

**AUDITED FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA**

JUNE 30, 2023



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA
JUNE 30, 2023**

TABLE OF CONTENTS

	<u>Page No.</u>
Table of Contents	1-2
Technology Center Officials	3
Independent Auditor’s Report	4-6
Management’s Discussion and Analysis	7-13
 Government Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities and Changes in Net Position	15
 Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Notes to the Basic Financial Statements	19-43
 Required Supplementary Information:	
Schedule of Proportionate Share of the Net Pension Liability	44
Schedule of Contributions-Pension	45
Schedule of Proportionate Share of the Net OPEB Asset	46
Schedule of Contributions-OPEB	47
Budgetary Comparison Schedule – General Fund – Budget Basis	48
Budgetary Comparison Schedule – Building Fund – Budget Basis	49

CADDO/KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA
JUNE 30, 2023

TABLE OF CONTENTS

Other Supplementary Information and Reports Required by Governmental Auditing Standards and Uniform Guidance:

Schedule of Expenditures of Federal Awards	50
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 <i>Government Auditing Standards</i>	51-52
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance	53-54
Summary of Auditor's Results, Findings and Questioned Costs	55
Disposition of Prior Year's Findings	56
Schedule of Accountant's Professional Liability Insurance Affidavit	57

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA
TECHNOLOGY CENTER OFFICIALS
JUNE 30, 2023**

BOARD OF EDUCATION

President	Dustin Tackett
Vice-President	Lance Shenold
Clerk	Tom Haley
Member	Phil Perryman
Member	Chaz Hurt

SUPERINTENDENT

Tony Hancock

CHIEF FINANCIAL OFFICER

Raenee Delgado



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Caddo/Kiowa Technology Center No. VT-2
Fort Cobb, Oklahoma 73038

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Caddo/Kiowa Technology Center No. VT-2, Fort Cobb, Oklahoma (the "Center") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Caddo/Kiowa Technology Center No. VT-2, Caddo County, Oklahoma as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Caddo/Kiowa Technology Center No. VT-2, Fort Cobb, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-13, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual on pages 48 and 49, Schedule of Proportionate Share of the Net Pension Liability on page 44, Schedule of Contributions on page 45, Schedule of Proportionate Share of Net OPEB Liability on page 46, and Schedule of Contributions-OPEB on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Center's basic financial statements. The combining fund statements, regulatory basis, listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other 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 statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 7, 2024, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

March 7, 2024

MANAGEMENT'S DISCUSSION & ANALYSIS

CADDO/KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

Our discussion and analysis of the Caddo/Kiowa Technology Center No. 2's performance provides an overview of the Tech Center's financial activities for the year ended June 30, 2023. Please read it in conjunction with the Center's financial statements, which immediately follows this section.

Using This Annual Report

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

Caddo/Kiowa Technology Center (the Center)

The Center is a part of the public CareerTech system of Oklahoma, under the direction and control of the Oklahoma State Board of Career and Technology Education. The Center is located in Fort Cobb, Oklahoma serving one main campus. The Center serves 14 public school districts. The major instructional program areas are Auto Service Technology, Biomedical Sciences, Business Information Technology, Construction Technology, Cosmetology, Criminal Justice, Culinary Arts, Diesel Service Technology, Early Care Education, Health Careers, Heating-Ventilation - Air Conditioning, Innovative Technologies, Occupational Therapy Assistant and Physical Therapy Assistant. The Center has three basic areas or types of instruction:

Full-Time Programs - These programs are designed to lead to industry certifications, licenses, employment, and/or continuing education.

Adult and Career Development - These classes are designed around specific curriculum and are designed to provide an introduction to or enhance knowledge of specific topics.

Business and Industry Services - This division strives to meet the training and development needs of business and industry.

Financial Highlights

The Center's financial status improved from the previous year. Total net position increased 4.1 percent. Overall revenues were \$14.4 million and overall expenses were \$14.2 million.

Reporting the Tech Center as a Whole

The Statement of Net Position and the Statement of Activities

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

CADDO/KIOWA TECHNOLOGY CENTER NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

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

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

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

Reporting the Tech Center's Most Significant Funds

Fund Financial Statements

Some funds are required to be established by State law and by bond covenants. All of the Tech Center'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 Tech Center's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Tech Center's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

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

CADDO/KIOWA TECHNOLOGY CENTER NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

The Tech Center as a Whole

	<u>2022</u>	<u>2023</u>
Current and other assets	\$ 8,804,764	\$ 12,133,696
Capital assets, net	<u>3,791,641</u>	<u>4,028,474</u>
Total assets	<u>12,596,405</u>	<u>16,162,170</u>
Deferred outflows of resources	<u>1,711,761</u>	<u>2,279,949</u>
Current liabilities	293,618	4,109,808
Long-term liabilities	39,786	45,013
Net pension liability	<u>5,367,195</u>	<u>8,840,069</u>
Total liabilities	<u>5,700,599</u>	<u>12,994,890</u>
Deferred inflows of resources	<u>3,498,493</u>	<u>126,228</u>
Net position		
Investment in capital assets, net	3,791,641	4,028,474
Restricted	1,885,902	1,576,576
Unrestricted	<u>(568,469)</u>	<u>(284,049)</u>
Total net position	<u>\$ 5,109,074</u>	<u>\$ 5,321,001</u>

Net Position – The Center’s combined net position increased from \$5.1 million on June 30, 2022 to \$5.3 million on June 30, 2023.

For the years ended June 30, 2023 and 2022, changes in net position were as follows:

	<u>2022</u>	<u>2023</u>
Beginning net position	\$ 3,721,465	\$ 5,109,074
Revenues		
Program revenues		
Charges for services	2,754,552	1,118,450
Operating grants	948,479	819,497
General revenues		
Property taxes	3,078,997	3,404,192
State grants	4,957,131	6,165,626
Investment earnings	17,954	80,130
Other local revenues	20	2,794,761
Total revenues	<u>11,757,133</u>	<u>14,382,656</u>
Expenses		
Program expenses		
Instruction	4,356,569	4,553,535
Support services	4,705,358	8,132,291
Non-instructional	1,007,252	972,183
Capital outlay		358,717
Other outlays	300,345	154,003
Total expenses	<u>10,369,524</u>	<u>14,170,729</u>
Increase (Decrease) in net position	<u>1,387,609</u>	<u>211,927</u>
Ending net position	<u>\$ 5,109,074</u>	<u>\$ 5,321,001</u>

Changes in Net Position – The Center’s total revenues increased to \$14.4 million. Property taxes accounted for 24 percent of the Center’s collections. Another 8 percent came from tuition and fees.

CADDO/KIOWA TECHNOLOGY CENTER NO. 2
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

Total revenue surpassed expenses, increasing net position \$0.2 million over the past year.

The Center’s total expenditures increased by 37 percent to \$14.1 million. The Center’s expenses are primarily related to education, training and support of students and business clients.

Governmental Activities

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

Center Sources of Revenue:

Ad Valorem property tax	Taxes for current year and prior years, in lieu of tax
Interest	Interest earning of investments and taxes
Tuition and Fees	Tuition and fees for Full-time adult classes, Short-term adult classes, Safety Training, Industry Specific, Assessment and Health Certification
Local Sources	Local grants, Center contracts, rental of school facilities and property, sale of surplus equipment, bookstore revenue, reimbursement for insurance loss recoveries, damages to school property, and rebates
State Revenue	Formula operations, Bid Assistance Program, Existing Industry Initiative, Training for Industry Program, Safety Training, professional development.
Federal Revenue - Grants	Carl Perkins Grant, Student Financial Aid (PELL Grants), TANF, Child Care, Head Start, Nutrition

THE TECH CENTER’S FUNDS

The following schedule presents a summary of general, special revenue (building fund, insurance fund and activity fund), and expenditures for the fiscal year ended June 30,2023 and 2022.

CADDO/KIOWA TECHNOLOGY CENTER NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

Revenues

	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>2023 Amount</u>	<u>Percent of Total</u>
Property Taxes	3,090,091	26.94%	4,019,710	28.35
Interest	17,954	.16%	80,130	.57%
Tuition and Fees	604,898	5.27%	824,601	5.82%
State Revenue	5,312,799	46.32%	5,289,805	37.32%
Federal Sources	1,111,338	9.69%	1,189,308	8.39%
Miscellaneous	1,333,545	11.63%	2,771,497	19.55%
Total Revenues:	11,470,625	100%	14,175,050	100%

Expenditures

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

	<u>2022</u>	<u>Percent</u>	<u>2023</u>	<u>Percent</u>
Expenditures:	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>
Instruction	\$4,513,515	42.40%	4,704,296	33.14%
Support Services	4,165,059	39.12%	8,042,144	56.66%
Non-Instructional Services	1,782,843	16.75%	934,542	6.58%
Facilities	25,805	.24%	358,717	2.53%
Other Outlays	158,613	1.49%	154,003	1.09%
Total Expenditures	10,645,835	100.00%	14,193,702	100.00%

The primary source of revenue for the governmental funds is ad valorem property tax, which is not received evenly throughout the fiscal year. The majority of property tax revenues are received between January 1 and April 30 of each year. The governmental funds must carry forward a fund balance large enough to finance the first six months of the fiscal year.

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

General Fund

The General Fund year-end fund balance is required to meet the labor intensive and operating expenses for the first six months of the fiscal year 2023.

Building Fund

The Building Fund year-end fund balance is restricted funds that are targeted for remodeling of current facilities, site improvements, new construction projects, equipment for the programs and building furniture needs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Center was able to have a \$5.9 million general fund budgetary balance at the end of the fiscal year. No amendments were filed to the budget for the year.

CAPITAL ASSETS

At the end of June 30, 2022, the Tech Center had \$12.5 million invested in capital assets (see table below). This represents a net increase of 2 percent, over the previous fiscal year.

	2023	2022
Land	\$ 150,900	\$ 150,900
Buildings and Improvements	7,517,710	7,517,710
Furniture and Equipment	2,465,924	2,524,624
Vehicles	<u>2,363,235</u>	<u>1,857,687</u>
TOTALS	<u>\$ 12,497,769</u>	<u>\$ 12,050,921</u>

See Note 4 for additional information on capital assets.

LONG-TERM LIABILITIES

Net Pension Liability

The Center’s share of the Teachers’ Retirement System’s net pension liability as of June 30, 2023 was \$8,840,069. This was an increase from the prior year, 2022 which was the measurement year for the net pension liability as of June 30, 2023. See Note 6 for additional information on the net pension liability.

ECONOMIC FACTORS

The Center continues to face the effects of the outbreak of the coronavirus disease (“COVID-19”). The Center’s operations are heavily dependent on the ability to collect property taxes and state aid. Additionally, access to grants and contracts from federal and state government may decrease or may not be available. The outbreak may continue to have a material adverse impact on economic conditions. At this time, management cannot predict the impact of

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

the COVID-19 pandemic, but management continues to monitor the situation, to assess further possible implications to operations and to take actions in an effort to mitigate adverse consequences.

CONTACTING THE TECH CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Caddo/Kiowa Technology Center's financial position to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at Caddo/Kiowa Technology Center No. 2, located at 1415 N 7th Street, Fort Cobb, Oklahoma 73038.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 STATEMENT OF NET POSITION
 JUNE 30, 2023**

<u>ASSETS</u>	<u>GOVERNMENT ACTIVITIES</u>
Current assets	
Cash, and cash equivalents	\$ 10,136,757
Investments	1,532,031
Property taxes receivable	289,818
Receivables from other governments	128,082
OPEB Asset	47,008
Total current assets	<u>12,133,696</u>
Non-current assets	
Capital assets	
Land	150,900
Building	7,517,710
Furniture and equipment	2,465,924
Vehicles	2,363,236
Less accumulated depreciation	<u>(8,469,296)</u>
Total capital assets	<u>4,028,474</u>
Total assets	<u>16,162,170</u>
Deferred outflows of resources	
Deferred outflows related to pensions	<u>2,279,949</u>
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities	
Accounts payable	<u>4,109,808</u>
Total current liabilities	<u>4,109,808</u>
Noncurrent liabilities	
Compensated leave	45,013
Net pension liability	<u>8,840,069</u>
Total non-current liabilities	<u>8,885,082</u>
Total liabilities	<u>12,994,890</u>
<u>Deferred inflows of resources</u>	
Deferred inflows of resources related to pensions	<u>126,228</u>
Total deferred inflows of resources	<u>126,228</u>
Net position	
Investment in capital assets	4,028,474
Restricted	1,576,576
Unrestricted	<u>(284,049)</u>
Total net position	<u>\$ 5,321,001</u>

The accompanying notes are an integral part of these financial statements.

CADDO-KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense)/ Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
Governmental Activities -				
Instruction	\$ 4,553,535	\$ 903,844	\$ 582,429	\$ (3,067,262)
Support services - instructional	361,826			(361,826)
Support services - operational	7,770,465	214,606	382	(7,555,477)
Operation of non-instructional services	972,183			(972,183)
Facilities acq. and construction	358,717			(358,717)
Other outlays	154,003		236,686	82,683
Total general government	<u>\$ 14,170,729</u>	<u>\$ 1,118,450</u>	<u>\$ 819,497</u>	<u>\$ (12,232,782)</u>
General revenues-				
Property taxes, levied for building purposes				333,715
Property taxes, levied for general purposes				3,070,477
State aid formula grants				4,975,744
State sources - pension related				507,775
Other local - contracts, insurance refund, etc.				2,794,761
Other state sources - training and special grants				682,107
Earnings on investments				80,130
Total general revenues				<u>12,444,709</u>
Changes in net position				211,927
Net position, beginning of period				<u>5,109,074</u>
Net position, end of period				<u>\$ 5,321,001</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>BUILDING FUND</u>	<u>INSURANCE FUND</u>	<u>ACTIVITY FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash, and cash equivalents	\$ 5,621,847	\$ 3,591,181	\$ 900,000	\$ 23,729	\$ 10,136,757
Investments	698,000	834,031			1,532,031
Receivables	263,554	26,264			289,818
Due from other governments	128,082				128,082
Total assets	<u>6,711,483</u>	<u>4,451,476</u>	<u>900,000</u>	<u>23,729</u>	<u>12,086,688</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	335,936	3,773,872			4,109,808
Compensated leave payable:					
Long term compensated leave	45,013				45,013
Total liabilities	<u>380,949</u>	<u>3,773,872</u>			<u>4,154,821</u>
Deferred inflows of resources					
Delinquent property taxes	248,413	24,757			273,170
Total deferred inflows of resources	<u>248,413</u>	<u>24,757</u>			<u>273,170</u>
Reserved for:					
Restricted fund balance		652,847	900,000	23,729	1,576,576
Unreserved:					
Unassigned fund balance	6,082,121				6,082,121
Total fund balances	<u>6,082,121</u>	<u>652,847</u>	<u>900,000</u>	<u>23,729</u>	<u>7,658,697</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,711,483</u>	<u>\$ 4,451,476</u>	<u>\$ 900,000</u>	<u>\$ 23,729</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.

Capital assets	\$ 12,497,770	
Accumulated depreciation	<u>(8,469,296)</u>	4,028,474

Property taxes receivable that will be collected after year-end, but not available soon enough to
pay for the current period's expenditures, and therefore are deferred in the funds

273,170

Net pension obligation that is not due and payable in the current period

(8,840,069)

Net OPEB asset that does not provide current resources

47,008

Deferred outflows and inflows of resources related to pensions and OPEB, net

2,153,721

Net position of governmental activities in the Statement of Net Position

\$ 5,321,001

The accompanying notes are an integral part of these financial statements.

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	GENERAL FUND	BUILDING FUND	INSURANCE FUND	ACTIVITY FUND	TOTAL GOVERNMENTAL FUNDS
Revenues					
Local sources	\$ 4,873,002	\$ 2,840,892	\$ -	\$ 1,173,800	\$ 8,887,694
State sources	5,657,846	5			5,657,851
Federal sources	819,497				819,497
Other income	2				2
Earnings on investments	64,032	16,098			80,130
Total revenues	<u>11,414,379</u>	<u>2,856,995</u>	<u>-</u>	<u>1,173,800</u>	<u>15,445,174</u>
Expenditures					
Instruction	4,704,296				4,704,296
Support services - instructional	347,818				347,818
Support services - operational	3,694,547	3,999,779		1,184,492	8,878,818
Operation of non-instructional services	934,542				934,542
Facilities and construction	358,717				358,717
Other uses	154,003				154,003
Total expenditures	<u>10,193,923</u>	<u>3,999,779</u>	<u>-</u>	<u>1,184,492</u>	<u>15,378,194</u>
Excess (deficiency) of revenues over expenditures	1,220,456	(1,142,784)	-	(10,692)	66,980
Fund balances, beginning of year	<u>4,861,665</u>	<u>1,795,631</u>	<u>900,000</u>	<u>34,421</u>	<u>7,591,717</u>
Fund balances, end of year	<u>\$ 6,082,121</u>	<u>\$ 652,847</u>	<u>\$ 900,000</u>	<u>\$ 23,729</u>	<u>\$ 7,658,697</u>

The accompanying notes are an integral part of these financial statements.

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023**

Net change in fund balance - governmental funds	\$	66,980
<p>Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:</p> <p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset</p>		
Depreciation		(410,649)
Fixed asset additions (deletions), net		647,482
<p>Because some property taxes will not be collected for several months after the Center's fiscal year ends, they are not considered as available revenues in the governmental funds and are counted as deferred revenues.</p>		
		(475,737)
<p>Governmental funds report district pension contributions as expenditures. However, the Statement of Activities reports pension benefits, net of contributions, as pension expense.</p>		
		383,851
Change in net position of governmental activities	\$	211,927

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Significant Accounting Policies

A. Reporting Entity

Caddo/Kiowa Technology Center No. 2 (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 education system of Oklahoma under the general direction and control of the 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 education system is the Oklahoma Public School Code contained in Title 70, Oklahoma Statutes. The governing body of the technology center is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the Center.

The financial statements of Caddo/Kiowa Technology Center No. 2 comply with accounting principles generally accepted in the United States of America (GAAP). The Center's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statement for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No.'s 20 and 34 provide the Center the option of electing to apply FASB pronouncements issued after November 30, 1989. The Center has elected not to apply those pronouncements.

In evaluating how to define the Center, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the technology center and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Significant Accounting Policies – contd.

A. Reporting Entity – contd.

whether the technology center is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the Center's reporting entity.

B. Basic Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of inter-fund 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 segments are 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 classified as program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Center or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds or that category or type; and
2. Total assets, liabilities, revenues, or expenditures of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **Summary of Significant Accounting Policies – contd.**

B. Basic Financial Statements – contd.

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

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 state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the Centers except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Building Fund - The building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for the Center property, for paying energy and utility costs, for purchasing telecommunications services, for purchasing security systems, and for paying salaries of information technology, facilities and security personnel.

Insurance Fund – The insurance fund is used to account for resources collected for insurance claims above insurance coverage.

Student Activity Fund – The student activity fund is used to account for monies collected principally through fundraising efforts of students and sponsored organizations.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when transactions are recorded regardless of the measurement focus applied.

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. **Summary of Significant Accounting Policies – contd.**

C. Measurement Focus and Basis of Accounting – contd.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded, when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and fiduciary agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **Summary of Significant Accounting Policies – contd.**

C. Measurement Focus and Basis of Accounting – contd.

recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. However, expenditures relating to compensated absences, claims and judgments, are recorded only when payment is due. Some other significant differences are as follows:

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general and building funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Budgets and Budgetary Accounting

A budget is legally adopted by the Board of Education for the general fund and building fund that included revenues and expenditures. These budgets are prepared on a modified accrual 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 the year's budget.

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023**

1. **Summary of Significant Accounting Policies – contd.**

E. Assets, Liabilities and Fund Equity

Cash and Investments - For the purpose of the Statement of Net Position, "cash and cash equivalents" include all demand accounts of the Center. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand accounts. Investments are carried at fair value. Fair value is based on quoted market price.

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. All accounts receivable are considered collectable at year end. Major receivable balances for the governmental activities include property taxes, grants, and contracts.

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

Capital Assets and Property, Plant and Equipment – Capital assets, which include land, building, building improvements and equipment are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment and fixtures is \$1,500.

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

Building and building improvements, and equipment and fixtures are depreciated using the straight-line method beginning in the year they are placed into service. The Center’s capital assets have the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-50
Equipment	5-10
Computers and vehicles	5

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **Summary of Significant Accounting Policies – contd.**

E. Assets, Liabilities and Fund Equity – contd.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the Center for which a warrant has not been issued. An expenditure is recorded, and a liability is recognized for outstanding encumbrances at year end.

Compensated Absences – The Center reports compensated absences in accordance with provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation leave is accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate the employees for the benefits through time paid off or some other means, such as cash payments at termination or retirement. Sick leave is calculated using the vesting method. The balance reflects sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The accrual has been reduced to the maximum amount allowed by the Center's policy as a termination payment.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the Center, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Deferred Outflows of Resources – The Center reports decreases in net assets that relate to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2022) at the end of the current fiscal year (June 30, 2023).

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

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **Summary of Significant Accounting Policies – contd.**

E. Assets, Liabilities and Fund Equity – contd.

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

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

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

Net Position and Fund Balance

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

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

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **Summary of Significant Accounting Policies – contd.**

E. Assets, Liabilities and Fund Equity – contd.

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

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

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

Governmental Fund Financial Statements

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

Restricted Fund Balance – The Building Fund is restricted by statute to certain capital related costs, its fund balance is shown as restricted.

Assigned Fund Balance – The Center assigns a portion of Fund Balance to honor the obligations made by the Center for encumbrances (purchase orders) for which goods or services have not yet been received.

Unassigned Fund Balance – Fund balance represents the funds not restricted in use by Statute nor encumbered by purchase orders, legal contracts.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the Center and available to the Center for its use. 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’s service area of Caddo, Blaine, Canadian, Comanche, Custer, Grady, Kiowa and Washita counties. The County Assessor, upon receipt of the certification of tax levies from the counties’ excise boards, extends the tax levies on the tax roll for

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **Summary of Significant Accounting Policies – contd.**

F. *Revenue and Expenditures – contd.*

submission to the county treasurers 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. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. Other local sources of revenues include tuition, fees, rentals, disposals, cafeteria and book sales, commissions and reimbursements.

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVUI, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

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

The 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 Oklahoma Department of Career and Technology Education requires that categorical education program revenues be accounted for in the General Fund.

Federal Revenue – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **Summary of Significant Accounting Policies – contd.**

F. *Revenue and Expenditures* – contd.

An entitlement is the amount of payment to which the Center is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the Center are apportioned to the general fund.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the Center, but the return of assets.

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 cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support service 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 objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

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

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodel 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.

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **Summary of Significant Accounting Policies – contd.**

F. *Revenue and Expenditures – contd.*

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.

Other Use 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 overpayment, non-qualified expenditures and other refunds to be repaid from Center funds.

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2022-23 fiscal year.

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **Summary of Significant Accounting Policies-** contd.

New/adopted pronouncements

The GASB has issued several new accounting pronouncements, which will be effective to the Center in both the reported and subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the Center's consideration of the impact of these pronouncements are described below:

New Accounting Pronouncements Adopted as of June 30, 2023

- GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020. The object of Statement No. 96 is to provide guidance for accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2021. The Center now recognizes any IT arrangements that meet the requirements of this Statement as a Subscription Asset on the Statement of Net Position.

New Accounting Pronouncements Issued Not Yet Adopted:

- GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, issued June 2022. This Statement provides guidance on the accounting and financial reporting requirements for accounting changes and error corrections. The requirements of this Statement are effective for periods beginning after June 15, 2023. The Center is currently evaluating the impact that these new standards may have on its financial statements.
- GASB issued Statement No. 101, *Compensated Absences*, issued June 2022. This Statement updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023. The Center is currently evaluating the impact that these new standards may have on its financial statements.

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. Cash and Investments

The Center's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the Center. Collateral is required to be pledged with the state treasurer for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Deposits – At June 30, 2023, the bank balance of deposits, cash investments, and cash pools was \$12,538,792.

Investments – As of June 30, 2023, investment balances of \$2,432,031 consist of a combination of certificates of deposits and money market funds. These investments are recorded at fair value and are generally based on quoted market prices or estimated fair values provided by brokerage statements. Investment income, including the net change in fair value of investments, is recognized and reported as earnings (loss) on investments.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require collateral for all deposits in excess of federally insured amounts. The Center policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2023, the Center was not exposed to custodial credit risk.

Credit Risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. The Center does not have a formal policy limiting its exposure arising from concentrations of investments.

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

Concentration of Credit Risk – The Center places no limit on the amount the entity can invest in any one issuer other than the limitations on types of investments contained in state law.

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3. Receivables

Below is a summary of receivables for the individual governmental funds as of June 30, 2023:

Receivables	<u>General</u>	<u>Building</u>	<u>Total</u>
Property taxes - current year	\$ 263,554	\$ 26,264	\$ 289,818
Receivables from state government	1,527		1,527
Receivables from federal government	<u>126,555</u>		<u>126,555</u>
Total receivables	<u>\$ 391,636</u>	<u>\$ 26,264</u>	<u>\$ 417,900</u>

4. Capital Assets and Property, Plant and Equipment

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

<u>Class</u>	<u>Balance</u> <u>7/1/2022</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2023</u>
Governmental Activities				
Capital assets				
Land	\$ 150,900	\$ -	\$ -	\$ 150,900
Buildings and improvements	7,517,710	-	-	7,517,710
Equipment and fixtures	2,524,624	138,333	(197,003)	2,465,954
Vehicles	<u>1,857,687</u>	<u>509,149</u>	<u>(3,600)</u>	<u>2,363,236</u>
Totals	<u>12,050,921</u>	<u>647,482</u>	<u>(200,603)</u>	<u>12,497,800</u>
Less: Accumulated depreciation for				
Buildings and improvements	(4,904,599)	(133,890)		(5,038,489)
Equipment and fixtures	(1,717,888)	(145,582)	197,003	(1,666,467)
Vehicles	<u>(1,636,793)</u>	<u>(131,177)</u>	<u>3,600</u>	<u>(1,764,370)</u>
Totals	<u>(8,259,280)</u>	<u>(410,649)</u>	<u>200,603</u>	<u>(8,469,326)</u>
Capital assets, net	<u>\$ 3,791,641</u>	<u>\$ 236,833</u>	<u>\$ -</u>	<u>\$ 4,028,474</u>

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

5. Long-Term Debt

The Center did not have any outstanding long-term debt obligations at June 30, 2023.

6. Employee Retirement System

Teachers' Retirement System of Oklahoma

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

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

- Members become 100% vested in benefits earned to date after five years of credited Oklahoma service. Members who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits with age and years of creditable service total 80. Members joining after June 30, 1992 but before November 1, 2011, are eligible for maximum benefits at age 62 or when their age and years of creditable service total 90. Members joining after November 1, 2011 are eligible for maximum benefits at age 65 or when the member's age is at least 60 and creditable years total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62, receive unreduced benefits based on their years of service. The maximum retirement benefit is 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. For members joining the System after June 30, 1992, final compensation is defined as the average of the five highest consecutive years of annual compensation in which contributions have been made. Final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending upon

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. **Employee Retirement System – contd.**

member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation.

- Upon death of a retired member, the System will pay \$5,000 to the designated beneficiary in addition to the benefits provided by the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon withdrawal from the System, a member's contributions are refundable with interest, based on the years of service.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2023, qualifying employee contributions were reduced by a retirement credit of \$31,691 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2022, the Center had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the Center are established and may be amended by the state legislature. For the year ended June 30, 2023, the Center contributions to the System were not determined.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The Center's estimated share of these contributions based on their covered payroll for the measurement period was not determined.

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

At June 30, 2023, the Center reported a net pension liability of \$8,840,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on a projection of the Center's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the Center's proportion was 0.10768256%.

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

6. **Employee Retirement System** – contd.

For the year ended June 30, 2023, the Center recognized pension expense of \$133,257. At June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 283,195	\$ (110,580)
Changes in Assumptions	596,455	-
Net difference between projected and actual earnings on pension plan investments	841,576	-
Center contributions subsequent to the measurement date	522,292	
	\$ 2,243,518	\$ (110,580)

The \$522,292 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended</u>	
2023	\$ 535,799
2024	397,415
2025	(88,691)
2026	763,121
2027	3,002
	\$ 1,610,646

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. **Employee Retirement System** – contd.

Actuarial Assumptions – The total pension liability as of June 30, 2023, was determined based on an actuarial valuation prepared as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- 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 – 2.25%
- Salary Increases – Composed of 2.25% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.00%
- Retirement Age – Experience-based table of rates based on age, service and gender.
- Mortality – RP-2000 Combined Mortality Table, projected to 2021 using Scale AA, multiplied by 60% for males and 50% for females.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study, dated July, 2020, for the period July 1, 2014 – June 30, 2019.

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

2008 Legislative Session: a 2.00% ad hoc cost-of-living adjustment (COLA) was provided, effective July 1, 2008. All retirees who retired before July 1, 2007 were eligible, including disabled retirees, special retirees and beneficiaries receiving payments.

2020 Legislative Session: a cost-of-living (COLA) was provided ranging from 2.00% to 4.00% based on the retirement date, effective July 1, 2020. All retirees who retired before July 1, 2019 were eligible, including disabled retirees, special retirees, and beneficiaries receiving payments.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

6. Employee Retirement System – contd.

major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expecting inflation.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	43.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	22.0%	2.5%
Real Estate *	9.0%	4.5%
Alternative Assets	6.5%	6.2%
Total	<u>100.0%</u>	

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

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023**

6. Employee Retirement System – contd.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employer calculated using the discount rate of 7.0% as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% decrease 6.0%	Current Discount 7.0%	1% increase 8.0%
Net Pension Liability	\$ 12,446,870	\$ 8,840,069	\$ 5,874,855

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position and changes in net pension liability is available in the separately issued TRS financial report.

Other Post Employment Benefits - The Oklahoma Teachers Retirement System pays between \$100 and \$105 per month, depending on the members' years of service, to the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB), for each retiree who elects to obtain health insurance coverage through OSEEGIB. The Center retains no obligation for this benefit and performs no administrative functions related to the health insurance coverage provided through OSEEGIB.

7. Other Post Employment Benefits

Plan Description:

The Center 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 annual 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.

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

7. Other Post Employment Benefits – cont’d

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 Center were \$2,600 for 2023.

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

At June 30, 2023, the Center reported an asset of \$47,008 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022. The Center’s proportion of the net OPEB asset was based on the Center’s contributions to OTRS relative to total contributions of OTRS for all participating employees for the year ended June 30, 2022. Based upon this information, the Center’s proportion was 0.10746848 percent.

For the year ended June 30, 2023, the Center recognized OPEB expense of (\$9,332). June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(15,648)
Changes in Assumptions	14,176	-
Net difference between projected and actual earnings on pension plan investments	19,655	-
Changes in proportionate and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	2,600	-
Total	\$ 36,431	(15,648)

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

7. Other Post Employment Benefits – cont’d

Deferred OPEB outflows totaling \$2,600 resulting from the Center’s contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023.

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

Year ended June 30	Amount
2023	\$ 2,082
2024	1,606
2025	(3,342)
2026	18,436
2027	(530)
Thereafter	(70)
Total	<u>\$ 18,182</u>

Actuarial Assumptions:

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

- Actuarial Cost Method—Entry Age Normal
- Amortization Method—Level Percentage of Payroll
- Amortization Period—Amortization over an open 20-year period
- Asset Valuation Method—5-year smooth market
- Inflation—2.25 percent
- Salary Increases—Composed of 2.25 percent 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—7.00 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 July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study, dated July 15, 2020, for the period July 1, 2014-June 30, 2019 and in conjunction with the five-year-experience study for the period ending June 30, 2019.

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

7. Other Post Employment Benefits – cont’d

Based on the stated assumptions and the projection of cash flows, the OPEB plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.3%	4.9%
International Equity	16.7%	5.5%
Fixed Income	22.0%	1.3%
Real Estate *	10.0%	3.5%
Private Equity	8.0%	7.6%
Private Debt	5.0%	4.6%
Total	<u>100.0%</u>	

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

Discount Rate:

The discount rate used to measure the total OPEB liability (asset) was 7.0 percent. The single discount rate was based solely on the expected investment rate of return on OPEB plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

7. Other Post Employment Benefits – cont’d

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate:

The following table presents the net OPEB liability (asset) of the Center calculated using the discount rate of 7.0 percent, as well as what the Center’s net OPEB liability (asset) would be if OTRS calculated the total OPEB liability (asset) using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Center's net OPEB liability (asset)	\$ 1,959	\$ (47,008)	\$ (88,473)

8. Risk Management

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

9. Contingencies

Litigation

There were no known pending litigation or claims that would have a material effect on the financial statements as of the date of the audit report.

10. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and has determined there to be no items that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED JUNE 30, 2023**

	2022	2021	2020	2019	As of June 30, 2018	2017	2016	2015	2014
Center's proportion of the net pension liability	0.10768256%	0.10746850%	0.10737903%	0.10888357%	0.10886168%	0.11647411%	0.11779401%	0.12210570%	0.12676200%
Center's proportionate share of the net pension liability	\$ 8,840,069	\$ 5,367,195	\$ 10,190,520	\$ 7,205,914	\$ 6,579,722	\$ 7,712,119	\$ 9,870,127	\$ 7,415,184	\$ 6,546,016
Center's covered-employee payroll	\$ 5,194,791	\$ 4,868,042	\$ 4,917,200	\$ 5,005,632	\$ 5,017,147	\$ 4,032,968	\$ 4,740,568	\$ 4,393,547	\$ 5,200,474
Center's proportionate share of the net pension liability as a percentage of its covered payroll	170.17%	110.25%	207.24%	143.96%	131.14%	191.23%	208.21%	168.77%	125.87%
Plan fiduciary net position	\$ (6,707,131)	\$ (4,336,694)	\$ (6,467,923)	\$ (5,155,111)	\$ (4,784,116)	\$ (5,392,314)	\$ (6,143,167)	\$ (5,213,616)	\$ (4,741,279)
Plan fiduciary net position as a percentage of the total pension liability	75.87%	80.80%	63.47%	71.54%	72.71%	69.92%	62.24%	70.31%	72.43%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Center will present information for those years for which information is available.

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED JUNE 30, 2023**

<u>June 30th,</u>	<u>Statutorily Required Contributions</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contributions Deficiency (Excess)</u>	<u>Center's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2023	\$ 493,505	493,505	-	5,194,791	9.50%
2022	462,464	462,464	-	4,868,042	9.50%
2021	467,134	467,134	-	4,917,200	9.50%
2020	475,535	475,535	-	5,005,632	9.50%
2019	476,629	476,629	-	5,017,147	9.50%
2018	383,132	383,132	-	4,032,968	9.50%
2017	450,354	450,354	-	4,740,568	9.50%
2016	417,387	417,387	-	4,393,547	9.50%
2015	494,045	494,045	-	5,200,474	9.50%

Notes to Required Supplementary Information:

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

1. January 1, 2010 to present 9.50%

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
 SUPPLEMENTAL HEALTH INSURANCE PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2023
 LAST 10 YEARS ***

	2022	2021	As of June 30, 2020	2019	2018	2017
Proportion of the net OPEB liability (asset)	0.10746848%	0.10746850%	0.10737903%	0.10888357%	0.10886168%	0.11647411%
Proportionate share of the net OPEB liability (asset)	\$ (47,008)	\$ (130,737)	\$ (4,491)	\$ (61,179)	\$ (64,206)	\$ (51,941)
Covered payroll	\$ 5,194,791	\$ 4,868,042	\$ 4,917,200	\$ 5,005,632	\$ 5,017,147	\$ 4,032,968
Proportionate share of the net pension liability as percentage of covered-employee payroll	-0.90%	-2.69%	-0.09%	-1.22%	-1.28%	-1.29%
Plan's fiduciary net position	\$ 67,791	\$ 169,840	\$ 4,594	\$ 70,399	\$ 74,100	\$ 57,343
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	-144.21%	-129.91%	-102.29%	-115.07%	-115.41%	-110.40%

Notes to schedule:

* GASB Statement No. 75 requires ten years of information to be presented in this table. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 SUPPLEMENTAL HEALTH INSURANCE PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2023**

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contributions Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2023	\$ 2,600	2,600	-	5,194,791	0.05%
2022	5,962	5,962	-	4,868,042	0.12%
2021	983	983	-	4,917,200	0.02%
2020	1,003	1,003	-	5,005,632	0.02%
2019	3,029	3,029	-	5,017,147	0.06%
2018	6,147	6,147	-	4,032,968	0.15%

Notes to Required Supplementary Information:

Information to present a 10-year history is not yet available.

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGET BASIS
 FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Local sources	\$ 4,255,699	\$ 4,255,699	\$ 4,761,533	\$ 505,834
State sources	5,170,731	5,170,731	5,289,856	119,125
Federal sources	544,132	2,488,157	1,189,308	(1,298,849)
Other income			2	2
Interest earnings	14,750	14,750	64,032	49,282
Total revenues	<u>9,985,312</u>	<u>11,929,337</u>	<u>11,304,731</u>	<u>(624,606)</u>
Expenditures:				
Instruction	4,658,314	6,602,339	4,162,810	2,439,529
Support services	6,802,458	6,802,458	4,170,276	2,632,182
Operation of non-instructional services	1,447,537	1,447,537	934,174	513,363
Facilities, acquisition and const. services	1,004,898	1,004,898	358,717	646,181
Other uses	479,755	479,755	154,004	325,751
Total expenditures	<u>14,392,962</u>	<u>16,336,987</u>	<u>9,779,981</u>	<u>6,557,006</u>
Revenues over (under) expenditures	(4,407,650)	(4,407,650)	1,524,750	5,932,400
Other financing sources (uses)				
Lapsed appropriations			51,511	51,511
Total other financing sources (uses)			<u>51,511</u>	<u>51,511</u>
Revenue and other sources over (under) expenditures and other uses	(4,407,650)	(4,407,650)	1,576,261	5,983,911
Cash fund balance, beginning of year	<u>4,407,650</u>	<u>4,407,650</u>	<u>4,407,650</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,983,911</u>	<u>\$ 5,983,911</u>
Reconciliation of budgetary comparison statutory basis to GAAP basis:				
Accounts receivable not recognized as revenue			\$ 391,636	
Liabilities payable recognized as expenditures:				
Leave payable			(45,013)	
Delinquent property taxes			(248,413)	
Fund balance end of year GAAP basis			<u>\$ 6,082,121</u>	

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUILDING FUND - BUDGET BASIS
 FOR THE YEAR ENDED JUNE 30, 2023**

	Building Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Local sources	\$ 329,108	\$ 4,192,923	\$ 2,854,216	\$ (1,338,707)
State sources			5	5
Federal sources		1,200,000		(1,200,000)
Interest earnings	2,400	2,400	16,098	13,698
Total revenues	<u>331,508</u>	<u>5,395,323</u>	<u>2,870,319</u>	<u>(2,525,004)</u>
Expenditures:				
Support services	2,112,308	5,473,815	3,999,779	1,474,036
Facilities, acquisition and const. services		1,702,308		1,702,308
Total expenditures	<u>2,112,308</u>	<u>7,176,123</u>	<u>3,999,779</u>	<u>3,176,344</u>
Revenues over (under) expenditures	(1,780,800)	(1,780,800)	(1,129,460)	651,340
Cash fund balance, beginning of year	<u>1,780,800</u>	<u>1,780,800</u>	<u>1,780,800</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 651,340</u>	<u>\$ 651,340</u>

Reconciliation of budgetary comparison statutory basis to GAAP basis:

Accounts receivable not recognized as revenue	\$ 26,264
Delinquent property taxes	<u>(24,757)</u>
Fund balance end of year GAAP basis	<u>\$ 652,847</u>

**CADDO-KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Federal Award Listing Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2022	Revenue Collected	Total Expenditures	Ending Balance 6/30/2023
<u>U.S. Department of Education:</u>							
<u>Direct Programs:</u>							
<u>Student Financial Assistance Cluster:</u>							
Pell Grant Program	84.063	474	\$ 236,686		228,532	236,686	(8,154)
Pell Grant Program 2021-22	84.063	N/A		(4,163)	4,163		
Pell Admin	84.063	474	382		382	382	
Federal Work Study Program	84.033	476	2,968		2,968	2,968	
Subtotal Pell Grant Cluster			<u>240,036</u>	<u>(4,163)</u>	<u>236,045</u>	<u>240,036</u>	<u>(8,154)</u>
* ARP/CARES HEERF III (Covid19)	84.425F	417	222,328		222,328	222,328	
Adult Education & Literacy	84.002	731	50,842		28,558	44,337	(15,779)
Adult Education & Literacy 2021-22	84.002	N/A		(25,210)	25,210		
Subtotal - Direct Programs			<u>513,206</u>	<u>(29,373)</u>	<u>512,141</u>	<u>506,701</u>	<u>(23,933)</u>
<u>Passed Through State Department of Career & Tech Education:</u>							
* <u>Carl Perkins Cluster:</u>							
Carl Perkins Secondary	84.048	423	95,531		65,963	90,185	(24,222)
Carl Perkins Secondary 2021-22	84.048	N/A		(38,013)	38,013		
Tech Centers That Work	84.048	429	20,000		16,161	17,901	(1,740)
Tech Centers That Work 2021-22	84.048	N/A		(12,000)	12,000		
Subtotal - Carl Perkins Cluster			<u>115,531</u>	<u>(50,013)</u>	<u>132,137</u>	<u>108,086</u>	<u>(25,962)</u>
TANF	93.558	452	148,000		61,051	129,912	(68,861)
TANF 2021-22	93.558	N/A		(31,827)	31,827		
Subtotal - Passed Through State Dept of Career & Tech Ed			<u>263,531</u>	<u>(81,840)</u>	<u>225,015</u>	<u>237,998</u>	<u>(94,823)</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
Child & Adult Care Food Program	10.558	761	73,461	(6,461)	73,461	74,799	(7,799)
Subtotal - U.S. Department of Agriculture			<u>73,461</u>	<u>(6,461)</u>	<u>73,461</u>	<u>74,799</u>	<u>(7,799)</u>
Total Federal Assistance			<u>\$ 850,198</u>	<u>(117,674)</u>	<u>810,617</u>	<u>819,498</u>	<u>(126,555)</u>

* Major federal programs

Note 1 - There were no amounts passed to subrecipients.

Note 2 - Grantor provides adequate insurance coverage against loss on assets purchased with Federal Awards.

Note 3 - The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements. These expenditures are recognized following the cost principles contained in the Uniform Guidance. The District has also elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Caddo/Kiowa Technology Center
Fort Cobb, OK 73038

We have audited, in accordance with the 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 the Caddo/Kiowa Technology Center No. VT-2, Fort Cobb, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated March 7, 2024. This report was unqualified with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

March 7, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Board of Education
Caddo/Kiowa Technology Center No. VT-2
Fort Cobb, Oklahoma 73038

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Caddo/Kiowa Technology Center No. VT-2, Fort Cobb, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Caddo/Kiowa Technology Center No. VT-2, Fort Cobb, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Caddo/Kiowa Technology Center No. VT-2, Fort Cobb, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

March 7, 2024

CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section 1 – Summary of Auditor’s Results

1. An unqualified opinion was issued on the financial statements with respect to generally accepted accounting principles.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Uniform Guidance.
7. Major Program Identification: Education Stabilization Fund (84.425E,84.425F) and Carl Perkins (84.048) programs, which were each clustered in the determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS

None

Section 3 – Findings and questioned costs for federal awards

None

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
DISPOSITION OF PRIOR YEAR'S FINDINGS
JUNE 30, 2023**

There were no prior year significant deficiencies or material instances of non-compliance.

**CADDO/KIOWA TECHNOLOGY CENTER NO. 2, CADDO COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2022 TO JUNE 30, 2023**

State of Oklahoma)
County of Tulsa)

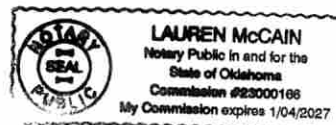
The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Caddo/Kiowa Technology Center for the audit year 2022-23.

Jenkins & Kemper, CPAs, P.C.
AUDITING FIRM

BY 
AUTHORIZED AGENT

Subscribed and sworn to before me on this
7th day of, March, 2024


NOTARY PUBLIC



Brent Haken, State Director
Oklahoma Department of Career and Technology Education
1500 W. 7th Avenue, Stillwater, OK 74074

AUDIT ACKNOWLEDGEMENT

Caddo-Kiowa Technology Center
Caddo County, Oklahoma
Audit Year
July 1, 2022 through June 30, 2023

The annual independent audit for Caddo-Kiowa Technology Center, was presented to the Board of Education in an open board meeting on March 11, 2024, by Jenkins & Kemper, CPAs, P.C.

The Board acknowledges that as the governing body of the Center responsible for the Center's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma Department of Career and Technology Education, and the State Auditor and Inspector within 30 days from its presentation to the Center's board.

In accordance with administrative rule 780 O.A.C. 15-3-4(k), the Department shall be responsible for ensuring that audits are performed by independent auditors in a timely manner and are in accordance with applicable OMB circulars and guidance.

[Signature]
Superintendent

[Signature]
Board of Education Vice President

Board of Education Member

Board of Education Member

[Signature]
Board of Education President

[Signature]
Board of Education Member

[Signature]
Board of Education Member

[Signature]
Board of Education Member

Subscribed and sworn to me this 11 day of March 2024. My commission expires on the 19th day of August 2027.

[Signature]
Notary Public

