

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

Financial Report
June 30, 2016

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

Board of Education
Year Ended June 30, 2016

Board of Education

President

Suzette Northcutt Rhodes

Vice President

David Gillogly

Clerk

Paul "Buddy" Sanford - Retired September 12, 2016

Member

Kathy Reeser - Clerk as of September 12, 2016

Member

Kurt Loeffelholz

Member

Robert Stone, New Member effective October 10, 2016

Minutes Clerk

Judie Harris

Superintendent of Schools

Dr. Tom Friedemann

School District Treasurer

Carol Fadaiepour

Financial Section



RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Francis Tuttle Technology Center School District No. 21 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, 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.

Emphasis of Matter

As discussed in Note 1, in 2016, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues*. The provisions of GASB Statement No. 82 required the District to restate its governmental activities net position as of July 1, 2015 upon adoption. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statement of changes in assets and liabilities—agency funds, as listed in the table of contents, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Office Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The accompanying schedule of accountants' professional liability insurance affidavit, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Oklahoma City, Oklahoma
December 21, 2016

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

This section of Francis Tuttle Technology Center's annual financial report presents discussion and analysis of Francis Tuttle's financial performance during the fiscal year ended June 30, 2016. To fully understand Francis Tuttle's financial performance read it in conjunction with the basic financial statements and the notes to the financial statements.

Organization

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

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

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

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

Financial Highlights

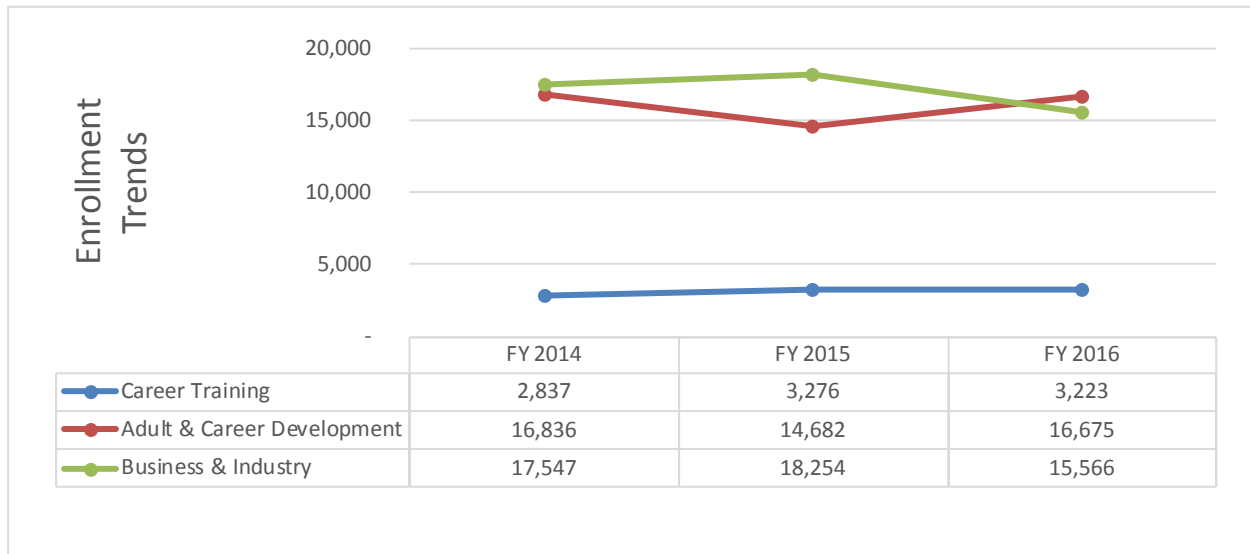
Ad valorem property taxes are the largest source of revenue for Francis Tuttle. The growth rate in property valuations has a direct impact on the financial health of the District. Over the last five years the average growth in property valuation has been 4.5 percent per year. In FY 2016, the growth rate for property valuation was 5.9 percent. The District closely monitors property valuations, and adjusts spending accordingly.

During FY 2016 the State of Oklahoma declared a revenue failure. As a result of the State Revenue failure, State funding to Francis Tuttle was reduced. In total the State Allocation to Francis Tuttle was cut by \$795,543.

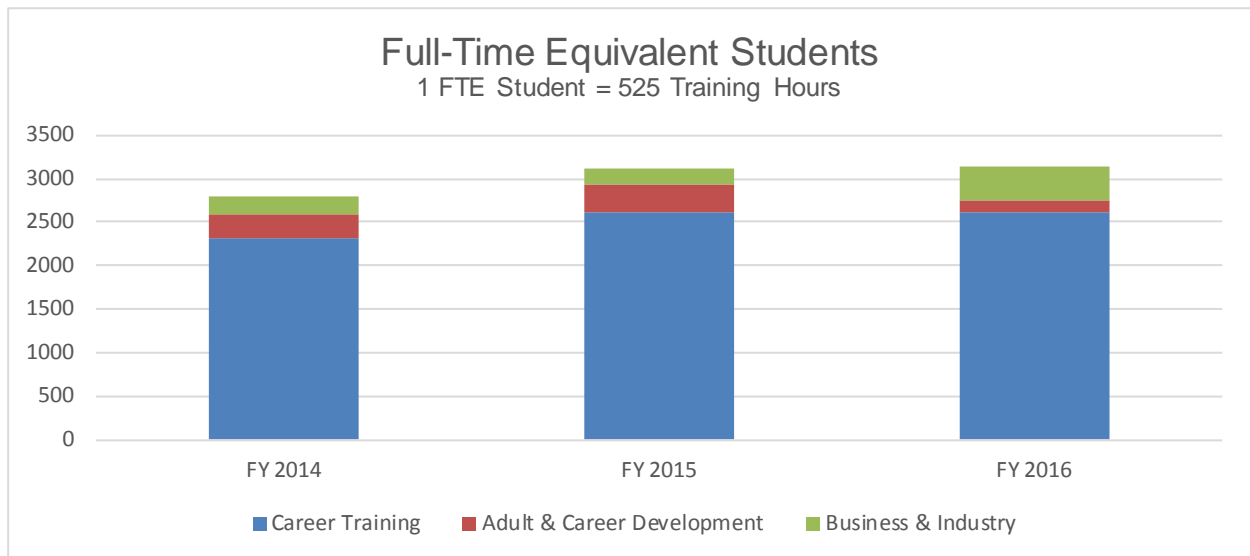
Francis Tuttle measures activity in terms of students served. Important measures of students served include both the number of students enrolled and the number of full-time equivalent (FTE) students. Adult & Career Development and Business & Industry classes both have high enrollment in relatively short classes. Career Training classes have far fewer enrollments, but the classes last a full school year. Francis Tuttle contracts to provide special training for employers expanding their workforce through the Training for Industry Program (TIP).

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

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2016**



All student training hours are converted into full-time equivalent (FTE) student counts. One FTE student is equal to the length of instruction for one high-school student for one school year (3 hours per day x 175 school days = 525 instructional hours).



Financial Statements

The financial statements consist of three parts: management discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of Francis Tuttle. The first two statements are district-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about Francis Tuttle’s overall financial status.

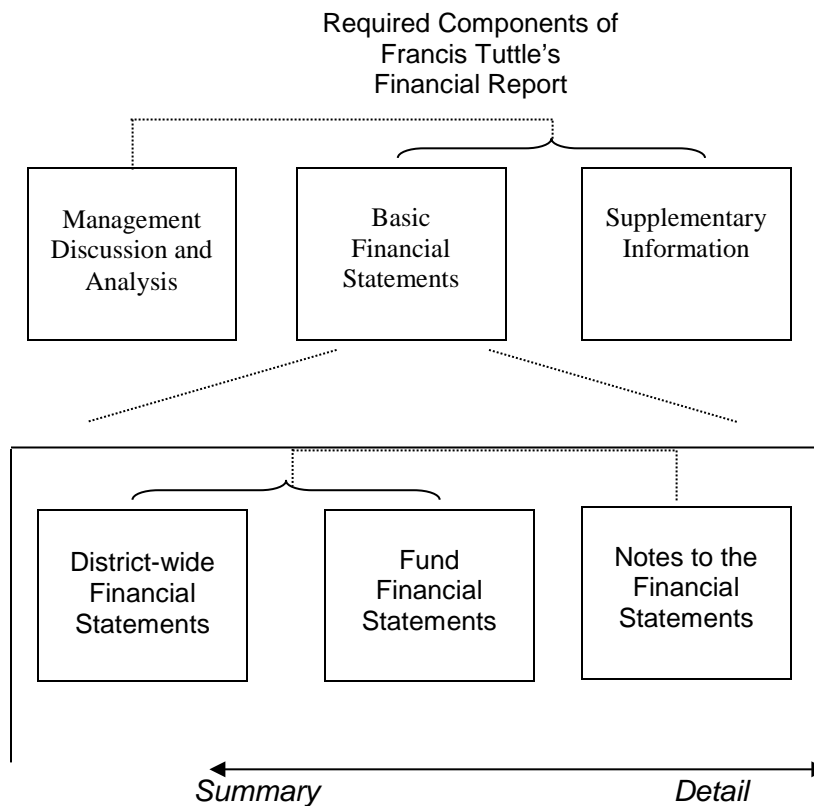
**Francis Tuttle Technology Center District No. 21
Oklahoma County, Oklahoma**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

The remaining statements are fund financial statements that focus on individual parts of Francis Tuttle's operations in more detail than the district-wide statements.

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending. The governmental funds are the General and Building Funds.
- Proprietary fund statements offer short- and long-term financial information about the activities that are operated like a business, including internal service funds. Francis Tuttle reports the self-funded health and dental insurance in the Employee Benefits Fund.
- Fiduciary fund statements provide information about financial relationships where Francis Tuttle acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The fiduciary fund for Francis Tuttle is the Student Activity Fund.

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



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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Overview of Financial Statements

District-Wide Statements

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

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

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

The district-wide financial statements of Francis Tuttle are all reported under governmental activities.

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

The district-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements

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

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

The governmental financial statements can be found on pages 18-21 of this report.

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

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

- Proprietary funds – These funds are used to account for activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. Francis Tuttle accounts for the self-funded health and dental insurance program as an Internal Service fund reported in the proprietary funds statement. Internal service funds are an accounting device used to accumulated and allocate costs internally among the District’s various functions.

The proprietary financial statements can be found on pages 22-24 of this report.

- Fiduciary funds – Francis Tuttle is the trustee, or fiduciary, for assets that belong to others, in the student activity fund. Francis Tuttle is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Francis Tuttle excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The fiduciary financial statements can be found on page 25 of this report.

Financial Analysis of Francis Tuttle as a Whole

Francis Tuttle’s total net position was \$70,549,079 at June 30, 2016 and \$64,168,317 at June 30, 2015.

Table 1 - Condensed Statement of Net Position

	Governmental Activities	
	2016	2015
Assets:		
Current and other assets	\$ 90,485,179	\$ 83,828,319
Capital assets	91,176,398	91,286,142
Total assets	<u>181,661,577</u>	<u>175,114,461</u>
Deferred outflows of resources	<u>5,210,643</u>	<u>3,989,617</u>
Liabilities:		
Current and other liabilities	6,396,407	7,550,244
Long-term liabilities	52,020,035	49,647,011
Total liabilities	<u>58,416,442</u>	<u>57,197,255</u>
Deferred inflows of resources	<u>57,906,669</u>	<u>57,738,506</u>
Net position:		
Net investment in capital assets	72,689,315	70,441,020
Restricted	15,478,776	13,064,655
Unrestricted	(17,619,012)	(19,337,358)
Total net position	<u>\$ 70,549,079</u>	<u>\$ 64,168,317</u>

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

The majority of Francis Tuttle's net position is net investment in capital assets (buildings, land and equipment). These assets are not available for future spending. The restricted net position is limited in use due to statutory restrictions on the building fund. The unrestricted net position has been reduced by Francis Tuttle's proportionate share of Oklahoma Teachers' Retirement System's (OTRS) net pension liability, see discussion below.

During FY 2015, Francis Tuttle adopted Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, which significantly changes accounting for pension costs and liabilities. Francis Tuttle is allocated its proportionate share of the Oklahoma Teachers' Retirement System's (OTRS) net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

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

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

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Statement of Activities

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

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

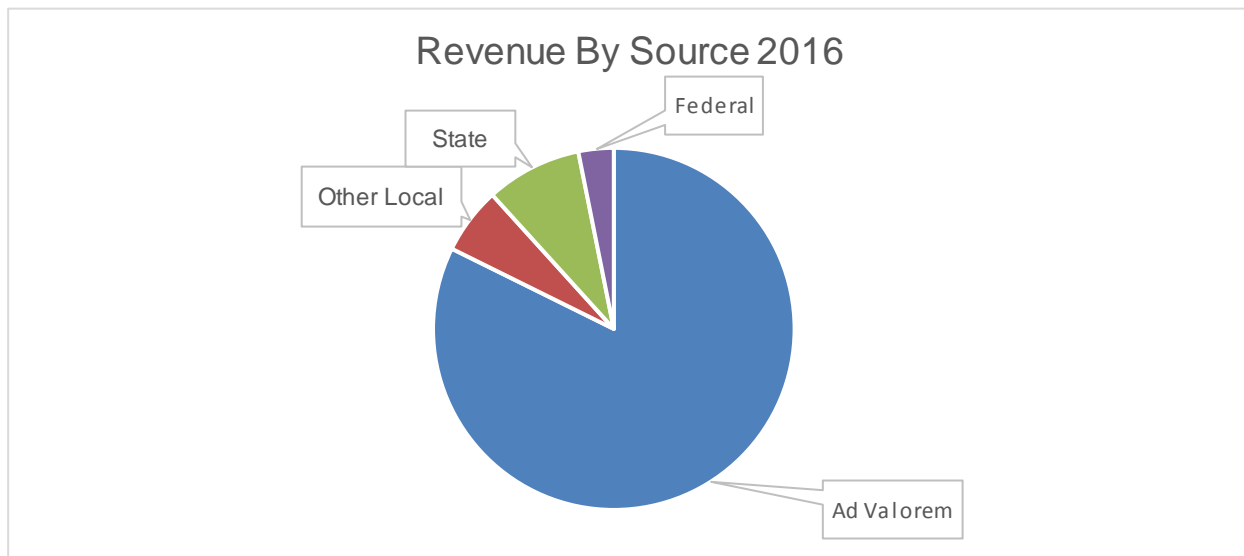
Table 2 - Program Revenues and Expenses

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services and sales	\$ 3,413,066	\$ 4,910,891
Operating grants and contributions	5,047,736	4,876,457
General revenue:		
Property taxes	51,297,241	49,444,709
State formula funding	2,760,097	3,527,701
Other	85,504	88,581
Earnings (loss) on investments	226,810	104,303
Total revenues	<u>62,830,454</u>	<u>62,952,642</u>
Program expenses:		
Instruction	23,332,201	21,930,100
Instructional support	8,621,704	8,582,129
Operational support	18,387,625	18,529,892
Non-instructional services	2,357,077	3,738,990
Debt service	897,404	1,004,927
Student financial aid and other uses	1,290,914	1,923,230
Total expenses	<u>54,886,925</u>	<u>55,709,268</u>
Increase in net position	<u>\$ 7,943,529</u>	<u>\$ 7,243,374</u>

Total revenue surpassed expenses, increasing net position \$7,943,529 in FY 2016 and \$7,243,374 in FY 2015.

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**



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

**Fiscal Years Ended June 30, 2016 and 2015
Net Cost of Governmental Activities**

Functions/Programs	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 23,332,201	\$ 18,770,844	\$ 21,930,100	\$ 17,672,107
Instructional support	8,621,704	7,745,583	8,582,129	7,743,260
Operational support	18,387,625	17,676,064	18,529,892	17,836,376
Non-instructional services	2,357,077	1,186,713	3,738,990	1,516,202
Debt service	897,404	897,404	1,004,927	1,004,927
Financial aid and other uses	1,290,914	149,515	1,923,230	149,048
Total governmental activities	\$ 54,886,925	\$ 46,426,123	\$ 55,709,268	\$ 45,921,920

Financial Analysis of Francis Tuttle's Funds

Francis Tuttle's governmental funds reported a total fund balance of \$31,535,217 at June 30, 2016 and \$26,484,047 at June 30, 2015. The primary source of revenue for the governmental funds is property tax. The property tax is not received evenly throughout the fiscal year. The majority of property tax revenues are received between December 15 and March 31 of each year. The governmental funds must carryforward a fund balance large enough to finance the negative cash flow during the first five months of each fiscal year.

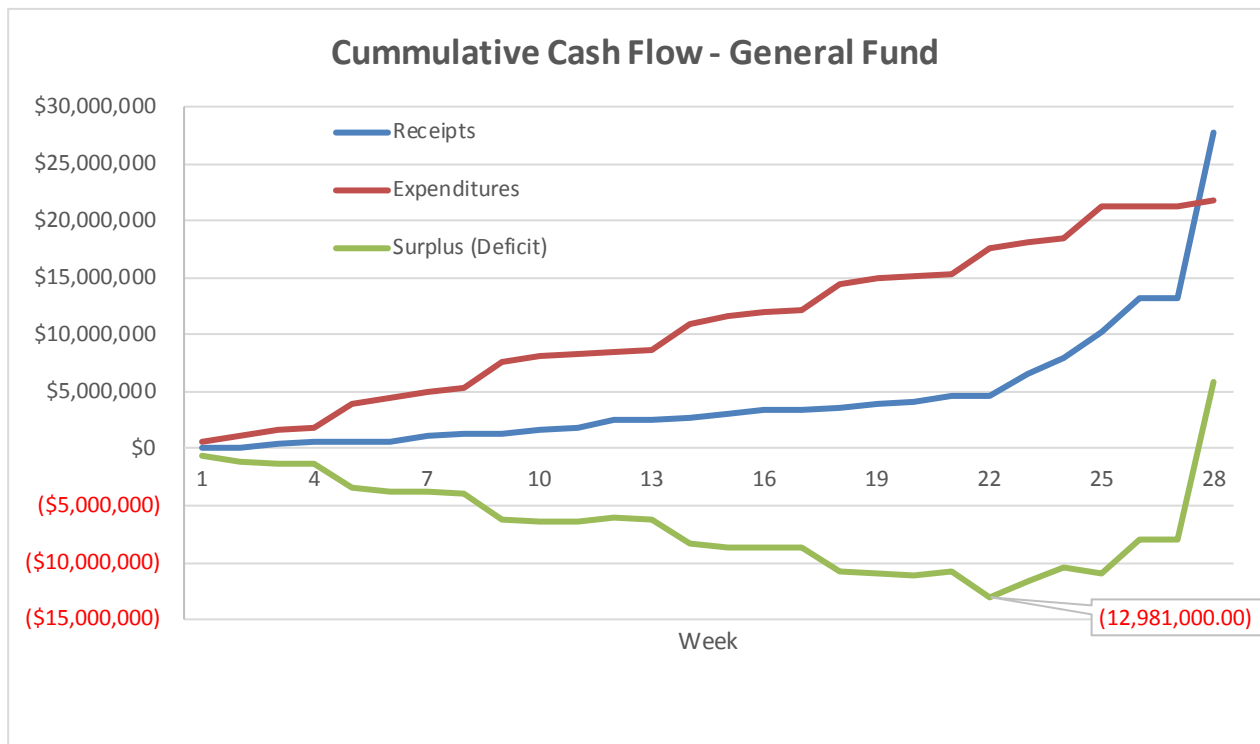
**Francis Tuttle Technology Center District No. 21
Oklahoma County, Oklahoma**

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

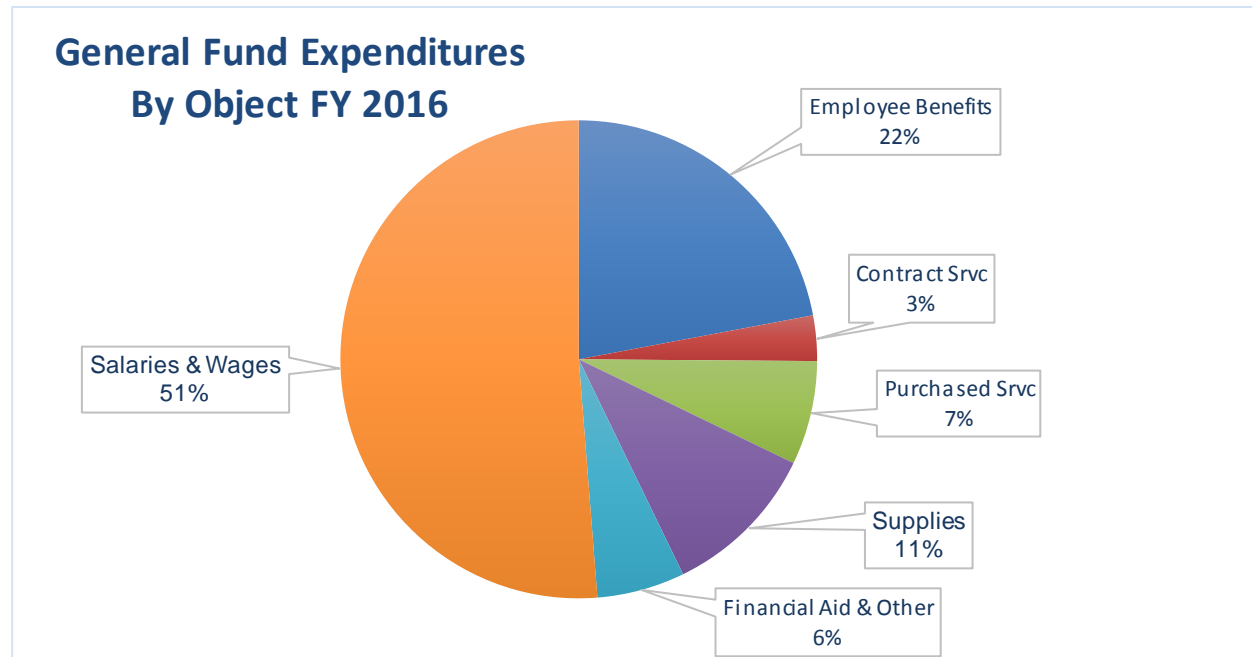
The Internal Service Fund was closed during FY 2016. The Internal Service Fund accounted for the operations of the District’s self-funded health plan. The District discontinued its self-funded health plan effective December 31, 2014. All known claims against the plan have been settled.

The Fiduciary Fund which holds balances on behalf of school organizations does not have a net fund balance.

General Fund: The General Fund balance is set at a level to fund the cash flow needs of the first half of the fiscal year. Expenditures are generally even throughout the year. Cash receipts lag behind expenditures during the first five months of the fiscal year. The collection of property taxes occurs mainly in December through March. This creates a cash flow deficit during the first part of each fiscal year. The committed fund balance is used to finance this cash flow deficit.



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



Building Fund: Francis Tuttle uses the building fund to purchase equipment; pay for utilities; maintain, remodel and build facilities and to support our instructional programs.

Budgetary Highlights

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

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

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

Budget variances are considered significant if revenues are under budget or expenditures are over budget. During FY 2016 overall revenue collections were in excess of budget. Federal sources were under budget, primarily due to federal financial aid less than projections. This is also reflected in expenditures for financial aid less than budget.

In order to facilitate building projects that may extend over more than one fiscal year, construction and remodeling may be budgeted for more than is utilized during the year. During FY 2016 more funds were budgeted for the HVAC upgrade project than were encumbered.

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Capital Asset and Debt Administration

Capital assets: At June 30, 2016, Francis Tuttle had approximately \$91 million invested in a broad range of capital assets, including land, school buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$109,744 from June 30, 2015.

**Governmental Activities
Capital Assets - Net of Depreciation**

	2016	2015
Land	\$ 5,094,341	\$ 4,402,954
Site improvements	4,643,777	4,668,302
Buildings and improvements	70,350,988	71,121,448
Equipment and fixtures	7,549,777	7,291,054
Vehicles	96,670	132,671
Construction in progress	3,440,845	3,669,713
Total capital assets	\$ 91,176,398	\$ 91,286,142

Additional information on capital assets can be found in Note 5 to the financial statements.

Debt administration:

- **Bond obligations:** Francis Tuttle had no outstanding bond obligations as of June 30, 2016 and 2015.
- **Leases:** Francis Tuttle has entered an operating lease for the Francis Tuttle Business Innovation Center.

Francis Tuttle has the following capital leases:

BOA Tranche I: On November 28, 2008, Francis Tuttle entered into a ground lease of certain property at the Rockwell campus from Francis Tuttle to Bank of America. In addition, a lease purchase agreement from Bank of America to Francis Tuttle was executed. The lease purchase agreement provides construction financing for the Business and Industry Services Building being constructed on the Rockwell campus. The total amount financed under this agreement was \$10,000,000.

The lease-purchase calls for twenty-four semi-annual payments starting January 2010. The payments will be made out of the building fund. Francis Tuttle will gain ownership to the building incrementally as each payment is made.

BOA Tranche II: On October 15, 2009, Francis Tuttle entered into a ground lease of certain property at the Rockwell campus from Francis Tuttle to Bank of America. In addition, a lease purchase agreement from Bank of America to Francis Tuttle was executed. The lease purchase agreement provides construction financing for the Culinary Arts Building on the Rockwell campus. The total amount financed under this agreement was \$20,000,000.

The lease-purchase calls for 24 semiannual payments starting July 2011. The payments will be made out of the building fund. Francis Tuttle will gain ownership to the building incrementally as each payment is made.

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Additional information on the lease purchase agreements and operating leases can be found in Note 6 to the financial statements.

Factors Bearing on Francis Tuttle Technology Center's Future

During 2015, the Millwood Public School District voted to de-annex from the Francis Tuttle Technology Center School District. The de-annexation will be effective July 1, 2016. The de-annexation will reduce ad valorem property tax for Francis Tuttle. Administration will adjust the budget to reflect this decrease.

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

Contacting Francis Tuttle Financial Management

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

Basic Financial Statements

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

**Statement of Net Position
June 30, 2016**

	Governmental Activities
<hr/>	
Assets	
Current assets:	
Cash and cash equivalents	\$ 14,596,227
Investments	18,962,119
Interest receivable	58,064
Property taxes receivable, net—current year	1,841,803
Property taxes receivable, net—succeeding year	54,315,639
Receivables from other governments	269,217
Other receivables	296,330
Inventories	145,780
Total current assets	<u>90,485,179</u>
Capital assets:	
Land and construction in progress	8,535,186
Capital assets being depreciated, net of accumulated depreciation	<u>82,641,212</u>
Net capital assets	<u>91,176,398</u>
Total assets	<u>181,661,577</u>
Deferred outflows of resources:	
Deferred outflows—retirement plan	<u>5,210,643</u>

(Continued)

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

Statement of Net Position (Continued)
June 30, 2016

	Governmental Activities
Liabilities	
Current liabilities:	
Accounts payable	1,127,155
Salaries and wages payable	1,930,159
Unearned revenue	55,462
Accrued interest payable	391,081
Current portion of long-term liabilities	2,892,550
Total current liabilities	<u>6,396,407</u>
Non-current liabilities:	
Compensated absences	727,271
Lease purchase agreement	16,018,793
Net pension liability	35,273,971
Total non-current liabilities	<u>52,020,035</u>
Total liabilities	<u>58,416,442</u>
Deferred inflows of resources:	
Deferred inflows—retirement plan	3,591,060
Property taxes—succeeding year	54,315,639
Total deferred inflows of resources	<u>57,906,699</u>
Net position:	
Net investment in capital assets	72,689,315
Restricted for capital related costs	15,478,776
Unrestricted	<u>(17,619,012)</u>
Total net position	<u>\$ 70,549,079</u>

See notes to basic financial statements.

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

**Statement of Activities
Year Ended June 30, 2016**

Function/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 23,332,201	\$ 2,242,702	\$ 2,318,655	\$ (18,770,844)
Support services—instructional	8,621,704	-	876,121	(7,745,583)
Support services—operational	18,387,625	-	711,561	(17,676,064)
Operation of non-instruction services	2,357,077	1,170,364	-	(1,186,713)
Debt service	897,404	-	-	(897,404)
Financial aid and other uses	1,290,914	-	1,141,399	(149,515)
Total governmental activities	\$ 54,886,925	\$ 3,413,066	\$ 5,047,736	(46,426,123)
General revenues:				
Property taxes, levied for capital related costs				17,299,460
Property taxes, levied for general purposes				33,997,781
State aid—formula funding				2,760,097
Other local				85,504
Earnings on investments				226,810
Total general revenues and special items				54,369,652
Change in net position				7,943,529
Net position, beginning of year				64,168,317
Prior period adjustments—GASB 82 implementation				(1,562,767)
Net position—beginning as restated				62,605,550
Net position, end of year				\$ 70,549,079

See notes to basic financial statements.

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

**Balance Sheet—Governmental Funds
June 30, 2016**

	General Fund	Building Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 7,617,551	\$ 6,978,676	\$ 14,596,227
Investments	9,781,800	9,180,319	18,962,119
Interest receivable	28,020	30,044	58,064
Property taxes receivable, net—current year	1,267,591	574,212	1,841,803
Property taxes receivable, net—succeeding year	35,981,748	18,333,891	54,315,639
Receivables from other governments	269,217	-	269,217
Other receivables, net	245,232	-	245,232
Due from agency fund	51,098	-	51,098
Inventories	145,780	-	145,780
	<hr/>	<hr/>	<hr/>
Total assets	\$ 55,388,037	\$ 35,097,142	\$ 90,485,179
Liabilities			
Accounts payable	\$ 288,022	\$ 839,133	\$ 1,127,155
Salaries and wages payable	1,900,824	29,335	1,930,159
Unearned revenue	55,462	-	55,462
	<hr/>	<hr/>	<hr/>
Total liabilities	2,244,308	868,468	3,112,776
Deferred Inflows of Resources			
Unavailable revenue—property taxes	951,806	416,007	1,367,813
Unavailable revenue—tuition	94,030	-	94,030
Unavailable revenue—federal grant	59,704	-	59,704
Property taxes—succeeding year	35,981,748	18,333,891	54,315,639
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	37,087,288	18,749,898	55,837,186
Fund Balances			
Non-spendable:			
Inventories	145,780	-	145,780
Restricted for:			
Equity interest in joint venture	235,276	-	235,276
Capital related costs	-	15,478,776	15,478,776
Committed to:			
Fund temporary cash flow deficit	11,000,000	-	11,000,000
Compensated leave	662,987	-	662,987
Assigned to:			
Compensated leave	488,544	-	488,544
Professional services and supplies	73,890	-	73,890
Unassigned	3,449,964	-	3,449,964
	<hr/>	<hr/>	<hr/>
Total fund balances	16,056,441	15,478,776	31,535,217
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 55,388,037	\$ 35,097,142	\$ 90,485,179

See notes to basic financial statements.

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

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
June 30, 2016**

Total fund balance—governmental funds \$ 31,535,217

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	149,883,854	
Less accumulated depreciation	<u>(58,707,456)</u>	91,176,398

Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.

Compensated absences	1,151,531	
Accrued interest payable	391,081	
Lease purchase agreement	18,487,083	
Net pension liability	<u>35,273,971</u>	(55,303,666)

Revenues that have been deferred in the governmental funds but are recognized as revenue in the government-wide financial statements.		1,521,547
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Pension related deferred outflows and inflows are not due and payable in the current period, therefore, they are not reported in governmental funds.

Deferred outflows	5,210,643	
Deferred inflows	<u>(3,591,060)</u>	<u>1,619,583</u>

Net position of governmental activities		<u><u>\$ 70,549,079</u></u>
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See notes to basic financial statements.

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General Fund	Building Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 35,056,819	\$ 17,852,241	\$ 52,909,060
Tuition, fees and other local sources, net of scholarship allowances	3,658,900	-	3,658,900
State sources	5,514,655	-	5,514,655
Federal sources	2,028,376	-	2,028,376
Reimbursements	67,699	14,754	82,453
Earnings on investments	72,874	153,936	226,810
Total revenues	46,399,323	18,020,931	64,420,254
Expenditures:			
Current:			
Instruction	20,008,138	1,932,375	21,940,513
Support services—instructional	7,857,798	354,299	8,212,097
Support services—operational	12,652,027	5,364,615	18,016,642
Non-instructional services	1,960,198	145,440	2,105,638
Capital outlay	-	4,503,823	4,503,823
Debt service			
Principal	-	2,358,039	2,358,039
Interest	-	946,971	946,971
Financial aid and other uses	1,289,666	1,248	1,290,914
Total expenditures	43,767,827	15,606,810	59,374,637
Excess (deficiency) of revenues over expenditures	2,631,496	2,414,121	5,045,617
Other financial source:			
Transfer from Internal Service Fund	5,553	-	5,553
Net change in fund balances	2,637,049	2,414,121	5,051,170
Fund balances, beginning of year	13,419,392	13,064,655	26,484,047
Fund balances, end of year	\$ 16,056,441	\$ 15,478,776	\$ 31,535,217

See notes to basic financial statements.

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

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2016**

Net change in fund balances—total governmental funds	\$ 5,051,170
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.	
Capital outlay expenditures	5,229,433
Depreciation expense	(5,317,811)
Retirements and adjustments	<u>(21,366)</u>
	(109,744)
Revenues that have been deferred in the governmental funds but are recognized as revenue in the government wide statements.	(1,595,562)
Repayment of principal on lease purchase agreements is an expenditure in government funds, but it reduces long-term liabilities in the statement of net position.	2,358,039
Interest on lease purchase agreements is recorded as an expenditure in government funds when paid, but interest expense in the statement of activities is accrued for the reporting period, regardless of when it is paid.	49,567
Internal service fund is used by the District to charge the costs of health and dental insurance benefits for the employees of the District. The changes in net position of the internal service fund is included in the governmental activity.	(289)
Compensated absences payable do not require the use of current financial resources, and are therefore not reported as expenditures in governmental funds.	59,493
Net pension expense does not require current financial resources therefore, is not reported as expenditures in governmental funds.	<u>2,130,855</u>
Changes in net position of governmental activities	<u><u>\$ 7,943,529</u></u>

See notes to basic financial statements.

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

Statement of Net Position—Proprietary Fund
 June 30, 2016

	Governmental Activities
	<u>Internal Service Fund</u>
	<u>Employee Benefits Fund</u>
<hr/>	
Assets	
Cash and cash equivalents	\$ -
Other receivables	-
Total assets	<u>-</u>
Liability , liability for incurred claims	<u>-</u>
Net position , unrestricted	<u>\$ -</u>

See notes to basic financial statements.

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

Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Fund
Year Ended June 30, 2016

	Governmental Activities
	Internal Service Fund
	Employee Benefits Fund
<hr/>	
Operating revenues:	
Refunds	\$ 5,762
Operating expenses:	
Medical and dental claims	153
Administrative costs	345
Total operating expenditures	<u>498</u>
Operating income before transfers	5,264
Transfer to General Fund	<u>(5,553)</u>
Change in net position	(289)
Total net position, beginning	<u>289</u>
Total net position, ending	<u><u>\$ -</u></u>

See notes to basic financial statements.

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

**Statement of Cash Flows—Proprietary Fund
Year Ended June 30, 2016**

	Governmental Activities
	Internal Service Fund
	Employee Benefits Fund
<hr/>	
Cash flows from operating activities:	
Receipts from user charges	\$ 90
Payments for insurance claims	(29,442)
Payments for administration	(345)
Net cash used in operating activities	<u> (29,697)</u>
Cash flows from noncapital financing activities:	
Transfer to General Fund	(5,553)
Net cash used in noncapital financing activities	<u> (5,553)</u>
Net decrease in cash and cash equivalents	(35,250)
Cash and cash equivalents, beginning of year	<u> 35,250</u>
Cash and cash equivalents, end of year	<u><u> -</u></u>
Reconciliation of operating income to net cash used in operating activity:	
Operating income	\$ 5,264
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	90
Increase in liability for incurred claims	(35,051)
Net cash used in operating activities	<u><u> (29,697)</u></u>

See notes to basic financial statements.

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

Statement of Fiduciary Assets and Liabilities—Agency Fund
June 30, 2016

Assets	
Cash and cash equivalents	\$ 198,135
Investments	<u>75,000</u>
Total assets	<u><u>\$ 273,135</u></u>
Liabilities	
Accounts payable	19,513
Due to general fund	51,098
Funds held for school organizations	<u>202,524</u>
Total liabilities	<u><u>\$ 273,135</u></u>

See notes to basic financial statements.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity:

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

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

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The District has not identified any component units that should be included in the District's reporting entity. The Francis Tuttle Foundation Inc. is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the Foundation. The resources held by the Foundation for the benefit of the District are not significant to the financial position or activities of the District as a whole and therefore has been excluded from the District's reporting entity.

Basic financial statements:

Government-wide 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 non-fiduciary 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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include tuition or fees paid by students or clients of the District and grants or contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not classified as program revenues are reported as general revenues.

Fund financial statements: The District reports its financial activities through the use of fund accounting. This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements. Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." In addition, the District's funds are classified between major and non-major. The General Fund and Building Fund are major funds. A description of the activities of the various funds is provided below.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 capital 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 local property taxes, various state appropriations including funding through the State Aid Formula approved by the State Board of Career and Technology Education, and tuition and fees. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds – Special revenue funds include the District's building fund.

Building Fund – The building fund consists primarily of monies derived from property taxes levied for the specific purposes as defined by Oklahoma Statutes. The allowable purposes include: erecting or maintaining school buildings; purchasing furniture, equipment, computer software and telecommunications services, energy and utility costs, fire and casualty insurance premiums for school facilities, and student transportation.

Proprietary fund types – Proprietary funds are used to account for activities that are designed to be run like a business. Services from such activities can be provided to either an outside party (enterprise funds) or to the District (internal service funds). Operating revenues and expense result from providing services in connection with the principal operation. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses. In a proprietary fund the fees charged are intended to cover the operating expenses. The Internal Services Fund is reported as a proprietary fund.

Internal Service Fund: Employee Benefits Fund – The employee benefits fund accounts for revenues and expenses for the self-funded health and dental insurance coverage. The Board voted to dissolve the employee benefits fund effective June 30, 2016 and all remaining funds, totaling \$5,553, were transferred to the general fund.

Fiduciary fund types – Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Agency Funds – Agency funds include the school district activity fund.

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

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting:

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty (60) days of the fiscal year end. For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual, to be available if they are collected within ninety (90) days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions are recorded only when the payment is due.

Property taxes, interest, tuition and fees, and amounts due from other governments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

Budgets and budgetary accounting:

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

The original budget for FY 2015-16 was approved on June 29, 2015. The District amended the budget on September 14, 2015, February 8, 2016 and June 13, 2016.

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

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

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Cash and cash equivalents - Cash consists of cash on hand, demand deposit accounts, interest bearing checking accounts, less outstanding checks. The District considers highly liquid investments with original maturity of three months or less when purchased to be cash equivalents.

Investments - The District is allowed to invest in various instruments which are directly or indirectly guaranteed or insured by the United States government or the State of Oklahoma and warrants, bonds or judgments of the District. Investments are recorded at fair value, net asset value, or amortized cost. The net change in fair value of investments is recognized and reported as earnings (loss) on investments.

Inventories - Inventories are carried at cost, using the first-in, first-out method, and are recorded as expense when used. Inventories include books and supplies held for resale.

The value of consumable inventories at June 30, 2016, is not material to the financial statements.

Capital assets - Capital assets, which include land, building, building improvements, equipment and fixtures, vehicles and construction in progress 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 \$1,000. Donated capital assets are recorded at estimated acquisition value at date of donation.

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 District's capital assets have the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment and fixtures	4-15
Vehicles	8

Accounts payable - Accounts payable represent amounts due to vendors for goods and services received by the District for which a payment has not been made.

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

Compensated absences - A liability for compensated absences is recorded in the government-wide financial statement. The liability includes: Annual (Vacation) Leave; Annual Leave Bank, and 15 year Conditional Sick Leave.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Employees earn leave according to their classification and length of employment. Upon termination unused annual (vacation) leave is payable to the employee. Annual leave in excess of 90 days is transferred to "Annual Leave Bank" which is not available for current use, but is payable upon retirement or termination. Unused sick leave is not generally payable upon termination, and there is not a liability accrued for it.

The District has a Conditional Sick Leave payment for employees with over fifteen years of service. Accumulated unused sick leave, which is not reported to Oklahoma Teachers Retirement System for credit as a service year, is used for calculation of the conditional sick leave payment upon retirement or termination.

Long-term debt - A liability for long-term debt is recorded in the government-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

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

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents the consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2016, the government-wide financial statements included deferred outflows of resources related to pensions.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental fund balance sheet includes deferred inflows of resources related to unavailable property taxes, grants and tuition receivables and property taxes for the succeeding year; such receivables will be recognized as revenues in the governmental funds when they become available and when they are budgeted for use (property taxes). At June 30, 2016, the government-wide financial statements included deferred inflows of resources related to pensions and property taxes for the succeeding year.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

The building fund is restricted by statute to certain capital related costs, its fund balance is shown as restricted.

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

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

District policy requires payment to retiring or terminating employees for annual leave bank and conditional sick leave. The District commits a portion of fund balance for this purpose.

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

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

It is the District's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance are available. The District's policy for the use of unrestricted fund balance amounts requires that committed amounts would be used first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for the purpose for which amounts in any of those unrestricted fund balance classifications could be used.

Revenue and expenditures:

Local revenues - Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general and building funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Scholarship waivers - Student tuition revenue are reported net of scholarship waivers in the statements of revenues, expenses, and changes in net position. Scholarship waivers are awarded by the financial aid department based upon criteria set by the Board of Education. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and other student charges, the District has recorded a scholarship waiver. Scholarship waivers totaled \$342,952 during the year ended June 30, 2016.

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

After review and verification of reports and supporting documentation, the State Department of Career and Technology Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. The failure of a program to meet minimum standards may result in an adjustment of funding. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

The aforementioned state revenues are apportioned to the District's general fund.

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

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

Interest earnings - Represent compensation for the use of financial sources over a period of time.

Reimbursements - Reimbursements are receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction expenditures - Instruction expenditures include the activities dealing directly with the interaction between instructors and students. Instruction may be provided for students in a classroom, in another location, such as a client's location, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as internet, television, 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.

Instructional support services expenditures - Instructional support services expenditures provide technical and logistical support to facilitate and enhance instruction. These services include things such as counseling, library and media services, curriculum development and student transportation. These services exist as adjuncts for fulfilling the objectives of instructional programs rather than as entities within themselves.

Support services – operational expenditures - Operational support services expenditures provide administrative, technical and logistical support to facilitate and enhance instruction. These services include things such as business office, management information services, human resources, facility maintenance and administration. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs rather than as entities within themselves.

Noninstructional services expenditures - Activities concerned with providing non-instructional services to students, staff or the community. These services are primarily food, cafeteria, bookstore, and child development center resale operations.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Facilities acquisition and construction services expenditures - Consist of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Financial aid expenditures and other uses - 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 District or a third party administrator.

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 non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

District's use of estimates:

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

New accounting pronouncements adopted in fiscal year 2016:

The District adopted the following new accounting pronouncements during the year ended June 30, 2016:

- GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This Statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. The adoption of this pronouncement resulted in additional disclosures to the financial statements (see Note 3).
- The District has decided to adopt GASB Statement No. 82 early, for this fiscal year ending June 30, 2016. GASB Statement No. 82, *Pension Issues*, issued April 2016, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Payments are made by the District to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements. GASB Statement No. 82 clarified that an employer's expense and expenditures for those amounts should be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The adoption of this pronouncement resulted in the restatement of beginning net position of \$1,562,767 to reflect these employee contributions in the period assessed (see Note 2).

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015, addresses accounting and financial reporting for certain external investment pools and pool participants by establishing criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualifying external investment pools and for governments that participate in those pools. The adoption of this pronouncement did not have a significant impact on the District's financial statements or disclosures.

New accounting pronouncements issued not yet adopted:

The GASB has issued new accounting pronouncements which will be effective to District in fiscal year ended June 30, 2017. A description of the new accounting pronouncements are described below:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, issued June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2016— except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the District beginning with its fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68 which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.
- GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosures about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.

The District is currently evaluating the impact that these new standards may have on its financial statements.

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

Notes to Financial Statements

Note 2. Prior Period Restatement

As discussed in Note 1, the District early implemented GASB Statement No. 82, *Pension Issues*. The provisions required the District to restate its net position as of July 1, 2015 upon adoption. This change effects the Government Wide Statements.

	Net Position		
	As originally reported as of June 30, 2015	Implementation of GASB 82	Restated as of July 1, 2015
Governmental Activities	\$ 64,168,317	\$ (1,562,767)	\$ 62,605,550

Note 3. Cash, Cash Equivalents and Investments

Custodial credit risk – deposits - Custodial credit risk is the risk that in the event of failure of a counterparty, the District will not be able to recover its deposits. Deposits are exposed to credit risk if they are uninsured or uncollateralized. The District’s policy requires that all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2016, all of the District’s deposits were federally insured by the federal deposit insurance corporation (FDIC) or the national credit union administration (NCUA) or collateralized.

Custodial credit risk – investments - For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District and are held by counterparty or the counterparty’s trust department but not in the name of the District. The District’s policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2016, all of the District’s investments were either federally insured by FDIC or NCUA or are invested in federal securities. Further, all of the District’s investments are held by its agent in the District’s name. Accordingly, no investments are subject to custodial credit risk.

The District’s investments consist of U.S. agency and instrumentality bonds, State of Oklahoma bonds and certificates of deposit, money market mutual funds, repurchase agreements, and qualified investment pools. The District also has an investment in a joint venture which is further discussed in Note 11. The District’s investment policies are governed by state statute. The District’s investments are carried at fair value.

Credit risk - Credit risk measures the ability of the issuer to meet its obligation. The District’s investment policy is designed to minimize credit risk. The mutual funds held by the District are invested in the Fidelity Institutional Money Market Government Portfolio – Class II which is rated AAA-mf by Moodys and AAAM by Standard & Poor’s. Oklahoma Bonds held by the District are rated by Moodys Aaa or Standard & Poor’s AA. Investments in Federal Home Loan Banks (FHLB) and Fannie Mae (FNMA) are rated AA+ by Standard & Poor’s. Other investments are in certificates of deposits, repurchase agreements, or Oklahoma liquid asset pool which are not rated.

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

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Concentration of credit risk - The district policy does not limit the amount the District may invest in any one issuer. As of June 30, 2016 the District's investments, excluding investments in U.S. agency bonds, were spread among issuers with less than 5 percent invested in any one issuer.

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

As of June 30, 2016, the District's investments had the following maturities:

Category	Investment Maturities in Years				Total Fair Value
	< 1	1 - 3	3 - 5	> 5	
Mutual funds	\$ 2,667	\$ -	\$ -	\$ -	\$ 2,667
Repurchase agreements	12,132,705	-	-	-	12,132,705
Negotiable certificates of deposit	6,510,730	594,815	1,182,915	239,710	8,528,170
Oklahoma Bond Funds					
OHFA	115,274	35,907	120,570	162,250	434,001
ODFA	-	238,282	160,078	275,037	673,397
US Government Agencies:					
FHLB	-	-	500,270	-	500,270
FHLMC	-	-	2,200,193	-	2,200,193
FNMA	401,312	-	-	498,500	899,812
	<u>\$ 7,027,316</u>	<u>\$ 869,004</u>	<u>\$ 4,164,026</u>	<u>\$ 1,175,497</u>	<u>\$ 25,371,215</u>

Investment in joint venture (measured at net asset value) \$ 235,276

Cash/Investments reported at amortized cost:

Non-negotiable certificates of deposits	5,566,000
Money market account deposits	753,177
External investment pool - Oklahoma School Liquid Asset Pool	502,183
Cash deposits	1,403,630
Total cash, cash equivalents and investments	<u>\$ 33,831,481</u>

Total governmental activities cash, cash equivalents and investments 33,558,346

Total activity funds cash, cash equivalents and investments 273,135

\$ 33,831,481

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

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

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

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

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

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

Level 3: Significant unobservable inputs

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

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

Category	Fair Value Measurements Using:			Total Fair Value
	Level 1	Level 2	Level 3	
Mutual funds	\$ -	\$ 2,667	\$ -	\$ 2,667
Repurchase Agreements	-	12,132,705	-	12,132,705
Negotiable certificates of deposit	-	8,528,170	-	8,528,170
Oklahoma Bond Funds				
OHFA	-	434,001	-	434,001
ODFA	-	673,397	-	673,397
US Government Agencies				
FHLB	-	500,270	-	500,270
FHLMC	-	2,200,193	-	2,200,193
FNMA	-	899,812	-	899,812
	<u>\$ -</u>	<u>\$ 25,371,215</u>	<u>\$ -</u>	<u>\$ 25,371,215</u>

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

Notes to Financial Statements

Note 4. Receivables (Net of Allowance for Uncollectibles)

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

	<u>Governmental Funds</u>		Total
	General Fund	Building Fund	
Interest receivable	\$ 28,020	\$ 30,044	\$ 58,064
Property taxes	2,860,691	1,374,012	4,234,703
Property taxes - succeeding year	36,253,652	18,472,437	54,726,089
Receivables from other governments	269,217	-	269,217
Other	668,530	-	668,530
Total gross receivables	40,080,110	19,876,493	59,956,603
Less: allowance	(2,237,204)	(938,346)	(3,175,550)
Net receivables	<u>\$ 37,842,906</u>	<u>\$ 18,938,147</u>	<u>\$ 56,781,053</u>

Succeeding year property tax receivables are recorded on the lien date of January 1st with the related revenue reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is budgeted for use.

At June 30, 2016, approximately \$1.5 million of receivables were considered to be unavailable and were recorded as deferred inflows of resources in the governmental fund statements. At June 30, 2016, approximately \$54.3 million of succeeding year property taxes were recorded as deferred inflows of resources in the governmental fund statements and government-wide statements.

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

Notes to Financial Statements

Note 5. Capital Assets and Property, Plant, and Equipment

Capital assets activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 4,402,954	\$ 691,387	\$ -	\$ -	\$ 5,094,341
Construction in Progress	3,669,713	2,446,180	(2,675,048)	-	3,440,845
Total capital assets, not being depreciated	8,072,667	3,137,567	(2,675,048)	-	8,535,186
Capital assets, being depreciated:					
Site improvements	8,774,666	32,307	443,279	(60,281)	9,189,971
Building & Improvements	107,599,571	18,521	2,231,769	(4,149)	109,845,712
Equipment & Fixtures	19,456,637	2,004,234	-	(435,824)	21,025,047
Vehicles	1,264,924	36,804	-	(13,790)	1,287,938
Total capital assets, being depreciated	137,095,798	2,091,866	2,675,048	(514,044)	141,348,668
Less accumulated depreciation for:					
Site improvements	(4,106,364)	(500,111)	-	60,281	(4,546,194)
Building & Improvements	(36,478,123)	(3,018,727)	-	2,126	(39,494,724)
Equipment & Fixtures	(12,165,583)	(1,726,168)	-	416,481	(13,475,270)
Vehicles	(1,132,253)	(72,805)	-	13,790	(1,191,268)
Total accumulated depreciation	(53,882,323)	(5,317,811)	-	492,678	(58,707,456)
Governmental activities capital assets, net	\$ 91,286,142	\$ (88,378)	\$ -	\$ (21,366)	\$ 91,176,398

Under the District's capitalization policy assets with a value of less than \$1,000, are not reported in the financial statements nor in depreciation calculations.

Depreciation expense for the year ended June 30, 2016, was charged to functions/programs of the District as follows:

Governmental activities:	
Instruction	\$ 2,322,543
Support services - instructional	859,607
Support services - operational	1,884,720
Operation of non-instruction services	250,941
Total depreciation expense	<u>\$ 5,317,811</u>

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

Notes to Financial Statements

Note 6. Interfund Receivables and Payables

On June 30, 2016, the activity fund had a balance due to the general fund of \$51,098. This is shown in other receivables on the statement of net position, due from agency funds on the general fund balance sheet and as due to general fund in the statement of fiduciary assets and liabilities – agency fund.

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

Note 7. Long-Term Liabilities

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

General long-term debt of the District normally would consist of building bonds payable. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund. The District had no outstanding bonds as of June 30, 2016.

Long-term liabilities of the District consists of lease purchase agreements and obligations for compensated absences. The obligations for compensated absences include accrued annual leave and certain contingent leave balances payable only upon retirement or termination. Payments for accrued annual leave and contingent leave are generally paid out of the General Fund.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Compensated absences:					
Annual leave	\$ 314,300	\$ 566,805	\$ (556,845)	\$ 324,260	\$ 324,260
Contingent leave	896,724	63,654	(133,107)	827,271	100,000
	<u>1,211,024</u>	<u>630,459</u>	<u>(689,952)</u>	<u>1,151,531</u>	<u>424,260</u>
Lease purchase agreements:					
Bank of America Tranche I	5,678,701	-	(764,920)	4,913,781	798,028
Bank of America Tranche II	15,166,421	-	(1,593,119)	13,573,302	1,670,262
	<u>20,845,122</u>	<u>-</u>	<u>(2,358,039)</u>	<u>18,487,083</u>	<u>2,468,290</u>
Total long-term debt	<u>\$ 22,056,146</u>	<u>\$ 630,459</u>	<u>\$ (3,047,991)</u>	<u>\$ 19,638,614</u>	<u>\$ 2,892,550</u>

Note 8. Lease Purchase Agreements and Operating Leases

Bank of America Tranche I: On November 28, 2008, Francis Tuttle entered into a ground lease of certain property at the Rockwell campus from Francis Tuttle to Bank of America. In addition, a lease purchase agreement from Bank of America to Francis Tuttle was executed. The lease purchase agreement provides construction financing for the business and industry services building being constructed on the Rockwell campus. The total amount financed under this agreement will be \$10,000,000. The lease purchase agreement matures on July 15, 2021.

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

Notes to Financial Statements

Note 8. Lease Purchase Agreements and Operating Leases (Continued)

The lease-purchase calls for twenty-four semi-annual payments starting January 2010 and ending in July 2021. The payments will be made out of the building fund. Francis Tuttle will gain ownership to the building incrementally as each payment is made.

Bank of America Tranche II: On November 15, 2009, Francis Tuttle entered into a ground lease of certain property at the Rockwell campus from Francis Tuttle to Bank of America. In addition, a lease purchase agreement from Bank of America to Francis Tuttle was executed. The lease purchase agreement provides construction financing for the culinary arts building being constructed on the Rockwell campus. The total amount financed under this agreement will be \$20,000,000. The lease purchase agreement matures on January 15, 2023.

The lease-purchase calls for twenty-four semi-annual payments starting July 2011. The payments will be made out of the building fund. Francis Tuttle will gain ownership to the building incrementally as each payment is made.

The lease payments will be as follows:

Fiscal Year	BOA Tranche I	BOA Tranche II	Total
2016-17	\$ 1,000,000	\$ 2,300,000	\$ 3,300,000
2017-18	1,000,000	2,300,000	3,300,000
2018-19	1,000,000	2,300,000	3,300,000
2019-20	1,000,000	2,300,000	3,300,000
2020-21	1,000,000	2,300,000	3,300,000
2021-22	575,019	2,300,000	2,875,019
2022-23	-	2,339,207	2,339,207
Total obligation	5,575,019	16,139,207	21,714,226
Less amounts representing interest	(661,238)	(2,565,905)	(3,227,143)
Lease purchase payable	\$ 4,913,781	\$ 13,573,302	\$ 18,487,083
Current portion of lease payable	\$ 798,028	\$ 1,670,262	\$ 2,468,290

The gross amount of buildings acquired under the Bank of America Tranche I and Bank of America Tranche II capital leases was \$9,700,000 and \$19,500,000, respectively.

Operating lease: The District has entered into a lease agreement for the Business Innovation Center. The initial lease term began in July 2013 and continues through June 2023, depending upon annual ratification. Lease payments during FY 2015-16 were \$504,809. The annual lease payments for FY 2017-2023 range from approximately \$507,000 to approximately \$550,000.

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

Notes to Financial Statements

Note 9. Employee Retirement System

Oklahoma Teachers Retirement System:

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

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

Benefit provisions include:

- Members become 100 percent vested in retirement benefits earned to date after five years of credited Oklahoma service.
- Members are eligible to retire at maximum benefits when who joined OTRS by June 30, 1992 are age and years of creditable service total 80. Members joining OTRS after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service.
- The maximum retirement benefit is equal to 2 percent of final compensation for each year of credited service. Monthly benefits are 1/12 of this amount.
- Final compensation for members who joined OTRS prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining OTRS after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100 percent of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, OTRS will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2 percent of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

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

Notes to Financial Statements

Note 9. Employee Retirement System (Continued)

Contributions: The contribution requirements of OTRS are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The District's contribution rate is 9.5 percent for the year ended June 30, 2016. In addition, the District is required to match the State's contribution rate on salaries that are paid with federal funds. The District's contributions to OTRS in 2016 were \$2,550,829 equal to the required contributions. The District's matching contributions to OTRS in 2016 were \$34,951.

Employees are required to contribute 7 percent of their annual compensation, which the District pays on behalf of full-time employees as allowed by statute. The District made contributions on behalf of its' full-time employees in 2016 totaling \$1,689,359.

The State makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the OTRS years of service credit). The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2016, the State paid approximately \$138,000 on behalf of teachers employed at the District. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements.

The State of Oklahoma is also required to contribute to the system on behalf of the participating employers. For 2016, the State of Oklahoma contributed 5 percent of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2016, the total amount contributed to the system by the State of Oklahoma on behalf of the District was approximately \$2 million. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the fund financial statements. In the government wide statement of activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of approximately \$2 million.

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2016, the District reported a liability of \$35,273,971 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on the District's contributions to OTRS relative to total contributions of OTRS for all participating employers for the year ended June 30, 2015. Based upon this information, the District's proportion was 0.580856 percent. The change in proportion from June 30, 2014 was 0.016470 percent.

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

Notes to Financial Statements

Note 9. Employee Retirement System (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$2,266,878. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,198,118
Changes of assumptions	1,689,030	-
Net difference between projected and actual earnings on pension plan investments	-	2,392,942
Changes in proportion and differences between District contributions and proportionate share of contributions	935,833	-
Total deferred amounts to be recognized in pension expense in future periods	2,624,863	3,591,060
District contributions subsequent to the measurement date	2,585,780	-
Total deferred amounts related to pension	<u>\$ 5,210,643</u>	<u>\$ 3,591,060</u>

Deferred pension outflows totaling \$2,585,780 resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Net deferred inflows totaling \$2,392,942 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. Deferred inflows totaling \$1,198,118 resulting from differences between expected and actual experience, deferred outflows totaling \$1,689,030 resulting from changes in assumptions, and deferred outflows of \$935,833 resulting from changes in proportion will be recognized in pension expense using the average expected remaining life of the Plan. The average expected remaining life of the Plan is determined by taking the calculated total future service future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 6.22 years at June 30, 2015 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (814,285)
2018	(814,285)
2019	(814,285)
2020	1,076,429
2021	322,467
Thereafter	77,761
	<u>\$ (966,197)</u>

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

Notes to Financial Statements

Note 9. Employee Retirement System (Continued)

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of June 30, 2015 using the following actuarial assumptions:

- Actuarial cost method--Entry Age Normal
- Inflation--3.0 percent
- Future ad hoc cost-of-living increases--None
- Salary increases--Composed of 3.75 percent wage inflation, including 3.00 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of service
- Investment return--8.00 percent
- Retirement Age—Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014
- Mortality Rates after Retirement—Males: RP-2000 Combined Healthy mortality table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105 percent. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012
- Mortality Rates for Active Members—RP-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent

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

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

Notes to Financial Statements

Note 9. Employee Retirement System (Continued)

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.0%
Domestic Large Cap Equity	10.0%	5.3%
Domestic Mid Cap Equity	13.0%	6.1%
Domestic Small Cap Equity	10.0%	6.6%
International Large Cap Equity	11.5%	5.8%
International Small Cap Equity	6.0%	5.8%
Core Plus Fixed Income	17.5%	1.8%
High-yield Fixed Income	6.0%	4.1%
Private Equity	5.0%	7.6%
Real Estate**	7.0%	5.5%
Master Limited Partnerships	7.0%	7.6%
	100%	

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

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

Discount rate: The discount rate used to measure the total pension liability was 8.0 percent. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00 percent. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. 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. Based on the stated assumptions and the projection of cash flows, OTRS' fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following table presents the net pension liability of the District calculated using the discount rate of 8.0 percent, as well as what the District's net pension liability would be if OTRS calculated the total pension liability using a discount rate that is 1-percentage point lower (7.0 percent) or 1-percentage point higher (9.0 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's net pension liability	\$ 48,994,394	\$ 35,273,971	\$ 24,049,955

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

Notes to Financial Statements

Note 10. Employer Funded 403(b) Plan

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

The District makes employer funded contributions to the 403(b) Plan for the senior management team. The amount of the employer contribution is set by the Board each year as a part of the compensation package and is documented in the employment contracts for the senior management team. The District contributed \$108,082 to the 403(b) plan during FY 2016.

Note 11. Joint Venture

The District participates in a partnership with the City of Edmond to operate the Center for Municipal Excellence (CME) to provide training to municipal workers.

The CME is governed by an advisory board with equal representation from the District and the City of Edmond. By agreement, each partner is required to make equal, ongoing, financial contributions, as well as provide in-kind support. The partners have equal interest in the assets of CME which consists of cash and cash equivalents and investments.

During fiscal year 2016, the District and the City of Edmond each contributed \$50,000 to the partnership. The District's share of CME's net loss was \$43,883 and is presented in earnings (loss) on investments in the accompanying financial statements. The District's equity interest in the partnership is \$235,276 at June 30, 2016.

Financial statements for CME are available upon request from the District's finance office.

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

Notes to Financial Statements

Note 12 Risk Management

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

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

The District operated a self-insured medical program for District employees, their eligible dependents and District retirees. This program was administered by an independent third party (TPA) and covers medical and dental expenses, as allowed under the plan definition. The District's self-insured medical program ended on December 31, 2014. Francis Tuttle Technology Center rejoined the fully insured health and dental program with the Oklahoma Employees Group Insurance effective January 1, 2015. All remaining known claims against the District's self-insured plan were paid during fiscal year 2015-16. Balances and activity for the self-insured medical program were recorded in the employee benefits fund (internal service fund). The Board voted to dissolve the fund effective June 30, 2016 and all remaining funds, totaling \$5,553, were transferred to the general fund.

Note 13. Commitments and Contingencies

Schedule of expenditure of federal awards: The schedule shows the federal awards received and expended by the District during the 2015-16 fiscal year. Title 2 U.S. Office Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards. Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Litigation: School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District settlement of which would have a material effect on the financial statements of the District.

Commitments: The District encumbers funds prior to ordering goods or services. At June 30, 2016, the District has encumbered funds (less encumbrances that lapsed after year-end) that total \$73,890 in the general funds and \$3,246,077 in the building fund for goods or services not yet delivered. The encumbrances in the building fund are primarily commitments for on-going construction projects and for equipment that has been ordered but not delivered.

Required Supplementary Information

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

**Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues collected:				
Property taxes	\$ 33,655,000	\$ 34,065,000	\$ 35,004,171	\$ 939,171
Tuition, fees and other local sources	4,085,000	4,108,000	4,251,579	143,579
State sources	3,814,000	3,886,400	3,702,704	(183,696)
Federal sources	2,339,650	2,409,650	2,048,029	(361,621)
Interest earnings	92,000	92,000	71,887	(20,113)
Non-revenue receipts	-	-	78,127	78,127
Total revenues collected	43,985,650	44,561,050	45,156,497	595,447
Expenditures:				
Instruction	19,145,541	19,771,701	19,378,152	(393,549)
Support services - instructional	7,637,955	7,838,219	7,535,595	(302,624)
Support services - operational	12,556,619	12,778,821	12,258,916	(519,905)
Operation of non-instructional services	2,093,885	2,316,035	2,220,393	(95,642)
Other outlays	55,000	55,000	53,877	(1,123)
Financial aid and other uses	2,005,000	2,040,000	1,632,822	(407,178)
Total expenditures	43,494,000	44,799,776	43,079,755	(1,720,021)
Excess (deficiency) of revenues over (under) expenditures	491,650	(238,726)	2,076,742	2,315,468
Other financing sources (uses):				
Lapsed appropriations	-	-	564,318	-
Net change in fund balance	\$ 491,650	\$ (238,726)	2,641,060	\$ 2,315,468
Fund balance, beginning of year			<u>12,026,239</u>	
Fund balance, end of year			<u>\$ 14,667,299</u>	
Reconciliation of statutory basis to GAAP basis:				
Investment in joint venture			\$ 235,276	
Unrealized gain (loss) on investments			26,024	
Inventories			145,780	
Revenue accrual net of portion recorded in budgetary statements and net of portion deferred in fund statements			435,303	
Unearned revenues			(55,462)	
Reduce encumbrances to accounts payable			602,221	
Fund balance end of year GAAP basis			<u>\$ 16,056,441</u>	

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

Budgetary Comparison Schedule - Building Fund
Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues collected:				
Property taxes	\$ 17,040,000	\$ 17,190,000	\$ 17,826,310	\$ 636,310
Other local sources	-	-	-	-
Federal sources	-	-	-	-
Interest earnings	125,000	125,000	115,624	(9,376)
Non-revenue receipts	-	-	14,755	14,755
Total revenues collected	17,165,000	17,315,000	17,956,689	641,689
Expenditures:				
Instruction	1,869,000	2,203,400	2,035,248	(168,152)
Support services	7,060,278	7,417,528	6,315,585	(1,101,943)
Operation of non-instruction services	46,000	158,000	145,440	(12,560)
Facilities acquisition and construction services	5,621,022	10,682,022	7,471,696	(3,210,326)
Debt service	3,305,000	3,305,040	3,305,010	(30)
Correcting entry	5,000	5,000	2,205	(2,795)
Total expenditures	17,906,300	23,770,990	19,275,184	(4,495,806)
Excess (deficiency) of revenues over (under) expenditures	(741,300)	(6,455,990)	(1,318,495)	5,137,495
Other financing sources (uses):				
Lapsed appropriations	-	-	4,151,027	-
Net change in fund balance	\$ (741,300)	\$ (6,455,990)	2,832,532	\$ 5,137,495
Fund balance, beginning of year			8,722,804	
Fund balance, end of year			\$ 11,555,336	
Reconciliation of statutory basis to GAAP basis:				
Unrealized gain (loss) on investments			\$ 66,818	
Revenue accrual net of portion deferred in fund statements			188,249	
Reduce encumbrances to accounts payable			3,668,373	
Fund balance end of year GAAP basis			\$ 15,478,776	

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

**Schedule of the District's Proportionate Share of the Net Pension Liability
Oklahoma Teachers' Retirement System
Last Ten Fiscal Years***

	As of June 30:	
	2015	2014
District's proportion of the net pension liability (asset)	0.5809%	0.5644%
District's proportionate share of the net pension liability (asset)	\$ 35,273,971	\$ 30,363,204
District's covered-employee compensation	24,890,542	23,443,816
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	141.72%	129.51%
Plan fiduciary net position as a percentage of the total pension liability	70.31%	72.43%

* The ten year period begins with the June 30, 2014 measurement date.

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

Required Contributions to Retirement System
Years Ended June 30:

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 2,585,780	\$ 2,426,850	\$ 2,293,898	\$ 2,142,559	\$ 2,014,364	\$ 1,914,932	\$ 1,868,361	\$ 1,666,925	\$ 1,465,715	\$ 1,208,563
Contributions in relation to the statutorily required contribution	(2,585,780)	(2,426,850)	(2,293,898)	(2,142,559)	(2,014,364)	(1,914,932)	(1,868,361)	(1,666,925)	(1,465,715)	(1,208,563)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee compensation	\$ 26,537,448	\$ 24,890,542	\$ 23,443,816	\$ 21,980,236	\$ 20,956,068	\$ 19,945,427	\$ 19,932,435	\$ 18,781,433	\$ 17,717,532	\$ 16,054,269
Contributions as a percentage of covered-employee payroll	9.74%	9.75%	9.78%	9.75%	9.61%	9.60%	9.37%	8.88%	8.27%	7.53%

Notes to Schedule:

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

1. July 1, 2005 to December 31, 2006 7.05%
2. January 1, 2007 to June 30, 2007 7.60%
3. July 1, 2007 to December 31, 2007 7.85%
4. January 1, 2008 to June 30, 2008 8.35%
5. July 1, 2008 to December 31, 2008 8.50%
6. January 1, 2009 to December 31, 2009 9.00%
7. January 1, 2010 to present 9.50%

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

Notes to Required Supplementary Information

Note 1. OTRS Pension Liability

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions: The assumptions for salary increases changed for the June 30, 2015 measurement date. For the June 30, 2014 measurement date, salary increases were composed of 3.00 percent inflation, plus 1.00 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service. For the June 30, 2015 measurement date, salary increases are composed of 3.75 percent wage inflation, including 3.00 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on years of services.

The table used to determine retirement age changed for the June 30, 2015 measurement date. For the June 30, 2014 measurement date, the retirement age was determined using the experience-based table developed from a five year experience study for the period ending June 30, 2009. This table was adopted by the OTRS Board in September 2010. For the June 30, 2015 measurement date, the retirement age was determined using the experience-based table developed from a five year experience study for the period ending June 30, 2014. This table was adopted by the OTRS Board in May 2015.

There was also a change in mortality rate tables used. For the June 30, 2014 measurement date, mortality rates were determined using the RP-2000 Combined Mortality table, projected to 2016 using Scale AA, multiplied by 90 percent for males and 80 percent for females. For the June 30, 2015 measurement date, the mortality rates for active employees were determined using the PR-2000 Employee Mortality tables, with male rates multiplied by 60 percent and female rates multiplied by 50 percent. The mortality rates for males after retirement were determined using the RP-2000 Combined Health Mortality Table for males with white collar adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000 were used. The mortality rates for females after retirement were determined using the GRS Southwest Region Teacher Mortality Table, scaled at 105 percent. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012 were used.

Other Supplementary Information

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

Statement of Changes in Assets and Liabilities - Agency Fund
 Year Ended June 30, 2016

	June 30, 2015 Balance	Additions	Deductions	June 30, 2016 Balance
Assets				
Cash	\$ 243,200	\$ 3,890,870	\$ (3,935,935)	\$ 198,135
Investments	50,000	75,000	(50,000)	75,000
Total Assets	\$ 293,200	\$ 3,965,870	\$ (3,985,935)	\$ 273,135
Liabilities				
Accounts payable	\$ 32,279	\$ -	\$ (12,766)	\$ 19,513
Due to general fund	78,611	3,417,655	(3,445,168)	51,098
Funds held for school organizations	182,310	168,358	(148,144)	202,524
Total liabilities	\$ 293,200	\$ 3,586,013	\$ (3,606,078)	\$ 273,135

**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***

Independent Auditor's Report

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

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 Francis Tuttle Technology Center School District No. 21 (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2016. Due to the implementation of GASB Statement No. 82, the District's governmental activities financial statements have been restated as of July 1, 2015 to recognize employer paid employee contributions to Oklahoma Teachers Retirement System in the period assessed. Our opinion was not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Oklahoma City, Oklahoma
December 21, 2016

**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Francis Tuttle Technology School District No. 21's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District 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, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each of the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of the major federal programs and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

RSM US LLP

Oklahoma City, Oklahoma
December 21, 2016

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

Schedule of Expenditures of Federal Awards
Allocations Expenditures
Year Ended June 30, 2016

Federal Grantor Pass Through Agency Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Program or Award Amount	Accrued or (Deferred) Revenue at July 1, 2015	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2016
U.S. Department of Education							
Direct Programs							
Student financial aid cluster:							
PELL Grant 2014-2015 (P268K143980)	84.063	474	\$ 2,775	\$ -	\$ 2,775	\$ 2,775	\$ -
PELL Grant 2015-2016 (P268K153980)	84.063	474	1,283,345	-	1,283,345	1,283,345	-
PELL Grant 2016-2017 (P268K153980)	84.063	474	104,291	-	104,291	104,291	-
PELL Administrative Fee	84.063	474	-	-	2,220	2,220	-
FSEOG (P007A136077)	84.007	477	14,309	-	18,379	18,379	-
FSEOG Administrative Fee	84.007	477	-	-	1,223	1,223	-
Federal College Work-Study (P033A136077)	84.033	476	15,614	-	9,450	9,450	-
Federal College Work-Study Admin Fee	84.033	476	-	-	630	630	-
Subtotal				-	1,422,313	1,422,313	-
Oklahoma Department of Career and Technology Education							
Carl Perkins - Secondary	84.048	421	273,865	40,284	136,710	232,846	136,420
Carl Perkins - Postsecondary	84.048	422	60,946	-	-	-	-
Carl Perkins - Supplemental	84.048	424	25,000	-	23,600	23,600	-
				40,284	160,310	256,446	136,420
Oklahoma Department of Rehabilitation Services							
Project SEARCH (F003225)	84.126	456	-	18,171	127,124	112,378	3,425
US Department of Health and Human Services							
Oklahoma Department of Career and Technology Education							
Temporary Assistance to Needy Families	93.558	452	232,699	78,542	254,483	235,646	59,705
US Department of Defense							
Oklahoma Department of Career and Technology Education							
BID Assistance	12.002	436	14,253	-	14,119	14,119	-
Total federal financial assistance				\$ 136,997	\$ 1,978,349	\$ 2,040,902	\$ 199,550

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

**Notes to Schedules of Expenditures of Federal Awards
Year Ended June 30, 2016**

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the District for the year ended June 30, 2016 and is presented on the accrual basis of accounting. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, and expended during the year are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from the amounts presented in or used in the preparation of the basic financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures of federal awards are recognized in the accounting period when the liability is incurred and approved for reimbursement. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

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

Note 4. Subrecipients

For the year ended June 30, 2016, the District did not pass through any Federal Funds to subrecipients.

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

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- . Material weakness(es) identified? Yes No
- . Significant deficiency(ies) identified? Yes None Reported
- . Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- . Material weakness(es) identified? Yes No
- . Significant deficiency(ies) identified? Yes None Reported

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

Unmodified

- . Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200 516(a)? Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.048	Carl Perkins
Student Financial Aid Cluster:	
84.063	Pell Grant Program
84.007	Supplemental Educational Opportunity Grant
84.033	College Workstudy

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

Auditee qualified as low-risk auditee? Yes No

(Continued)

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

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2016**

**II. Findings Relating to the Financial Statement Audit as Required to be Reported in
Accordance With Generally Accepted Government Auditing Standards**

None reported.

III. Findings and Questioned Costs for Federal Awards

None reported.

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

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016**

Number	Comment	Status	Corrective Action or Other Explanation
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None reported.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT

Year Ended June 30, 2016

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm did have, in full force and effect, Accountant's Professional Liability Insurance, in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with Francis Tuttle Technology Center School District No. 1-21 for the audit year ended June 30, 2016.

RSM US LLP



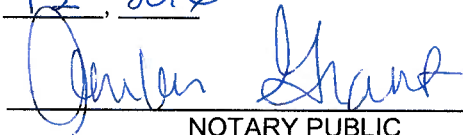
Signature of Authorized Agent

Michael J. Gibson

Printed Name of Authorized Agent

Subscribed and sworn to before me on this

22 Day of 12, 2016



NOTARY PUBLIC

My commission expires on:

3 Day of 03, 2020

Commission No. 16003373



