

**ANNUAL FINANCIAL REPORT
CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
JULY 1, 2019 TO JUNE 30, 2020**

**AUDITED BY
KERRY JOHN PATTEN, C.P.A.**

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
SCHOOL CENTER OFFICIALS
JUNE 30, 2020**

Board of Education

President	Joe Naifeh
Vice-President	Dr. Richard Pitts
Clerk	Jill Collins
Minutes Clerk	Teena Nishimuta (non-member)
Member	Dr. Zeddie Cantrell
Member	Dave Roberts

Superintendent of Schools

Ron Dyer

Technology Center Treasurer

Kathy Bacon

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
JUNE 30, 2020**

TABLE OF CONTENTS

Report of Independent Auditor	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements --	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet --	
Governmental Funds	12
Statement of Revenues, Expenditures	
and Changes in Fund Balances --	
Governmental Funds	13
Reconciliation of Statement of Revenues, Expenditures	
and Changes in Fund Balances to the Statement of Activities	14
Notes to the Financial Statements	15
Combining Financial Statements	
Combining Balance Sheet -- Fiduciary Fund	32
Required Supplementary Information	
Budgetary Comparison Schedule -- Budgetary Basis	
General Fund.....	33
Budgetary Comparison Schedule -- Budgetary Basis	
Building Fund.....	34
Schedule of Proportionate Share of the Net Pension Liability (Asset)	
Oklahoma Teachers Retirement System	35
Schedule of Contributions to the Oklahoma Teachers Retirement System	36
Schedule of the District's Proportionate Share of the Net OPEB Liability	
Supplemental Health Insurance Program	37
Schedule of the District's Contributions	
Supplemental Health Insurance Program	38
Supporting Schedules	
Schedule of Expenditures of Federal Awards	39
Notes to Schedule of Federal Awards.....	40
School Activity Fund -- Receipts, Transfers, Disbursements	
and Sub-account Balances	41

(continued)

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
JUNE 30, 2020**

TABLE OF CONTENTS

Reports Required by *Government Auditing Standards*

 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* 42

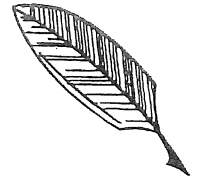
Summary of Prior Audit Findings 44

Schedule of Comments 45

Schedule of Accountant’s Professional Liability Insurance Affidavit 46

KERRY JOHN PATTEN, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Central Technology Center No. 3
Drumright, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Technology Center No. 3, Creek County, Oklahoma, as of and for the year ended June 30, 2020, which collectively comprise the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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 the Central Technology Center as of June 30, 2020, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance 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 the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Uniform Guidance, *Audits of States, Local Governments, and Nonprofit Organizations* and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information including the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 8, 2021, on my consideration of Central Technology Center No. 3, Creek County, Oklahoma's, internal control over financial reporting and on my 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 my 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 my audit.



Kerry John Patten, C.P.A.
Broken Arrow, OK
March 8, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, Basic Financial Statements for State and Local Governments, issued June 1999. Our discussion and analysis of Central Tech's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which begin on page 10.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which Central Tech acts solely as a trustee or agent for the benefit of those outside the government.

REPORTING THE DISTRICT AS A WHOLE

Our analysis of the District as a whole begins on page 7. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about Central Tech as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net assets and changes in them. You can think of the District's net assets-the difference between assets and liabilities-as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base and the condition of the District's facilities, to assess the overall health of the District.

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Analysis of the District's major funds begins on page 12. The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain money (like VSO monies). The District's two kinds of funds, governmental and fiduciary, use different accounting approaches.

*Governmental funds-Most of the 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 District's general government 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 District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements on page 12 of this document.

THE DISTRICT AS TRUSTEE

The district is the trustee, or fiduciary, for certain assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Balance Sheet Fiduciary Fund on page 32. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

These assets include Vocational Student Organization Accounts, (Skills USA, Business Professionals of America and Health Occupations Students of America), these funds are raised by these student organizations and used for purposes designated by those organizations and approved by the district's Board of Education.

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

THE DISTRICT AS A WHOLE

During the 2020 fiscal year the District's net assets increased from \$32,663,270.00 to \$39,336,564.00 an increase of \$6,673,294.00 or 21% over FY 19. A more detailed breakdown of net assets is available on page 12.

Comparison of Net Assets by Fiscal Year

	Governmental Activities	
	FY 19	FY 20
<u>ASSETS</u>		
Current Assets		
Cash and equivalents	13,454,709	14,451,725
Investments	13,500,000	16,502,912
Property tax receivable	113,275	763,255
Interest receivable	-	
Due from other governments	57,505	183,300
Miscellaneous receivable	192,448	224,571
Prepaid expenses	14,706	14,701
Non-Current Assets		
Land	1,382,585	1,382,586
Construction in progress	400,554	456,100
Capital assets, net of accumulated depreciation	16,892,290	18,675,251
Net OPEB Asset	135,227	126,305
Total Assets	46,143,300	52,780,706
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources related to pensions	2,122,519	2,504,676
Deferred outflows of resources related to OPEB	13,355	12,248
Total Deferred Outflow of Resources	2,135,874	2,516,924
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	177,520	247,896
Compensated Absences	190,151	188,544
Total Current Liabilities	367,671	436,440
Non-Current Liabilities		
Compensated absences	147,053	163,018
Non-pension liabilities	12,647,169	13,514,902
Total Non-Current Liabilities	12,794,222	13,677,920
Total Liabilities	13,161,893	14,114,360
<u>DEFERRED INFLOW OF RESOURCES</u>		
Deferred inflow of resources related to pensions	2,360,305	1,782,417
Deferred inflow of resources related to OPEB	93,706	64,289
Total Deferred Outflow of Resources	2,454,011	1,846,706
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	18,675,430	20,513,937
Restricted for Building	13,381,377	15,620,469
Restricted for Net OPEB Asset	41,521	74,264
Unrestricted	564,942	3,127,894
Total Net Assets	32,663,270	39,336,564
Change in Net Assets		6,673,294

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Further comparison of the changes in net assets reveals a \$997, 016.00 increase in cash and equivalents. "Capital assets, net of accumulated depreciation" in 2019 represents a couple projects under construction including the Sapulpa BIS Building renovation and Drumright flooring and commons area renovation. Investments increased by \$3,002,912.00 over the period.

Total liabilities were increased by \$952,467.00. This represents an increase in accounts payable from last year and a minor decrease in short term and an increase in long term compensated absence liability. The increase in non-pension liability accounts for a largest decrease to total liabilities than in the previous year.

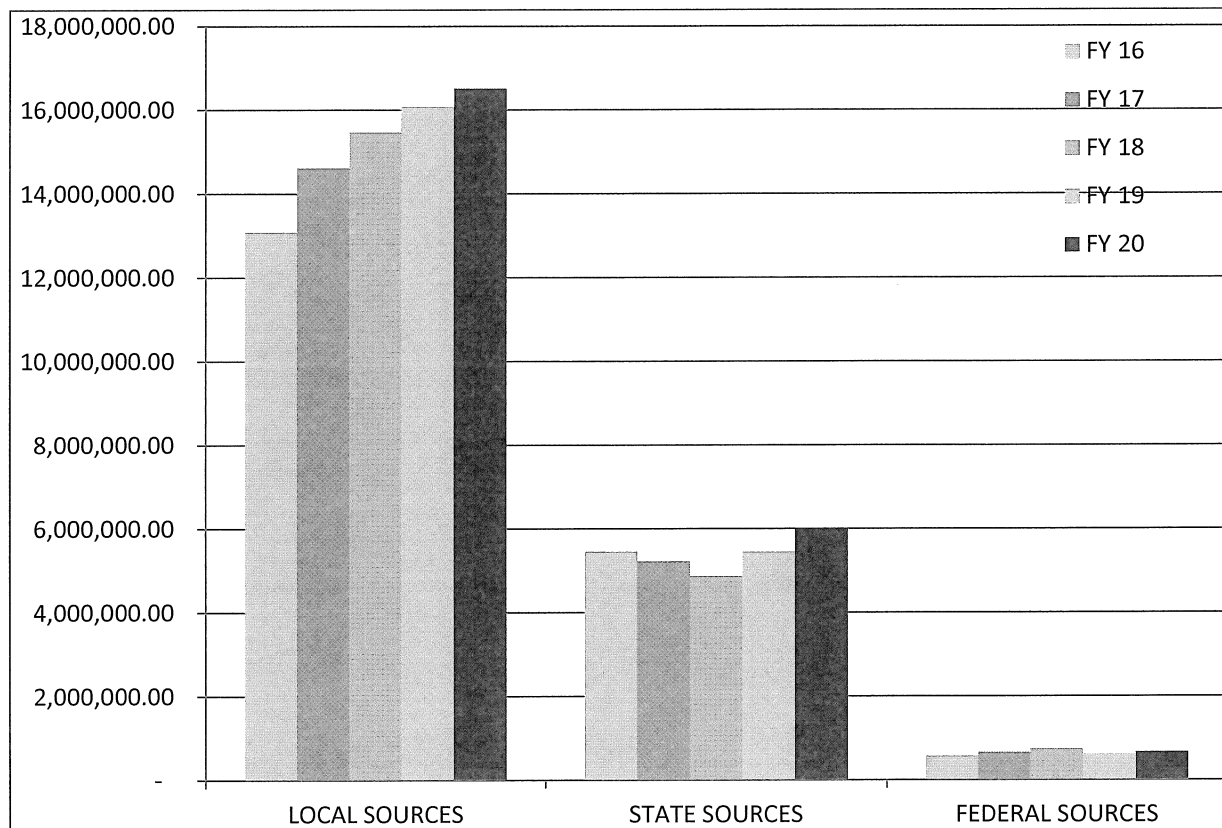
The district will continue to build reserves in cash and investments in anticipation of the next major items on the capital improvement plan. The district will continue to target a carryover amount close to the limit to ensure that there are funds to fill any gaps in state funding.

	Governmental Activities	
	FY 19	FY 20
Revenues		
Property taxes	15,881,696	17,575,973
State aid	3,973,145	4,856,091
Other General Revenues		
Program Revenues	5,212,635	5,043,548
Investment earnings	417,184	343,971
Special items/Misc	87,978	5,474
Adjustments and estopped warrants		
Total revenue and special items	<u>25,572,638</u>	<u>27,825,057</u>
Expenses		
Instruction	8,389,575	9,356,236
Support services	8,491,345	9,333,423
Non-instruction services	721,125	558,088
Other Outlays(includes depr., repayments, loss on asset dispositions & bank charges)	2,775,100	1,904,016
Total activities	<u>20,377,145</u>	<u>21,151,763</u>
Increase(decrease) in net assets	5,195,493	6,673,294

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

THE DISTRICTS FUNDS

As the district completed the year, governmental funds reported a combined fund balance of \$31,201,583.00. This represents an increase of \$4,236,611.00 from last year's figure of \$26,964,972.00. This figure represents an increase in the General fund and an increase in the Building fund over FY 19. It should be noted that "fund balance" as it is used in modified accrual basis, and the Governmental Funds Balance sheet is not the same as the term "carryover" used in regulatory basis (school) accounting. A reconciliation from modified accrual basis to regulatory basis accounting is available on page 31 and 32 of the accompanying document.



GENERAL FUND

General fund revenues increased from FY 19 to FY 20 by \$1,061,136.00. Revenue from local sources increased by \$430,621.00 due to increased Ad valorem and tuition. Revenue from federal sources decreased \$66,324.00 from prior year. Revenue from state sources increased by \$564,191.00.

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

BUILDING FUND

Revenue in the building fund is the result of the recurring 3 mil building fund levy and a very small amount of interest revenue. Revenue increased by \$136,241.00 over the prior year due almost entirely to increased valuation in the District. Revenues exceeded expenditures by \$2,239,092.00, increasing the fund balance by this amount. With the completed construction the Sapulpa campus north parking lot addition, and the exterior renovation of the Sapulpa west campus building, other projects from the capital planning list will be funded in the coming year. Upcoming projects include a continued renovation of new classrooms located at 1610 S. Main in Sapulpa, renovation and additional square footage added to the south Drumright main campus, Drumright roof replacement, and various small classroom renovations and continuing to invest in technology for the classrooms.

BUDGETARY ISSUES

Central Tech began FY 20 with a general fund budget of \$32,439,303.00. Of that figure \$4,500,000.00 was budgeted as special contingency. This "special contingency" line item is made up of monies that will be held in reserve to make up for any state funding shortfalls and also provides an early target for general fund carryover. Under this scenario the district entered the year with \$27,939,303.00 budgeted to spend with actual expenditures of \$20,449,908.00.

Building Fund for FY 20 was budgeted at \$15,528,981.00. Actual expenditures in the Building Fund for FY 20 were \$1,409,744.00.

CAPITAL ASSETS

At the end of 2020, the District had \$20,513,937.00 invested in capital assets including, land, buildings, construction in progress, equipment, infrastructure, and vehicles. This represents a \$1,838,507.00 increase from the prior year. This increase is mainly due to the purchase of new equipment and continuation of major construction projects in Drumright and Sapulpa.

Capital Asset at Year-end
(Net of Depreciation)

	Capital net of Depreciation	
	FY 19	FY 20
Land	1,382,585	1,382,585
Construction in Progress	400,554	456,100
Buildings and improvement	11,046,302	12,334,522
Equipment	2,203,725	2,332,466
Vehicles	3,642,263	4,008,264
Total	18,675,430	20,513,937

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

DEBT

The district's long term debt are accrued non-current compensated absences of \$163,018.00 and net-pension liability of \$13,514,902.00, these liabilities are recorded in the Statement of Net Position; the current portion is expensed in the fund financial statements.

NEXT YEAR

The District will continue to monitor projected funding levels and adjust staffing levels accordingly while maintaining its equipment and facilities to stay on the cutting edge of technology training. Plans for FY 21 include classroom updates and a continued focus on energy efficiency in the infrastructure.

CONTACTING THE SCHOOLS FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Central Technology's Center financial position to show accountability for the money it receives. Additional details can be requested at Central Technology Center, 3 CT Circle Drumright, Oklahoma 74030.

Respectfully submitted,

A handwritten signature in cursive script, reading "Heather Brennan".

Heather Brennan, Business Manager

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CENTRAL TECHNOLOGY CENTER NO. 3
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
<u>ASSETS</u>	
Current Assets	
Cash	\$ 14,451,725
Investments	16,502,912
Property tax receivable	763,255
Interest receivable	-
Due from other governments	183,300
Due from Activity Fund	224,571
Prepaid expenses	14,701
Non-Current Assets	
Land and construction in progress	1,838,686
Other capital assets, net of accumulated depreciation	18,675,251
Net OPEB Asset	126,305
	<hr/>
Total Assets	\$ 52,780,706
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources related to pensions	\$ 2,504,676
Deferred outflows of resources related to OPEB	12,248
	<hr/>
Total deferred outflows of resources	2,516,924
<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable	\$ 247,896
Compensated absences	188,544
	<hr/>
Total Current Liabilities	\$ 436,440
Non-Current Liabilities	
Compensated absences	\$ 163,018
Net pension liability	13,514,902
	<hr/>
Total Non-Current Liabilities	\$ 13,677,920
	<hr/>
Total Liabilities	\$ 14,114,360
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred inflow of resources related to pensions	\$ 1,782,417
Deferred inflow of resources related to OPEB	64,289
	<hr/>
Total deferred inflows of resources	1,846,706
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 20,513,937
Restricted for Building	15,620,469
Restricted for Net OPEB Asset	74,264
Unrestricted	3,127,894
	<hr/>
Total Net Position	\$ 39,336,564
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The notes to the financial statements are an integral part of this statement.

CENTRAL TECHNOLOGY CENTER NO. 3
STATEMENT OF ACTIVITIES
FOR YEAR ENDING JUNE 30, 2020

	Expenses	Charges for Services	Program Revenues Operating Grants & Contributions	Capital Grants & Contributions	Net (Expenses) Revenue and Changes in Net Assets
Governmental Activities					Government Activities
Instruction	\$ (9,356,236)	\$ 3,193,641	\$ 1,832,266	\$ -	(4,330,329)
Support services	(9,333,423)	17,641			(9,315,782)
Non-instruction	(558,088)				(558,088)
Capital outlay	390,170				390,170
Other outlays	(938)				(938)
Other uses	(529,200)				(529,200)
Repayments	(61)				(61)
Depreciation - unallocated	(1,754,120)				(1,754,120)
Total governmental activities	\$ (21,141,896)	\$ 3,211,282	\$ 1,832,266	\$ -	(16,098,348)
General revenues					
Taxes:					
Property taxes, levied for general purposes					\$ 17,575,973
Other Taxes					-
State aid not restricted to specific purposes					4,856,091
Other general revenues:					
Interest and investment earnings					343,971
Miscellaneous					5,474
Total general revenues					22,781,509
Loss on fixed asset disposal					(9,867)
Changes in net position					6,673,294
Net position - beginning					32,663,270
Net position - ending					\$ 39,336,564

FUND FINANCIAL STATEMENTS

CENTRAL TECHNOLOGY CENTER NO. 3
BALANCE SHEET
GOVERNMENTAL FUND TYPES
JUNE 30, 2020

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
<u>ASSETS</u>			
Cash	\$ 10,388,242	\$ 4,063,483	\$ 14,451,725
Investments	5,001,611	11,501,301	16,502,912
Property tax receivable	600,901	162,354	763,255
Interest receivable	-	-	-
Due from other governments	183,300	-	183,300
Due from Activity Fund	224,571	-	224,571
Prepaid Insurance	14,701	-	14,701
Total assets	<u>\$ 16,413,326</u>	<u>\$ 15,727,138</u>	<u>\$ 32,140,464</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 243,897	\$ 3,999	\$ 247,896
Compensated absences - short term	188,544	-	188,544
Total liabilities	<u>\$ 432,441</u>	<u>\$ 3,999</u>	<u>\$ 436,440</u>
Deferred inflow of resources:			
Deferred property taxes	\$ 399,771	\$ 102,670	\$ 502,441
Total deferred inflow of resources	<u>\$ 399,771</u>	<u>\$ 102,670</u>	<u>\$ 502,441</u>
Fund Balances:			
Non-spendable Fund Balances			
<i>Prepaid items</i>	\$ 14,701	\$ -	\$ 14,701
Restricted Fund Balances:			
<i>Restricted by Statute</i>	-	14,982,691	14,982,691
Committed Fund Balances:			
<i>Other Committed Fund Balances</i>		-	-
Assigned Fund Balances:			
<i>Encumbrances</i>	1,531,173	637,778	2,168,951
Unassigned	14,035,240	-	14,035,240
Total fund balances	<u>\$ 15,581,114</u>	<u>\$ 15,620,469</u>	<u>\$ 31,201,583</u>
Total liabilities and fund balances	<u>\$ 16,013,555</u>	<u>\$ 15,727,138</u>	

Amounts reported for governmental activities in the statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$38,013,371 and accumulated depreciation is \$17,499,434.	20,513,937
Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds.	502,441
Non-Current Compensated absences and Net pension liability are not reported as liabilities in the funds.	(13,677,920)
Net OPEB asset is not a financial resource, therefore not reported in funds.	126,305
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the funds.	670,218
Total net position of governmental activities	<u>\$ 39,336,564</u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL TECHNOLOGY CENTER NO. 3
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Fund Types		
	General	Special Revenue	Total
Revenues			
Local sources	\$ 16,512,305	\$ 4,121,953	\$ 20,634,258
Intermediate sources	-	-	-
State sources	6,014,258	2	6,014,260
Federal sources	674,098	-	674,098
Total revenues	\$ 23,200,661	\$ 4,121,955	\$ 27,322,616
Expenditures			
Instruction	\$ 10,675,463	\$ -	\$ 10,675,463
Support services	9,439,392	276,989	9,716,381
Non-instructional services	558,088	-	558,088
Capital outlay	-	1,605,874	1,605,874
Other outlays	938	-	938
Other uses	529,200	-	529,200
Repayments	61	-	61
Total expenditures	\$ 21,203,142	\$ 1,882,863	\$ 23,086,005
Excess of revenues over (under) expenses before adjustments to prior year encumbrances	\$ 1,997,519	\$ 2,239,092	\$ 4,236,611
Other financing sources (uses):			
Bond sale proceeds	\$ -	\$ -	\$ -
Operating transfers in/(out)	-	-	-
Bank charges	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	\$ 1,997,519	\$ 2,239,092	\$ 4,236,611
Fund balances, beginning of year	\$ 13,583,595	\$ 13,381,377	\$ 26,964,972
Fund balances, end of year	\$ 15,581,114	\$ 15,620,469	\$ 31,201,583

The notes to the financial statements are an integral part of this statement.

CENTRAL TECHNOLOGY CENTER NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances-governmental funds	\$	4,236,611
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Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in net assets are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of Net Position as noncurrent assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlay expenditures	\$	3,602,494	
Loss on fixed asset disposal		(9,867)	
Depreciation expense		<u>(1,754,120)</u>	1,838,507

Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds. This is the amount of change in the deferred taxes.	502,441
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Some expenses (compensated absences) reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This is the amount of change in compensated absences.	(15,965)
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Governmental funds report district pension contributions as expenditure. However, the Statement of Activities reports the cost of pension benefits earned net of employee contributions as pension expense.	<u>111,700</u>
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Change in net position of governmental activities	\$	<u><u>6,673,294</u></u>
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The notes to the financial statement are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. Summary of Significant Accounting Policies

The financial statements of the Central Technology Center No. 3 (the "Center") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Center's accounting policies are described below.

A. Reporting Entity

In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the Center has presented the entities, which comprise the primary government in the fiscal year 2020 basic financial statements.

The Center 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 Center is part of the public school system of Oklahoma under the general direction and control of the Oklahoma State Board of Career and Technology Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

As required by accounting principles generally accepted in the United States of America, the basic financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Center's basic financial statements to be misleading or incomplete.

The Central Tech Foundation is not included in the reporting entity. This 501(C) 3 organization consists of five volunteer members. The Foundation is not financially dependent on the center.

B. Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Center. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) tuition or fees paid by students or citizens of the Center and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Fund Financial Statements

The Technology Center segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Statements for governmental activities present each fund as a separate column on the fund financial statements.

Governmental funds are used to account for all or most of a government's general activities. The measurement focus of governmental funds is on the sources uses and balance of current financial resources. The Center has presented the following governmental funds:

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Summary of Significant Accounting Policies (continued)

General Fund – The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the State Career Technology Formula Operations Allocation Program.

Expenditures include all costs associated with the daily operations of the center except for programs funded for building repairs and maintenance, and school construction funded through the Special Revenue Fund.

Special Revenue Fund – The Center's Building Fund is a Special Revenue Fund and consists of monies derived from property taxes levied for the purpose of creating, remodeling or repairing buildings and for purchasing furniture and equipment.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Center. When these assets are held under the terms of a formula trust agreement, either a private purpose trust fund or a permanent fund is used.

The terms "permanent" and "private purpose" refer to whether or not the Center is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the Center holds on behalf of vocational student organization accounts as their agent and do not involve measurement of results of operations.

The Center's Fiduciary Funds have been excluded from the government-wide financial statements.

Agency Fund – The Center's Agency Fund consists of the Activity fund. The Center's Activity fund is used to account for monies collected that are held on behalf of vocational student organization accounts as their agent and do not involve the measurement of results of operations.

Account Groups

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental column in the government-wide statement of net position.

C. Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest and certain state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting

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

These budgets are prepared on a budgetary basis of accounting. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriations at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable fund balance – is utilized in all governmental funds of the Center. Appropriations which are not spent lapse at the end of the fiscal year and encumbrances are reversed. On the first day of the following fiscal year, the encumbrances are reinstated and the expenditures are applied against that year's budget.

E. Net Position and Fund Balances

The government-wide financial statements utilize a net position presentation. Net position is categories of investment in fixed assets (net of related debt), restricted net position and unrestricted net position.

Net Investment in Capital Assets – is intended to reflect the portion of net position, which is associated with non-liquid capital related debt. The net related debt is debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position – are liquid assets generated from revenues and not bond proceeds, which have third party (statutory bond covenant or granting agency) limitations on their use. The Center would typically use restricted net assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted Net Position – represent unrestricted liquid assets.

Governmental Fund Financial Statements – The Center has adopted Governmental Accounting Standards Board Statement No. 54, which redefined how fund balances of the governmental funds are presented in the 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 Center is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available in the governmental fund financial statements are as follows:

Nonspendable – Amounts that are not in a spendable form such as prepaid expenses, inventory, or required to be maintained intact such as the corpus of permanent fund.

Restricted – Amounts that are designated for specific purposes by their providers such as bondholders, grantors, or imposed by law through constitutional provisions or enabling legislation. The Building Fund is restricted by statute to certain capital related costs.

Committed – Amounts designated for specific purposes by the Center's highest level of decision making authority (Board of Education) and cannot be used for any other purposes unless the same highest level (Board of Education) takes action to remove or change the designation.

The Center commits a portion of the fund balance to honor the commitments made by the Center for encumbrances (purchase orders) for which goods or services have not yet been received. The fund balance committed to encumbrances will be equivalent to the purchase orders rolled forward from one fiscal year to the next fiscal year

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Summary of Significant Accounting Policies (continued)

Assigned – Amount the Center intends to use for specific purposes; intent can be expressed by the governing body or by an official to which the governing body delegates the authority.

The Center assigns a portion of the fund balance in the general fund for funding the cash flow needs during the first half of each fiscal year. The superintendent and the chief financial officer will determine the amount of assigned fund balance at the end of each fiscal year.

Unassigned – Amounts that are available for any purposes; reported only in the general fund. Fund Balance represents the funds not restricted in use by statute nor encumbered by purchase order or legal contract.

F. Assets, Liabilities and Cash Fund Balances

Cash and Investments – The Center considers all cash on hand, demand deposits and investments to be cash and investments. Investments consist of direct obligations of the United States Government and Agencies. All investments are recorded at cost, which approximates market value.

Property Tax Revenue and Receivables – The Center is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the Center. 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 2. The second half of taxes becomes delinquent on April 1 of the year following the year of assessment. If taxes are delinquent and unpaid for a period of three years or more the real estate may be sold for such taxes.

Uncollected taxes assessed on valuations made each year are recorded in the Center's combined financial statements. Uncollectible personal and real property taxes are deemed to be immaterial because the property can be sold for the amount of taxes due.

Inventories – The cost of consumable materials and supplies on hand are immaterial to the financial statements, and the Technology Center has therefore chosen to report these items as expenditures/expenses at the time of purchase.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements.

All purchased capital assets are valued at cost when historical records exist and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets capitalized have an original cost of \$2,500 or more. Depreciation has been calculated using the straight-line method. Estimated useful lives are as follows:

Buildings and structures	15-40 years
Equipment	5-15 years
Vehicles	5-10 years

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Summary of Significant Accounting Policies (continued)

Compensated Absences – The Center's policy regarding vacation time permits employees to accumulate earned, but unused vacation leave. Unused vacation leave may be carried over at the end of a fiscal year, but not to exceed sixty (60) days. Upon separation of employment, an employee can be paid all accumulated vacation days at the employee's current daily rate of pay. The liability for these compensated absences is recorded as noncurrent debt in the government wide financial statements. The current portion of this debt is based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

G. Revenue, Expenses and Expenditures

Revenues are classified by source as follows:

Local – Revenue from local sources is revenue produced within the Center, which includes ad valorem taxes. It is available for current educational expenses and for other purposes authorized by the Technology Center.

Intermediate – Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit or political sub-division, like a county or municipality, and redistributed to the Technology Center.

State – Those revenues received from the State, which are dedicated or are appropriated by the State legislature. Some of this aid is restricted for specific purposes.

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

Federal – Revenue from Federal sources is money originating from the Federal government and made available to the Technology Center either as direct grants or under various programs passed-through the State Department of Career & Technology Education.

Expenditures are classified by function as follows:

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objective of instruction, community services and enterprise programs, rather than as entities within them.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff, and the community.

Facilities Acquisition and Construction Services Expenditures – Consist of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Summary of Significant Accounting Policies (continued)

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the Center or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayments, non-qualified expenditures, and other refunds to be repaid from Center funds.

Deferred outflows of resources: Deferred outflows are the consumption of net position by the center that are applicable to a future reporting period. At June 30, 2020, the center's deferred outflows of resources were comprised of deferred outflows related to pensions.

Deferred inflows of resources: Deferred inflows are the acquisition of net position by the center that are applicable to a future reporting period. At June 30, 2020, the center deferred inflows of resources were comprised of deferred inflows to pensions.

2. Use of Estimates

The preparation of financial statements 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.

3. Deposit Categories of Credit Risk

Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The Center's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Deposit Categories of Credit Risk (continued)

6. County, municipal or technology center direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

Custodial Credit Risk:

Deposits and Investments - The Center's demand deposits totaling \$14,451,725 at June 30, 2020, are required by law to be collateralized by the amount that is not federally insured. The District has a written investment policy, which permits investments as authorized by State Statute.

Certificates of deposit totaling \$16,502,912 at June 30, 2020, are collateralized at least by the amount not federally insured. As of June 30, 2020, the District had no deposits exposed to custodial credit risk.

Interest Rate Risk:

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the Center has no formal written policy addressing interest rate risk.

Credit Risk:

The Center has no formal written policy addressing credit risk.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

4. Accounts Receivable

Receivables consist of all revenues earned at year end and not yet received. Ad valorem tax collectable but not available, are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but included in the government-wide financial statements in accordance with the accrual basis of accounting. The technology center had the following receivables at June 30, 2020:

	General Fund	Building Fund	Total
Ad Valorem Tax	\$ 600,901	\$ 162,354	\$ 763,255
Due from Activity	224,571	-	224,571
Due from Other Governments	183,300	-	183,300
Total – Accrual Basis	<u>1,008,772</u>	<u>162,354</u>	<u>1,171,126</u>
Less: Deferred Revenue	<u>399,771</u>	<u>102,670</u>	<u>442,441</u>
Total Receivables - net	<u>\$ 609,001</u>	<u>\$ 59,684</u>	<u>\$ 668,685</u>

5. Capital Assets

A summary of changes in general fixed assets for the year ended June 30, 2020, follows:

	Balance July 30, 2019	Additions	Transfer	Retirements	Balance June 30, 2020
Land	\$ 1,382,586	\$ -	\$ -	\$ -	\$ 1,382,586
Construction in progress	400,554	55,546	-	-	456,100
Total Assets Not Being Depreciated	<u>1,783,140</u>	<u>55,546</u>	<u>-</u>	<u>-</u>	<u>1,838,686</u>
Building & Improvements	\$ 21,636,703	\$ 1,927,553	\$ -	\$ -	\$ 23,564,256
Machinery & Equipment	5,447,914	631,526	-	31,535	6,047,905
Vehicles	6,057,481	987,869	-	482,826	6,562,524
Total Capital Assets Being Depreciated	<u>33,142,098</u>	<u>3,546,948</u>	<u>-</u>	<u>514,361</u>	<u>36,174,685</u>
Less: Accumulated Depreciation	<u>16,249,808</u>	<u>1,754,120</u>	<u>-</u>	<u>504,494</u>	<u>17,499,434</u>
Total Capital Assets Being Depreciated - Net	<u>16,892,290</u>	<u>1,792,828</u>	<u>-</u>	<u>9,867</u>	<u>18,675,251</u>
Total Capital Assets - Net	<u>\$ 18,675,430</u>	<u>\$ 1,848,374</u>	<u>\$ -</u>	<u>\$ 9,867</u>	<u>\$ 20,513,937</u>

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

6. Interfund Transactions

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund, or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

7. Employee Retirement System

Description of Plan

The District participates in the state-administrated Teacher's Retirement System of Oklahoma (the "system"), which is a cost-sharing multiple-employer public employee retirement system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish benefit provisions and may be amended only through legislative action. The District has no responsibility or authority for the operation and administration of the system nor has it any liability, except for contribution requirements. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System has prepared its financial statements in accordance with accounting principles generally accepted in the United State of America and using the economic resources measurement focus. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchase and sales are recorded as of their trade dates. Member and employer contributions are established by Oklahoma Statutes as percentage of salaries and are recognized when due, pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Oklahoma Statutes. Administrative expenses are funded through investment earnings.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. The contribution rate for employers is 9.5%. Additionally, the State of Oklahoma contributes a percentage of its revenues from sales taxes, use taxes, corporate income taxes, individual income taxes, and lottery proceeds to the system. For the fiscal year ending June 30, 2020, the dedicated state revenue was equivalent to a contribution rate of approximately 7.0% of covered payroll. Finally, the Teacher's Retirement System receives "grant matching" contributions from employers for positions whose funding comes from federal and certain other grants. The matching contribution rate for FY 2020 is 7.7% of applicable payroll. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

Annual Pension Cost

The Center's total contributions for 2020, 2019, and 2018, were \$1,011,587, \$943,213, and \$886,701, respectively. The District's total payroll for fiscal year 2019-20 amounted to \$10,593,223.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Employee Retirement System (continued)

On Behalf Contributions

The State of Oklahoma makes retirement contributions each year for teachers employed by Oklahoma School Districts. The contribution amounts are based on the teacher's years of service and amounts paid are prescribed by O.S. 70 Section 17-108.2 subsection A. During fiscal year 2019-20, the State of Oklahoma's contribution was \$50,951. The District recognized revenue and expenditures of this amount during the year.

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

At June 30, 2020, the Center reported a liability of \$13,514,902 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The center's proportion of the net pension liability was based on the Center's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the center's proportion was .20421431 percent.

For the year ended June 30, 2020, the center recognized pension expense of \$1,009,685. At June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 693,772	\$ 579,154
Changes of assumptions	709,561	456,100
Net difference between projected and actual earnings on pension plan investments	91,658	-
Differences in center's proportionate share of contributions and changes in proportion	-	704,542
System contributions during measurement date	-	42,621
Center contributions subsequent to the measurement date	1,009,685	-
Total	\$ <u>2,504,676</u>	\$ <u>1,782,417</u>

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Employee Retirement System (continued)

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended,	
2021	\$ 230,308
2022	(513,180)
2023	(236,177)
2024	199,320
2025	32,303
	<u>\$ (287,426)</u>

Actuarial assumptions: The total pension liability as of June 30, 2019, was determined based on an actuarial valuation prepared as of June 30, 2019 using the following actuarial assumptions:

- Actuarial Cost method-Entry Age Normal
- Amortization Method-Level Percentage of Payroll
- Amortization Period-Amortization over an open 30-year period
- Asset Valuation Method-5-year smooth market
- Inflation – 2.50 percent
- Salary Increases-Composed of 3.00 percent wage inflation, plus .75 percent productivity increase rate, plus step-rate promotional increase for members with less than 25 years of service.
- Investment Rate of Return-7.50 percent, net of expenses and compounded annually.
- Retirement Age-Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014
- Payroll Growth Rate-2.75 percent per year. This increase rate has no allowance for the future membership growth.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Employee Retirement System (continued)

The target asset allocation and best estimate 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>
Domestic Equity	38.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	23.5%	2.5%
Real Estate*	9.0%	4.5%
Alternative Assets	10.0%	6.1%
Total	<u>100.00%</u>	

*The Domestic All Cap Equity total expected return is a combination of 3 rates – US Large cap, US Mid Cap and US Small Cap.

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

Discount rate – A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2020. 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 total pension liability.

Sensitivity of the Center's proportionate share of the net pension liability to changes in the discount rate

The following presents the Center's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Center'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:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Center's proportionate share of the net pension liability	<u>\$ 19,043,974</u>	<u>\$ 13,514,902</u>	<u>\$ 8,889,560</u>

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/> or by writing to the Oklahoma Teachers Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152 or by calling 405-521-2387.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description – The District as the employer, participates in the Supplemental Health Insurance Program – a cost sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Teachers Retirement System (OTRS). Title 74 O. S. Sec. 1316.3 defines the health insurance benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/TRS

Benefits Provided – OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 per month, remitted to the Oklahoma Management Enterprise Services Employees Group Insurance Division, provided the member has ten (10) years of Oklahoma service prior to retirement.

Contributions – Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 7; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 1.5% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the District were \$1,902.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2020, the District reported an asset of \$126,305 for its proportionate share of the new OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB asset was based on the District's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2019. Based upon this information, the District's proportion was 0.204270% percent.

For the year ended June 30, 2020, the District recognized OPEB expense of \$(17,486). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 46,166
Net difference between projected and actual earnings on OPEB plan investments	-	18,123
Changes in Proportion	1,431	-
Contributions during measurement date	8,915	-
District contributions subsequent to the measurement date	1,902	-
Total	\$ <u>12,248</u>	\$ <u>64,287</u>

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

The \$1,902 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2021	\$	(20,583)
2022		(20,583)
2023		(8,092)
2024		(1,071)
2025		(2,903)
Thereafter		(711)
	\$	<u>(53,943)</u>

Actuarial Assumptions – The total OPEB liability (asset) as of June 30, 2020, was determined based on an actuarial valuation prepared as of June 30, 2019 using the following actuarial assumptions:

- Actuarial Cost method-Entry Age
- Inflation – 2.50%
- Salary Increases-Composed of 3.00% inflation, plus .75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return-7.50%
- Retirement Age-Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the 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 at 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%.
- Health care trend rate – not applicable as the benefit provided is a set dollar amount not impacted by health care costs.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	23.5%	2.5%
Real Estate**	9.0%	4.5%
Alternative Assets	10.0%	6.1%
 Total	 <u>100.00%</u>	

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

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

Discount Rate – A single discount rate of 7.50% was used to measure the total OPEB liability (asset) as of June 30, 2020. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.5%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's Net OPEB Liability (asset) \$	(42,324)	\$ (126,305)	\$ (198,061)

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at www.ok.gov/TRS.

9. Non-Current Debt

The Center's non-current debt consisted of compensated absences. Compensated absences represent the estimated liability for employees' accrued vacation for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund or Building Fund based upon the assignment of the employee at termination. The government wide statements reflect the total estimated liability of the compensated absences in the Statement of Net Position. In the Statement of Activities, the compensated absences are recognized as expenses when earned.

Noncurrent liabilities consist of compensated absences that are due in more than a year. A summary of changes in noncurrent liabilities follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Compensated Absences \$	337,204	\$ 14,358	\$ -	\$ 351,562
Total \$	337,204	14,358	-	351,562
Less: Amounts Due within One Year				188,544
Total Long-Term Debt				\$ 163,018

10. Capital Lease Commitments

The Center had no capital lease commitments at June 30, 2020.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

11. Litigation

The Center is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the Center at June 30, 2020.

12. Contingent Liabilities

The Center receives significant financial assistance from the United States government in the form of grants and other federal assistance. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the Center. The Center estimates that no material liabilities will result from such audits.

13. Risk Management

Insurance Coverage

The Center purchases commercial insurance policies covering property casualty loss, public liability, school board member, and administrator liability.

The Center participates in the Oklahoma Public Schools Unemployment Compensation Account under the sponsorship of the Oklahoma State School Boards Association and the cooperative council for Oklahoma School Administration. The account was established to let school districts self-insure unemployment benefits for school employees. The funds are held in the name of each school district as reserves to pay unemployment claims. Each school district is individually liable for that portion of the benefits paid from the fund attributable to wages paid by the school district in the same manner as if no group account had been established. The reserve funds may be withdrawn from the account upon request of the school district. At June 30, 2020, the Central Technology Center had reserves on deposit with the Oklahoma Public Schools Unemployment Compensation Accounting totaling \$14,701. This amount has been shown as prepaid insurance on the financial statements.

14. Surety Bonds

The superintendent is bonded by Old Republic, bond number W150228337 for the penal sum of \$100,000 for the term of July, 2019, to July 1, 2020.

The Center has a continuous employee position bond for employee dishonesty coverage with Travelers Casualty and Surety Company, policy number 104199790. The chief financial officer is bonded for \$500,000 with a \$5,000 deductible, the treasurer is bonded for \$300,000 with a \$5,000 deductible, the encumbrance clerk/minutes clerk is bonded for \$1,000 with no deductible, and the bursar is bonded for \$20,000 with a \$500 deductible. The policy runs continuously until cancelled.

15. Related Parties

The Center annually agrees with the Central Tech Foundation, Inc. (Foundation) to allow operation of the Foundation's principal office within the Center's administrative offices and allows selected Center employees to perform the duties required of the Foundation, such as clerical and administrative services. The Center also allows the Foundation to utilize Center equipment and space as needed. In exchange the Foundation agrees to present to the Center an annual report including information about available grants and fundraising. No public funds of the Center are allowed to be deposited in any account owned or controlled by the Foundation. The Foundation is separately constituted and accordingly, their financial position and results of operations have not been presented in the accompanying financial statements.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

16. Operating Lease Agreements

The Center leases office space to the Creek County Industrial Authority for purposes of enhancing economic development throughout Creek County. The lease is renewable on a fiscal year basis and the established lease rate is \$1.

The Center leases office and classroom space from Central Oklahoma Business and Job Development Corporation within a facility called the Center for Business Technology Research & Development located in Drumright, Oklahoma. The Center pays \$1 per year for use of the premises.

The Center leases office and classroom space to Workforce Tulsa. The Center receives \$1,000 per month for the 1,500 square feet of office area.

The Center leases office and adjoining shop space to local business. The Center receives \$363 per month for the 600 square feet of office area and 1,600 square feet of shop area.

The Center leases space for the welding training center in Sapulpa. The agreement is for \$2,250 per month and it runs from September 1, 2019 through August 31, 2021.

The Center also leases property in Sapulpa, Oklahoma to the Oklahoma Employment Security Commission. The multi-year agreement is renewable through June 30, 2020, for an annual amount of \$16,000.

17. Cooperative Agreement

The Center entered into an agreement with other Technology Centers in the state of Oklahoma to form a cooperative to jointly pursue a marketing and informational design to utilize a broad range of media services to deliver information to the public regarding programs and training opportunities available through the Technology Centers. Financial arrangements of the cooperative districts include allocating the fees and associated expenses among themselves bases on assessed valuations in each district. The term of the agreement runs for one year and may be renewed for successive one year terms.

COMBINING FINANCIAL STATEMENTS

CENTRAL TECHNOLOGY CENTER NO. 3
BALANCE SHEET - FIDUCIARY FUND
JUNE 30, 2020

	<u>Agency Fund</u>
	<u>Activity Fund</u>
ASSETS	
Cash	\$ 70,761
Miscellaneous receivables	<u>224,571</u>
Total assets	<u>\$ 295,332</u>
LIABILITIES AND FUND EQUITY	
Liabilities:	
Due to student organizations	\$ 70,761
Due to other funds	<u>224,571</u>
Total liabilities	<u>\$ 295,332</u>
Fund equity:	\$ <u>-</u>
Total liabilities and fund equity	<u>\$ 295,332</u>

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL TECHNOLOGY CENTER NO. 3
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Fund balances, beginning of year	\$ 10,843,526	\$ 10,843,526	\$ 10,843,526	\$ -
Revenues collected:				
Local sources	\$ 15,041,949	\$ 15,041,949	\$ 16,361,027	\$ 1,319,078
Intermediate sources	-	-	-	-
State sources	5,949,988	5,949,988	5,978,457	28,469
Federal sources	<u>603,840</u>	<u>603,840</u>	<u>536,269</u>	<u>(67,571)</u>
Total revenues collected	\$ <u>21,595,777</u>	\$ <u>21,595,777</u>	\$ <u>22,875,753</u>	\$ <u>1,279,976</u>
Expenditures paid:				
Instruction	\$ 17,150,281	\$ 17,150,281	\$ 9,821,580	\$ 7,328,701
Support services	9,017,213	9,017,213	9,389,059	(371,846)
Non-instructional services	1,173,797	1,173,797	700,379	473,418
Other outlays	600	600	600	-
Other uses	<u>5,097,412</u>	<u>5,097,412</u>	<u>538,290</u>	<u>4,559,122</u>
Total expenditures paid	\$ <u>32,439,303</u>	\$ <u>32,439,303</u>	\$ <u>20,449,908</u>	\$ <u>11,989,395</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ <u>-</u>	\$ <u>-</u>	\$ 13,269,371	\$ <u>13,269,371</u>
Adjustments to prior year encumbrances			<u>589,370</u>	
Other financing sources (uses):				
Operating transfers in/out			-	
Bank charges			<u>(61)</u>	
Total other financing sources (uses)			<u>(61)</u>	
Cash fund balance, end of year			\$ <u><u>13,858,680</u></u>	
Reconciliation of budgetary fund basis fund balance with GAAP fund balance:				
Cash Fund Balance, end of year			\$ 13,858,680	
Accounts receivable not recognized as revenue			609,001	
Prepaid insurance is expensed on budgetary basis			14,701	
Expenses not recognized in budgetary basis			(432,441)	
Expenses not recognized in GAAP basis			<u>1,531,173</u>	
GAAP fund balance, end of year			\$ <u><u>15,581,114</u></u>	

**CENTRAL TECHNOLOGY CENTER NO. 3
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Fund balances, beginning of year	\$ 12,024,583	\$ 12,024,583	\$ 12,024,583	\$ -
Revenues collected:				
Local sources	\$ 3,504,398	\$ 3,504,398	\$ 4,088,099	\$ 583,701
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues collected	<u>\$ 3,504,398</u>	<u>\$ 3,504,398</u>	<u>\$ 4,088,099</u>	<u>\$ 583,701</u>
Expenditures paid:				
Instruction	\$ 110,000	\$ 110,000	\$ -	\$ 110,000
Support services	638,000	638,000	311,196	326,804
Non-instructional services	-	-	-	-
Capital outlay	14,780,981	14,780,981	1,098,548	13,682,433
Other outlays	-	-	-	-
Other uses	-	-	-	-
Total expenditures paid	<u>\$ 15,528,981</u>	<u>\$ 15,528,981</u>	<u>\$ 1,409,744</u>	<u>\$ 14,119,237</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,702,938</u>	<u>\$ 14,702,938</u>
Adjustments to prior year encumbrances			<u>224,068</u>	
Cash fund balance, end of year			<u>\$ 14,927,006</u>	
Reconciliation of budgetary basis fund balance with GAAP fund balance:				
Cash fund balance, end of year			\$ 14,927,006	
Accounts receivable not recognized as revenue			59,684	
Expenses not recognized in budgetary basis			(3,999)	
Expenses not recognized in GAAP basis (reserves)			637,778	
GAAP fund balance, end of year			<u>\$ 15,620,469</u>	

CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*
FOR THE YEAR END JUNE 30, 2020

	2015	2016	2017	2018	2019	2020
School's Proportion of the net pension liability	0.26968000%	0.20586411%	0.21013593%	0.22003440%	0.20924777%	0.20421431%
School's proportionate share of the net pension liability	\$ 11,134,579	12,501,630	17,537,019	14,569,174	12,647,169	13,514,902
School's covered-employee payroll	\$ 8,956,915	9,148,201	9,337,046	9,137,711	9,870,997	10,545,383
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124%	137%	188%	159%	128%	128%
Plan fiduciary net position as a percentage of total pension liability	72.43%	70.31%	62.24%	69.32%	72.74%	71.56%

*The amounts present for each fiscal year were determined as of 6/30.

Note to Schedule:

Information to present a 10 year history is not readily available.

CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
SCHEDULE OF THE CONTRIBUTIONS
OKLAHOMA TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*
FOR THE YEAR END JUNE 30, 2020

	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 850,909	869,081	887,021	868,529 \$	943,213 \$	951,547
Contributions in relation to the contractually required contribution	850,909	869,081	887,021	868,529	943,213	951,547
Contribution deficiency (excess)	-	-	-	-	-	-
School's covered-employee payroll	\$ 8,956,915	9,148,201	9,337,046	9,137,711 \$	9,870,997 \$	10,545,383
Contributions as a percentage of covered-employee payroll	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%

Notes to Schedule:
Information to present a 10 year history is not readily available.

CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
SUPPLEMENTAL HEALTH INSURANCE PROGRAMS

LAST TEN FISCAL YEARS* (DOLLAR AMOUNTS IN THOUSANDS)
FOR THE YEAR END JUNE 30, 2020

	2018	2019	2020
District's proportionate share of the net OPEB liability (asset)	\$ (98,123)	\$ (135,227)	\$ (126,305)
District's covered payroll	\$ 9,137,711	\$ 9,870,997	\$ 10,545,383
District's proportionate share of the new OPEB liability (asset) as a percentage of its Covered-employee payroll	1.07%	1.37%	1.20%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	110.40%	115.41%	115.07%

*The amount present for each fiscal year were determined as of 6/30

Notes to Schedule:

Information to present a 10 year history is not readily available.

CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SUPPLEMENTAL HEALTH INSURANCE PROGRAMS
LAST TEN FISCAL YEARS* (DOLLAR AMOUNTS IN THOUSANDS)
FOR THE YEAR END JUNE 30, 2020

	2017	2018	2019	2020
Contractually required contribution	\$ 14,221	13,575 \$	14,808 \$	3,012
Contributions in relation to the contractually required contribution	14,221	13,575	14,808	3,012
Contribution deficiency (excess)	\$ -	- \$	- \$	-
District's covered payroll	\$ 9,337,046	9,137,711 \$	9,870,997 \$	10,545,383
Contributions as a percentage of covered-payroll	0.15%	0.15%	0.15%	0.15%

Notes to Schedule:

Information to present a 10 year history is not readily available.

SUPPORTING SCHEDULES

CENTRAL TECHNOLOGY CENTER NO. 3
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2019	Revenue	Expenditures	Balance at June 30, 2020
<u>U.S. Department of Education</u>						
Direct Programs:						
<u>2019-2020 Programs</u>						
Pell Grant	84.063	P063P195405	\$ -	399,003 \$	399,003 \$	-
College Work Study	84.033	P033A163407	-	5,050	5,050	-
S.E.O.G.	84.077	P007A193407	-	8,659	8,659	-
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act Higher Education Emergency Relief	84.425E	P033A163407	-	71,269	71,269	-
Sub-Total			\$ -	483,981 \$	483,981 \$	-
Passed-Through State Department of Career and Technology Education						
<u>2019-2020 Programs</u>						
Tech Centers That Work	84.0.48	N/A	-	11,146 \$	11,146 \$	-
Carl Perkins	84.048	N/A	-	145,104	145,104	-
Sub-Total			\$ -	156,250 \$	156,250 \$	-
TOTAL FEDERAL ASSISTANCE			\$ -	640,231 \$	640,231 \$	-

The accompanying notes are an integral part of this schedule.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

1. For all federal programs, the Center uses the fund types prescribed by the Oklahoma State Department of Career and Technology Education and conforms to the system of accounting authorized by the State of Oklahoma. General Funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its' measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All Federal grant funds were accounted for in the General and Agency Funds. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and accrual basis for Agency Funds. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

3. The District has not elected to use the de minimus indirect cost rate allowed under the Uniform Guidance.

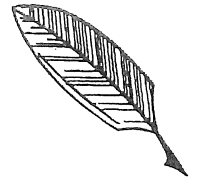
**CENTRAL TECHNOLOGY CENTER NO. 3
SCHOOL ACTIVITY FUND
STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020**

Activities	Balance 7-1-19	Revenue	Net Transfers/ Adjustments	Expenditures	Balance 6-30-20
Clearing	\$ -	\$ 2,477,299	\$ 173,617	\$ 2,650,916	\$ -
Drumright Club	24,430	76,072	(18,192)	46,517	35,792
Vending	15,920	27,242	(1,109)	31,704	10,349
OSSM	105	1,650	120	1,582	293
TDT	-	967,188	60,214	1,022,402	5,000
Sapulpa Club	15,816	12,804	172	11,472	17,319
School to Work	2,247	1,830	1,200	3,270	2,007
Total Activities	<u>\$ 58,519</u>	<u>\$ 3,564,084</u>	<u>\$ 216,022</u>	<u>\$ 3,767,864</u>	<u>\$ 70,761</u>

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.
Broken Arrow, OK 74012
Phone Number (918) 250-8838
FAX Number (918) 250-9853



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
Central Technology Center No. 3
Creek County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Technology Center No. 3, Creek County, Oklahoma (Center), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Center's financial statements, and have issued my report thereon dated March 8, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Center's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Kerry John Patten", with a large, stylized flourish extending from the end of the signature.

Kerry John Patten, C.P.A.
Broken Arrow, OK
March 8, 2021

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
SUMMARY OF PRIOR AUDIT FINDINGS
JULY 1, 2019 TO JUNE 30, 2020**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The Center had no prior year audit findings relative to federal award programs.

**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
JULY 1, 2019 TO JUNE 30, 2020**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Central Technology Center No. 3 had not complied with significant compliance rules and regulations of the Oklahoma State Department of Career & Technology Education.

Previous Year's Audit Comments

Excluding the condition marked with an asterisk, there are no other items in the 2018-19 audit report, which have been repeated in this report.

I would like to express my appreciation for the courtesies and cooperation extended to us by Center administrators and employees during the course of this audit.

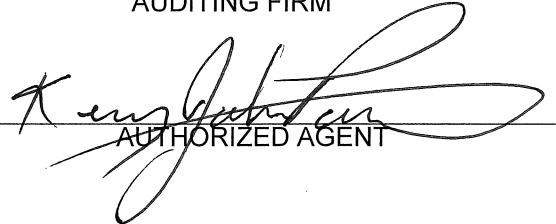
**CENTRAL TECHNOLOGY CENTER NO. 3
CREEK COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2019 TO JUNE 30, 2020**

State of Oklahoma)
County of Tulsa)

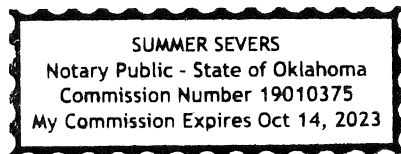
The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Central Technology Center for the audit year 2019-20.

Kerry John Patten, C.P.A.
AUDITING FIRM

BY



AUTHORIZED AGENT



Subscribed and sworn to before me on this

8th day of March, 2021



NOTARY PUBLIC

My commission expires on:

14th day of October, 2023