

**Metro Technology Center School
District No. 22
Oklahoma County, Oklahoma**

**Financial Statements
With Independent Auditors' Report**

June 30, 2019

**METRO TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 22
OKLAHOMA COUNTY, OKLAHOMA
JULY 1, 2018 TO JUNE 30, 2019**

SCHOOL DISTRICT OFFICIALS

BOARD OF EDUCATION

President

Mr. Matt Latham

Vice-President

Ms. Sarah McKinney

Clerk

Ms. Elizabeth Richards

Member

Ms. Miriam Campos

Member

Dr. Linda Toure

Member

Mr. Ron Perry

Member

Mr. Jimmy McKinney

SUPERINTENDENT OF SCHOOL DISTRICT

Mr. Robert Parrish

SCHOOL DISTRICT TREASURER

Dr. James Branscum

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	12
Statement of Activities	13
<i>Fund Financial Statements – Governmental Funds</i>	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	15
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities	15.1
Notes to Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	30
Budgetary Comparison Schedule – Building Fund	42
Schedule of District's Proportionate Share of Net Pension Liability Teachers' Retirement Plan	43
Schedule of District Contributions – Teachers' Retirement Plan	44
Schedule of District's Proportionate Share of Net OPEB (Asset) Liability	43
Schedule of District Contributions – OPEB Plan	47
Notes to Required Supplementary Information	47
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	48
SINGLE AUDIT	
Internal Control and Compliance Report	
Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control Over Compliance and Report on the SEFA Schedule in accordance with the Uniform Guidance	
Schedule of Findings and Questioned Costs	
OTHER INFORMATION —Accountant's Professional Liability Insurance Affidavit	

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32ND

EDMOND, OKLAHOMA 73103

(405) 348-3800

Fax (405) 348-3846

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Metro Technology Center, School District No. 22
Oklahoma County, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metro Technology Center, School District No. 22, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Metro Technology Center, School District No. 22, at June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension plan funding progress, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The fund financial statements-statutory basis and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards is presented for additional analysis as required by *Title 2 U.S. code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and is also not a required part of the financial statements.

Other Reports Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated on March 9, 2020, our consideration of the Metro 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

Putnam & Company
Putnam & Company, PLLC

Edmond, Oklahoma
March 9, 2020

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

Our discussion and analysis of the Metro Technology Center, School District #22's (the District), performance provides an overview of the School District's financial activities for the year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follows this section.

USING THIS ANNUAL REPORT

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

The District provides three basic types of instruction:

Full-time Career Majors – The District offers over 100 full-time career majors within 15 of the 16 career clusters. These career majors are designed to lead to industry certifications, licensure, employment and/or continuing education.

Adult and Continuing Education – These classes are designed around specific curriculum providing an introduction to or enhanced knowledge of specific topics Continuing education and licensure classes are offered within 12 of the 15 career clusters.

Business and Industry Services – This division strives to meet the training and development needs of business and industry in the Oklahoma City metropolitan area.

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

FINANCIAL HIGHLIGHTS

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

- Overall revenues were \$40 million and overall expenses were \$39.8 million
- The total costs of all District programs decreased 0.231%.
- The general fund reported a decrease in fund balance of 153%.
- The building fund reported an increase in fund balance of 22.86%

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

THE SCHOOL DISTRICT AS A WHOLE

	<u>2018</u>	<u>2019</u>
Current and Other Assets	\$ 13,640,512	\$ 92,354,315
Capital Assets	<u>34,541,595</u>	<u>34,561,560</u>
Total Assets	<u>\$ 48,182,107</u>	<u>\$ 126,915,875</u>
Deferred Outflows of Resources	<u>6,111,731</u>	<u>4,592,126</u>
Long-term Liabilities	\$ 35,539,226	\$ 111,981,157
Other Liabilities	<u>2,745,788</u>	<u>3,297,974</u>
Total Liabilities	<u>\$ 38,285,014</u>	<u>\$ 115,279,131</u>
Deferred Inflows of Resources	<u>3,439,912</u>	<u>3,391,214</u>
Net Position		
Invested in capital assets, net of debt	\$ 25,666,595	\$ 26,451,560
Restricted	5,822,811	6,717,176
Unrestricted	<u>(18,920,494)</u>	<u>(20,331,080)</u>
Total Net Position	<u>\$ 12,568,912</u>	<u>\$ 12,837,656</u>

Net Position. The District's combined net position was greater on June 30, 2019, than the year before – increasing by \$0.3 million to \$12,837,636. Most of this change is due positive change in net position.

For the years ended June 30, 2019 and 2018, net position changed as follows:

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

	<u>2018</u>	<u>2019</u>	<u>Percent</u>
Beginning net position	\$ 10,333,807	\$ 12,568,913	<u>Change</u>
Revenues			
Program revenues			
Charges for services	2,159,633	2,069,457	
Operating Grants / contributions	4,083,273	3,801,196	
General revenues			
Property taxes	30,868,985	29,585,045	
Federal and State grants	2,877,604	3,560,695	
Gain (Loss) from disposals	-	-	
Investment earnings	98,944	304,558	
Other Revenue	<u>2,027,165</u>	<u>735,009</u>	
Total revenues	<u>\$ 42,115,604</u>	<u>\$ 40,055,960</u>	<u>-4.89%</u>
Expenses			
Program expenses			
Instruction	\$ 11,404,193	\$ 11,456,577	
Support services	22,855,359	22,659,203	
Non-instruction	316,838	340,496	
Facilities and construction	1,417,295	669,041	
Other uses	1,668,955	1,993,188	
Interest on long-term debt	135,363	489,381	
Depreciation-unallocated	<u>2,082,495</u>	<u>2,179,331</u>	
Total expenses	<u>\$ 39,880,498</u>	<u>\$ 39,787,217</u>	<u>-0.23%</u>
Increase (Decrease) in net position	<u>2,235,106</u>	<u>268,743</u>	<u>-87.98%</u>
Ending net position	<u>\$ 12,568,913</u>	<u>\$ 12,837,656</u>	<u>2.14%</u>

Changes in Net Position The District's total revenues decreased 4.9 percent to \$40 million. Federal grants and local resources accounted for most of the decrease. Total expenses were less than revenues, increasing net position \$.03 million over the past year. The District's total expenditures decreased by 0.23 percent to \$39.79 million.

Governmental Activities

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

District Sources of Revenue:

Ad Valorem property tax Taxes for current year and prior years, revenue in lieu of taxes

Interest Interest earning of investments and taxes

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

Tuition and Fees	Tuition and fees for Full-time adult classes, Short-term adult classes, Safety Training, Industry Specific, Assessment, Quality Management, and Health Certification
Local Sources	Rental of school facilities and property, sale of surplus equipment, bookstore revenue, reimbursement for insurance loss recoveries, damages to school property, rebates, and fiscal agent expenses.
State Revenue	Formula operation, Existing Industry Initiative, training for industry programs, Safety Training, Welfare to Work, and Professional Development
Federal Revenue - Grants	TANF Grant and Carl Perkins Grants

THE SCHOOL DISTRICT'S FUNDS

The following schedule presents a summary of general, special revenue (building fund), other governmental fund (activity fund), and expenditures for the fiscal year ended June 30, 2019 and 2018.

Revenues:	2018	Percent	2019	
	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>Percent</u>
Property Taxes	\$ 29,468,225	74.37%	\$ 30,448,831	77.44%
Interest	98,944	0.25%	147,607	0.38%
Tuition and Fees	1,638,965	4.14%	1,684,199	4.28%
State Revenue	3,224,945	8.14%	3,832,136	9.75%
Federal Sources	2,596,910	6.55%	2,084,231	5.30%
Miscellaneous	<u>2,597,822</u>	6.56%	<u>1,121,661</u>	2.85%
Total Revenues	<u>\$ 39,625,811</u>	<u>100%</u>	<u>\$ 39,318,665</u>	<u>100%</u>

Total revenue decreased due to decreases in federal revenue and other local sources.

Expenditures

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

	2018	Percent	2019	Percent
Expenditures:	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>
Instruction	11,132,441	27.72%	11,884,435	29.40%
Support Services	22,405,877	55.79%	23,239,977	57.48%
Non-Instructional Services	316,837	0.79%	346,702	0.86%
Capital Outlay and Debt Service	4,639,577	11.55%	2,965,516	7.33%
Other Outlays	<u>1,668,955</u>	<u>4.16%</u>	<u>1,993,188</u>	<u>4.93%</u>
Total Expenditures	<u>\$ 40,163,687</u>	<u>100.00%</u>	<u>\$ 40,429,818</u>	<u>100.00%</u>

Expenditures increased primarily to increase in instructional costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget had to be revised due to increase in local revenue sources. Additional collections of prior year ad valorem and adjustment to initial fund balance estimate contributed to the budget revisions. State revenue decreased due to declining collections. Employees and departments were asked to spend their assigned budget wisely as economic conditions continued to show instability. The District was able to have a \$2.3 million budgetary fund balance at the end of the fiscal year.

Metro Technology Center formally adopted a budget on June 12, 2018. An amended budget was adopted on June 25, 2019, which increased the overall budget by \$1.249 million. There was a decrease in beginning fund balance of \$0.4 million and an increase in Ad Valorem of \$1.281 million with the final revised ad valorem tax certification.

CAPITAL ASSETS

At the end of June 30, 2019, the School District had \$30.2 million invested in capital assets (see table below). This represents a net decrease of \$3.8 million or 11.62 percent, over the previous fiscal year.

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

	Capital Assets at Year-end (Net of depreciation)	
	<u>2018</u>	<u>2019</u>
Land	\$ 1,700,590	\$ 1,700,590
Construction in Progress	5,397,041	1,137,585
Computers	104,489	58,092
Buildings	25,034,308	25,446,905
Equipment	1,448,256	1,279,631
Furniture	9,736	16,048
Vehicles/Buses	568,757	643,290
	<u>\$ 34,263,177</u>	<u>\$ 30,282,141</u>

LONG-TERM LIABILITIES

Lease Purchase

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

By the terms of the agreement, the lease payments are guaranteed with Metro Technology Center's Building Fund ad valorem collections. The payments are approximately 1.03 million per year for 22 years. Semi-annual payments were made in the year ended June 30, 2019. The amount of the capitalized lease at June 30, 2019 was \$8,110,000.

General Obligation Bonds

On June 1, 2019, the District issued \$80,000,000 in general obligation bonds. The bonds will include construction and equipping of a building for the aerospace program. The bond will also support improvements to structures used to train future police and firefighters, construction workers and welders. In addition it will pay for a new Health Services building and community safe room as well as update science, technology, engineering and math programs.

The bonds are payable over 10 years with amount levied for payment through the debt service fund (sinking fund). Total amount outstanding as of June 30, 2019, was \$80,000,000

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

Net Pension Liability

The District's share of the Teachers' Retirement System's net pension liability as of June 30, 2019 was \$23,465,591. This was a decrease of \$2.4 million from the prior year (2018) primarily due to investment gains. The measurement year for the net pension liability as of June 30, 2019 was June 30, 2018. See Note 4 for additional information on the net pension liability.

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

There are many factors that may have a positive or negative impact on the District financial status in the future. On March 5, 2019, the voters of the Metro Technology Centers overwhelmingly supported the 2019 Student Community Investment Plan with an approval percentage of 71%. This \$80M bond contains projects for the South Bryant Campus (SBC) and the Springlake Campus (SPL). With \$59M dedicated to SBC and \$21M to SPL, the projects include an Aerospace classroom building at SBC, with both sites focusing on constructing and equipping, renovating and remodeling existing buildings, constructing safe room(s) and performing safety and security improvements. As Metro Technology Centers enters the next fiscal year, much emphasis will be placed on maximizing the use of bond funds to address capital improvement needs. An additional impact of these bond funds will allow for an increase in the fund balances for both the general and building funds in the coming year.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash	\$ 88,227,427
Property taxes receivable (net)	3,194,454
Due from other governments	451,753
Other receivables	97
Restricted cash	229,679
Nondepreciated capital assets	2,838,175
Depreciated capital assets, net of depreciation	31,723,385
Net OPEB asset	250,905
	<hr/>
Total assets	126,915,875
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to debt refunding	535,874
Deferred outflows of resources related to pensions	4,056,252
	<hr/>
Total deferred outflows of resources	4,592,126
LIABILITIES	
Accounts payable and other current liabilities	1,566,025
Accrued interest payable	281,091
Long-term obligations	
Due within one year	1,450,858
Due beyond one year	111,981,157
	<hr/>
Total liabilities	115,279,131
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	3,391,214
	<hr/>
NET POSITION	
Net Investment in capital assets	26,451,560
Restricted for:	
Buildings	6,597,440
School organizations	119,736
Unrestricted	(20,331,080)
	<hr/>
Total Net Position	\$ 12,837,656
	<hr/> <hr/>

See Notes to Financial Statements

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net position
				Total Governmental Activities
Governmental activities:				
Instruction	\$ 11,456,577	\$ 1,772,338	\$ 2,252,161	\$ (7,432,078)
Support services	22,659,203	109,554	-	(22,549,649)
Non-instruction services	340,496	187,565	-	(152,931)
Facilities and construction	669,041	-	-	(669,041)
Student Financial Aid	1,061,517	-	1,549,035	487,518
Other uses	931,671	-	-	(931,671)
Interest on long-term debt	489,381	-	-	(489,381)
Depreciation - unallocated	2,179,331	-	-	(2,179,331)
Total school district	\$ 39,787,217	\$ 2,069,457	\$ 3,801,196	(33,916,564)
General revenues:				
Taxes				
Property taxes, levied for general purposes				19,365,929
Property taxes, levied for building purposes				10,219,116
State aid - formula grants				3,560,695
Other revenue				735,009
Interest income				304,558
Total general revenues				34,185,307
Change in Net position				268,743
Net position, beginning of year				12,568,913
Net position, end of year				\$ 12,837,656

See Notes to Financial Statements

FUND FINANCIAL STATEMENTS

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Building Fund	Capital Project Fund	Other Governmental Activity Fund	Totals Governmental Funds
ASSETS					
Cash	\$ (531,030)	\$ 355,892	\$ -	\$ 119,736	\$ (55,402)
Pooled cash and investments	3,480,550	4,875,000	80,156,951	-	88,512,501
Property taxes receivable, net	1,276,888	1,917,566	-	-	3,194,454
Restricted cash	-	6	-	-	6
Other receivables	97	-	-	-	97
Due from other funds	-	-	-	156,951	156,951
Due from other governments	451,753	-	-	-	451,753
Total assets	\$ 4,678,258	\$ 7,148,464	\$ 80,156,951	\$ 276,687	\$ 92,260,360
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	1,228,123	337,899	-	-	1,566,022
Compensated absences	586,929	48,929	-	-	635,858
Due to other funds	-	-	156,951	-	156,951
Total liabilities	1,815,052	386,828	156,951	-	2,358,831
Deferred Inflows of resources:					
Deferred intergovernmental	1,372,843	1,785,218	-	-	3,158,061
Total deferred inflows of resources	1,372,843	1,785,218	-	-	3,158,061
Fund balances					
Restricted	-	4,971,702	80,000,000	276,687	85,248,389
Assigned	1,490,363	4,716	-	-	1,495,079
Unassigned	-	-	-	-	-
Fund balances, end of year	1,490,363	4,976,418	80,000,000	276,687	86,743,468
Total liabilities, deferred inflows of resources and fund balances	\$ 4,678,258	\$ 7,148,464	\$ 80,156,951	\$ 276,687	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$68,116,166 and the accumulated depreciation is \$33,554,606					34,561,560
Property taxes receivable and other receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds					3,158,059
Net OPEB asset is not a financial resource so is not reported in the funds					250,905
Net pension obligation is not due and payable in the current period and, therefore is not reported in the funds					(23,465,591)
Deferred outflows related to refunded debt is applicable to future periods and therefore, are not reported in the funds					535,874
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds					665,038
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:					
				\$ 8,110,000	
				\$ 80,000,000	
				281,091	
				1,220,566	(89,611,657)
Total net assets - governmental activities					\$ 12,837,656

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Capital Project Fund	Other Governmental Fund Activity Fund	Totals Governmental Funds
Revenues					
Property taxes	\$ 19,929,990	\$ 10,518,841	\$ -	\$ -	\$ 30,448,831
Interest	147,601	6	-	-	147,607
Tuition and fees	1,684,199	-	-	-	1,684,199
State revenue	3,832,136	-	-	-	3,832,136
Federal revenue	2,084,231	-	-	-	2,084,231
Other	717,353	216,743	-	187,565	1,121,661
Total revenues	28,395,510	10,735,590	-	187,565	39,318,665
Expenditures					
Current					
Instruction	11,439,113	445,322	-	--	11,884,435
Support services	16,839,928	6,166,657	-	233,392	23,239,977
Non-instruction services	326,404	20,298	-	-	346,702
Capital outlay	-	1,962,002	-	-	1,962,002
Student Financial Aid	1,061,517	-	-	-	1,061,517
Other outlays	931,671	-	-	-	931,671
Debt service					
Interest paid	-	238,514	-	-	238,514
Principal retirement	-	765,000	-	-	765,000
Total expenditures	30,598,633	9,597,793	-	233,392	40,429,818
Other Financing Sources (Uses)					
Operating Transfers In	-	-	-	240,395	240,395
Operating Transfers Out	(83,444)	-	(156,951)	-	(240,395)
Proceeds of Debt	-	-	80,156,951	-	80,156,951
Total Other Financing Sources (Uses)	(83,444)	-	80,000,000	240,395	80,156,951
Net Change in Fund Balance	(2,286,567)	1,137,797	80,000,000	194,568	79,045,798
Beginning fund balance	3,776,930	3,838,621	-	82,119	7,697,670
Ending fund balance	\$ 1,490,363	\$ 4,976,418	\$ 80,000,000	\$ 276,687	\$ 86,743,468

See Notes to Financial Statements

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL
FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Total net changes in fund balances - governmental funds \$ 79,045,798

The change in net assets reported in the statement of activities is different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceed capital outlays during the period.

	Capital Outlays	\$ 2,199,328	
	Depreciation Expense	<u>(2,179,331)</u>	19,997

Because the cost of capital assets acquired are reported in governmental funds as expenditures in the year of purchase, the proceeds from their sale are reported as revenue. However, the costs of these assets must be included as a reduction of the sales proceeds in the statement of activities. (32)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred revenues. They are however, recorded as revenues in the statement of activities. (863,786)

Because some receipts of grant revenue will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred revenues. They are however, recorded as revenues in the statement of activities 98,631

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave earned exceeded amounts used. 342,949

Governmental funds report district pension contributions as expenditures. However, the Statement of Activities reports the cost of pension benefits earned net of employee contributions as pension expense 1,138,475

The difference between the reacquisition price of current refunded debt and the net carrying amount of the old debt does not provide current financial resources to the governmental funds. However, for governmental activities this difference is treated as a deferred outflow and recognized as a component of interest expense over the shorter of the old debt life or new debt life. (105,139)

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

	Accrued Interest	(145,728)	
	New General Obligation Debt	(80,000,000)	
	Payments on Capital Leases	<u>765,000</u>	(79,380,728)

Change in net position of governmental activities \$ 296,165

NOTES TO THE FINANCIAL STATEMENTS

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Reporting Entity

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

Basic Financial Statements – Government-Wide Statements

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

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

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

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

Basic Financial Statements – Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the following fund:

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

Basis of Accounting

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

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

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School buildings	50 years
Site improvements	22 years
Equipment and computers	5-10 years
Vehicles	8 years

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

Other equipment

10-15 years

Compensated Absences

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

Budgets and Budgetary Accounting

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

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

Cash

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

Investments

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

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

Property Tax Revenues

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

If the first payment is not made timely, the entire tax becomes due and payable on January 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If the first half of tax payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes are delinquent on April 1 of the year following the year of assessment. If not paid within a period of three years or more as of the date such taxes first became due, the property is offered for sale for the amount of taxes due. .

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2018 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Property tax receivables are net of an allowance for uncollectible taxes of \$\$22,000 in the general fund and \$\$71,960 in the building fund. The allowance represents the estimated amount that is deemed uncollectible based on past collection history.

Deferred Outflows of Resources – The District reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for (1) contributions made to Teachers' Retirement System of Oklahoma (TRS

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

the Plan) for defined benefit pension and OPEB plans between the measurement date of the net pension and OPEB liabilities (asset) (June 30, 2018) and the end of the current fiscal year (June 30, 2019). This will be recognized in the subsequent fiscal year. (2) A loss from changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan (3) the actual pension or OPEB plan investment earnings less than the expected amounts included in determining pension expense.. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year (4) A loss in changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan. (5) a deferred amount arising from the refunding of debt. This amount will be amortized over the life of the new debt as a part of interest expense.

No deferred outflows of resources affect the governmental funds financial statements in the current year.

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

Deferred inflows of resources are reported in the statement of net position for (1) A gain from difference between expected and actual experience that the pension and OPEB plan actuary uses to develop expectations such as future salary increases and inflation. This deferred inflow of resources is amortized to pension expense over the average expected remaining service life of the Plan.

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

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

Other Postemployment Benefits (OPEB) - For purposes of measuring the net OPEB asset, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s OPEB plan) and additions to/deductions from the OPEB plans fiduciary net position have been determined on the same basis as they have been reported by the

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

State Revenues

Revenues from state sources for current operations are primarily governed by the joint resolution of the Oklahoma House of Representatives and Senate. The Oklahoma Department of Career and Technical Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 9.75% of the District's revenue comes from state sources.

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

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

Use of Estimates

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

Net Position and Fund Balance

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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

Governmental Fund Financial Statements

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

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District does not have any funds classified as nonspendable as of June 30, 2019.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Building Fund revenue from levy as being restricted because the use is restricted by State Statute for capital expenditures.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities as being committed because their use is imposed by the Board of Education regarding use of the funds.

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

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

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

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

Subsequent Event - The District has evaluated subsequent events through March 9, 2020, the date which the financial statements were available to be issued.

NOTE 2 - CASH AND INVESTMENTS

Deposits

At June 30, 2019, the bank balance of deposits, cash investments and cash pools was \$90,123,911.

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The District policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2019, the District was not exposed to custodial credit risk.

Investments

As of June 30, 2019, restricted cash consists of combination of government money market mutual funds and FDIC insured savings accounts held by trustee bank. These funds are classified as investments for the purposes of disclosure requirements and therefore, are not subject to custodial credit risk. For presentation on the face of the statement of net position, these funds are classified as cash.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

Credit Risk – Investments

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. Investments held by the District in investment pools (sweep accounts and external investment pools) are considered unclassified as to custodial credit risk because they are not

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

evidenced by securities that exist in physical or book entry form. The fair market value of the external investment pool held securities whose Standard & Poor’s credit ratings were 8.9 percent AA+, 2.0 percent AA- , and 89.1 percent NR. Securities with an NR rating are bank deposit accounts. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

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

Investment Interest Rate Risk

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

Concentration of Credit Risk

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

NOTE 3 - LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Compensated absences	<u>\$ 2,097,980</u>	<u>\$ 257,090</u>	<u>\$ 498,646</u>	<u>\$ 1,856,424</u>	<u>\$ 635,858</u>
Direct Placement General Obligation Bonds	<u>-</u>	<u>80,000,000</u>	<u>-</u>	<u>80,000,000</u>	<u>-</u>
Capital leases Oklahoma Industries Trust	<u>8,875,000</u>	<u>-</u>	<u>765,000</u>	<u>8,110,000</u>	<u>815,000</u>
	<u>8,875,000</u>	<u>80,000,000</u>	<u>765,000</u>	<u>88,110,000</u>	<u>815,000</u>
	<u>\$ 10,972,980</u>	<u>\$ 80,257,090</u>	<u>\$ 1,263,646</u>	<u>\$ 89,966,424</u>	<u>\$ 1,450,858</u>
Net pension liability				<u>23,465,591</u>	
Total governmental activity long-term liabilities				<u>\$ 113,432,015</u>	

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

Capital Leases

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

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

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

Leased buildings in capital assets at June 30, 2019, include the following:

Buildings	\$ 14,012,490
Less accumulated depreciation	<u>(2,829,167)</u>
	<u>\$ 11,183,323</u>

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

The debt matures as follows:

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

<u>Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>	<u>Interest Rate</u>
Oklahoma Industries Trust				
2020	815,000	204,805	1,019,805	2.590%
2021	835,000	183,566	1,018,566	2.590%
2022	855,000	161,810	1,016,810	2.590%
2023	875,000	139,537	1,014,537	2.590%
2024	895,000	116,745	1,011,745	2.590%
2025-2028	<u>3,835,000</u>	<u>226,690</u>	<u>4,061,690</u>	2.590%
	<u>\$ 8,110,000</u>	<u>\$ 1,033,153</u>	<u>\$ 9,143,153</u>	

Future minimum lease payments

are:

<u>Year Ended June 30,</u>	<u>Lease Payments</u>
2020	1,019,805
2021	1,018,566
2022	1,016,810
2023	1,014,537
2024	1,011,745
2025-2028	4,061,690
	<u>\$9,143,153</u>

General Obligation Bonds

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

<u>Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>	<u>Interest Rate</u>
2020	\$ -	\$ 2,216,000	\$ 2,216,000	2.500%
2021	9,000,000	2,216,000	11,216,000	2.500%
2022	9,000,000	2,016,000	11,016,000	2.500%
2023	9,000,000	1,791,000	10,791,000	2.600%
2024	9,000,000	1,557,000	10,557,000	2.650%
2025-2028	44,000,000	4,027,500	48,027,500	2.75-3.05%
	<u>\$ 80,000,000</u>	<u>\$ 13,823,500</u>	<u>\$ 93,823,500</u>	

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

The District's interest expense for 2019 was \$489,381.

NOTE 4 - EMPLOYEE RETIREMENT SYSTEM

Teachers' Retirement System of Oklahoma

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2019, qualifying employee contributions were reduced by a retirement credit of \$107,941 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2019, the District had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2019, the District contributions to the System for were \$1,719,594.

The State of Oklahoma, a non-employer contributing emity, provides funds through 5% of the State’s sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District’s estimated share of these contributions based on their covered payroll for the measurement period (2018) was \$1,235,270.

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

At June 30, 2019, the District reported a liability of \$23,465,591 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District’s proportion was 0.38823885%, which was a .002% decrease proportion measured as of June 30, 2017.

For the year ended June 30 2019, the District recognized pension expense of \$156,171. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 1,643,608
Changes of assumptions	1,827,446	1,217,923
Net difference between projected and actual earnings on pension plan investments	-	335,439
Changes in proportion and differences between District contributions and proportionate share of contributions	494,917	20,382
District contributions subsequent to the measurement date	1,719,594	-
	<u>\$ 4,041,957</u>	<u>\$ 3,217,352</u>

\$1,719,594 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended	
2020	\$ 1,237,190
2021	722,568
2022	(675,812)
2023	(429,063)
2024	(16,156)
Thereafter	<u>(1,733,716)</u>
	<u>\$ (894,989)</u>

Actuarial assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – Entry Age Normal
 Inflation – 2.5%

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	23.50%	2.50%
Domestic Equity	38.50%	7.50%
International Equity	19.00%	8.50%
Real Estate	9.00%	4.50%
Alternative Investments	10.00%	6.10%
	<u>100.00%</u>	

Discount rate –A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2018. Previously, a rate of 8.00% was used. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projections of cash flows

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection also assumed the state’s contribution plus the matching contributions will remain a constant percent of the projected member payroll based on the past five years of actual contributions.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate share of the net pension liability	\$ 33,406,799	\$ 23,465,591	\$ 1,519,270

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

NOTE 5 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

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

At June 30, 2019, the District reported an asset of (\$250,905) for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB asset was based on a projection of the District’s long-term share of the contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018 the District’s proportion was 0.38823885%, which was a .002% decrease from its proportion measured as of June 30, 2017.

For the year ended June 30 2019, the District recognized OPEB expense (credit) of (\$31,955). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 70,150
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	102,836
Changes in proportion and differences between District contributions and proportionate share of contributions	1,859	876
District contributions subsequent to the measurement date	12,436	-
	<u>\$ 14,295</u>	<u>\$ 173,862</u>

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

\$12,436 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the measurement year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended	
2020	\$ (46,593)
2021	(46,593)
2022	(46,593)
2023	(22,705)
2024	(9,328)
Thereafter	(191)
	<u>\$ (172,003)</u>

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

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

Sensitivity of the District's proportionate share of the net OPEB asset to changes in the discount rate – The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.5%)</u>	<u>Rate (7.5%)</u>	<u>(8.5%)</u>
District's Proportionate share of the net OPEB liability(asset)	<u>\$ (88,121)</u>	<u>\$ (250,901)</u>	<u>\$ (389,993)</u>

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

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

NOTE 6 - CONTINGENCIES AND COMMITMENTS

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

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

NOTE 7 - RISK MANAGEMENT

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

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,700,590	\$ -	\$ -	\$ 1,700,590
Construction in progress	5,397,041	1,292,960	5,552,416	1,137,585
Total capital assets not being depreciated	<u>7,097,631</u>	<u>1,292,960</u>	<u>5,552,416</u>	<u>2,838,175</u>
Capital assets being depreciated:				
Buildings and improvements	46,052,503	5,552,416	-	51,604,919
Furniture, fixtures and equipment	10,584,032	812,546	226,492	11,170,086
Vehicles/buses	2,585,497	93,822	176,331	2,502,988
Total capital assets being depreciated	<u>59,222,032</u>	<u>6,458,784</u>	<u>402,823</u>	<u>65,277,993</u>
Less accumulated depreciation for:				
Buildings and improvements	20,605,599	1,322,358		21,927,957
Furniture, fixtures and equipment	9,230,264	618,624	226,460	9,622,428
Vehicles/buses	1,942,205	238,349	176,331	2,004,223
Total accumulated depreciation	<u>31,778,068</u>	<u>2,179,331</u>	<u>402,791</u>	<u>33,554,608</u>
Total capital assets being depreciated, net	<u>27,443,964</u>	<u>4,279,453</u>	<u>32</u>	<u>31,723,385</u>
Governmental activity capital assets, net	<u>\$ 34,541,595</u>	<u>\$ 5,572,413</u>	<u>\$ 5,552,448</u>	<u>\$ 34,561,560</u>

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

NOTE 9 – FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2019, fund balances, other than unassigned are composed of the following:

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

	General	Building Fund	Capital Project Fund	Other Governmental Funds
Restricted				
Buildings	\$ -	\$4,976,418	\$ -	\$ -
Capital Projects	-	-	80,000,000	-
Debt Service	-	-	-	156,951
Student Activities	-	-	-	119,736
Assigned				
Buildings	-	-	-	-
2020 Budget	1,490,363	-	-	-
Unassigned	-	-	-	-
	<u>\$1,490,363</u>	<u>\$4,976,418</u>	<u>\$80,000,000</u>	<u>\$276,687</u>

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

NOTE 10 – TAX ABATEMENT

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

For the year ended June 30, 2019, abated property taxes were approximately \$4,479,000.

NOTE 11 – NEW GASB PRONOUNCEMENTS

The District implemented the following GASB Statements:

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

- GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the future retirement of a tangible capital asset. The provisions of this statement are effective for reporting periods beginning after June 15, 2018.
- GASBS Statement No. 87, *Leases*, which supersedes current guidance on leases and establishes that leases are a financing arrangement for the right to use an underlying asset. The standard requires the government to record a lease liability and capitalize and amortize the underlying asset over the shorter of the asset life or the lease term. It provides an exception for short-term leases (e.g., less than 12 months) and requires leases that transfer ownership of the underlying asset to be accounted for as a financed purchase. Lease disclosure requirements are also amended.. GASBS No. 87 is effective for periods beginning after December 15, 2017.
- GASBS Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* o improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The provisions of this statement are effective for reporting periods beginning after June 15, 2018.

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

- GASB Statement No. 84, *Fiduciary Activities* establishes general criteria for determining when a governmental unit has a fiduciary role for managing certain types of assets. The focus of the criteria generally is on (a) whether the government is controlling the assets of the fiduciary activity and (b) the beneficiaries with whom the fiduciary relationship exists. The provisions of this statement are effective for reporting periods beginning after December 15, 2018.
- GASBS Statement No. 87, *Leases*, which supersedes current guidance on leases and establishes that leases are a financing arrangement for the right to use an underlying asset. The standard requires the government to record a lease liability and capitalize and amortize the underlying asset over the shorter of the asset life or the lease term. It provides an exception for short-term leases (e.g., less than 12 months) and requires leases that transfer ownership of the underlying asset to be accounted for as a financed purchase. Lease disclosure requirements are also amended.. GASBS No. 87 is effective for periods beginning after December 15, 2019.
- GASBS Statement No. 89, *Accounting for Interest Cost Incurred Before End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The provisions of this statement are effective for reporting periods beginning after December 15, 2019.

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

- GASBS Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements 14 and 61*, defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The provisions of this statement are effective for reporting periods beginning after December 15, 2018.
- GASBS Statement No. 91, *Conduit Debt*, clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement are effective for reporting periods beginning after December 15, 2020.

NOTE 12 – DEFERED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources in connection with Employee Retirement system and Other Post-Employment Benefits (OPEB) as

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employee Retirement System	\$ 4,041,957	\$ 3,217,352
OPEB	14,295	173,862
	<u>\$ 4,056,252</u>	<u>\$ 3,391,214</u>

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 4,500,000	\$ 4,105,217	\$ 4,105,218	\$ (394,783)	\$ 1
Resources (inflows)					
Property taxes	18,600,000	19,881,135	19,918,771	1,281,135	37,636
Interest	70,000	121,926	147,662	51,926	25,736
Tuition and fees	2,150,000	2,137,251	2,171,717	(12,749)	34,466
State revenue	3,826,244	3,847,823	3,813,142	21,579	(34,681)
Federal revenue	686,000	652,232	651,482	(33,768)	(750)
Other	665,000	606,386	718,702	(58,614)	112,316
Total resources	25,997,244	27,246,753	27,421,476	1,249,509	174,723
Amounts available for appropriation	30,497,244	31,351,970	31,526,694	854,726	174,724
Charges to appropriations (outflows)					
Instruction	10,450,000	10,953,050	11,352,320	503,050	(399,270)
Support services - Instructional	4,300,000	4,490,000	4,538,522	190,000	(48,522)
Support services - Noninstructional	11,530,000	12,235,000	12,132,487	705,000	102,513
Non-instruction services	300,000	335,000	326,385	35,000	8,615
Other outlays	3,917,244	3,338,920	862,820	(578,324)	2,476,100
Total charges to appropriations	30,497,244	31,351,970	29,212,534	854,726	2,139,436
Budgetary fund balance, June 30	\$ -	\$ -	\$ 2,314,160	\$ -	\$ 2,314,160

Accounts receivable not recognized as revenue for budgetary basis	355,894
Accounts Payable not recognized as expenditures for budgetary basis	(577,525)
Compensated Absences not recognized as expenditures for GAAP basis	(586,929)
Fund Balance, End of year GAAP Basis	<u>\$ 1,490,363</u>

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
BUDGETARY COMPARISON SCHEDULE – BUILDING FUND (UNAUDITED)
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 3,500,000	\$ 4,762,657	\$ 4,762,657	\$ 1,262,657	\$ -
Resources (inflows)					
Property taxes	9,750,000	10,493,782	10,514,043	743,782	20,261
Interest	-	-	-	-	-
Other	1,515,000	216,743	216,743	(1,298,257)	-
Total resources	11,265,000	10,710,525	10,730,786	(554,475)	20,261
Amounts available for appropriation	14,765,000	15,473,182	15,493,443	708,182	20,261
Charges to appropriations (outflows)					
Instruction	770,000	1,162,000	719,781	392,000	442,219
Support services	125,000	190,160	196,896	65,160	(6,736)
Non-instruction services	6,265,000	6,133,300	6,393,484	(131,700)	(260,184)
Capital outlay and Debt Service	5,250,000	4,095,000	3,160,336	(1,155,000)	934,664
Total charges to appropriations	12,410,000	11,580,460	10,470,497	(829,540)	1,109,963
Budgetary fund balance, June 30	\$ 2,355,000	\$ 3,892,722	\$ 5,022,946	\$ 1,537,722	\$ 1,130,224
Net accounts receivable not recognized as revenue for budgetary basis			132,348		
Accounts Payable not recognized as expenditures for budgetary basis			(129,951)		
Net effect of lease revenue bond activity not recognized for budgetary basis			5		
Compensated Absences not recognized as expenditures for GAAP basis			(48,930)		
Fund Balance, End of year GAAP Basis			\$ 4,976,418		

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
TEACHER RETIRMENT PLAN (UNAUDITED)
YEAR ENDED JUNE 30, 2019

Measurement Year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension liability (asset)	0.388238850%	0.390643040%	0.38314764%	0.39873749%	0.41107405%	0.41107405%
District's proportionate share of the net pension liability (asset)	23,465,591	25,865,711	32,104,484	24,844,546	22,115,235	29,422,121
District's covered employee payroll	17,597,547	16,932,589	17,134,579	17,027,758	17,330,242	17,390,474
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	133.35%	152.76%	187.37%	145.91%	127.61%	169.19%
Plan fiduciary net position as a percentage of the total pension liability	72.71%	69.92%	62.24%	70.30%	72.43%	62.18%

Information to present a 10 year schedule is not currently available

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIRMENT PLAN (UNAUDITED)
YEAR ENDED JUNE 30, 2019

Measurement Year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,671,767	\$ 1,608,596	\$ 1,627,785	\$ 1,617,637	\$ 1,646,373	\$ 1,652,095
Contributions in relation to the contractually required contribution	1,671,767	1,608,596	1,627,785	1,617,637	1,646,373	1,652,095
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered payroll	17,597,547	16,932,589	17,134,579	17,027,758	17,330,242	17,390,474
Contributions as a percentage of Covered employee Payroll	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%

Information to present a 10 year schedule is not currently available

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB (ASSET) LIABILITY (UNAUDITED)
YEAR ENDED JUNE 30, 2019

Measurement Year	<u>2018</u>	<u>2017</u>
District's portion of the net OPEB liability (asset)	0.388238850%	0.390643040%
District's proportionate share of the net OPEB liability (asset)	250,905	174,204
District's covered employee payroll	17,597,547	16,932,589
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	1.43%	1.03%
Plan fiduciary net position as a percentage of the total OPEB liability	115.41%	110.40%

Information to present a 10 year schedule is not currently available

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
SCHEDULE OF DISTRICT CONTRIBUTIONS
OPEB (UNAUDITED)
YEAR ENDED JUNE 30, 2019

Measurement Year	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 11,308	\$ 25,443
Contributions in relation to the contractually required contribution	11,308	25,443
Contribution deficiency (excess)	-	-
District's covered payroll	17,597,547	16,932,589
Contributions as a percentage of Covered employee Payroll	0.06%	0.15%

Information to present a 10 year schedule is not currently available

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019

Note 1: Budgeting and Budgetary Control

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

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

Note 2: Budgetary Basis of Accounting

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

Note 3: Changes of Assumptions

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

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

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

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/18	Federal Grant Receipts	Total Grant Expenditures	Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/19
<u>U.S. Department of Education</u>								
Direct Programs-Student Financial Aid								
Federal Pell Grant Program 2018-19	84.063	474	\$ -	\$ 961,096	\$ 961,096	\$ -	\$ 961,096	\$ -
Pell Admin Fee	84.063	n/a	-	1,080	1,080	-	1,080	-
Direct Student Loans 2018-19	84.268	471	-	587,939	587,939	-	587,939	-
Total Student Financial Aid Cluster			-	1,550,115	1,550,115	-	1,550,115	-
Carl Perkins Vocational Education Act								
Passed through Oklahoma Department of Career Technology Education								
Carl Perkins Secondary	84.048	421	(160,783)	160,783	153,420		153,420	(153,420)
Carl Perkins Supplemental	84.048	424	(107,631)	107,631	100,630		100,630	(100,630)
Tech Centers That Work	84.048	429	(11,959)	11,959	6,983		6,983	(6,983)
Total Pass Through Programs			(280,373)	280,373	261,033	-	261,033	(261,033)
Total U.S. Department of Education			(280,373)	1,830,488	1,811,148	-	1,811,148	(261,033)
<u>U.S. Department of Health and Human Services</u>								
Passed through Oklahoma Department of Human Services and Oklahoma Department of Career Technology Education								
TANF Job Readiness	93.558	456	(52,250)	94,082	85,438	-	85,438	(43,606)
TANF/HIRE	93.558	452	(116,431)	224,304	250,950	20,647	230,303	(122,430)
Total U.S. Department of Health and Human Services			(168,681)	318,386	336,388	20,647	315,741	(166,036)
Total Expenditures of Federal Awards			\$ (449,054)	\$ 2,148,874	\$ 2,147,536	\$ 20,647	\$ 2,126,889	\$ (427,069)

METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22

Notes to Schedule of Expenditures of Federal Awards

JUNE 30, 2019

Note A: Basis of Presentation

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

Note B: Summary of Significant Accounting Policies

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

Note C: Indirect Cost Rate

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

Note D: Subrecipients

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

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S E. 32ND

EDMOND, OKLAHOMA 73103

(405) 348-3800

Fax (405) 348-3846

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

The Honorable Board of Education
Metro Technology Center, School District No. 22
Oklahoma County, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Metro Technology Center, School District No. 22, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 over financial reporting.

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 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 over financial reporting 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Putnam & Company, PLLC

Edmond, Oklahoma
March 9, 2020

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32ND

EDMOND, OKLAHOMA 73103

(405) 348-3800

Fax (405) 348-3846

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Board of Education
Metro Technology Center, School District No. 22
Oklahoma County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Metro Technology Center, School District No. 22, Oklahoma County, Oklahoma's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Metro Technology Center School District No. 22 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Metro Technology Center School District No. 22 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated March 9, 2020, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.


Putnam & Company, PLLC

March 9, 2020
Edmond, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**METRO TECHNOLOGY CENTER, SCHOOL DISTRICT NO. 22
OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified? _____ Yes X No

* Significant Deficiency(ies) identified
not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statement noted? _____ Yes X No

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ Yes X No

* Significant Deficiency(ies) identified
not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditors’ report issued on compliance for
Major programs: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with
Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.063	Federal Pell Grants
84.268	Federal Direct Loan Program

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

Auditee qualified as low-risk auditee? X Yes _____ No

**METRO TECHNOLOGY CENTER, SCHOOL DISTRICT NO. 22
OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section II – Findings Relating to the Financial Statements

None

Section III – Findings and Questioned Costs for Federal Awards

N/A

Section IV – Status of Prior Year Audit Findings

None related to the financial statements or questioned costs for federal awards.

Section V – Management’s Corrective Action Plan

N/A

**ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT**

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22
OKLAHOMA COUNTY, OKLAHOMA
ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
FOR THE YEAR ENDED JUNE 30, 2019**

State of Oklahoma)

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 Metro Technology Center School District No. 22 for the audit year 2018-2019.

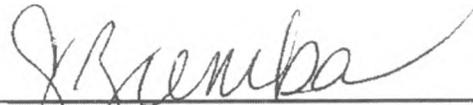
PUTNAM & COMPANY, PLLC



Jerry W. Putnam



Subscribed and sworn to before me this
9th day of March, 2020.



Amy Ziemba, Notary Public
Commission # 03003504
My commission expires
June 4, 2023.