.

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

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

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

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

Deferred Outflows of Resources - The District reports decreases in net position that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for (1) contributions made to Teachers' Retirement System of Oklahoma (TRS the Plan) for defined benefit pension and OPEB plans between the measurement date of the net pension and OPEB liabilities (asset) (June 30, 2021) and the end of the current fiscal year (June 30, 2022). (2) A loss from changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan (3) A loss from difference between expected and actual experience that the pension and OPEB plan actuary uses to develop expectations such as future salary increases and inflation (4) the actual pension or OPEB plan investment earnings less than the expected amounts included in determining pension expense. The first three deferred outflows are amortized to pension expense over the average expected remaining service life of the Plan. The fourth deferred outflow of resources is amortized to pension expense over a total of 5 years, including the current year.

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

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

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

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

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

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

Net Investment in Capital Assets– The component of net position that consists of the historical cost of capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Buildings – The component of net position that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District's buildings.

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

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

Restricted for OPEB – The component of net position that report the assets restricted for use for the other postemployment benefit (OPEB) asset, including related deferred inflows and outflows.

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

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District does not have any funds classified as nonspendable as of June 30, 2022.

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

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

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

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

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

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

Change in Accounting Policy – Effective July 1, 2021, the District adopted GASBS Statement No. 87, Leases. The objective of this Statement is to establish leases are a financing arrangement for the right to use an underlying asset. This Standard requires the government to record a lease liability and capitalize and amortize the underlying asset over the shorter of the asset life or the lease term. It provides an exception for short-term leases (e.g., less than 12 months) and requires leases that transfer ownership of the underlying asset to be accounted for as a financed purchase. Lease disclosure requirements are also amended. Implementation of this Standard resulted in the recognition of financed purchases for subleases with the Cleveland County Educational Facilities Authority.

Note 2 - Cash and Investments

Deposits - At June 30, 2022, the bank balance of deposits and cash pools was \$23,926,446. This represents the actual bank balance, not general ledger balance, of all checking accounts, inclusive of related sweep accounts and money market accounts. Such accounts are either insured by the FDIC or are invested in obligations of the U.S. Government, its agencies and instrumentalities.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The District policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2022, the District was not exposed to custodial credit risk.

Investments - The District participates in an external investment pool, Oklahoma Public School Liquid Asset Pool (OLAP). The plan is sponsored by the Oklahoma State School Boards Association, Cooperative Council of Oklahoma School Administration, Organization of Rural Oklahoma Schools and the Oklahoma Association of School Business Officials. OLAP is governed through an interlocal cooperative agreement and the investment advisors and other professionals are competitively selected. OLAP's portfolio consists of cash and short-term investments valued at amortized cost which approximates fair value.

OLAP invests in obligations of the U.S. Government, its agencies and instrumentalities and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. Government, its agencies and instrumentalities and the OLAP custodian takes delivery of the collateral. To receive a copy of the Oklahoma Public School Liquid Asset Pool annual audit report, call toll free 1-866-472-6527 or visit www.OLAPonline.org. The District's other investments consist of money market mutual fund investments held in sweep account.

Investment valuation – All securities, with the exceptions of non-negotiable certificates of deposit and Certificate of Deposit Registry (CDARS) which are valued at amortized cost, are stated at fair value. Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period.

Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements are as follows at June 30, 2022:

	Total Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
U.S. Treasuries and agencies	\$ 9,896,147	\$ 9,896,147	\$ -	\$ -
Negotiable certificates of deposit	5,882,444	3,927,602	1,954,842	-
External Investment Pool	22,567,361	-	22,567,361	-
	<u>\$ 38,345,952</u>	<u>\$ 13,823,749</u>	<u>\$ 1,954,842</u>	<u>\$ -</u>

Credit Risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. Investments held by the District in investment pools (sweep accounts and external investment pools) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The \$22,567,361 value of the external investment pool held securities whose Standard & Poor's credit ratings were 29.0 percent A+, 8.8 percent AA+, 1.2 percent AAAM, and 61.0 percent NR. Securities with an NR rating are bank deposit accounts. U.S. Government securities or obligations explicitly guaranteed by the U.S. government of 10.2 percent are not considered to have credit risk exposure. Negotiable certificates of deposit are all insured by FDIC.

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

Investment Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

At year ended June 30, 2022, the District had the following investment maturities:

	Total Fair Value	Investment Maturities in Years		
		< 1	1 - 5	6 - 10
U.S. Treasuries and agencies	\$ 9,896,147	\$ -	\$ 9,896,147	\$ -
Negotiable certificates of deposit	5,882,444	-	5,882,444	-
	<u>\$ 15,778,591</u>	<u>\$ -</u>	<u>\$ 15,778,591</u>	<u>\$ -</u>
	<u>Amortized Cost</u>			
External Investment Pool (OLAP)	\$ 22,567,361			
Non-Negotiable certificate of deposit.	496,000			
Total Investments	<u>\$ 38,841,952</u>			

The funds held in the external investment pool have a weighted average maturity of 27 days. The non-negotiable certificates of deposit are considered deposits so are not subject to investment interest rate risk.

Concentration of Credit Risk - The District places no limit on the amount the District can invest in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Note 3 - Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated absences					
Annual leave	\$ 779,064	\$ 566,935	\$ 578,778	\$ 767,221	\$ 499,590
Direct Placement General Obligation Bonds	33,384,354	-	6,679,840	26,704,514	6,675,000
Financed Lease Purchases Cleveland County					
Educational Facilities Authority Cleveland County	-	13,255,000	320,000	12,935,000	780,000
Educational Facilities Authority 2022	-	5,935,000	-	5,935,000	480,000
Premium on Financed Lease Purchases	-	2,569,746	70,238	2,499,508	-
Total long-term liabilities	<u>\$ 34,163,418</u>	<u>\$ 22,326,681</u>	<u>\$ 7,648,856</u>	\$ 48,841,243	<u>\$ 8,434,590</u>
Net pension liability				<u>18,792,759</u>	
Total governmental activity long-term liabilities				<u>\$ 67,634,002</u>	

Payments on the leases are made through the general fund and building fund with property taxes. General obligation bonds will be made through the sinking fund with property taxes. Compensated absences, pension, and OPEB are generally liquidated by the general fund.

General Obligation Bonds- In June 1, 2016, the District issued \$60 million in general obligation bonds. The bonds mature serially over a 10-year period. The annual requirements to amortize the bond debt outstanding as of June 30, 2022, including interest payments are as follows:

Fiscal year Ended June 30,	Principal	Interest Amt	Total	Interest Rates
2023	\$ 6,675,000	\$ 537,338	\$ 7,212,338	2.00%
2024	6,675,000	403,838	7,078,838	2.00%
2025	6,675,000	270,338	6,945,338	0.00%
2026	6,675,000	267,000	6,942,000	4.00%
	<u>\$ 26,700,000</u>	<u>\$ 1,478,514</u>	<u>\$ 28,178,514</u>	
Bond premium	4,514			
	<u>\$ 26,704,514</u>			

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

Financed Lease Purchases - On November 1, 2021, the District entered into a ground lease and sublease agreement with the Cleveland County Public Facilities Authority. The Authority issued \$13.255 million in revenue bonds to finance improvements to Aerospace/Wellness Center/IT Services Expansion and public safety law enforcement driver training course and an outdoor firing range. The sublease is payable over 14 years.

On May 1, 2022, the District entered into a ground lease and sublease agreement with the Cleveland County Public Facilities Authority. The Authority issued \$5.935 million in revenue bonds to finance acquisition, construction, improvement, equipping and furnishing the construction of a new indoor gun range. The sublease is payable over 9 years.

The Authority will sublease the land and completed improvements to the District in exchange for finance payments. Once the bonds are paid, the sublease agreement and the ground lease agreement will expire along with any Authority ownership interest therein, and the Improvements will belong to the District.

The annual requirements to amortize the financed lease purchases outstanding as of June 30, 2022, including interest payments are as follows:

Fiscal year Ended June 30	Principal Amount	Interest Amount	Total	Interest Rate
Cleveland County Educational Facilities Authority 2021				
2023	\$ 780,000	\$ 357,291	\$ 1,137,291	4.00%
2024	810,000	326,091	1,136,091	4.00%
2025	840,000	293,691	1,133,691	4.00%
2026	875,000	260,091	1,135,091	4.00%
2027	910,000	225,091	1,135,091	4.00%
to maturity	<u>8,720,000</u>	<u>293,823</u>	<u>9,013,823</u>	4.00%
	<u>\$ 12,935,000</u>	<u>\$ 1,756,078</u>	<u>\$ 14,691,078</u>	
Cleveland County Educational Facilities Authority 2022				
2023	\$ 480,000	\$ 217,148	\$ 729,971	4.00%
2024	515,000	205,827	753,650	4.00%
2025	535,000	185,227	753,050	4.00%
2026	555,000	163,827	751,650	4.00%
2027	580,000	141,627	754,450	4.00%
to maturity	<u>3,270,000</u>	<u>322,138</u>	<u>3,756,250</u>	4.00%
	<u>\$ 5,935,000</u>	<u>\$ 1,235,794</u>	<u>\$ 7,499,021</u>	
Total financed lease purchases	<u>\$ 18,870,000</u>	<u>\$ 2,991,872</u>	<u>\$ 22,190,099</u>	

The District's interest expense for 2022 was \$934,719.

Note 4 - Fund Balances- Governmental Funds

As of June 30, 2022, fund balances, other than unassigned are composed of the following:

	General Fund	Building Fund	2021 CCEFA Bond Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Restricted for:						
Buildings	\$ -	\$ 15,653,307	\$ -		\$ -	\$ 15,653,307
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	3,842,170	-	3,842,170
Total restricted	<u>-</u>	<u>15,653,307</u>	<u>-</u>	<u>3,842,170</u>	<u>-</u>	<u>19,495,477</u>
Committed to:						
Future cash flows	<u>9,727,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,727,604</u>
Total committed	<u>9,727,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,727,604</u>
Assigned to:						
Buildings	-	3,124,424	-	-	-	3,124,424
Capital projects	-	-	13,863,831	-	6,835,026	20,698,857
Student activities	-	-	-	-	212,752	212,752
Debt service	-	-	-	176,194	-	176,194
Total committed	<u>-</u>	<u>3,124,424</u>	<u>13,863,831</u>	<u>176,194</u>	<u>7,047,778</u>	<u>24,212,227</u>
Unassigned	<u>6,800,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,701,936</u>
Total fund balances	<u>\$ 16,528,457</u>	<u>\$ 18,777,731</u>	<u>\$ 13,863,831</u>	<u>\$ 4,018,364</u>	<u>\$ 7,047,778</u>	<u>\$ 64,137,244</u>

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

Note 5 - Employee Retirement System**Teachers' Retirement Plan of Oklahoma**

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

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

Contributions – In accordance with Oklahoma Statutes, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2022, qualifying employee contributions were reduced by a retirement credit of \$81,430 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2022, the District had a statutory contribution rate of 9.5% plus 7.7% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2022, the District's contributions to the System for were \$1,894,051.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was \$1,011,777.

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 \$18,792,759 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.3653%, which was a decrease of 0.0014% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$(959,072). 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 1,230,789	\$ 694,128
Changes of assumptions	2,757,678	185,891
Net difference between project and actual earnings on pension plan investments	-	9,548,929
Changes in proportion and differences between District contributions and proportionate share of contributions	216,981	748,512
District contributions subsequent to the measurement date	1,894,051	-
	<u>\$ 6,099,499</u>	<u>\$ 11,177,460</u>

The \$1,894,051 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2023	\$ (1,249,378)
2024	(823,511)
2025	(1,175,963)
2026	(2,804,211)
2027	(38,731)
Thereafter	(880,218)
	<u>\$ (6,972,012)</u>

Actuarial assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method - Entry Age Normal
- Asset Valuation Method – 5-Year Smoothed Market
- Inflation - 2.25%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Inflation rate of 2.25% plus productivity increase rate of 0.75% plus step-rate/promotional adjustments with less than 25 years of service
- Investment Rate of Return – 7.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five year experience study for the period ending June 30, 2019
- Mortality Rates for retired member – 2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2020.
- Mortality Rates for active members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the ultimate mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2010.

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 (measurement date), are summarized in the following table:

Asset Class	Target Allocation	Long-Term expected 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 a U.S. Direct Real Estate (unleveraged) and U.S. Value added real Estate (unleveraged).

Discount rate – A single discount rate of 7.0% was used to measure the total pension liability as of June 30, 2022. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection also assumed the state’s contribution plus the matching contributions will remain a constant percent of the projected member payroll based on the past five years of actual contributions.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate –

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) 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 proportionate share of net pension liability	<u>\$ 30,510,034</u>	<u>\$ 18,792,759</u>	<u>\$ 8,860,917</u>

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

Note 6 - Defined Contribution Plan

The District has established the Moore Norman Technology Center 403(B) Plan. The plan is intended to be a governmental plan as defined in Internal Revenue Code Section 403(B). Under the plan, the participants may defer up to 100% of their salary, subject to IRS limits. The District matches the participant’s contribution up to \$135 per month, or a total of \$1,620 per year. The participants are fully vested in both their voluntary contributions and the employer contribution. Participants may direct the investment of their individual account balances. For the year ended June 30, 2022, the District’s contribution to the plan was \$364,282.

Note 7 - Other Post-Employment Benefits (OPEB)

In addition to the retirement plan described in Note 5, the District participates in the state-administered Supplemental Health Insurance Program (OPEB Plan) within Teachers’ Retirement System of Oklahoma (the OPEB System), which is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Teacher Retirement System (TRS).

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

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

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

OPEB (Assets) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2022, the District reported an asset of \$(465,374) for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of the contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021 the District's proportion was 0.3653%, a decrease of 0.0014% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense (credit) of (\$74,734). 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	\$ -	\$ 72,857
Changes of assumptions	63,255	-
Net difference between project and actual earnings on pension plan investments	-	249,594
Changes in proportion and differences between District contributions and appropriate share of contributions.	12,383	18,603
District contributions subsequent to the measurement date	2,355	-
Total deferred amounts related to pension	<u>\$ 77,993</u>	<u>\$ 341,054</u>

\$2,355 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2023	\$ (88,041)
2024	(74,722)
2025	(76,064)
2026	(93,143)
2027	(3,984)
Thereafter	70,538
	<u>\$ (265,416)</u>

See Note 5. Employee pension plans for Actuarial assumptions, measurement, discount rate, long-term expected rate of return and target asset allocation.

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

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

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
District's proportionate share of the net OPEB asset	<u>\$ (298,979)</u>	<u>\$ (465,374)</u>	<u>\$ (606,367)</u>

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

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

Note 8 - Contingencies and Commitments

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

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

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

Note 9 - Risk Management

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

Note 10 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 13,614,246	\$ -	\$ -	\$ -	\$ 13,614,246
Construction in progress	28,456,495	3,377,038	28,716,106	-	3,117,427
Total capital assets, not being depreciated	<u>42,070,741</u>	<u>3,377,038</u>	<u>28,716,106</u>	<u>-</u>	<u>16,731,673</u>
Capital assets, being depreciated					
Building and improvements	96,037,828	28,716,106	-	1,216	124,755,150
Equipment and fixtures	8,942,095	640,344	-	(75,828)	9,506,611
Vehicles	1,734,128	7,000	68,031	203,544	1,876,641
Total capital assets, being depreciated	<u>106,714,051</u>	<u>29,363,450</u>	<u>68,031</u>	<u>128,932</u>	<u>136,138,402</u>
Less accumulated depreciation					
Building and improvements	29,151,442	3,066,884	-	-	32,218,326
Equipment and fixtures	5,046,613	1,038,740	-	127,341	6,212,694
Vehicles	1,054,702	184,857	68,031	183,545	1,355,073
Total accumulated depreciation	<u>35,252,757</u>	<u>4,290,481</u>	<u>68,031</u>	<u>310,886</u>	<u>39,786,093</u>
Governmental activities capital assets, net	<u>\$ 113,532,035</u>	<u>\$ 28,450,007</u>	<u>\$ 28,716,106</u>	<u>\$ (181,954)</u>	<u>\$ 113,083,982</u>

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

Note 11 - Tax Abatement

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

For the year ended June 30, 2022, abated property taxes were approximately \$1,683,000.

Note 12 - New GASB Standards

The District implemented the following GASB Statements:

- GASBS Statement No. 87, *Leases*, which superseded current guidance on leases and establishes that leases are a financing arrangement for the right to use an underlying asset. The standard requires the government to record a lease liability and capitalize and amortize the underlying asset over the shorter of the asset life or the lease term. It provided an exception for short-term leases (e.g., less than 12 months) and requires leases that transfer ownership of the underlying asset to be accounted for as a financed purchase. Lease disclosure requirements are also amended.
- GASBS Statement No. 89, *Accounting for Interest Cost Incurred Before End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.
- GASBS Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements 14 and 61*, defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund.
- GASBS Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issue that have been identified during implementation and application of certain GASB statements.

- GASBS Statement No. 93, *Replacement of Interbank Offered Rates*, addresses replacement of rates used in computing derivative instruments and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The provisions of this statement are effective reporting periods beginning after June 15, 2020, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2021.

The following pronouncements will be effective in the future: Management has evaluated these statements as having an impact on the District or potential impact in the future.

- GASBS Statement No. 91, *Conduit Debt*, clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement are effective for reporting periods beginning after December 15, 2021.
- GASBS Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The provisions of this statement are effective reporting periods beginning after June 15, 2022.
- GASBS Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of this statement are effective reporting periods beginning after June 15, 2022.
- GASBS Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term annual comprehensive financial report (ACFR). This term replaces the term comprehensive annual financial report (CAFR). The provisions of this statement are effective reporting periods beginning after December 15, 2021.
- GASBS Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issue that have been identified during implementation and application of certain GASB statements. Provision related to certain transactions are effective when issued. Requirements for leases, PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022. Requirements related to financial guarantees and the classification of derivative instruments are effective beginning June 15, 2023.

- GASBS Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, defines accounting changes and corrections of errors. The statement prescribes accounting and financial reporting for each type of accounting change and error corrections. The provisions of this statement are effective reporting periods beginning after June 15, 2023.
- GASBS Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. The provisions of this statement are effective reporting periods beginning after December 15, 2023.

Note 13 - Schedule of Transfers

The transfers for the year ended June 30, 2022 are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
Building Fund	2021 CCEFA Bond Fund	\$ 555,644	Intrafund Transfer
	Total Transfers between Funds	<u>\$ 555,644</u>	

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



Required Supplementary Information
June 30, 2022

Moore Norman Technology Center School District No. 17

Moore Norman Technology Center
 Budgetary Comparison Schedule – General Fund (Unaudited)
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final	Amounts GAAP Basis	Positive (Negative) Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 8,554,114	\$ 12,593,808	\$ 13,777,935	\$ 4,039,695	\$ 1,184,126
Resources (inflows)					
Property taxes	23,099,261	24,986,329	24,948,693	1,887,068	(37,636)
Investment return	335,000	130,000	121,463	(205,000)	(8,537)
Tuition and fees	1,050,000	975,000	1,155,158	(75,000)	180,158
State revenue	2,596,371	2,658,580	2,791,799	62,209	133,219
Federal revenue	2,556,296	3,190,760	2,857,771	634,464	(332,989)
Other	398,000	467,100	717,445	69,100	250,345
Total resources	30,034,928	32,407,769	32,592,329	2,372,841	184,560
Amounts available for appropriation	38,589,042	45,001,577	46,370,264	6,412,535	1,368,687
Charges to appropriations (outflows)					
Instruction	12,060,673	12,433,495	10,923,423	372,822	(1,510,072)
Support services	17,193,847	18,646,244	16,287,556	1,452,397	(2,358,688)
Non-instruction services	848,510	911,052	753,712	62,542	(157,340)
Capital outlay	-	-	485,700	-	485,700
Other outlays	1,930,200	2,182,913	1,391,418	252,713	(791,495)
Total charges to appropriations	32,033,230	34,173,704	29,841,809	2,140,474	(4,331,895)
Budgetary fund balance, June 30	\$ 6,555,812	\$ 10,827,873	\$ 16,528,455	\$ 4,272,061	\$ 5,700,582

Moore Norman Technology Center
 Budgetary Comparison Schedule – Building Fund (Unaudited)
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final	Amounts GAAP Basis	Positive (Negative) Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 14,201,073	\$ 14,840,896	\$ 15,614,839	\$ 639,823	\$ 773,943
Resources (inflows)					
Property taxes	11,673,100	12,791,555	12,500,444	1,118,455	(291,111)
Investment earnings (loss)	-	-	(95,719)	-	(95,719)
Other	-	9,000	332,696	9,000	323,696
Total resources	11,673,100	12,800,555	12,737,421	1,127,455	(63,134)
 Amount Available for appropriation	 25,874,173	 27,641,451	 28,352,260	 1,767,278	 710,809
Charges to appropriations (outflows)					
Instruction	1,242,397	2,384,418	920,395	1,142,021	1,464,023
Support services	6,854,463	7,994,379	6,241,177	1,139,916	1,753,202
Non-instruction services	411,000	1,116,644	-	705,644	1,116,644
Capital outlay/debt service	2,165,000	6,811,958	2,412,927	4,646,958	4,399,031
Total charges to appropriations	10,672,860	18,307,399	9,574,499	7,634,539	8,732,900
 Budgetary fund balance, June 30	 \$ 15,201,313	 \$ 9,334,052	 \$ 18,777,761	 \$ (5,867,261)	 \$ 9,443,709

Moore Norman Technology Center
Schedule of the District's Proportionate Share of the Net Pension Liability (Unaudited)
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's portion of the net pension liability (asset)	0.36536938%	0.36685009%	0.37212358%	0.38762269%	0.38663948%	0.37677034%	0.38432389%	0.37348988%
District's proportionate share of the net pension liability (asset)	18,792,759	34,816,012	24,628,276	16,198,741	25,600,623	31,570,121	22,727,331	20,093,257
District's covered payroll	17,624,221	18,552,632	18,577,516	18,393,947	16,932,158	16,758,674	16,849,389	15,718,200
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	106.63%	187.66%	132.57%	88.07%	151.20%	188.38%	134.89%	127.83%
Plan fiduciary net position as a percentage of the total pension liability	80.80%	63.47%	71.54%	72.71%	69.32%	62.24%	70.31%	72.43%

Notes:

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

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

Moore Norman Technology Center
Schedule of District's Pension Contributions (Unaudited)
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,894,051	\$ 1,762,500	\$ 1,764,864	\$ 1,747,425	\$ 1,608,555	\$ 1,592,074	\$ 1,600,692	\$ 1,493,229	\$ 1,472,681
Contributions in relation to the contractually required contribution	1,894,051	1,762,500	1,764,864	1,747,425	1,608,555	1,592,074	1,600,692	1,493,229	1,472,681
Contribution deficiency (excess)		-	-	-	-	--	-	-	-
District's covered payroll	17,624,221	18,552,632	18,577,516	18,393,947	16,932,158	16,758,674	16,849,389	15,718,200	15,501,905
Contribution as a percentage of covered payroll	10.75%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%

Note:

The amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

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

Moore Norman Technology Center
 Schedule of the District's Proportionate Share of the Net OPEB Asset (Unaudited)
 June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's portion of the net OPEB liability (asset)	0.36536938%	0.36685009%	0.37212358%	0.38762269%	0.38663948%
District's proportionate share of the net OPEB liability (asset)	(465,374)	(36,343)	(238,404)	(250,503)	172,419
District's covered payroll	17,624,221	18,552,632	18,621,053	18,393,947	16,932,158
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-2.64%	-0.20%	-1.28%	-1.36%	1.02%
Plan fiduciary net position as a percentage of the total OPEB asset	129.91%	115.07%	115.07%	115.41%	110.40%

Note:

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

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

Moore Norman Technology Center
Schedule of District's OPEB Contributions (Unaudited)
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractual required contribution	\$ 22,243	\$ 2,335	\$ 3,266	\$ 11,576	\$ 11,290
Contribution in relation to the contractually required	22,243	2,355	3,266	11,576	11,290
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	17,624,221	18,552,632	18,621,053	16,932,158	16,758,674
Contribution as a percentage of covered	0.13%	0.01%	0.02%	0.07%	0.07%

Note:

The amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

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

Note 1 - Budgeting and Budgetary Control

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

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

Note 2 - Changes of Assumptions

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

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

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

The assumption change in fiscal year 2020 is attributable to the new assumptions adopted by the Board in July 2020.



Other Information
June 30, 2022

**Moore Norman Technology Center
School District No. 17**

Moore Norman Technology Center
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Financial Assistance Listing	Pass-through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/2021	Federal Grant Receipts	Total Grant Expenditures	Adjustments & Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/2022
<u>U.S. Department of Education</u>								
Direct Programs								
COVID-19 Education Stabilization Fund (ESF)								
Higher Education Emergency Relief Fund (HEERF)								
	84.425F	n/a	\$ (270,685)	\$ 1,155,540	\$ 1,230,595	\$ (81,045)	\$ 1,149,550	(276,675)
	84.425E	n/a	-	781,514	784,058	(2,544)	781,514	-
			<u>(270,685)</u>	<u>1,937,054</u>	<u>2,014,653</u>	<u>(83,589)</u>	<u>1,931,064</u>	<u>(276,675)</u>
Direct Programs-Student Financial Aid								
	84.063	474	-	493,023	504,634	-	504,634	(11,611)
	84.007	477	-	11,519	15,359	(3,840)	11,519	-
			<u>-</u>	<u>504,542</u>	<u>519,993</u>	<u>(3,840)</u>	<u>516,153</u>	<u>(11,611)</u>
Carl Perkins Vocational Education Act								
Passed through Oklahoma Department of Career Technology Education								
	84.048	421	-	202,598	202,999	-	202,999	(401)
	84.048	424	-	60,000	94,600	-	94,600	(34,600)
			<u>-</u>	<u>262,598</u>	<u>297,599</u>	<u>-</u>	<u>297,599</u>	<u>(35,001)</u>
	84.243	429	(1,500)	3,500	7,797	-	7,797	(5,797)
			<u>(1,500)</u>	<u>266,098</u>	<u>305,396</u>	<u>-</u>	<u>305,396</u>	<u>(40,798)</u>
			<u>(272,185)</u>	<u>2,707,694</u>	<u>2,840,042</u>	<u>(87,429)</u>	<u>2,752,613</u>	<u>(329,084)</u>
<u>U.S. Department of Health and Human Services</u>								
Passed through Oklahoma Department of Human Services and Oklahoma Department of Career Technology Education								
	93.558	452	(14,189)	181,282	353,005	174,770	223,400	(56,307)
			<u>(14,189)</u>	<u>181,282</u>	<u>353,005</u>	<u>174,770</u>	<u>223,400</u>	<u>(56,307)</u>
			<u>\$ (286,374)</u>	<u>\$ 2,888,976</u>	<u>\$ 3,193,047</u>	<u>\$ 87,341</u>	<u>\$ 2,976,013</u>	<u>\$ (385,391)</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Moore Norman Technology Center, District No. 17 under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 220, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Moore Norman Technology Center, District No. 17, it is not intended to and does not present the financial position or changes in net assets (or net position or fund balance) of Moore Norman Technology Center, District No. 17.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on using the cash basis of accounting. Some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements. When applicable, 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

Moore Norman Technology Center, District No. 17 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Subrecipients

Moore Norman Technology Center, District No. 17 did not have any awards that have been passed through to subrecipients.



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
Moore Norman Technology Center School District No. 17
Norman, 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 Moore Norman Technology Center School District No. 17 (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 March 16, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

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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*.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

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

Oklahoma City, Oklahoma
March 16, 2023



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
Moore Norman Technology Center School District No. 17
Norman, Oklahoma:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Moore Norman Technology Center School District 17’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 Moore Norman Technology Center School District No. 17’s major federal program for the year ended June 30, 2022. Moore Norman Technology Center School District No. 17’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, Moore Norman 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 the 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 Moore Norman Technology Center School District No. 17 (the District) 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 the District’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 the District'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 the District'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 Moore Norman 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 the District'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 the District'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 the District'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.



Oklahoma City, Oklahoma
March 16, 2023

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 (a):	No
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Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Higher Education Emergency Relief Fund	84.425
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

2022-001	Adjustments in Financial Reporting Material Weakness in Internal Controls over Financial Reporting
Criteria:	Controls over complete year-end financial reporting process should be in place to ensure proper reporting in accordance with Generally Accepted Accounting Principles (GAAP).
Condition:	<p>The District’s financial reporting control system is in place but did not timely identify certain misstatements.</p> <p>Errors were noted in the capital asset rollforward that required audit adjustments. First, several capital assets received subsequent to year-end were inadvertently included in the FY2022 capital assets and needed to be removed. Additionally, some formulas in the rollforward were recording incorrect amounts for items with multiple quantities that needed to be corrected.</p> <p>Additionally, we noted that salaries paid in late July 2022 related to FY2022 had already been reflected as a reduction in cash. Thus, the amount should have been recorded as a liability as of June 30, 2022 and an audit adjustment was made.</p> <p>Lastly, we noted variances among federal grant revenue, related receivables, and related deferred inflows. As a result, adjustments were necessary to properly state the schedule of federal expenditures but were at a passed adjustment level for the financial statements.</p> <p>Such items should be presented in order to be in accordance with Generally Accepted Accounting Principles (GAAP).</p>
Cause:	The District has a process at year-end to record adjustments for financial statement presentation, but the process was not effective in identifying all the necessary adjustments in accordance with GAAP.
Context:	The District’s financial statements were prepared by a consulting firm with much assistance from District management, but these adjustments were necessary to properly state the financial statements.
Effect:	The District is at risk for material misstatements. Adjustments were necessary to correctly present the financial statements and the schedule of expenditures of federal awards.

Recommendation: We recommend a control process be put in place to properly and timely reconcile relevant financial data to the general ledger in order to be presented in accordance with GAAP and Uniform Guidance.

View of Responsible

Officials: The Moore Norman Technology Center management team agrees with this finding.

