



Report Required by *Government Auditing Standards*
June 30, 2023

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

Francis Tuttle Technology Center

Table of Contents

June 30, 2023

Board of Education 1

Independent Auditor’s Report 2

Management's Discussion and Analysis (Unaudited)..... 6

Basic Financial Statements

 Statement of Net Position.....21

 Statement of Activities23

Fund Financial Statements – Governmental Funds

 Balance Sheet – Governmental Funds24

 Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....26

 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds27

 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
 28

 Notes to Financial Statements29

Required Supplementary Information

 Budgetary Comparison Schedule – General Fund (Unaudited)60

 Budgetary Comparison Schedule – Building Fund (Unaudited)61

 Schedule of the District’s Proportionate Share of the Net Pension Liability (Unaudited).....62

 Notes to Schedule of District’s Proportionate Share of the Net Pension Liability (Unaudited).....63

 Schedule of the District’s Retirement System Contributions (Unaudited)66

 Schedule of the District’s Proportionate Share of the Net OPEB Asset (Unaudited)67

 Schedule of the District’s OPEB Contributions (Unaudited)68

Other Supplementary Information

 Schedule of Expenditures of Federal Awards.....69

 Notes to Schedule of Expenditures of Federal Awards70

Single Audit

 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.....71

 Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control
 Over Compliance Required by the Uniform Guidance.....73

 Schedule of Findings and Questioned Costs76

Other Information

 Schedule of Accountant’s Professional Liability Insurance Affidavit.....78

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Francis Tuttle Technology Center as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Francis Tuttle Technology Center, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024 on our consideration of the Francis Tuttle Technology Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Francis Tuttle Technology Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Francis Tuttle Technology Center's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in black ink and is positioned above the typed name and date.

Oklahoma City, Oklahoma
February 6, 2024

This section of Francis Tuttle Technology Center's annual financial report presents discussion and analysis of Francis Tuttle's financial performance during the fiscal year ended June 30, 2023. To fully understand Francis Tuttle's financial performance read it in conjunction with the basic financial statements and the notes to the financial statements.

Organization

Francis Tuttle Technology Center School District No. 21 (the District) is part of the public school system of Oklahoma under the general direction and control of the State Board of Career and Technology Education. The Francis Tuttle Technology Center School District includes all of the following public school districts: Cashion, Crescent, Deer Creek, Edmond, Putnam City and Western Heights. The Francis Tuttle Technology Center School District includes portions of four counties: Oklahoma, Logan, Kingfisher and Canadian. The District provides educational opportunities to high school students and adults who reside or work in the District. The District operates four campuses; the Rockwell, Portland, Reno and Danforth campuses. Each campus has a variety of services and programs to meet the needs of our customers.

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

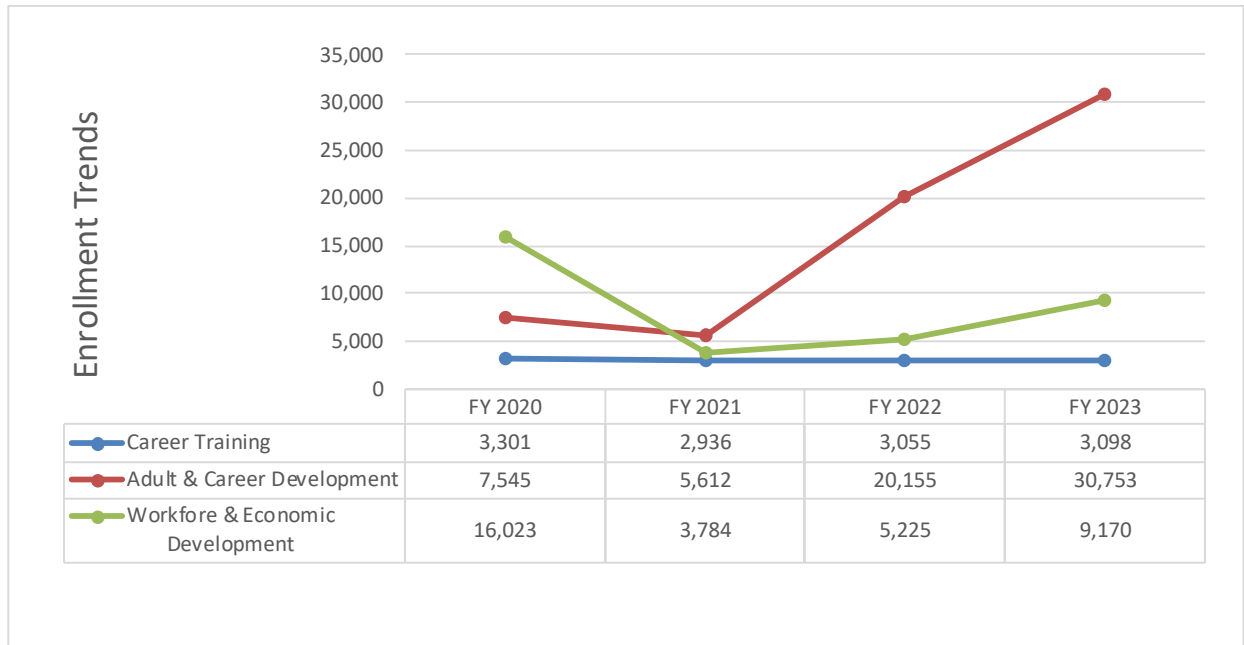
Mission – We prepare our customers for success in the workplace.

- *Career Training Programs:* The District offers thirty-six different career training programs. These programs are designed to lead to industry certifications or licenses, employment or continuing education. These programs serve both high school students and adults. The career training programs fall into fifteen career clusters. Each career cluster is designed to offer students several choices of career major. Providing our students with many learning opportunities.
- *Adult and Career Development Classes:* Adult and career development (ACD) classes are designed around specific curriculum and are designed to provide an introduction to or enhance knowledge of specific topics. Continuing education and licensing classes are offered in several areas including real estate, insurance and health.
- *Workforce and Economic Development Services:* The District provides customized industry training to businesses and their employees in the district. This may include pre-employment, safety, skills based or management skills.

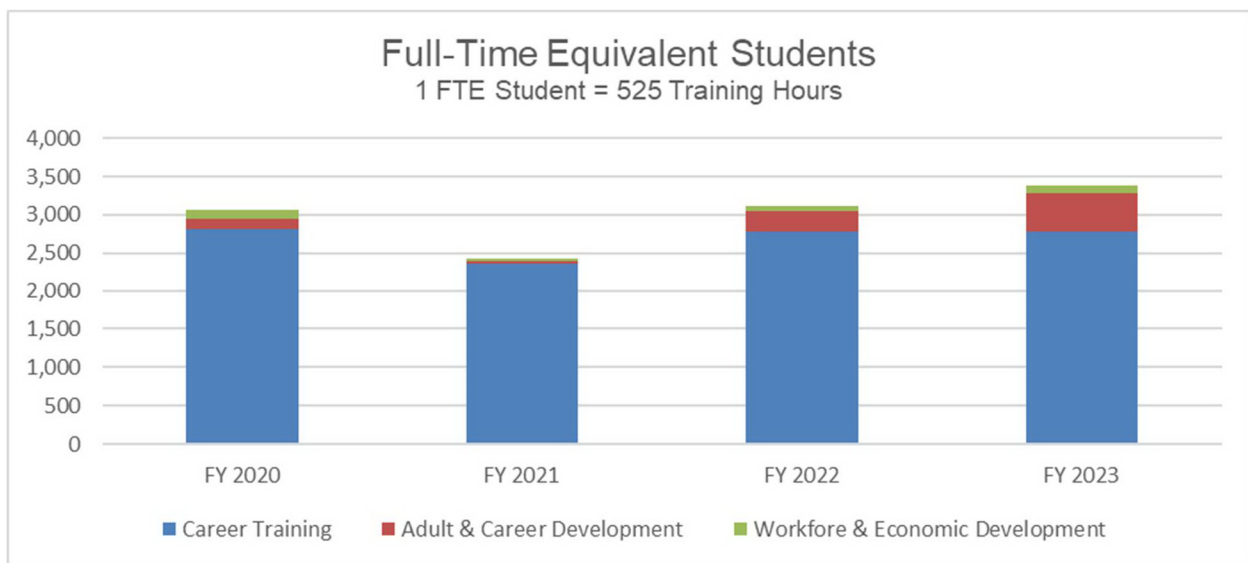
Financial Highlights

Ad valorem property taxes are the largest source of revenue for the District. The growth rate in property valuations has a direct impact on the financial health of the District. Over the last five years the average growth in property valuation has been 4.6% per year. In FY 2023, the growth rate for property valuation was 6.9%. The District closely monitors property valuations and adjusts spending accordingly.

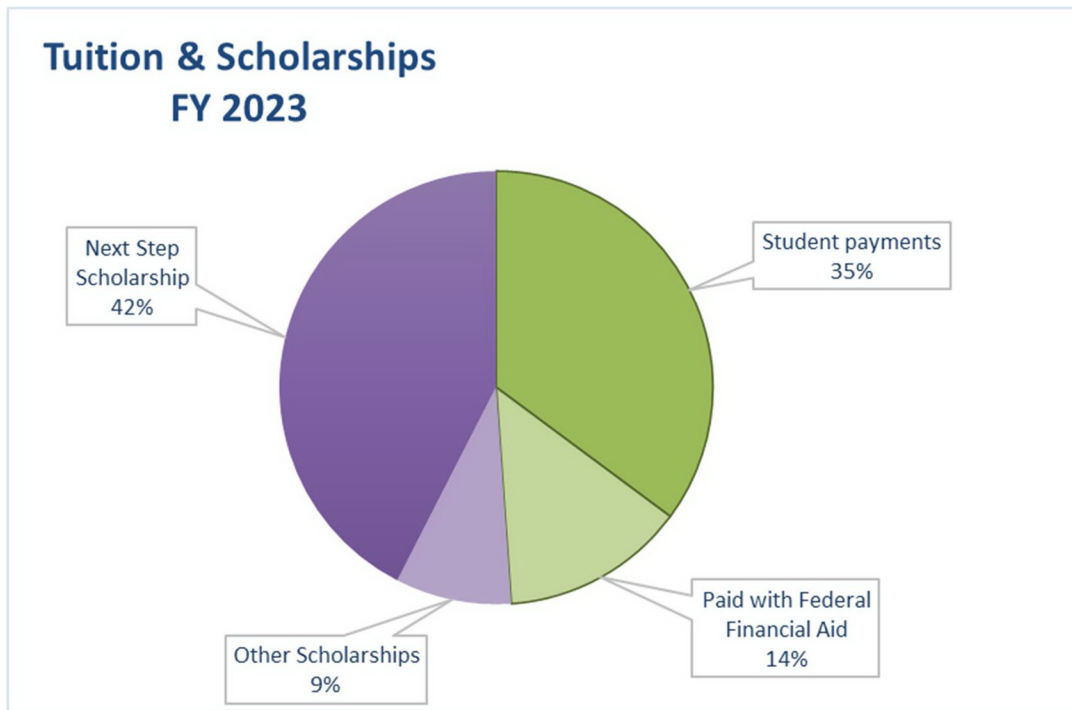
The District measures activity in terms of students served. Important measures of students served include both the number of students enrolled and the number of full-time equivalent (FTE) students. Adult and career development and workforce and economic development classes both have high enrollment in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



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



Adult student tuition is an important revenue source for the District. Equally important is serving the needs of our taxpayers. The District offers financial aid options including Federal PELL grants and several scholarships (tuition waivers) for qualifying adult students. The Next Step Scholarship allows recent high school graduates from our partner schools to attend Francis Tuttle as adults at no cost. More information about these waivers can be found on the District website www.francistuttle.edu.



Financial Statements

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

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

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

Overview of Financial Statements

District-wide Statements

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

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

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

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

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

The district-wide financial statements can be found on pages 21 through 23 of this report.

Fund Financial Statements

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

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

The governmental funds financial statements can be found on pages 24 through 27 of this report.

Francis Tuttle Technology Center School District No. 21
Management's Discussion and Analysis (Unaudited)
June 30, 2023

Financial Analysis of Francis Tuttle as a Whole

The District's total net position was \$152,025,674 at June 30, 2023 and \$140,232,687 at June 30, 2022.

Table 1 - Condensed Statements of Net Position

| | Government Activities | |
|----------------------------------|-----------------------|----------------|
| | 2023 | 2022 |
| Assets | | |
| Current and other assets | \$ 94,198,461 | \$ 84,484,036 |
| Capital assets | 138,644,096 | 141,309,606 |
| Other non-current assets | 227,583 | 662,696 |
| Total assets | 233,070,140 | 226,456,338 |
| Deferred outflows of resources | 11,714,168 | 9,221,123 |
| Liabilities | | |
| Current and other liabilities | 9,473,744 | 6,243,690 |
| Long-term liabilities | 81,148,475 | 67,972,010 |
| Total liabilities | 90,622,219 | 74,215,700 |
| Deferred inflows of resources | 2,136,415 | 18,229,074 |
| Net position | | |
| Net investment in capital assets | 97,373,623 | 97,860,328 |
| Restricted | 51,781,426 | 39,258,801 |
| Unrestricted | 2,870,625 | 3,113,558 |
| Total net position | \$ 152,025,674 | \$ 140,232,687 |

The majority of the District's net position is net investment in capital assets (buildings, land and equipment). The majority of these assets are not available for future spending. The restricted net position includes assets which are limited in use primarily due to statutory restrictions on the building and capital projects fund. The unrestricted net position decreased by 7.5% during FY 2023.

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

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

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

Statement of Activities

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

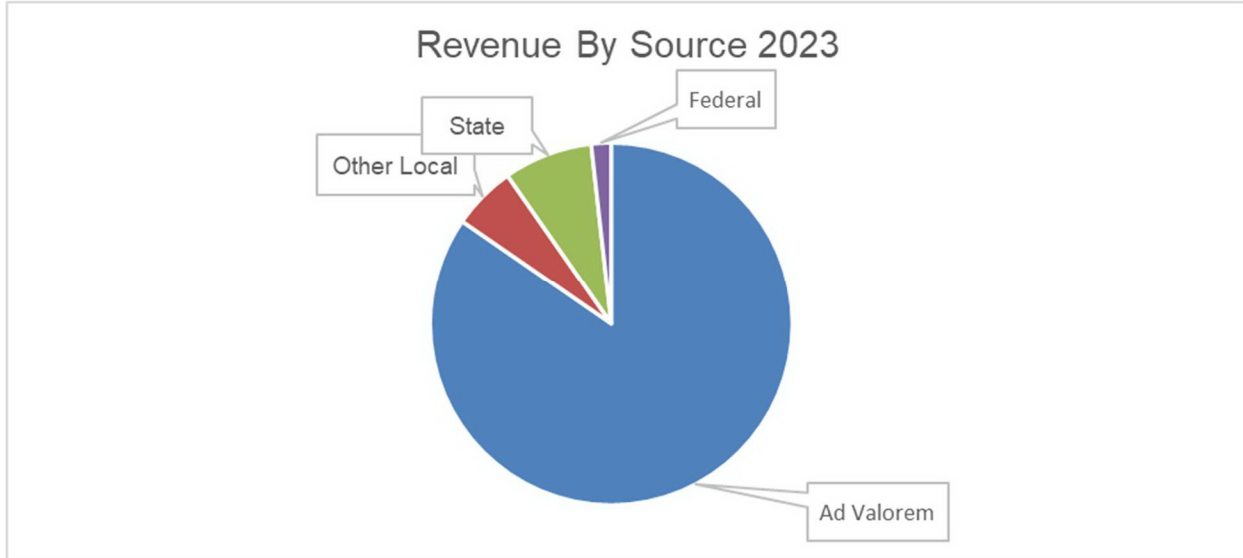
Francis Tuttle Technology Center School District No. 21
Management's Discussion and Analysis (Unaudited)
June 30, 2023

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

Table 2 - Program Revenues and Expenses

| | Government Activities | |
|--------------------------------------|-----------------------|-----------------------|
| | 2023 | 2022 |
| Revenues | | |
| Program revenues | | |
| Charges for services and sales | \$ 2,828,823 | \$ 2,544,857 |
| Operating grants and contributions | 4,870,113 | 9,218,292 |
| General revenue | | |
| Property taxes | 71,633,070 | 67,169,081 |
| State formula funding | 3,732,588 | 3,684,525 |
| Other | 27,741 | - |
| (Loss) earnings on investments | 1,574,199 | (1,246,745) |
| Total revenues | <u>84,666,534</u> | <u>81,370,010</u> |
| Program expenses | | |
| Instruction | 31,130,857 | 29,117,942 |
| Instructional support | 10,961,873 | 10,050,985 |
| Operational support | 26,202,662 | 21,868,859 |
| Non-instructional services | 2,647,443 | 2,464,563 |
| Debt service | 926,557 | 966,724 |
| Student financial aid and other uses | 1,004,155 | 3,108,167 |
| Total expenses | <u>72,873,547</u> | <u>67,577,240</u> |
| Increase in net position | 11,792,987 | 13,792,770 |
| Net position, beginning of year | <u>140,232,687</u> | <u>126,439,917</u> |
| Net position, end of year | <u>\$ 152,025,674</u> | <u>\$ 140,232,687</u> |

Total revenue surpassed expenses, increasing net position \$11,792,987 in FY 2023 and \$13,792,771 in FY 2022.



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

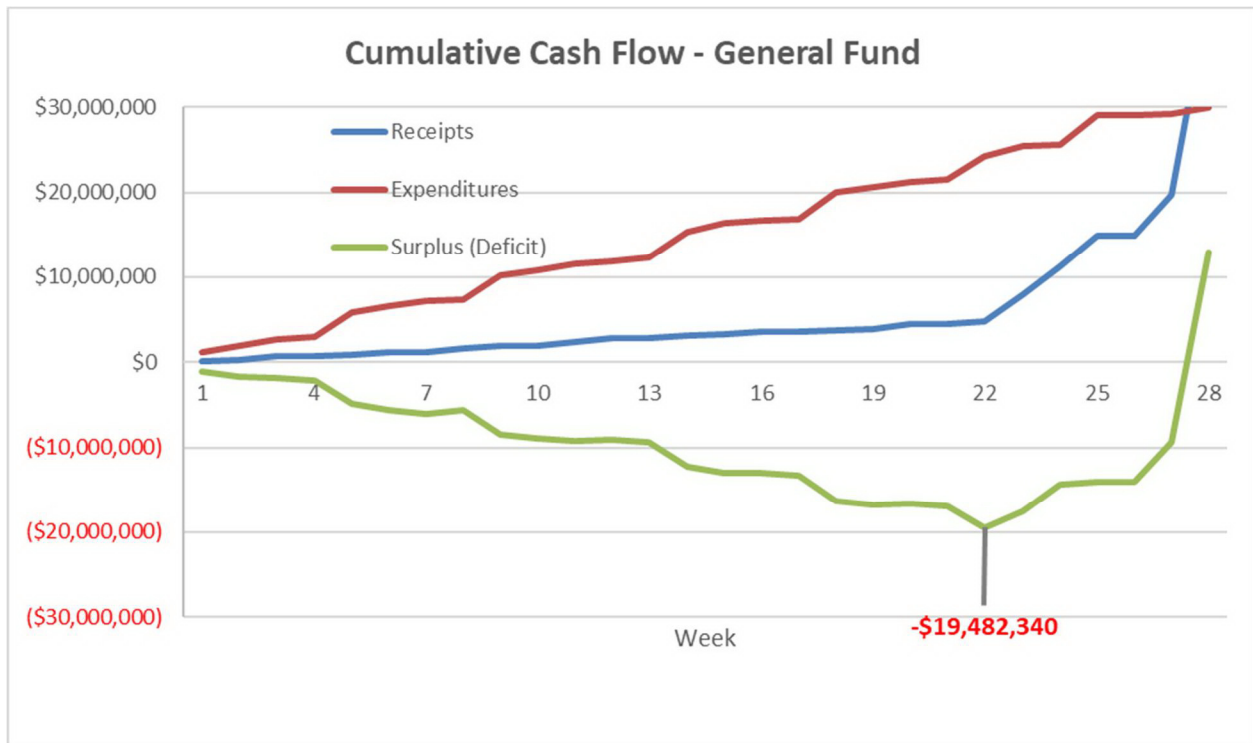
| Functions/Programs | 2023 | | 2022 | |
|--------------------------------------|------------------------|----------------------|------------------------|----------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction | \$ 31,130,857 | \$ 27,779,845 | \$ 29,117,942 | \$ 25,225,250 |
| Instructional support | 10,961,873 | 9,804,328 | 10,050,985 | 9,127,497 |
| Operational support | 26,202,662 | 25,101,999 | 21,868,859 | 18,737,764 |
| Non-instructional services | 2,647,443 | 1,545,611 | 2,464,563 | 1,526,959 |
| Debt service | 926,557 | 926,557 | 966,724 | 966,724 |
| Financial aid and other uses | 1,004,155 | 16,271 | 3,108,167 | 229,897 |
| Total governmental activities | \$ 72,873,547 | \$ 65,174,611 | \$ 67,577,240 | \$ 55,814,091 |

Financial Analysis of the District's Funds

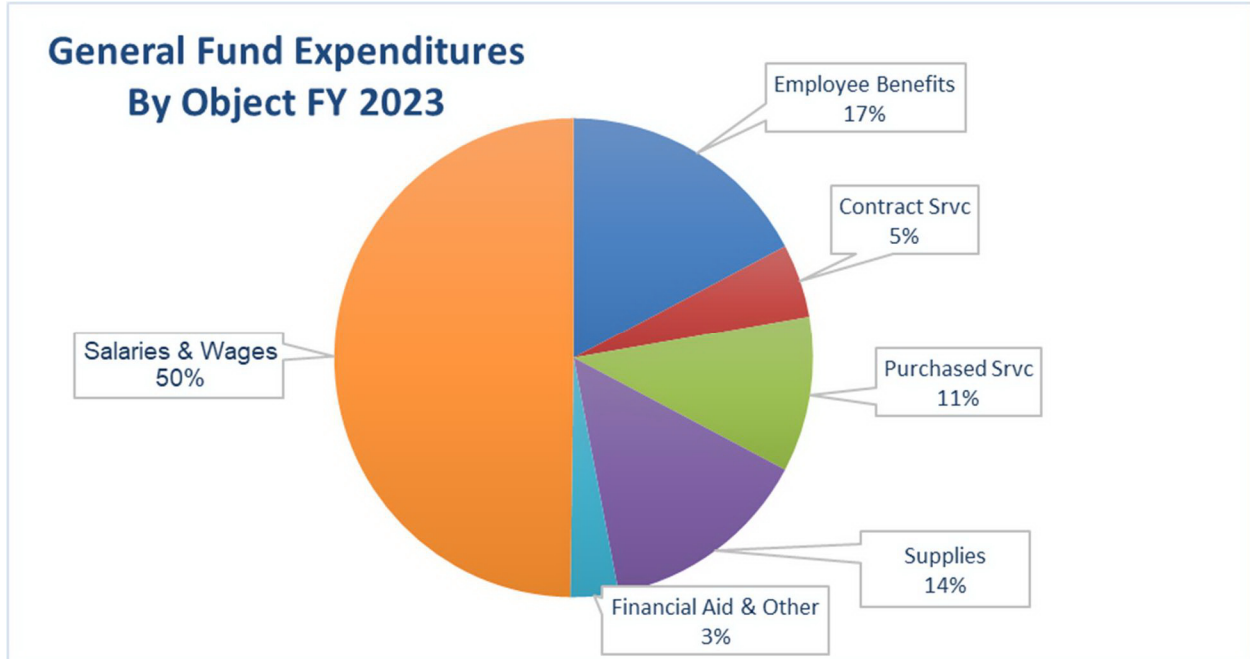
The District's governmental funds reported a total fund balance of \$ 86,218,923 at June 30, 2023 and \$75,639,043 at June 30, 2022. The increase in governmental funds is a result of saving funds in the Building Fund for a future building project.

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

General Fund: The general fund balance is set at a level to fund the cash flow needs of the first half of the fiscal year. Expenditures are generally even throughout the year. Cash receipts lag behind expenditures during the first five months of the fiscal year. The collection of property taxes occurs mainly in December through March. This creates a cash flow deficit during the first part of each fiscal year. During week 22 of the fiscal year, December 1, 2022, the cash flow deficit in the general fund reached its peak of \$19,482,340. The committed fund balance is used to finance this cash flow deficit.



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



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

Insurance Loss Fund: The Board decided to set aside funds to use in the event there is an insured loss with a substantial cost to the District. Such a loss might include property damage from a wind or hail event with a large deductible on the insurance policy.

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

Budgetary Highlights

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

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

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

Budget variances are considered significant if revenues are under budget or expenditures are over budget. During FY 2023, overall revenue collections were in excess of budget and expenditures were less than the budget appropriation.

In order to facilitate building projects that may extend over more than one fiscal year, construction and remodeling may be budgeted for more than is utilized during the year. During FY 2023, more funds were budgeted for the remodel projects than were encumbered.

Capital Asset and Debt Administration

Capital assets: : At June 30, 2023, the District had approximately \$138 million invested in a broad range of capital assets, including land, school buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$2.7 million from June 30, 2022.

Francis Tuttle Technology Center School District No. 21
Management's Discussion and Analysis (Unaudited)
June 30, 2023

Governmental Activities
Capital Assets - Net of Depreciation

| | 2023 | 2022 |
|----------------------------|----------------|----------------|
| Land | \$ 4,094,341 | \$ 4,094,341 |
| Site improvements | 5,256,596 | 5,763,086 |
| Buildings and improvements | 118,229,180 | 122,825,969 |
| Equipment and fixtures | 8,304,103 | 7,479,126 |
| Vehicles | 517,187 | 618,305 |
| Construction in progress | 1,722,364 | 38,091 |
| | \$ 138,123,771 | \$ 140,818,918 |

Right-to-Use Leased Assets - Net of Amortization

| | 2023 | 2022 |
|----------------------------|------------|------------|
| Right-to-use leased assets | \$ 520,325 | \$ 490,688 |

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

Debt administration:

- **Bond obligations:** The District had no outstanding bond obligations as of June 30, 2023 and 2022.
- **Leases:** The District leases space for the Melrose location and has several equipment leases.

The District has the following financing lease:

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

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

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

Factors Bearing on Francis Tuttle Technology Center's Future

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

Contacting the District Financial Management

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



Basic Financial Statements

Francis Tuttle Technology Center School District No. 21
Statement of Net Position
June 30, 2023

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 4,419,829 |
| Investments | 84,779,417 |
| Interest receivable | 328,805 |
| Property taxes receivable, net - current year | 3,491,950 |
| Receivables from other governments | 289,395 |
| Other receivables | 241,694 |
| Other assets | 647,371 |
| Total current assets | 94,198,461 |
| Noncurrent assets | |
| Land and construction in progress | 5,816,705 |
| Capital assets being depreciated, net of accumulated depreciation | 132,307,066 |
| Right to use assets, net of accumulated amortization | 390,771 |
| Right to use subscription IT asset, net of accumulated amortization | 129,554 |
| Net OPEB asset | 227,583 |
| Total noncurrent assets | 138,871,679 |
| Total Assets | 233,070,140 |
| Deferred Outflows | |
| Deferred outflows - pension plan | 11,539,130 |
| Deferred outflows - OPEB | 175,038 |
| Total deferred outflows of resources | 11,714,168 |

Francis Tuttle Technology Center School District No. 21
Statement of Net Position
June 30, 2023

| | Governmental Activities |
|--|----------------------------|
| Liabilities | |
| Current liabilities | |
| Accounts payable | \$ 2,667,404 |
| Salaries and wages payable | 2,753,918 |
| Unearned revenue | 26,340 |
| Accrued interest payable | 299,818 |
| Current portion of long-term liabilities | 3,726,264 |
| Total current liabilities | 9,473,744 |
| Noncurrent liabilities | |
| Compensated absences | 468,043 |
| Lease purchase agreement | 37,889,785 |
| Net pension liability | 42,790,647 |
| Total noncurrent liabilities | 81,148,475 |
| Total liabilities | 90,622,219 |
| Deferred Inflows | |
| Deferred inflows - pension plan | 2,060,657 |
| Deferred inflows - OPEB | 75,758 |
| Total deferred inflows of resources | 2,136,415 |
| Net Position | |
| Net investment in capital assets | 97,373,623 |
| Restricted for: | |
| Capital related costs | 51,210,067 |
| Student activities | 244,496 |
| OPEB | 326,863 |
| Unrestricted | 2,870,625 |
| Total Net Position | \$ 152,025,674 |

Francis Tuttle Technology Center School District No. 21

Statement of Activities
For the Year Ended June 30, 2023

| Functions/programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|--|----------------------|-------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities: | | | | |
| Instruction | \$ 31,130,857 | \$ 1,563,313 | \$ 1,787,699 | \$ (27,779,845) |
| Support services - instructional | 10,961,873 | 145,528 | 1,012,017 | (9,804,328) |
| Support services - operational | 26,202,662 | 18,150 | 1,082,513 | (25,101,999) |
| Operation of non-instruction services | 2,647,443 | 1,101,832 | - | (1,545,611) |
| Debt services | 926,557 | - | - | (926,557) |
| Financial aid and other uses | 1,004,155 | - | 987,884 | (16,271) |
| Total governmental activities | <u>\$ 72,873,547</u> | <u>\$ 2,828,823</u> | <u>\$ 4,870,113</u> | <u>(65,174,611)</u> |
| General revenues: | | | | |
| Taxes | | | | |
| Property taxes, levied for capital related costs | | | | 24,166,135 |
| Property taxes, levied for general purposes | | | | 47,466,935 |
| State aid - formula grants | | | | 3,732,588 |
| Other local revenues | | | | 27,741 |
| Loss on investments | | | | 1,574,199 |
| Total general revenues | | | | <u>76,967,598</u> |
| Change in net position | | | | 11,792,987 |
| Net position, beginning of year | | | | <u>140,232,687</u> |
| Net position, end of year | | | | <u>\$ 152,025,674</u> |

See Notes to Basic Financial Statements

Francis Tuttle Technology Center School District No. 21

Balance Sheet – Governmental Funds

June 30, 2023

| | General Fund | Building Fund | Other Governmental Funds | Total Governmental Totals |
|--|----------------------|----------------------|--------------------------------|---------------------------------|
| Assets | | | | |
| Cash | \$ 580,591 | \$ 3,541,679 | \$ 297,559 | \$ 4,419,829 |
| Investments | 35,371,120 | 48,606,272 | 802,025 | 84,779,417 |
| Interest receivables | 99,259 | 229,546 | - | 328,805 |
| Property taxes receivable, net - current year | 2,406,200 | 1,085,750 | - | 3,491,950 |
| Receivables from other governments | 289,395 | - | - | 289,395 |
| Other receivables, net | 241,694 | - | - | 241,694 |
| Due from other funds | 53,063 | - | - | 53,063 |
| Other assets | 647,371 | - | - | 647,371 |
| Total assets | \$ 39,688,693 | \$ 53,463,247 | \$ 1,099,584 | \$ 94,251,524 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 1,169,713 | \$ 1,497,691 | \$ - | \$ 2,667,404 |
| Salaries and wages payable | 2,753,918 | - | - | 2,753,918 |
| Unearned revenue | 26,340 | - | - | 26,340 |
| Due to other funds | - | - | 53,063 | 53,063 |
| Total liabilities | 3,949,971 | 1,497,691 | 53,063 | 5,500,725 |

Francis Tuttle Technology Center School District No. 21

Balance Sheet – Governmental Funds

June 30, 2023

| | General Fund | Building Fund | Other Governmental Funds | Total Governmental Totals |
|---|----------------------|----------------------|--------------------------------|---------------------------------|
| Deferred inflows of resources | | | | |
| Unavailable revenue - property taxes | 1,743,833 | 755,489 | - | 2,499,322 |
| Unavailable revenue - tuition | 32,554 | - | - | 32,554 |
| Total deferred inflows of resources | <u>1,776,387</u> | <u>755,489</u> | <u>-</u> | <u>2,531,876</u> |
| Fund Balances | | | | |
| Non-spendable | | | | |
| Inventories and prepaid expenses | 647,371 | - | - | 647,371 |
| Restricted for | | | | |
| Capital related costs | - | 51,210,067 | - | 51,210,067 |
| Student activities | - | - | 244,496 | 244,496 |
| Committed for | | | | |
| Fund temporary cash flow deficit | 14,950,000 | - | - | 14,950,000 |
| Compensated leave | 641,624 | - | - | 641,624 |
| Catastrophic losses | - | - | 802,025 | 802,025 |
| Assigned for | | | | |
| Compensated leave | 434,197 | - | - | 434,197 |
| Professional services and supplies | 2,143,304 | - | - | 2,143,304 |
| Unassigned | <u>15,145,839</u> | <u>-</u> | <u>-</u> | <u>15,145,839</u> |
| Fund balances, end of year | <u>33,962,335</u> | <u>51,210,067</u> | <u>1,046,521</u> | <u>86,218,923</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 39,688,693</u> | <u>\$ 53,463,247</u> | <u>\$ 1,099,584</u> | <u>\$ 94,251,524</u> |

Francis Tuttle Technology Center School District No. 21
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
June 30, 2023

| | | |
|---|---------------------|-----------------------|
| Total fund balance - governmental funds | | \$ 86,218,923 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. | | |
| Cost of capital assets | \$ 234,221,301 | |
| Less accumulated depreciation | <u>(96,097,530)</u> | 138,123,771 |
| Right-to-use leased assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. | | |
| Value of right-to-use leased assets | 729,257 | |
| Less accumulated amortization | <u>(338,486)</u> | 390,771 |
| Value of right-to-use subscription assets | 224,561 | |
| Less accumulated amortization | <u>(95,007)</u> | 129,554 |
| Long-term liabilities, including capital leases and subscriptions, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | | |
| Long-term liabilities at year-end consist of: | | |
| Compensated absences | \$ (1,075,821) | |
| Accrued interest payable | (299,818) | |
| Lease and subscription agreements | (557,940) | |
| Lease purchase agreements | (40,450,331) | |
| Net pension liability | <u>(42,790,647)</u> | (85,174,557) |
| Revenues that have been deferred in the governmental funds are recognized as revenues in the government-wide financial statements | | |
| | | 2,531,876 |
| OPEB assets are not current resources for government funds | | |
| | | 227,583 |
| Pension and OPEB related deferred outflows and inflows represent a consumption or acquisition of net position in a future periods, therefore, they are not reported in governmental funds | | |
| Deferred OPEB outflows | \$ 175,038 | |
| Deferred pension plan outflows | 11,539,130 | |
| Deferred OPEB inflows | (75,758) | |
| Deferred pension plan inflows | <u>(2,060,657)</u> | <u>9,577,753</u> |
| Net position of governmental activities | | <u>\$ 152,025,674</u> |

Francis Tuttle Technology Center School District No. 21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2023

| | General Fund | Building Fund | Other Governmental Funds | Totals |
|--|----------------------|----------------------|--------------------------------|----------------------|
| Revenues | | | | |
| Property taxes | \$ 47,465,000 | \$ 24,173,957 | \$ - | \$ 71,638,957 |
| Tuition and fees and other local sources, net of scholarship allowances | 3,013,458 | - | 139,329 | 3,152,787 |
| State revenue | 6,722,825 | - | - | 6,722,825 |
| Federal revenue | 1,504,226 | - | - | 1,504,226 |
| Reimbursements | 137,622 | - | - | 137,622 |
| Earnings (losses) on investments | 900,430 | 664,492 | 16,529 | 1,581,451 |
| Total revenues | 59,743,561 | 24,838,449 | 155,858 | 84,737,868 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 24,743,482 | 3,729,116 | - | 28,472,598 |
| Support services - instructional | 9,489,024 | 414,088 | 138,092 | 10,041,204 |
| Support services - operational | 23,569,990 | 1,733,190 | 6,598 | 25,309,778 |
| Non-instruction services | 2,292,223 | 24,540 | - | 2,316,763 |
| Financial aid and other uses | 1,004,155 | - | - | 1,004,155 |
| Capital outlay | 917,601 | 3,314,347 | - | 4,231,948 |
| Debt service | | | | |
| Principal | - | 1,880,200 | - | 1,880,200 |
| Interest | - | 901,341 | - | 901,341 |
| Total expenditures | 62,016,475 | 11,996,822 | 144,690 | 74,157,987 |
| Excess (deficiency) of revenues over expenditures | (2,272,914) | 12,841,627 | 11,168 | 10,579,881 |
| Other Financing Sources (Uses) | | | | |
| Transfer to another fund | (800,000) | - | 800,000 | - |
| Total Other Financing Sources (Uses) | (800,000) | - | 800,000 | - |
| Net Change in Fund Balance | (3,072,914) | 12,841,627 | 811,168 | 10,579,881 |
| Beginning fund balance | 37,035,249 | 38,368,440 | 235,353 | 75,639,042 |
| Ending fund balance | \$ 33,962,335 | \$ 51,210,067 | \$ 1,046,521 | \$ 86,218,923 |

Francis Tuttle Technology Center School District No. 21
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2023

| | | |
|---|------------------|----------------------|
| Net change in fund balances total governmental funds | | \$ 10,579,881 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| <p>Capital outlays to purchase or build capital assets are reported in government a fund as expenditures. However, for governmental activities, those costs are shown in the statement of net position and are allocate dover their estimated useful lives as annual depreciation expenses in the statement of activities</p> | | |
| Capital outlay expenditures | \$ 5,505,770 | |
| Depreciation expense | (8,098,149) | |
| Retirements and adjustments | <u>(102,768)</u> | (2,695,147) |
| <p>Outlays to lease right-to-use assets are reported in a government fund as expenditures. However, for governmental activities, those costs are shown in the statement of net position and are allocated over their useful lives as annual amortization expenses in the statement of activites</p> | | |
| Operating expenditures | 256,233 | |
| Interest expense | (43,786) | |
| Amortization expense | <u>(239,737)</u> | (27,290) |
| <p>Revenue that have been deferred in the governmental funds but are recognized as revenue in the government wide statements</p> | | |
| | | (70,280) |
| <p>Repayment of principal on lease purchase agreements is an expenditure in government funds, but it reduces long-term liabilities in the statement of net position</p> | | |
| | | 1,880,200 |
| <p>Interest on lease purchase agreements is recorded as an expenditure in government funds when paid, but interest expense in the statement of activities is accrued when incurred, regardless of when it is paid</p> | | |
| | | 12,649 |
| <p>Compensated absences payable do not require the use of current financial resources, and are therefore not reported as expenditures in governmental funds</p> | | |
| | | 172,362 |
| <p>Pension expense net of state on-behalf payments of \$2,294,800 does not require current financial resources therefore, is not reported as expenditures in governmental funds.</p> | | |
| | | 1,953,757 |
| <p>Net other postemployment benefit expense offset</p> | | |
| | | <u>(13,145)</u> |
| Changes in net position of governmental activities | | <u>\$ 11,792,987</u> |

Note 1 - Summary of Significant Accounting Policies

Reporting entity - Francis Tuttle Technology Center School District No. 21, (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Career and Technology Education.

The governing body of the District is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District.

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

- *Building Fund* – The Building Fund consists primarily of monies derived from property taxes levied for the specific purposes as defined by Oklahoma Statutes. The allowable purposes include; erecting or maintaining school buildings; purchasing furniture, equipment, computer software and telecommunications services, energy and utility costs, fire and casualty insurance premiums and student transportation.
- *Student Activity Fund* – The Activity Fund is used to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.
- *Insurance Loss Fund* – The Insurance Loss Fund is used to account for funds set aside by the Board of Education to be used to cover the district’s share of catastrophic losses, such as the deductible for a wind or hailstorm damage.

Measurement focus and basis of accounting

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

Budgets and Budgetary Accounting

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

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

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

Assets, liabilities, deferred inflows/outflows of resources and net position/fund balances

Cash and cash equivalents: Cash consists of cash on hand, demand deposit accounts, interest bearing checking accounts, less outstanding checks. The District considers highly liquid investments with original maturity of three months or less when purchased to be cash equivalents. As of June 30, 2023, the District's cash equivalents consist of insured cash sweep accounts.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

| | |
|------------------------------------|---------------|
| Building and building improvements | 20 - 50 years |
| Equipment and fixtures | 4 -15 years |
| Vehicles | 8 years |

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Lease Liabilities: Lease Liabilities represent the District's obligation to make lease payments. Lease liabilities are recognized at the commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the District.

Note 1 – Summary of Significant Accounting Policies (Continued)

Subscription Liabilities: Subscription Liabilities represent the District's obligation to make subscription payments arising from a subscription contract. Subscription liabilities are recognized at the commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the District.

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

- *Nonspendable fund balance*: The nonspendable fund balance classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories and prepaid amounts.
- *Restricted fund balance*: The restricted fund balance classification should be reported when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

District policy requires payment to retiring or terminating employees for annual leave bank and conditional sick leave. The District commits a portion of fund balance for this purpose. The Board has committed the Insurance Loss Fund to be used to cover the district's share of catastrophic losses, such as the deductible for a wind or hailstorm damage.

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)**Revenue and expenditures**

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

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

Scholarship waivers: Student tuition revenue are reported net of scholarship waivers in the statements of revenues, expenses, and changes in fund balance. Scholarship waivers are awarded by the financial aid department based upon criteria set by the Board of Education. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and other student charges, the District has recorded a scholarship waiver. Scholarship waivers totaled \$696,929 during the year ended June 30, 2023.

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

Implementation of GASB Statement No. 96: As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and a corresponding liability. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard the District's recognized a right to use subscription asset net of amortization of \$179,493 and subscription liability and \$179,493 as of July 1, 2022, respectively. As a result, there was no adjustment to the beginning net position. The additional disclosures required by this standard are included in Notes 4 and 6.

Note 2 - Cash, Cash Equivalents and Investments

Custodial credit risk – deposits - Custodial credit risk is the risk that in the event of failure of a counterparty, the District will not be able to recover its deposits. Deposits are exposed to credit risk if they are uninsured or uncollateralized. The District's policy requires that all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2023, all of the District's deposits were federally insured by the federal deposit insurance corporation (FDIC) or the national credit union administration (NCUA) or collateralized.

Custodial credit risk – investments - For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2023, all of the District's investments were either federally insured by FDIC or NCUA or are invested in federal securities. Further, all of the District's investments are held by its agent in the District's name. Accordingly, no investments are subject to custodial credit risk.

The District's investments consist of U.S. agency and instrumentality bonds, State of Oklahoma bonds and certificates of deposit, money market mutual funds, repurchase agreements, and qualified investment pools. The District's investment policies are governed by state statute. The majority of the District's investments are carried at fair value. The District's investments in non-negotiable certificates of deposit, money market accounts, and an external investment pool are recorded at amortized cost.

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

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

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

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

As of June 30, 2023, the District's investments had the following maturities:

| Category | % of Portfolio | Investment Maturities in Years | | Total Fair Value |
|------------------------------------|----------------|--------------------------------|---------------|------------------|
| | | < 1 | 1 - 5 | |
| Mutual Funds | 0.0% | \$ 834 | \$ - | \$ 834 |
| Negotiable certificates of deposit | 6.8% | 1,201,375 | 3,680,020 | 4,881,395 |
| US government agencies | | | | |
| FFCB | 17.9% | 493,450 | 12,328,834 | 12,822,284 |
| FHLB | 26.5% | 6,401,872 | 12,622,780 | 19,024,652 |
| FHLMC | 9.5% | 491,850 | 6,324,658 | 6,816,508 |
| FNMA | 0.6% | - | 431,728 | 431,728 |
| US Treasury bills | 20.7% | 14,872,985 | - | 14,872,985 |
| US Treasury notes | 17.9% | 12,850,609 | - | 12,850,609 |
| | 100% | \$ 36,312,975 | \$ 35,388,020 | \$ 71,700,995 |

Non-negotiable certificates of deposit of \$6,470,000, recorded at amortized cost, have maturity dates of less than one year, and \$455,000 with maturities between one to three years as of June 30, 2023. The District's investment an external investment pool, recorded at amortized cost, allows the District to withdraw funds on a daily basis.

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

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

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

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

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

Level 3: Significant unobservable inputs

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

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

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

| Category | Fair Value Measurements Using | | | Total Fair Value |
|--|-------------------------------|----------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | |
| Mutual funds | \$ - | \$ 834 | \$ - | \$ 834 |
| Negotiable certificates of deposit | - | 4,881,395 | - | 4,881,395 |
| US government agencies | | | | |
| FFCB | - | 12,822,284 | - | 12,822,284 |
| FHLB | - | 19,024,652 | - | 19,024,652 |
| FHLMC | - | 6,816,508 | - | 6,816,508 |
| FNMA | - | 431,728 | - | 431,728 |
| US Treasury bills | 14,872,985 | | | 14,872,985 |
| US Treasury notes | 12,850,609 | - | - | 12,850,609 |
| | <u>\$ 27,723,594</u> | <u>\$ 43,977,401</u> | <u>\$ -</u> | <u>\$ 71,700,995</u> |
| Cash/investments reported at amortized cost: | | | | |
| | | | | 6,925,000 |
| | | | | 6,154,256 |
| | | | | 3,050,249 |
| | | | | 1,368,746 |
| | | | | <u>1,368,746</u> |
| | | | | <u>\$ 89,199,246</u> |

Note 3 - Receivables (Net of Allowance for Uncollectibles)

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

| | Governmental Funds | | |
|------------------------------------|---------------------|---------------------|---------------------|
| | General Fund | Building Fund | Total |
| Interest receivable | \$ 99,259 | \$ 229,546 | \$ 328,805 |
| Property taxes | 3,618,200 | 1,621,750 | 5,239,950 |
| Receivables from other governments | 289,395 | - | 289,395 |
| Other | 773,494 | - | 773,494 |
| | <u>4,780,348</u> | <u>1,851,296</u> | <u>6,631,644</u> |
| Total gross receivables | | | |
| Less allowance | <u>(1,743,800)</u> | <u>(536,000)</u> | <u>(2,279,800)</u> |
| Net receivables | <u>\$ 3,036,548</u> | <u>\$ 1,315,296</u> | <u>\$ 4,351,844</u> |

At June 30, 2023, approximately \$2.5 million of current property taxes, tuition, and federal grant receivables were considered to be unavailable and were recorded as deferred inflows of resources in the governmental fund statements.

Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

| | Beginning Balance | Increases | Transfers | Decreases | Ending Balance |
|---|-----------------------|-----------------------|------------------|---------------------|-----------------------|
| Governmental activities | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 4,094,341 | \$ - | \$ - | \$ - | \$ 4,094,341 |
| Construction in progress | 38,091 | 2,543,848 | (859,575) | - | 1,722,364 |
| Total capital assets, not being depreciated | <u>4,132,432</u> | <u>2,543,848</u> | <u>(859,575)</u> | <u>-</u> | <u>5,816,705</u> |
| Capital assets, being depreciated | | | | | |
| Site improvements | 13,180,481 | 106,698 | - | - | 13,287,179 |
| Building and improvements | 186,180,110 | 290,903 | 859,575 | (306,017) | 187,024,571 |
| Equipment and fixtures | 24,471,549 | 2,451,968 | 20,600 | (643,244) | 26,300,873 |
| Vehicles | 1,916,550 | 112,353 | (20,600) | (216,330) | 1,791,973 |
| Total capital assets, being depreciated | <u>225,748,690</u> | <u>2,961,922</u> | <u>859,575</u> | <u>(1,165,591)</u> | <u>228,404,596</u> |
| Less accumulated depreciation | | | | | |
| Site improvements | (7,417,395) | (613,188) | - | - | (8,030,583) |
| Building and improvements | (63,354,141) | (5,666,938) | - | 225,688 | (68,795,391) |
| Equipment and fixtures | (16,992,423) | (1,645,752) | 20,600 | 620,805 | (17,996,770) |
| Vehicles | (1,298,245) | (172,271) | (20,600) | 216,330 | (1,274,786) |
| Total accumulated depreciation | <u>(89,062,204)</u> | <u>(8,098,149)</u> | <u>-</u> | <u>1,062,823</u> | <u>(96,097,530)</u> |
| Governmental activities capital assets, net | <u>\$ 140,818,918</u> | <u>\$ (2,592,379)</u> | <u>\$ -</u> | <u>\$ (102,768)</u> | <u>\$ 138,123,771</u> |

Right-to-use assets for the year ended June 30, 2023, was as follows:

| | Beginning Balance | Increases | Transfers | Decreases | Ending Balance |
|--|----------------------|---------------------|-------------|-------------|-------------------|
| Right to use assets, being amortized: | | | | | |
| Leased space | \$ 243,764 | \$ - | \$ - | \$ - | \$ 243,764 |
| Leased equipment | 395,612 | 89,881 | - | - | 485,493 |
| Software-based technology agreement | 224,561 | - | - | - | 224,561 |
| Total right to use assets, being amortized | <u>863,937</u> | <u>89,881</u> | <u>-</u> | <u>-</u> | <u>953,818</u> |
| Less accumulated amortization for: | | | | | |
| Leased space | (60,941) | (60,942) | - | - | (121,883) |
| Leased equipment | (87,747) | (128,856) | - | - | (216,603) |
| Software-based technology agreement | (45,068) | (49,939) | - | - | (95,007) |
| Total accumulated amortization | <u>(193,756)</u> | <u>(239,737)</u> | <u>-</u> | <u>-</u> | <u>(433,493)</u> |
| Governmental activities right to use assets, net | <u>\$ 670,181</u> | <u>\$ (149,856)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 520,325</u> |

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

Note 4 – Capital Assets (Continued)

Depreciation expense for the year ended June 30, 2023, was charged to functions/programs of the District as follows:

| | |
|---|--------------|
| Governmental activities | |
| Instruction | 3,602,355 |
| Support services - instructional | 1,214,722 |
| Support services - operational | 3,196,883 |
| Operation of non-instruction services | 323,926 |
| Total depreciation and amortization expense | \$ 8,337,886 |

Note 5 - Interfund Receivables and Payables

On June 30, 2023, the student activity fund had a balance due to the general fund of \$53,063. This is shown as due from other funds on the general fund balance sheet and as due to general fund in the other governmental funds balance sheet.

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

Note 6 - Long-Term Liabilities

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

General long-term debt of the District normally would consist of building bonds payable. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund. The District had no outstanding bonds as of June 30, 2023.

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

Note 6 – Long-Term Liabilities (Continued)

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due Within One Year |
|--|----------------------|------------|----------------|-------------------|----------------------------------|
| Compensated absences | | | | | |
| Annual leave | \$ 546,413 | \$ 737,524 | \$ (776,159) | \$ 507,778 | \$ 507,778 |
| Contingent leave | 701,770 | 89,379 | (223,106) | 568,043 | 100,000 |
| | 1,248,183 | 826,903 | (999,265) | 1,075,821 | 607,778 |
| Space and equipment leases | 500,421 | 89,881 | (171,026) | 419,276 | 203,946 |
| Software-based technology agreement | 179,493 | - | (40,829) | 138,664 | 45,456 |
| Lease purchase agreements | | | | | |
| OCFA - RCB Bank Series 2019 | 22,880,000 | - | (850,000) | 22,030,000 | 1,475,000 |
| OCFA - RCB Bank Series 2020 | 19,450,531 | - | (1,030,200) | 18,420,331 | 1,394,084 |
| Total long-term liabilities | \$ 44,258,628 | \$ 916,784 | \$ (3,091,320) | | \$ 3,726,264 |
| Net pension liability | | | | 42,790,647 | |
| Total governmental activity long-term liabilities | | | | \$ 84,874,739 | |

Space and Equipment Leases:

The District entered an agreement to lease office space beginning July 2016. The term of the lease, including all optional renewal periods, is nine years. The lease terminates July 2025. Under the terms of the lease, the District pays a monthly base fee of \$5,706, increasing 5.0% every three years on the anniversary of the agreement. The District also pays a pro rata share of operating expenses and property taxes, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$10,534 during the year towards those variable costs. The District has an option to renew the lease each year with written notice 90 days prior to the renewal date, which the District believes it will exercise with reasonable certainty. If the lease is not renewed, it automatically terminates.

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

Note 6 – Long-Term Liabilities (Continued)

The District leases space in a commercial building (see terms above) along with certain equipment. At June 30, 2023, the District has recognized a right to use asset of \$729,257 and a lease liability of \$419,276 related to these agreements. During the fiscal year, the District recorded \$189,797 in amortization expense and \$45,680 in interest expense for the right to use the office space. The lease terms vary from 3 to 9 years with weighted average remaining lease term of 2.2 years. The discount rates range from 8-10% with a weighted average discount rate of 8.5%, based on the length of the lease, and market conditions at the time of inception.

Remaining obligations associated with these leases are as follows:

| Fiscal year Ended June 30 | Principal | Interest |
|---------------------------|------------|-----------|
| 2024 | \$ 203,946 | \$ 27,602 |
| 2025 | 160,640 | 10,994 |
| 2026 | 54,690 | 2,138 |
| 2027 | - | - |
| Total | \$ 419,276 | \$ 40,734 |

Subscription-Based Information Technology Arrangements (SBITAs)

The District has a SBITA contracts for forms management software. The District is required to make principal and interest payments through July 2025. The subscription liability was valued using discount rates between 5%.

Note 7 - Lease Purchase Agreements

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

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

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

The lease payments will be as follows:

| <u>Year Ended June 30,</u> | <u>OCFA - RCB 2019 Issue</u> | <u>OCFA - RCB 2020 Issue</u> | <u>Total</u> |
|------------------------------------|----------------------------------|----------------------------------|----------------------|
| 2023-24 | \$ 1,967,228 | \$ 1,717,900 | \$ 3,685,128 |
| 2024-25 | 2,403,525 | 1,785,800 | 4,189,325 |
| 2025-26 | 2,359,456 | 1,785,800 | 4,145,256 |
| 2026-27 | 2,315,385 | 1,785,800 | 4,101,185 |
| 2027-28 | 2,271,315 | 1,785,800 | 4,057,115 |
| Thereafter | <u>13,769,345</u> | <u>11,609,163</u> | <u>25,378,508</u> |
| Total obligation | 25,086,254 | 20,470,263 | \$45,556,517 |
| Less amounts representing interest | <u>(3,056,254)</u> | <u>(2,049,932)</u> | <u>(5,106,186)</u> |
| Lease purchase payable | <u>\$ 22,030,000</u> | <u>\$ 18,420,331</u> | <u>\$ 40,450,331</u> |
| Current portion of lease payable | <u>\$ 1,475,000</u> | <u>\$ 1,394,084</u> | <u>\$ 2,869,084</u> |

The gross amount of buildings and construction in process acquired under the OCFA capital leases at June 30, 2023 was \$44,469,367.

Note 8 - Employee Retirement System

Oklahoma Teachers Retirement System:

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

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

Note 8 – Employee Retirement System (Continued)

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five or seven years (depending on hire date) of credited Oklahoma service.
- Members are eligible to retire at maximum benefits when who joined OTRS by June 30, 1992, are age and years of creditable service total 80. Members joining OTRS after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service.
- The maximum retirement benefit is equal to 2% of final compensation for each year of credited service. Monthly benefits are 1/12 of this amount.
- Final compensation for members who joined OTRS prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992, is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995, to \$40,000 or \$25,000, depending on the member's election. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the joint survivor benefit option.
- Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

Note 8 – Employee Retirement System (Continued)

- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code section 403(b).

Contributions: The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The District's contribution rate is 9.5% for active employees. In addition, the District is required to match the State of Oklahoma's contribution rate on salaries that are paid with federal funds. The District's contributions to OTRS in 2023 were \$2,878,767 equal to the required contributions. The District's matching contributions to OTRS in 2023 was \$24,767.

Employees are required to contribute 7% of their annual compensation, which the District pays on behalf of participating employees as allowed by statute. The District made contributions on behalf of its' participating employees in 2023 totaling \$2,062,213.

The State of Oklahoma makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service and ranges from \$60.15 per year for -0- years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2023, the State of Oklahoma paid \$148,967 on behalf of teachers employed at the District. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the government-wide and fund financial statements.

The State of Oklahoma is also required to contribute to the system on behalf of the participating employers. For 2022, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual income taxes, to the system on behalf of participating employers. The District has estimated the amounts contributed to the system by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2023, the total amount contributed to the system by the State of Oklahoma on behalf of the District was approximately \$2.3 million. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the fund financial statements. In the government-wide statement of activities, revenue is recognized for the State's on-behalf contributions on an accrual basis of approximately \$2.2 million.

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

Note 8 – Employee Retirement System (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2023, the District reported a liability of \$42,790,647 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2022. Based upon this information, the District's proportion was 0.5212%. The change in proportion from the June 30, 2021, measurement date was an increase of 0.0009%.

For the year ended June 30, 2023, the District recognized pension expense of \$3,013,661. At June 30, 2023, 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 | \$ 1,370,815 | \$ 535,266 |
| Changes of assumptions | 2,887,158 | - |
| Net difference between project and actual earnings on pension plan investments | 4,073,678 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | <u>303,945</u> | <u>1,525,391</u> |
| Total deferred amounts to be recognized in pension expense in future periods | 8,635,596 | 2,060,657 |
| District contributions subsequent to the measurement date | <u>2,903,534</u> | <u>-</u> |
| Total deferred amounts related to pension | <u>\$ 11,539,130</u> | <u>\$ 2,060,657</u> |

Note 8 – Employee Retirement System (Continued)

Deferred pension outflows totaling approximately \$2.9 million resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Net deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years as of the beginning of each measurement period. Other deferred inflows and outflows are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <u>Year ended June 30,</u> | | |
|----------------------------|-----------|------------------|
| 2024 | \$ | 1,813,701 |
| 2025 | | 1,634,879 |
| 2026 | | (571,843) |
| 2027 | | 3,680,790 |
| 2028 | | <u>17,412</u> |
| | <u>\$</u> | <u>6,574,939</u> |

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions:

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

Note 8 – Employee Retirement System (Continued)

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, 2022, are summarized in the following table:

| Asset Class | Allocation | Real Rate of Return |
|----------------------|------------|---------------------|
| Domestic equity | 38.30% | 4.90% |
| International equity | 16.70% | 5.50% |
| Fixed income | 22.00% | 1.30% |
| Real estate** | 10.00% | 3.50% |
| Alternative assets | 13.00% | 6.10% |
| | 100% | |

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

Discount rate: The single discount rate was based solely on the expected rate of return on pension plan investments of 7.0%. Based on the stated assumptions and the projection of cash flows, OTRS' fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 – Employee Retirement System (Continued)

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

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|----------------------------------|-----------------------|---------------------------------|-----------------------|
| District's net pension liability | \$ 60,249,487 | \$ 42,790,647 | \$ 28,437,431 |

Note 9 - Other Post-Employment Benefits (OPEB)

Oklahoma Teachers Retirement System:

In addition to the retirement Plan described in Note 8, the District participates in the state-administered Supplemental Health Insurance Program (OPEB plan) within Teachers’ Retirement System of Oklahoma (the OPEB system), which is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Teacher Retirement System (OTRS).

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

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

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

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

OPEB liabilities (assets), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2023, the District reported a Net OPEB asset of \$227,583 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB asset was based on the District's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2021. Based upon this information, the District's proportion was 0.52%.

For the year ended June 30, 2023, the District recognized OPEB benefit expense (credit) of \$13,145. At June 30, 2023, 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 |
|--|--------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ - | \$ 75,758 |
| Changes of assumptions | 68,629 | - |
| Net difference between project and actual earnings on pension plan investments | 95,156 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | <u>11,253</u> | <u>-</u> |
| Total deferred amounts to be recognized in pension expense in future periods | 175,038 | 75,758 |
| District contributions subsequent to the measurement date | <u>-</u> | <u>-</u> |
| Total deferred amounts related to pension | <u>\$ 175,038</u> | <u>\$ 75,758</u> |

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

The \$0 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year ended June 30,</u> | |
|----------------------------|------------------|
| 2024 | \$ 13,565 |
| 2025 | 11,260 |
| 2026 | (12,696) |
| 2027 | 90,034 |
| 2028 | (2,546) |
| Thereafter | (337) |
| | <u>\$ 99,280</u> |

Actuarial assumptions: The total OPEB liability (asset) was determined based on an actuarial valuation prepared as of June 30, 2022, using the following actuarial assumptions:

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

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

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

| Asset Class | Target Allocation | Long-Term expected Real Rate of Return |
|----------------------|----------------------|--|
| Domestic equity | 38.3% | 4.9% |
| International equity | 16.7% | 5.5% |
| Fixed income | 22.0% | 1.3% |
| Real estate** | 10.0% | 3.5% |
| Alternative assets | 13.0% | 6.1% |
| | <u>100.0%</u> | |

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

Discount rate: A single discount rate of 7.00% was used to measure the total OPEB liability as of June 30, 2022. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.00% for the plan year ending June 30, 2022. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|----------------------------------|-----------------------|---------------------------------|-----------------------|
| District's net pension liability | \$ 9,482 | \$ (227,583) | \$ (428,326) |

Note 10 - Employer Funded 403(b) Plan

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

The District makes employer funded contributions to the 403(b) Plan for the senior management team. The amount of the employer contribution is set by the Board each year as a part of the compensation package and is documented in the employment contracts for the senior management team. The District contributed \$135,450 to the 403(b) Plan during FY 2023.

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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

Note 12 - Commitments and Contingencies

Federal awards: During the year ended June 30, 2022, the District expended approximately \$4.6 million of Federal awards. Title 2 U.S. Office *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards. Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

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

Commitments: The District encumbers funds prior to ordering goods or services. At June 30, 2023, the District has encumbered funds (less encumbrances that lapsed after year-end) that total \$2,143,304 in the General Fund, and \$4,346,796 in the Building Fund for goods or services not yet delivered. The encumbrances in the building fund and capital projects fund are primarily commitments for on-going construction projects and for equipment that has been ordered but not delivered.



Required Supplementary Information
June 30, 2023

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

Francis Tuttle Technology Center School District No. 21
 Budgetary Comparison Schedule – General Fund (Unaudited)
 For the Year Ended June 30, 2023

| | Budget | | Actual | Variance with Final Final Budget |
|---|------------------------|------------------------|----------------------|-------------------------------------|
| | Original | Final | | |
| Revenues Collected | | | | |
| Property taxes | \$ 44,645,000 | \$ 46,545,000 | \$ 47,200,807 | \$ 655,807 |
| Tuition, fees and other local sources | 2,158,000 | 2,158,000 | 3,095,346 | 937,346 |
| State sources | 4,254,000 | 4,454,000 | 4,451,289 | (2,711) |
| Federal sources | 1,873,000 | 1,973,000 | 1,412,895 | (560,105) |
| Interest earnings | 90,000 | 80,000 | 601,888 | 521,888 |
| Non-revenue receipts | 65,000 | 65,000 | 138,862 | 73,862 |
| Total revenues collected | 53,085,000 | 55,275,000 | 56,901,087 | 1,626,087 |
| Expenditures | | | | |
| Instruction | 25,419,415 | 27,303,252 | 24,556,326 | (2,746,926) |
| Support services - instructional | 9,855,619 | 10,668,516 | 9,270,857 | (1,397,659) |
| Support services - operational | 22,201,844 | 26,898,728 | 24,559,927 | (2,338,801) |
| Operation of non-instructional services | 2,698,012 | 2,980,102 | 2,368,986 | (611,116) |
| Site improvements | 2,208,025 | 2,044,500 | 1,139,437 | (905,063) |
| Building Improvements | - | 1,425,425 | 1,064,518 | (360,907) |
| Other outlays | 66,949 | 171,949 | 869,888 | 697,939 |
| Financial aid and other uses | 1,520,000 | 1,718,000 | 1,131,422 | (586,578) |
| Total expenditures | 63,969,864 | 73,210,472 | 64,961,361 | (8,249,111) |
| Excess (deficiency of revenues over expenditures) | (10,884,864) | (17,935,472) | (8,060,274) | 9,875,198 |
| Other financing sources (uses) | | | | |
| Lapsed appropriations | - | - | 2,438,249 | - |
| Net change in fund balance | \$ (10,884,864) | \$ (17,935,472) | (5,622,025) | \$ 9,875,198 |
| Fund balance, beginning of year | | | 34,701,666 | |
| Fund balance, end of year | | | <u>\$ 29,079,641</u> | |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Unrealized gain (loss) on investments | | | (461,966) | |
| Inventories and prepaid expense | | | 947,372 | |
| Revenue accrual net of portion recorded in budgetary statements and net of portion in fund statements | | | 1,289,155 | |
| Unearned revenues | | | (26,340) | |
| Reduce encumbrances to accounts payable | | | <u>3,134,473</u> | |
| Fund balance end of year GAAP basis | | | <u>\$ 33,962,335</u> | |

Francis Tuttle Technology Center School District No. 21
 Budgetary Comparison Schedule – Building Fund (Unaudited)
 For the Year Ended June 30, 2023

| | Budget | | Actual | Variance with Final Budget |
|--|-------------------|-----------------------|----------------------|----------------------------------|
| | Original | Final | | |
| Revenues Collected | | | | |
| Property taxes | \$ 22,575,000 | \$ 23,675,000 | \$ 24,043,982 | \$ 368,982 |
| Other local sources | 75,000 | 75,000 | 669,890 | 594,890 |
| Total revenues collected | <u>22,650,000</u> | <u>23,750,000</u> | <u>24,713,872</u> | <u>963,872</u> |
| Expenditures | | | | |
| Instruction | 3,699,470 | 5,184,370 | 4,935,791 | (248,579) |
| Support services | 2,543,925 | 3,408,395 | 2,849,467 | (558,928) |
| Operation of non-instructional services | 15,750 | 33,000 | 24,540 | (8,460) |
| Facilities acquisition and construction services | 12,797,650 | 15,417,650 | 6,049,891 | (9,367,759) |
| Debt service | 2,781,816 | 2,781,816 | 2,781,752 | (64) |
| Other outlays | 2,000 | 2,000 | 616 | (1,384) |
| Total expenditures | <u>21,840,611</u> | <u>26,827,231</u> | <u>16,642,057</u> | <u>(10,185,174)</u> |
| Excess (deficiency of revenues over expenditures | 809,389 | (3,077,231) | 8,071,815 | 11,149,046 |
| Other financing sources (uses) | | | | |
| Lapsed appropriations | - | - | 4,020,460 | - |
| Net change in fund balance | <u>\$ 809,389</u> | <u>\$ (3,077,231)</u> | <u>\$ 12,092,275</u> | <u>\$ 11,149,046</u> |
| Statutory fund balance, beginning of year | | | <u>34,858,871</u> | |
| Statutory fund balance, end of year | | | <u>\$ 46,951,146</u> | |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Unrealized gain (loss) on investments | | | (947,736) | |
| Revenue accrual net of portion recorded in fund statements | | | 520,934 | |
| Reduce encumbrances to accounts payable | | | <u>4,685,723</u> | |
| Fund balance end of year GAAP basis | | | <u>\$ 51,210,067</u> | |

Francis Tuttle Technology Center School District No. 21
Schedule of the District's Proportionate Share of the Net Pension Liability (Unaudited)
June 30, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Measurement date | July 1, 2022 | July 1, 2021 | July 1, 2020 | July 1, 2019 | July 1, 2018 | July 1, 2017 | July 1, 2016 | July 1, 2015 | July 1, 2014 |
| District's proportion of the net pension liability | 0.5210% | 0.5203% | 0.5148% | 0.5372% | 0.5747% | 0.6164% | 0.6086% | 0.5809% | 0.5644% |
| District's proportionate share of the net pension liability | \$ 42,790,647 | \$ 26,580,668 | \$ 48,853,837 | \$ 35,555,974 | \$ 34,735,947 | \$ 40,813,383 | \$ 50,794,415 | \$ 35,273,971 | \$ 30,363,204 |
| District's covered payroll | \$ 29,956,700 | \$ 27,758,633 | \$ 26,652,362 | \$ 25,870,896 | \$ 26,250,270 | \$ 25,291,341 | \$ 26,537,448 | \$ 24,890,542 | \$ 23,443,816 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 142.84% | 95.76% | 183.30% | 137.44% | 132.33% | 161.37% | 191.41% | 141.72% | 129.51% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.05% | 80.80% | 63.47% | 71.56% | 72.74% | 69.32% | 62.24% | 70.31% | 72.43% |

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

Changes of Assumptions

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

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

FTT

June 30, 2022 No changes from prior year.

June 30, 2021 Increases are composed of 2.25% wages inflation, plus 0.75% productivity increase rate.

June 30, 2020 No changes from prior year.

June 30, 2019 No changes from prior year.

June 30, 2018 No changes from prior year.

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

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

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

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

June 30, 2022 No changes from prior year.

June 30, 2021 The retirement age was determined using the experience-based table developed from 2020 Experience Study.

June 30, 2020 No changes from prior year.

June 30, 2019 No changes from prior year.

June 30, 2018 No changes from prior year.

June 30, 2016 No changes from prior year.

- June 30, 2015 The retirement age was determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2014. This table was adopted by the OTRS Board in May 2015.
- June 30, 2014 Determined using the experience-based table developed from a five-year experience study for the period ended June 30, 2009. This table was adopted by the OTRS Board in September 2010.

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

- June 30, 2022 No changes from prior year.
- June 30, 2021 No changes from prior year.
- June 30, 2020 2020 GRS Southwest Region Teacher Mortality table was used to determine mortality rates after retirement or termination
- June 30, 2019 No changes from prior year.
- June 30, 2018 No changes from prior year.
- June 30, 2016 No changes from prior year.
- June 30, 2015 Rates for active employees were determined using the RP-200 Employee Mortality Tables, with male rates multiplied by 60% and female rates multiplied by 50%. The mortality rates for males after retirement were determined using the RP-2000 Combined Healthy Mortality Table for Males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000 were used. The mortality rates for females after retirement were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the tables' base year of 2012 were used.
- June 30, 2014 Rates were determined using the RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

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

- June 30, 2022 No changes from prior year.
- June 30, 2021 Return was 7.0% per year, net of investment-related expenses and compounded annually, composed of an assumed 2.25% inflation rate and a 4.75% net real rate of return.

Francis Tuttle Technology Center School District No. 21
Notes to Schedule of District's Proportionate Share of the Net Pension Liability (Unaudited)
June 30, 2023

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

Francis Tuttle Technology Center School District No. 21
Schedule of the District's Retirement System Contributions (Unaudited)
June 30, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Statutorily required contribution | \$ 2,903,536 | \$ 2,815,613 | \$ 2,587,550 | \$ 2,509,964 | \$ 2,522,554 |
| Contributions in relation to the statutorily required contribution | <u>(2,903,536)</u> | <u>(2,815,613)</u> | <u>(2,587,550)</u> | <u>(2,509,964)</u> | <u>(2,522,554)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 27,758,633 | \$ 26,652,362 | \$ 26,652,362 | \$ 25,870,896 | \$ 26,253,245 |
| Contributions as a percentage of covered payroll | 9.69% | 10.56% | 9.71% | 9.70% | 9.61% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Statutorily required contribution | \$ 2,440,837 | \$ 2,570,310 | \$ 2,585,780 | \$ 2,426,850 | \$ 2,293,898 |
| Contributions in relation to the statutorily required contribution | <u>(2,440,837)</u> | <u>(2,570,310)</u> | <u>(2,585,780)</u> | <u>(2,426,850)</u> | <u>(2,293,898)</u> |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 25,111,341 | \$ 26,425,995 | \$ 26,537,448 | \$ 24,890,542 | \$ 23,443,816 |
| Contributions as a percentage of covered payroll | 9.72% | 9.73% | 9.74% | 9.75% | 9.78% |

Notes to Schedule

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

January 1, 2010 to present 9.50%

Francis Tuttle Technology Center School District No. 21
Schedule of the District's Proportionate Share of the Net OPEB Asset (Unaudited)
June 30, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Measurement date | July 1, 2021 | July 1, 2021 | July 1, 2020 | July 1, 2019 | July 1, 2018 | July 1, 2017 |
| District's proportion of the OPEB liability (asset) | 0.5203% | 0.5203% | 0.5148% | 0.5372% | 0.5747% | 0.6164% |
| District's proportionate share of the net OPEB liability (asset) | \$ (227,583) | \$ (662,696) | \$ (50,998) | \$ (332,203) | \$ (371,407) | \$ (274,876) |
| District's covered payroll | \$ 29,956,700 | \$ 27,758,633 | \$ 26,652,362 | \$ 25,870,896 | \$ 26,250,270 | \$ 25,291,341 |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | -0.76% | -2.39% | -0.19% | -1.28% | -1.41% | -1.09% |
| Plan fiduciary net position as a percentage of the total OPEB liability (asset) | 110.31% | 129.91% | 102.30% | 115.07% | 115.41% | 110.40% |

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

Francis Tuttle Technology Center School District No. 21
 Schedule of the District's OPEB Contributions (Unaudited)
 June 30, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------|---------------|---------------|--------------|--------------|--------------|
| Statutorily required contribution | \$ - | \$ 31,674 | \$ 4,709 | \$ 4,716 | \$ 16,739 | \$ 40,147 |
| Contributions in relation to the statutorily required contribution | - | (31,674) | (4,709) | (4,716) | (16,739) | (40,147) |
| Contribution deficiency (excess) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| District's covered payroll | \$ 29,956,700 | \$ 27,758,633 | \$ 26,652,362 | \$25,870,896 | \$26,253,245 | \$25,111,341 |
| Contributions as a percentage of covered payroll | 0.00% | 0.11% | 0.02% | 0.02% | 0.06% | 0.16% |

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



Other Information
June 30, 2023

Francis Tuttle Technology Center School
District No. 21

Francis Tuttle Technology Center School District No. 21
Schedule of Expenditures of Federal Awards
June 30, 2023

| Federal Grantor/ Pass Through Grantor/Program or Cluster Title | Federal Financial Assistance Listing | Pass-through Entity Identifying Number | Expenditures |
|--|--|---|---------------------|
| U.S. Department of Education | | | |
| Direct Programs: | | | |
| Student financial aid cluster: | | | |
| Federal Pell Grant Program 2021-2022 (P268K173980) | 84.063 | N/A | \$ 16,335 |
| Federal Pell Grant Program 2022-2023 (P268K173980) | 84.063 | N/A | 843,315 |
| Federal Pell Grant Program Administrative Fee | 84.063 | N/A | 1,065 |
| Federal Supplementary Educational Opportunity Grant (P007A136077) | 84.007 | N/A | 14,582 |
| Subtotal | | | <u>875,297</u> |
| COVID-19 Relief - Higher Education Emergency Relief Fund (HEERF) HEERF Institutional Portion (ARP Act) | 84.425F | N/A | 143,398 |
| Subtotal | | | <u>143,398</u> |
| Passed through: | | | |
| Oklahoma Department of Career and Technology Education Career and Technical Education - Basic Grants to States | | | |
| Carl Perkins - Secondary | 84.048 | 421 | 304,417 |
| Carl Perkins - Postsecondary | 84.048 | 422 | 47,000 |
| Subtotal | | | <u>351,417</u> |
| Passed through: | | | |
| Oklahoma Department of Rehabilitation Services Rehabilitation Services Vocational Rehabilitation Grants to States Project SEARCH (F003225) | | | |
| | 84.126 | 456 | 121,242 |
| Special Education Cluster - IDEA Special Education to Grants to States | 84.027 | 456 | 1,504 |
| Total U.S. Department of Education | | | <u>1,492,858</u> |
| Total federal financial assistance | | | <u>\$ 1,492,858</u> |

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, and expended during the year are included in the schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Francis Tuttle Technology Center School District No. 21 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 6, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Oklahoma City, Oklahoma
February 6, 2024



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Francis Tuttle Technology Center’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Francis Tuttle Technology Center’s major federal program for the year ended June 30, 2023. Francis Tuttle Technology Center’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Francis Tuttle Technology Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on its Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Francis Tuttle Technology Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Francis Tuttle Technology Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Francis Tuttle Technology Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Oklahoma City, Oklahoma
February 6, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? No

Significant deficiency(ies) identified not considered
 to be material weaknesses None reported

Noncompliance material to financial statements No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified No

Significant deficiency(ies) identified not considered
 to be material weaknesses None reported

Type of auditor's report issued on compliance for
 major programs: Unmodified

Any audit findings disclosed that are required to be
 reported in accordance with Uniform Guidance 2 CFR 200.516: No

Name of Federal Program or Cluster CFDA number

Student Financial Aid Cluster 84.063, 84.007

Dollar threshold used to distinguish
 between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

Francis Tuttle Technology Center School District No. 21
Schedule of Accountant's Professional Liability Insurance Affidavit
June 30, 2023

STATE OF OKLAHOMA)
) ss
County of Oklahoma)

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

EIDE BAILLY, LLP

BY Vanessa M. Dutton

Subscribed and sworn to before me on this 17 day of February, 2024.

Erika Ackley
Notary Public
My commission expires 1/27/27

