



Financial Statements and
Report Required by *Government Auditing Standards*
June 30, 2023

**Metro Technology Centers School District,
No. 22**

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Independent Auditor's Report

To the Board of Education
Metro Technology Centers School District, No. 22
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metro Technology Centers School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of accountant's professional liability insurance affidavit but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024 on our consideration of the Metro Technology Centers School 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metro Technology Centers School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro Technology Centers School District's internal control over financial reporting and compliance.

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

Oklahoma City, Oklahoma
March 8, 2024

Our discussion and analysis of the Metro Technology Center, School District No. 22's (the "District" or "School District") performance provides an overview of the School District's financial activities for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follows this section.

USING THIS ANNUAL REPORT

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

The District provides three basic types of instruction:

- Full-time Career Majors - The District offers over 100 full-time career majors within 15 of the 16 career clusters. These career majors are designed to lead to industry certifications, licensure, employment and/or continuing education.
- Adult and Continuing Education - These classes are designed around specific curriculum, providing an introduction to, or enhanced knowledge of specific topics Continuing education and licensure classes are offered within 12 of the 15 career clusters.
- Business and Industry Services - This division strives to meet the training and development needs of business and industry in the Oklahoma City metropolitan area.

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

FINANCIAL HIGHLIGHTS

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

- Overall revenues were \$60.0 million and overall expenses were \$48.1 million.
- The total costs of all District programs increased 13.8%.
- The general fund reported an increase in fund balance of 19.14%.
- The building fund reported an increase in fund balance of 9.35%.

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

THE SCHOOL DISTRICT AS A WHOLE

	2022	2023
Current and other assets	\$ 83,081,961	\$ 58,810,512
Capital assets	71,241,389	92,190,251
Total assets	154,323,350	151,000,763
Deferred outflows of resources	5,961,872	7,260,404
Long-term liabilities, net of current portion	80,675,481	77,564,003
Other liabilities	16,153,696	13,942,689
Total liabilities	96,829,177	91,506,692
Deferred inflows of resources	12,179,523	3,646,830
Net Position		
Net investment in capital assets	40,614,134	30,678,350
Restricted	19,917,707	36,580,414
Unrestricted (deficit)	(9,255,319)	(4,151,119)
Total Net Position	\$ 51,276,522	\$ 63,107,645

Net Position. The District's combined net position was greater on June 30, 2023, than the year before – increasing by \$11.8 million to \$63.1 million. Most of this change is due to strategic savings to build a healthy fund balance to cover future costs for the 67,000 additional square feet of bond funded projects, like the Industrial Trades building.

Metro Technology Centers School District
Management's Discussion and Analysis (Unaudited)
June 30, 2023

For the years ended June 30, 2023 and 2022, net position changed as follows:

	<u>2022</u>	<u>2023</u>	
Beginning net position	\$ 34,530,178	\$ 51,276,522	
Revenues			
Program revenues			
Charges for services	2,499,025	2,550,840	
Operating grants/contributions	4,868,125	4,344,052	
General revenues			
Property taxes	45,597,817	46,969,522	
Federal and State aid	3,271,155	3,395,958	
Investment earnings	51,702	1,728,563	
Other revenue	2,740,006	966,724	
Total revenues	<u>59,027,830</u>	<u>59,955,659</u>	<u>1.57%</u>
Expenses			
Program expenses			
Instruction	9,863,480	12,277,191	
Support services	18,916,028	24,904,331	
Non-instruction	54,076	178,291	
Facilities and construction	5,015,997	1,823,066	
Student financial aid	2,504,627	1,971,220	
Other uses	-	-	
Interest on long-term debt	2,436,142	3,121,146	
Depreciation-unallocated	3,491,136	3,849,291	
Total expenses	<u>42,281,486</u>	<u>48,124,536</u>	<u>13.82%</u>
Increase in net position	<u>16,746,344</u>	<u>11,831,123</u>	<u>-29.35%</u>
Ending net position	<u>\$ 51,276,522</u>	<u>\$ 63,107,645</u>	<u>23.07%</u>

Changes in Net Position. The District's total revenues increased 1.57 percent to nearly \$60.0 million. Property taxes accounted for most of the increase. Total expenses were less than revenues, increasing net position \$11.8 million over the past year. The District's total expenditures increased by 13.82 percent to \$48.1 million. New positions accounted for most of the increase to expenses.

Governmental Activities

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

District Sources of Revenue:

Ad Valorem property tax	Taxes for current year and prior years, revenue in lieu of taxes
Interest	Interest earning of investments and taxes
Tuition and Fees	Tuition and fees for Full-time adult classes, Short-term adult classes, Safety Training, Industry Specific, Assessment, Quality Management, and Health Certification
Local Sources	Rental of school facilities and property, sale of surplus equipment, bookstore revenue, reimbursement for insurance loss recoveries, damages to school property, rebates, and fiscal agent expenses.
State Revenue	Formula operation, Existing Industry Initiative, training for industry programs, Safety Training, Welfare to Work, and Professional Development
Federal Revenue - Grants	TANF Grant, Carl Perkins Grants and COVID Stimulus Funds resulting from the CARES , CRRSA and ARP Acts.

THE SCHOOL DISTRICT'S FUNDS

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

	2022 Amount	Percent of Total	2023 Amount	Percent of Total
Property Taxes	\$ 44,699,940	78.99%	\$ 46,203,168	79.78%
Interest	51,702	0.09%	1,794,307	3.10%
Tuition and Fees	2,297,578	4.06%	2,180,352	3.76%
State Revenue	3,459,563	6.11%	3,553,471	6.14%
Federal Sources	3,402,561	6.01%	2,813,222	4.86%
Miscellaneous	2,673,815	4.73%	1,369,428	2.36%
	<u>\$ 56,585,159</u>	<u>100.00%</u>	<u>\$ 57,913,948</u>	<u>100.00%</u>
Total Revenues				

Total revenue increased due to collection of ad valorem tax levies, and much higher rates on investments.

Expenditures

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

	2022 Amount	Percent of Total	2023 Amount	Percent of Total
Instruction	\$ 10,511,949	12.76%	\$ 12,650,516	15.70%
Support Services	23,894,483	28.99%	25,862,654	32.09%
Non-Instructional Services	34,570	0.04%	9,111	0.01%
Capital Outlay and Debt Service	47,960,415	58.20%	42,032,088	52.15%
Other Outlays	10,834	0.01%	44,133	0.05%
Total Expenditures	\$ 82,412,251	100.00%	\$ 80,598,502	100.00%

Expenditures increased primarily to increases in capital outlay and debt service.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget had to be revised due to increase in local revenue sources. Additional collections of prior year ad valorem and adjustment to initial fund balance estimate contributed to the budget revisions. Local revenue increased due to significantly higher interest rates which contributed to increased investment earnings. State revenue remained relatively unchanged from the prior year. Employees and departments were asked to spend their assigned budget wisely as economic conditions continued to show instability. The District was able to have a \$14.6 million budgetary fund balance at the end of the fiscal year.

Metro Technology Center formally adopted a budget on June 27, 2023. An amended budget was adopted on September 12, 2023. Net Assessed Values for the District increased by 7.54%. This is the largest increase our District has seen in recent years. This resulted in a \$1,683,000 increase to the General Fund and a \$898,000 increase to the building fund.

CAPITAL ASSETS

At the end of June 30, 2023, the School District had \$137 million invested in capital assets before any accumulated depreciation/amortization (see table below). This represents a net increase of \$24.7 million or 22 percent, over the previous fiscal year.

	2022	2023
Land	\$ 1,700,590	\$ 1,700,590
Construction in Progress	31,612,523	35,739,907
Buildings	60,473,997	80,840,981
Computers	1,069,343	1,212,298
Equipment	10,765,286	10,962,941
Furniture	224,433	236,923
Vehicles	2,620,721	2,841,166
Right-of-use assets	4,286,811	3,877,624
	\$ 112,753,704	\$ 137,412,430

See Note 8 for additional information on capital assets.

LONG-TERM LIABILITIES

Lease Purchase

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

By the terms of the agreement, the lease payments are guaranteed with Metro Technology Center's Building Fund ad valorem collections. The payments are approximately \$1.03 million per year for 22 years. Semi-annual payments were made in the year ended June 30, 2023. The amount of the capitalized lease at June 30, 2023 was \$4,730,000.

General Obligation Bonds

On June 1, 2019, the District issued \$80,000,000 in general obligation bonds. The bonds will be used to equip and perform improvements to the South Bryant and Springlake campuses to include, but not limited to constructing and equipping a new Aerospace classroom, renovating and remodeling existing buildings, constructing safe rooms, and performing safety and security improvements.

The bonds are payable over 10 years with amount levied for payment through the debt service fund (sinking fund). Total amount outstanding principal as of June 30, 2023, was \$54,000,000.

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

Right-of-Use Asset Lease Liability

For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information about the government's leasing activities. A lessee is required to recognize a lease liability and an intangible right-of-use lease asset. The lease liabilities were recognized and measured using the facts and circumstances that existed at the beginning of the period of implantation. This implementation resulted in the recognition of the following lease liabilities.

The District entered into a 63-month lease agreement, effective October 2019, with Corporate Tower, LLC. The District, as lessee, has use of certain rentable area of building located at 101 N. Robinson, Oklahoma City, Oklahoma. The lease has an additional 24-month extension period, which is expected to be exercised. The total lease payment was \$30,268 per month. The total lease liability outstanding as of June 30, 2023, was \$1,243,691.

The District entered into a lease agreement, effective July 1, 2021, with the Oklahoma City Airport Trust. The lease has an initial term of one year with nine (9) successive one (1) year option periods to renew. All renewal options are expected to be exercised. The District has use of a facility on Will Rogers World Airport property for purposes of operating an Aviation Career Center. The lease payment was \$21,667 per month. The total lease liability outstanding as of June 30, 2023, was \$1,249,784.

The District entered into a 60-month lease agreement with Xerox to lease copiers. The lease was effective April 2020. The total lease payment is \$560 per month. The total lease liability outstanding as of June 30, 2023, was \$12,027.

The District entered into a 60-month lease agreement with Xerox to lease copiers. The lease was effective April 2022. The total lease payment is \$5,890 per month. The total lease liability outstanding as of June 30, 2023, was \$276,398.

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

Net Pension Liability

The District's share of the Teachers' Retirement System's net pension liability as of June 30, 2023 was \$25,017,734. This was an increase of \$7.8 million from the prior year (2022). The measurement year for the net pension liability as of June 30, 2023 was June 30, 2022. See Note 4 for additional information on the net pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

There are many factors that may have a positive or negative impact on the District's financial status in the future. The Tax Increment Financing reimbursement agreement for capital improvement projects at the District's South Bryant Campus will save the District \$5 million on related capital expenditures.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Metro Technology Centers School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash	\$ 6,095,691
Certificate of deposit	5,461,630
Pooled investments and cash	5,585,930
Investments	36,078,428
Property taxes receivable (net)	4,178,845
Due from other governments	328,687
Other receivables	425,952
Restricted cash	519,722
Nondepreciable capital assets	37,440,497
Depreciable capital assets, net of depreciation	52,026,721
Right-to-use leased assets, net of amortization	2,723,033
Net OPEB asset	135,627
Total assets	151,000,763
Deferred Outflows	
Deferred outflows of resources related to debt refunding	202,898
Deferred outflows of resources related to pensions and OPEB	7,057,506
Total deferred outflows of resources	7,260,404
Liabilities	
Accounts payable and other current liabilities	3,216,007
Accrued interest payable	123,107
Long-term obligations	
Due within one year	10,603,575
Due beyond one year	77,564,003
Total liabilities	91,506,692
Deferred Inflows	
Deferred inflows of resources related to pensions and OPEB	3,646,830
Net Position	
Net investment in capital assets	30,678,350
Restricted for:	
Capital related costs	28,515,799
Debt service	7,710,447
School organizations	102,448
OPEB	251,720
Unrestricted (deficit)	(4,151,119)
Total Net Position	\$ 63,107,645

See Notes to Financial Statements

Metro Technology Centers School District

Statement of Activities

For the Year Ended June 30, 2023

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in
		Charges for Services	Operating Grants and Contributions	Net Position Total Governmental Activities
Governmental activities:				
Instruction	\$ 12,277,191	\$ 2,296,781	\$ 2,354,571	\$ (7,625,839)
Support services	24,904,331	184,910	-	(24,719,421)
Non-instruction services	178,291	69,149	109,291	149
Facilities and construction	1,823,066	-	-	(1,823,066)
Student financial aid	1,971,220	-	1,880,190	(91,030)
Interest on long-term debt	3,121,146	-	-	(3,121,146)
Depreciation - unallocated	3,849,291	-	-	(3,849,291)
Total school district	\$ 48,124,536	\$ 2,550,840	\$ 4,344,052	(41,229,644)
General revenues:				
Taxes				
Property taxes, levied for general purposes				24,180,846
Property taxes, levied for building purposes				12,835,389
Property taxes, levied for debt service purposes				9,953,287
State aid - formula grants				3,395,958
Other revenue				966,724
Investment return				1,728,563
Total general revenues				53,060,767
Change in net position				11,831,123
Net position, beginning of year				51,276,522
Net position, end of year				\$ 63,107,645

Metro Technology Centers School District
Balance Sheet – Governmental Funds
June 30, 2023

Assets	General Fund	Building Fund	Debt Service Fund	Capital Project Fund	Other-Activity Fund	Totals
Cash	\$ 2,839,084	\$ 573,627	\$ 255,552	\$ 2,322,778	\$ 104,650	\$ 6,095,691
Pooled cash and investments	523,958	1,004,478	222,372	3,835,122	-	5,585,930
Certificates of deposit	1,728,030	240,000	493,600	3,000,000	-	5,461,630
Investments	12,153,227	8,372,640	5,542,376	10,010,185	-	36,078,428
Property taxes receivable, net	1,312,987	1,579,465	1,286,393	-	-	4,178,845
Restricted cash	-	519,722	-	-	-	519,722
Other receivables	277,281	48,874	33,260	66,537	-	425,952
Due from other governments	328,687	-	-	-	-	328,687
Due From Other Funds	2,202	-	-	-	-	2,202
Total assets	\$ 19,165,456	\$ 12,338,806	\$ 7,833,553	\$ 19,234,622	\$ 104,650	\$ 58,677,087
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 182,992	\$ 448,378	\$ -	\$ 2,584,637	\$ -	\$ 3,216,007
Due to other funds	-	-	-	-	2,202	2,202
Compensated absences	13,566	24,614	-	-	-	38,180
Total liabilities	196,558	472,992	-	2,584,637	2,202	3,256,389
Deferred inflows of resources						
Unavailable revenue - property taxes	1,160,033	1,497,119	1,219,016	-	-	3,876,168
Unavailable revenue - other	167,834	-	-	-	-	167,834
Total deferred inflows of resources	1,327,867	1,497,119	1,219,016	-	-	4,044,002
Fund Balances						
Fund balances						
Restricted	-	10,368,695	6,614,538	16,649,985	-	33,633,218
Committed	-	-	-	-	102,448	102,448
Assigned	13,243,409	-	-	-	-	13,243,409
Unassigned	4,397,622	-	-	-	-	4,397,622
Fund balances, end of year	17,641,031	10,368,695	6,614,538	16,649,985	102,448	51,376,697
Total Liabilities and Fund Balances	\$ 19,165,456	\$ 12,338,806	\$ 7,833,554	\$ 19,234,622	\$ 104,650	\$ 58,677,087
Amounts Reported for Governmental Activities in the Statement of Net Position Are Different Because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$133,534,806 and the accumulated depreciation is \$44,067,588.						89,467,218
Right-to-use leased assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The value of the assets is \$3,877,624 and the accumulated amortization is \$1,154,591.						2,723,033
Property taxes receivable and other receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds						4,044,002
Net OPEB asset is not a financial resource so is not reported in the funds						135,627
Net pension obligation is not due and payable in the current period and, therefore is not reported in the funds						(25,017,734)
Deferred outflows related to refunded debt is applicable to future periods and therefore, are not reported in the funds						202,898
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in the funds						3,410,676
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:						
Financed purchase payable					\$ 4,730,000	
Right of use asset lease liability					2,781,901	
General obligation debt					54,000,000	
Accrued interest					123,107	
Compensated absences (non-fund)					1,599,763	(63,234,771)
Total Net Position - Governmental Activities						\$ 63,107,646

Metro Technology Centers School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Building Fund	Debt Service Fund	Capital Project Fund	Other Governmental - Activity Fund	Totals
Revenues						
Property taxes	\$ 23,851,455	\$ 12,565,639	\$ 9,786,074	\$ -	\$ -	\$ 46,203,168
Investment return (loss)	1,337,299	140,822	74,412	241,774	-	1,794,307
Tuition and fees	2,180,352	-	-	-	-	2,180,352
State revenue	3,553,471	-	-	-	-	3,553,471
Federal revenue	2,742,905	70,317	-	-	-	2,813,222
Other	457,082	20,087	-	823,109	69,150	1,369,428
Total revenues	34,122,564	12,796,865	9,860,486	1,064,883	69,150	57,913,948
Expenditures						
Current						
Instruction	11,758,013	892,503	-	-	-	12,650,516
Support services	17,505,994	8,270,220	-	-	86,440	25,862,654
Non-instruction services	9,111	-	-	-	-	9,111
Capital outlay	-	292,591	-	26,194,657	-	26,487,248
Student financial aid	1,971,220	-	-	-	-	1,971,220
Other outlays	44,133	-	-	-	-	44,133
Debt service						
Interest and fees paid	-	411,395	1,791,300	-	-	2,202,695
Principal retirement	-	2,370,925	9,000,000	-	-	11,370,925
Total expenditures	31,288,471	12,237,634	10,791,300	26,194,657	86,440	80,598,502
Other Financing Sources (Uses)						
Leases	-	327,630	-	-	-	327,630
Total Other Financing Sources (Uses)	-	327,630	-	-	-	327,630
Net Change in Fund Balance	2,834,093	886,861	(930,814)	(25,129,774)	(17,290)	(22,356,924)
Beginning fund balance	14,806,938	9,481,834	7,545,351	41,779,759	119,738	73,733,620
Ending fund balance	\$ 17,641,031	\$ 10,368,695	\$ 6,614,537	\$ 16,649,985	\$ 102,448	\$ 51,376,696

Metro Technology Centers School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
 For the Year Ended June 30, 2023

Total net changes in fund balances - governmental funds \$ (22,356,924)
 The change in net position reported in the statement of activities is different because:

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

Capital Outlays	\$	25,207,338	
Depreciation Expense		<u>(3,279,896)</u>	21,927,442

Outlays to lease right-to use assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual amortization expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation during the period.

Lease outlays		327,630	
Lease modifications		(736,817)	
Amortization expense		<u>(569,395)</u>	(978,582)

Because some property taxes will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred inflows of resources. They are however, recorded as revenues in the statement of activities. 766,354

Because some receipts of grant revenue will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred inflows of resources. They are, however, recorded as revenues in the statement of activities. (191,396)

In the statement of activities, debt refunding is recorded as a deferred outflow of resources and amortized. However, these amounts are not recorded in the fund financial statements. (78,305)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave earned exceeded amounts used. (21,689)

Changes in net pension liabilities and related deferrals are not recorded in the fund financial statements but are recorded in the statement of activities. 1,837,553

Changes in the net OPEB asset and related deferrals are not recorded in the fund financial statements but are recorded in the statement of activities. 10,930

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

Change in accrued interest	\$	20,627	
New lease liability		(327,630)	
Payments on lease liability		1,347,743	
Payments on general obligation debt		9,000,000	
Payments on financed purchases		<u>875,000</u>	<u>10,915,740</u>

Change in net position of governmental activities \$ 11,831,123

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

Additionally, the District reports the following fund:

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

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

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

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

Capital Assets - Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School buildings	40 years
Site improvements	10-20 years
Computer equipment	3-5 years
Vehicles	5-10 years
Furniture	5-10 years
Other equipment	10-15 years

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

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

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

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

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

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

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

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

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

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

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2021 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Property tax receivables are net of an allowance for uncollectible taxes of \$38,900 in the general fund, \$14,600 in the building fund and \$30,990 in the debt service fund. The allowance represents the estimated amount that is deemed uncollectible based on past collection history.

Deferred Outflows of Resources - The District reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for (1) contributions made to Teachers' Retirement System of Oklahoma (TRS the Plan) for defined benefit pension and OPEB plans between the measurement date of the net pension and OPEB liabilities (asset) (June 30, 2022) and the end of the current fiscal year (June 30, 2023). This will be recognized in the subsequent fiscal year. (2) A loss from changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan. (3) The actual pension or OPEB plan investment earnings less than the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year. (4) A loss in changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan. (5) a deferred amount arising from the refunding of debt. This amount will be amortized over the life of the new debt as a part of interest expense.

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

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

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

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

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

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB asset, deferred outflows of resources, deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the District's OPEB plan) and additions to/deductions from the OPEB plans fiduciary net position have been determined on the same basis as they have been reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

State Revenues - Revenues from state sources for current operations are primarily governed by the joint resolution of the Oklahoma House of Representatives and Senate. The Oklahoma Department of Career and Technical Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 6.1% of the District's revenue comes from state sources.

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

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

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

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

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

Restricted for Capital Related Costs – The component of net assets that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District’s buildings. This amount is restricted by enabling legislation. This also includes funds held for future construction purposes from bond issuances.

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

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

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

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District does not have any funds classified as nonspendable as of June 30, 2023.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Building Fund revenue from levy as being restricted because the use is restricted by State Statute for certain types of expenditures.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities as being committed because their use is imposed by the Board of Education regarding use of the funds.

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

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

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

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

Implementation of New Standard – As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The objective of the Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based technology agreements by governments. The impact to the District had no significant effect on the financial statements.

Note 2 - Cash and Investments

Deposits - At June 30, 2023, the bank balance of deposits, cash investments and cash pools was \$17,831,939.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The District policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2023, the District was not exposed to custodial credit risk.

Investments - As of June 30, 2023, \$519,722 restricted cash consists of combination of government money market mutual funds and FDIC insured savings accounts held by trustee bank. These funds are classified as investments for the purposes of disclosure requirements and therefore, are not subject to custodial credit risk. For presentation on the face of the statement of net position, these funds are classified as cash.

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

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

Investment valuation – All securities, with the exceptions of non-negotiable certificates of deposit and Certificate of Deposit Registry (CDARS) which are valued at amortized cost, are stated at fair value. Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements are as follows at June 30, 2023:

	Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
U.S. Treasuries and Agencies	\$ 36,078,428	\$ -	\$ 36,078,428	\$ -
Certificates of Deposit	5,461,630	-	5,461,630	-
	<u>\$ 41,540,058</u>	<u>\$ -</u>	<u>\$ 41,540,058</u>	<u>\$ -</u>
	Amortized Cost			
External investment pool	<u>5,585,930</u>	--		
Total investments	<u>\$ 47,125,988</u>			

Credit Risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. Investments held by the District in investment pools (sweep accounts and external investment pools) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The fair market value of the external investment pool held securities whose Standard & Poor’s credit ratings were 14.1 percent A+, 7.7 percent AA+, 0.6 percent AAAM, and 35.6 percent NR. Securities with an NR rating are bank deposit accounts. U.S. Government securities or obligations explicitly guaranteed by the U.S. government of 42.0 percent are not considered to have credit risk exposure.

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

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

At year ended June 30, 2023, the District had the following investment maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1 Year	1 - 5	6 - 10	More Than 10
U.S. Treasuries and Agencies	\$ 36,078,428	\$ 36,078,428	\$ -	\$ -	\$ -
Certificates of Deposit	5,461,630	5,461,630	-	-	-

The funds held in the external investment pool have no defined maturity dates due to the nature of the funds. The non-negotiable certificates of deposit are considered deposits so are not subject to investment interest rate risk.

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

Note 3 - Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated absences	\$ 1,624,587	\$ 125,555	\$ 112,199	\$ 1,637,943	\$ 169,167
General obligation bonds	63,000,000	-	9,000,000	54,000,000	9,000,000
Financed purchase					
2009 Capital lease	5,605,000	-	875,000	4,730,000	895,000
	68,605,000	-	9,875,000	58,730,000	9,895,000
Right-of-use asset lease liability	3,802,014	327,630	1,347,743	2,781,901	539,408
	\$ 74,031,601	\$ 453,185	\$ 11,334,942	63,149,844	\$ 10,603,575
Net pension liability				25,017,734	
Total governmental activity long-term liabilities				\$ 88,167,578	

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

Financed Purchased Leases

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

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

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

Leased buildings in capital assets at June 30, 2023, include the following:

Buildings	\$ 14,018,783
Less accumulated depreciation	<u>(4,230,106)</u>
	<u>\$ 9,788,677</u>

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

The debt matures as follows:

<u>Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rate</u>
Oklahoma Industries Trust				
2024	\$ 895,000	\$ 116,745	\$ 1,011,745	2.590%
2025	925,000	93,369	1,018,369	2.590%
2026	945,000	69,283	1,014,283	2.590%
2027	970,000	44,678	1,014,678	2.590%
2028	<u>995,000</u>	<u>19,360</u>	<u>1,014,360</u>	2.590%
	<u>\$ 4,730,000</u>	<u>\$ 343,435</u>	<u>\$ 5,073,435</u>	

Future minimum lease payments are:

2024	\$ 1,011,745
2025	1,018,369
2026	1,014,283
2027	1,014,678
2028	<u>1,014,360</u>
	<u>\$ 5,073,435</u>

General Obligation Bonds

In June 1, 2019, the District issued \$80 million in general obligation bonds. The bonds mature serially over a 10-year period. The annual requirements to amortize the bond debt outstanding as of June 30, 2022 including interest payments are as follows:

2024	\$ 9,000,000	\$ 1,557,000	\$ 10,557,000	2.650%
2025	9,000,000	1,318,500	10,318,500	2.750%
2026	9,000,000	1,071,000	10,071,000	2.850%
2027	9,000,000	814,500	9,814,500	2.950%
2028	9,000,000	549,000	9,549,000	3.050%
2029	9,000,000	274,500	9,274,500	3.050%
	<u>\$ 54,000,000</u>	<u>\$ 5,584,500</u>	<u>\$ 59,584,500</u>	

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

The District's interest expense for 2023 was \$2,194,629.

Leases

For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The lease liabilities were recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation.

Lease agreements are summarized as follows:

Description	Original Date	Payment Terms	Payment Amount	Interest Rate	Total Lease liability	Balance
Corporate Tower Building	September 1, 2019	66 months through December, 2026	Varies based on lease year	2.50%	\$ 1,864,620	\$ 1,243,691
Oklahoma City Airport Building	January 1, 2021	60 months with annual renewal through June, 2031	Varies based on lease year	2.50%	2,397,608	1,249,784
Copiers	April 15, 2020	46 months	\$ 560	2.50%	24,583	12,027
Copiers	August 11, 2022	60 months	\$ 5,890	3.02%	327,630	<u>276,398</u>
				Total lease agreements		<u>\$ 2,781,900</u>

At the time of the initial measurement, there was no interest rate specified in the original lease agreements. The District has used its effective interest rate for outstanding borrowings. The borrowing rate of 2.5% was used to discount the annual lease payments to recognize the intangible right to use asset and the lease liabilities.

Year ending June 30	Principal	Interest
2024	\$ 539,408	\$ 64,683
2025	552,264	50,706
2026	560,902	36,469
2027	428,434	22,502
2028	169,741	15,470
Thereafter	531,190	20,992
	\$ 2,781,939	\$ 210,822

Note 4 - Employee Retirement System

Teachers' Retirement Plan of Oklahoma

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

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

Contributions – In accordance with Oklahoma Statutes, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2023, qualifying employee contributions were reduced by a retirement credit of \$102,502 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2023, the District had a statutory contribution rate of 9.5% plus 7.9% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2023, the District contributions to the System for were \$1,914,670.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period (2022) was \$1,429,997.

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

At June 30, 2023, the District reported a liability of \$25,017,734 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.3361548%, which was a .032% decrease proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense (credit) of (\$407,557). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 799,229	\$ 312,077
Changes of assumptions	1,683,306	-
Net difference between projected and actual earnings on pension plan investments	2,375,085	-
Changes in proportion and differences between District contributions and proportionate share of contributions	169,123	3,273,826
District contributions subsequent to the measurement date	1,914,670	-
	<u>\$ 6,941,413</u>	<u>\$ 3,585,903</u>

\$1,914,670 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended	
2024	\$ 444,097
2025	251,580
2026	(832,813)
2027	1,666,975
2028	(88,999)
	<u>\$ 1,440,840</u>

Actuarial assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Inflation – 2.5%
- Future Ad Hoc Cost-of living increases - None
- Salary Increases composed of 2.25% wage inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.00%
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the TRS Board in July 2020, in conjunction with five-year experience study for the period ending June 30, 2019
- Mortality Rates after Retirement –2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.30%	4.90%
International Equity	16.70%	5.50%
Fixed Income	22.00%	1.30%
Real Estate **	10.00%	3.50%
Alternative Investments	13.00%	6.10%
	<u>100.00%</u>	

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

Discount rate – A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2021. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projections 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 payrolls. The projection also assumed the state’s contribution plus the matching contributions will remain a constant percent of the projected member payroll based on the past five years of actual contributions.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
District's proportionate share of the net pension liability	<u>\$ 35,225,119</u>	<u>\$ 25,017,734</u>	<u>\$ 16,626,065</u>

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

Note 5 - Other Post-Employment Benefits (OPEB)

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

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

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

Contributions – Employer and employee contributions are made based upon the TRS Plan provisions contained in State Statute Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy.

OPEB (Assets) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - At June 30, 2023, the District reported an asset of \$135,627 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB asset was based on a projection of the District’s long-term share of the contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District’s proportion was 0.3361548%, which is unchanged from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense (credit) of (\$10,928). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 48,947
Changes of assumptions	44,341	-
Net difference between projected and actual earnings on OPEB plan investments	61,479	-
Changes in proportion and differences between District contributions and appropriate share of contributions	7,973	11,980
District contributions subsequent to the measurement date	2,300	-
	<u>\$ 116,093</u>	<u>\$ 60,927</u>

\$2,300 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the measurement year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended	
2024	\$ 7,559
2025	6,049
2026	(10,986)
2027	52,213
2028	(1,822)
Thereafter	(147)
	\$ 52,866

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

Sensitivity of the District’s proportionate share of the net OPEB asset to changes in the discount rate – A single discount rate of 7.00% was used to measure OPEB as of June 30, 2022. The following presents the District’s proportionate share of the net OPEB asset calculated using a discount rate of 7.0%, as well as what the District’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.0%)	1% Increase (8.00%)
District's proportionate share of the net OPEB asset	\$ 6,126	\$ (135,627)	\$ (276,738)

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

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

Note 6 - Contingencies and Commitments

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

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

Note 7 - Risk Management

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

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

Note 8 - Capital Assets

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

	Beginning Balances (as restated)	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,700,590	\$ -	\$ -	\$ 1,700,590
Construction in progress	31,612,523	24,494,370	20,366,986	35,739,907
Total capital assets not being depreciated	<u>33,313,113</u>	<u>24,494,370</u>	<u>20,366,986</u>	<u>37,440,497</u>
Capital assets being depreciated:				
Buildings and improvements	60,473,997	20,366,984	-	80,840,981
Furniture, fixtures and equipment	12,059,062	492,525	139,425	12,412,162
Vehicles/buses	2,620,721	220,445	-	2,841,166
Total capital assets being depreciated	<u>75,153,780</u>	<u>21,079,954</u>	<u>139,425</u>	<u>96,094,309</u>
Less accumulated depreciation for:				
Buildings and improvements	27,984,413	2,590,914	-	30,575,327
Furniture, fixtures and equipment	11,036,916	508,047	139,425	11,405,538
Vehicles/buses	1,905,788	180,935	-	2,086,723
Total accumulated depreciation	<u>40,927,117</u>	<u>3,279,896</u>	<u>139,425</u>	<u>44,067,588</u>
Total capital assets being depreciated, net	<u>34,226,663</u>	<u>17,800,058</u>	<u>-</u>	<u>52,026,721</u>
Intangible right-to-use assets:				
Leased buildings	4,262,228	-	736,817	3,525,411
Leased equipment	24,583	327,630	-	352,213
Less accumulated amortizations	(585,196)	(569,395)	-	(1,154,591)
Net intangible right-to-use assets	<u>3,701,615</u>	<u>(241,765)</u>	<u>736,817</u>	<u>2,723,033</u>
Governmental activity capital assets, net	<u>\$ 71,241,391</u>	<u>\$ 42,052,663</u>	<u>\$ 21,103,803</u>	<u>\$ 92,190,251</u>

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

Note 9 - Fund Balances – Governmental Funds

As of June 30, 2023, fund balances, other than unassigned are composed of the following:

	General	Building Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Restricted						
Building enhancement	\$ -	\$ 10,368,695	\$ -	\$ -	\$ -	\$ 10,368,695
Capital projects	-	-	-	16,649,985	-	16,649,985
Debt service	-	-	6,614,538	-	-	6,614,538
	<u>-</u>	<u>10,368,695</u>	<u>6,614,538</u>	<u>16,649,985</u>	<u>-</u>	<u>33,633,218</u>
Committed						
Student Activities	-	-	-	-	102,448	102,448
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,448</u>	<u>102,448</u>
Assigned						
2024 Budget	13,243,409	-	-	-	-	13,243,409
	<u>13,243,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,243,409</u>
Unassigned	4,397,622	-	-	-	-	4,397,622
	<u>4,397,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,397,622</u>
	<u>\$ 17,641,031</u>	<u>\$ 10,368,695</u>	<u>\$ 6,614,538</u>	<u>\$ 16,649,985</u>	<u>\$ 102,448</u>	<u>\$ 51,376,697</u>

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

Note 10 - Tax Abatement

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

For the year ended June 30, 2023, abated property taxes were approximately \$6,550,000.

Note 11 - Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and Other Post-Employment Benefits (OPEB)

As of June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources in connection with Employee Retirement system and Other Post-Employment Benefits (OPEB) as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employee Retirement System	\$ 6,941,413	\$ 3,585,903
OPEB	116,093	60,927
	\$ 7,057,506	\$ 3,646,830



Required Supplementary Information
June 30, 2023

Metro Technology Centers School District, No. 22

Metro Technology Centers School District
 Budgetary Comparison Schedule – General Fund (Unaudited)
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 13,043,932	\$ 14,358,416	\$ 14,361,677	\$ 1,314,484	\$ 3,261
Resources (inflows)					
Property taxes	21,875,000	23,861,000	23,921,498	1,986,000	60,498
Interest	160,000	1,025,000	1,279,805	865,000	254,805
Tuition and fees	1,897,300	2,232,000	2,140,061	334,700	(91,939)
State revenue	3,402,100	3,521,886	3,508,507	119,786	(13,379)
Federal revenue	554,136	757,029	2,596,008	202,893	1,838,979
Other	713,000	468,000	469,239	(245,000)	1,239
Total resources	28,601,536	31,864,915	33,915,118	3,263,379	2,050,203
Amounts available for appropriation	41,645,468	46,223,331	48,276,795	4,577,863	2,053,464
Charges to appropriations (outflows)					
Instruction	10,767,325	12,276,564	13,751,389	1,509,239	(1,474,825)
Support services - Instructional	5,097,498	4,731,684	4,627,704	(365,814)	103,980
Support services - Noninstructional	11,626,929	13,935,518	12,881,128	-	-
Non-instruction services	305,675	-	9,160	(305,675)	(9,160)
Other outlays (including student financial aid)	804,110	625,047	46,788	(179,063)	578,259
Total charges to appropriations	28,601,537	31,568,813	31,316,169	658,687	(801,746)
Budgetary fund balance, June 30	\$ 13,043,931	\$ 14,654,518	\$ 16,960,626	\$ 3,919,176	\$ 1,251,718

Metro Technology Centers School District
 Budgetary Comparison Schedule – Building Fund (Unaudited)
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 3,238,067	\$ 8,856,007	\$ 8,856,008	\$ 5,617,940	\$ 1
Resources (inflows)					
Property taxes	11,564,500	12,585,000	12,605,459	1,020,500	20,459
Interest	-	-	-	-	-
Federal revenue	-	120,000	70,317	120,000	(49,683)
Other	-	20,000	20,088	20,000	88
Total resources	11,564,500	12,725,000	12,695,864	1,160,500	(29,136)
Amounts available for appropriation	14,802,567	21,581,007	21,551,872	6,778,440	(29,135)
Charges to appropriations (outflows)					
Instruction	30,000	1,473,073	892,504	1,443,073	580,569
Support services	85,000	115,876	102,679	30,876	13,197
Non-instruction services	8,113,500	10,826,063	8,901,861	2,712,563	1,924,202
Capital outlay/debt service	3,336,000	3,736,583	1,929,016	400,583	1,807,567
Total charges to appropriations	11,564,500	16,151,595	11,826,060	4,587,095	4,325,535
Budgetary fund balance, June 30	\$ 3,238,067	\$ 5,429,412	\$ 9,725,812	\$ 2,191,345	\$ 4,296,400

Metro Technology Centers School District
Schedule of the District's Proportionate Share of the Net Pension Liability (Unaudited)
June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
District's portion of the net pension liability (asset)	0.303900250%	0.336154800%	0.341533250%	0.364683440%	0.388238850%
District's proportionate share of the net pension liability (asset)	\$ 25,017,734	\$ 17,239,940	\$ 32,363,131	\$ 22,611,604	\$ 23,465,591
District's covered payroll	\$ 19,630,638	\$ 17,235,688	\$ 17,477,568	\$ 17,886,958	\$ 17,597,547
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	127.44%	100.02%	185.17%	126.41%	133.35%
Plan fiduciary net position as a percentage of the total pension liability	70.05%	80.80%	63.47%	71.54%	72.71%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
District's portion of the net pension liability (asset)	0.390643040%	0.383147640%	0.398737490%	0.411074050%	0.411074050%
District's proportionate share of the net pension liability (asset)	\$ 25,865,711	\$ 32,104,484	\$ 24,844,546	\$ 22,115,235	\$ 29,422,121
District's covered payroll	\$ 16,932,589	\$ 17,134,579	\$ 17,027,758	\$ 17,330,242	\$ 17,390,474
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	152.76%	187.37%	145.91%	127.61%	169.19%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	62.24%	70.30%	72.43%	62.18%

Metro Technology Centers School District
Schedule of District's Pension Contributions (Unaudited)
June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractual required contribution	\$ 1,864,911	\$ 1,635,428	\$ 1,660,856	\$ 1,660,369	\$ 1,699,261
Contribution in relation to the contractually required contribution	1,864,911	1,635,428	1,660,856	1,660,369	1,699,261
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	19,630,638	16,979,225	\$ 17,234,688	17,477,568	17,886,958
Contribution as a percentage of covered payroll	9.50%	9.63%	9.64%	9.50%	9.50%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2015</u>	<u>2014</u>
Contractual required contribution	\$ 1,671,767	\$ 1,608,596	\$ 1,627,785	\$ 1,617,637	\$ 1,646,373
Contribution in relation to the contractually required contribution	1,671,767	1,608,596	1,627,785	1,617,637	1,646,373
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	17,597,547	16,932,589	17,134,579	17,027,758	17,330,242
Contribution as a percentage of covered payroll	9.50%	9.50%	9.50%	9.50%	9.50%

Metro Technology Centers School District
Schedule of the District's Proportionate Share of the Net OPEB Asset (Unaudited)
June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
District's portion of the net OPEB asset	0.336154800%	0.336154800%	0.341533250%	0.364683440%	0.388238850%	0.390643040%
District's proportionate share of the net OPEB asset	\$ 135,627	\$ 418,880	\$ 24,551	\$ 216,209	\$ 250,905	\$ 174,204
District's covered payroll	\$ 16,979,225	\$ 17,234,668	\$ 17,477,568	\$ 17,886,958	17,597,547	16,932,589
District's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.80%	2.43%	0.14%	1.21%	1.43%	1.03%
Plan fiduciary net position as a percentage of the total OPEB asset	110.31%	129.91%	102.30%	115.07%	115.41%	110.40%

Note:

Information to present a 10 year schedule is not currently available.

Metro Technology Centers School District
 Schedule of District's OPEB Contributions (Unaudited)
 June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractual required contribution	\$ 2,300	\$ 2,129	\$ 2,162	\$ 3,124	\$ 3,201	\$ 11,308
Contribution in relation to the contractually required contribution	2,300	2,129	2,162	3,124	3,201	11,308
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered payroll	\$ 19,630,638	\$ 16,979,225	\$ 17,234,688	\$ 17,477,568	\$ 17,886,958	\$ 17,597,547
Contribution as a percentage of covered payroll	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%

Note:

Information to present a 10 year schedule is not currently available.

Note 1 - Budgeting and Budgetary Control

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

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

Note 2 - Budgetary Basis of Accounting

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

Note 3 - Changes of Assumptions

The covered employee payroll is an estimate of the actual payroll, imputed from individual member contributions.

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

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

The beginning balances for the total pension liability and the plan fiduciary net position were both restated as of June 30, 2016 to remove the amount that will be reported as an OPEB going forward.

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

The assumption change in fiscal year 2020 is attributable to the new assumptions adopted by the Board in July 2020.



Metro Technology Centers School District
Other Information
June 30, 2023

Metro Technology Centers School District
Schedule of Expenditures of Federal Awards
June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/22	Federal Grant Receipts	Total Grant Expenditures	Adjustments	Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/23
U.S. Department of Education									
Direct Programs									
COVID-19 - Higher Education Emergency Relief Fund (HEERF)									
COVID-19 - ARPA	84.425E	414	\$ -	\$ 70,317	\$ 190,745	\$ -	\$ -	\$ 190,745	\$ (120,428)
Total HEERF			<u>-</u>	<u>70,317</u>	<u>190,745</u>	<u>-</u>	<u>-</u>	<u>190,745</u>	<u>(120,428)</u>
Student Financial Aid									
Federal Pell Grant Program	84.063	474	-	1,300,820	1,293,391	(7,429)	-	1,285,962	-
Pell Admin Fee	84.063	n/a	-	1,155	1,155	-	-	1,155	-
Direct Student Loans	84.268	471	-	570,883	567,914	(2,969)	-	564,945	-
Total Student Financial Aid Cluster			<u>-</u>	<u>1,872,858</u>	<u>1,862,460</u>	<u>(10,398)</u>	<u>-</u>	<u>1,852,062</u>	<u>-</u>
Carl Perkins Vocational Education Act									
Passed through Oklahoma Department of Career Technology Education									
Carl Perkins Secondary	84.048	423	(148,970)	342,625	211,301	-	17,646	193,655	-
Tech Centers That Work	84.243	429	(13,165)	13,165	17,633	-	28	17,605	(17,605)
Total Pass Through Programs			<u>(162,135)</u>	<u>355,790</u>	<u>228,934</u>	<u>-</u>	<u>17,674</u>	<u>211,260</u>	<u>(17,605)</u>
Passed through Oklahoma Department of Rehabilitation Services									
Project SEARCH	84.126	450	(11,160)	60,625	201,405	-	151,940	49,465	-
Total Department of Rehabilitative Services			<u>(11,160)</u>	<u>60,625</u>	<u>201,405</u>	<u>-</u>	<u>151,940</u>	<u>49,465</u>	<u>-</u>
Passed through Oklahoma Department of Career Technology Education									
Adult Basic Federal Funds	84.002	731	-	-	2,742	-	2,742	-	-
Total U.S. Department of Education									
			<u>(173,295)</u>	<u>2,359,590</u>	<u>2,486,286</u>	<u>(10,398)</u>	<u>172,356</u>	<u>2,303,532</u>	<u>(138,033)</u>
U.S. Department of Health and Human Services									
Passed through Oklahoma Department of Human Services and Oklahoma Department of Career Technology Education									
TANF/HIRE	93.558	452	(199,127)	195,498	190,782	(127)	3,629	187,153	(190,655)
Total U.S. Department of Health and Human Services			<u>(199,127)</u>	<u>195,498</u>	<u>190,782</u>	<u>-</u>	<u>3,629</u>	<u>187,153</u>	<u>(190,655)</u>
U.S. Department of Defense Logistic Agency									
Passed through Oklahoma Department of Career Technology Education									
OkPTAC (formerly Bid Assistance)	12.002	436	-	39,583	107,195	-	67,612	39,583	-
Total U.S. Department of Defense Logistic Agency			<u>-</u>	<u>39,583</u>	<u>107,195</u>	<u>-</u>	<u>67,612</u>	<u>39,583</u>	<u>-</u>
Total Federal Financial Assistance									
			<u>\$ (372,422)</u>	<u>\$ 2,594,671</u>	<u>\$ 2,784,263</u>	<u>\$ (10,398)</u>	<u>\$ 243,597</u>	<u>\$ 2,530,268</u>	<u>\$ (328,688)</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Metro Technology Centers School District (the District) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 220, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Metro Technology Center, District No. 22 it is not intended to and does not present financial position or changes in financial position.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

Note 4 - Subrecipients

The District did not have any awards that have been passed through to subrecipients.



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

To the Board of Education
Metro Technology Centers School District No. 22
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Metro Technology Centers School District School District No. 22 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 8, 2024.

Report Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Metro Technology Centers School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

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

Oklahoma City, Oklahoma
March 8, 2024



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

To the Board of Education
Metro Technology Centers School District No. 22
Oklahoma City, Oklahoma

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Metro Technology Centers School District No. 22’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Metro Technology Centers School District No. 22’s major federal program for the year ended June 30, 2023. Metro Technology Centers School District No. 22’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Metro Technology Centers School District No. 22 (the District) complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Metro Technology Centers School District No. 22's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Oklahoma City, Oklahoma
March 8, 2024

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Student Financial Aid Cluster	84.063, 84.268
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings

2023-001

**Student Activity funds
Significant Deficiency in Internal Controls over Financial Reporting; Compliance**

Criteria: Oklahoma Statutes Section 70-5-129 related to student activity funds states “deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week.”

Condition: Approximately 18% of deposits tested (7 in our sample of 40) contained an exception. Out of these exceptions 6 were not deposited in accordance with state statutes. 1 of the exceptions did not have the detail to support when the deposit was made.

Cause: There are some processes that are not in place to ensure that the teacher sponsor receipts were properly received and deposited within the prescribed timeframe determined by state statute.

Recommendation: Requirements for daily submission of student activity funds should be monitored for all sites by District administration.

Views of Responsible
Officials:

We agree with the finding.

Section III – Federal Award Findings and Questioned Costs

**2023-002 U.S. Department of Education
Student Financial Aid Cluster
Reporting – Common Origination and Disbursement (COD) System
Significant Deficiency in Internal Control over Compliance**

Criteria:

Institutions submit Direct Loan, Pell Grant, TEACH Grant, and IASG origination records and disbursement records to the COD system. Origination records can be sent well in advance of any disbursements, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment.

The acknowledgments identify the processing status of each record: Rejected, Accepted with Corrections, or Accepted. In testing the origination and disbursement data, the auditor should be most concerned with the data ED has categorized as accepted or accepted with corrections. Institutions must report student disbursement data within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data. Institutions may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition: The disbursement date recorded by the COD for financial aid and the disbursement to student by the District was greater than the allowable period of 15 calendar days for one item.

Questioned
Costs: None

Effect: Untimely reporting of student enrollment status does not allow the Department of Education to properly track and monitor students, including initiation of the loan repayment process.

Cause: The delay in actual disbursement is believed to be contributed to the District reviewing the costs of the Aviation Program before the disbursements was made. However, the person over the department when this disbursement was made is currently no longer employed by the District and the reason for the delayed disbursement cannot be clarified and records do not appear to be retained for this item.

Repeat finding
From Prior Year:
No

Context: Out of the 40 sample of students tested for COD reporting, 1 student was beyond the required 15 calendar days. Non-statistical sampling was used.

Recommendation:
We recommend that management update their control processes to ensure that the proper COD reporting and proper retention of files in the event of subsequent updates from the original transfer date.

Views of Responsible Officials:
We agree with the finding.

**2023-003 U.S. Department of Education
Student Financial Aid Cluster (FAL # 84.268, 84.063)
Special Test: Enrollment Reporting
Material Weakness in Internal Control over Compliance**

Criteria: The *National Student Loan Data System* (NSLDS) is the national database of information about loans and grants awarded to students.

Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the NSLDS (*OMB No. 1845-0035*), although FFEL loans are no longer made or a part of the SFA Cluster, a student may have a FFEL loan from previous years that would require enrollment reporting for that student (Pell, 34 CFR 690.83(b)(2); FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309; Perkins 34 CFR 674.19(f)).

The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions. Institutions must review, update, and certify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor.

Institutions are also responsible for accurately reporting all Campus-Level Record data elements including OPEID number, enrollment effective data, enrollment status, and certification date. Institutions are responsible for accurately reporting all Program-Level record data including CIP year, credential level, published program length measurement, published program length, program begin date, program enrollment status, and program enrollment effective date.

Condition: Various discrepancies were noted between the District and NSLDS for both the Campus-Level and Program-Level requirements. Further some of the data provided was provided later than the required timelines established.

Questioned
Costs: None

Effect: Untimely and inaccurate reporting of student enrollment status does not allow the Department of Education to properly track and monitor students, including initiation of the loan repayment process.

Cause: Internal controls do not appear to be in place to accurately and timely identify the relevant dates for reporting to NSLDS.

Repeat finding
From Prior Year:
No

Context: Out of the 36 sample of students tested, 23 students had at least one incorrect reporting of Campus-Level and Program-Level requirements and/or considered to be reported late. Non-statistical sampling was used.

Recommendation:
We recommend that management update their control processes to ensure that the proper status date changes are being reported to NSLDS.

Views of Responsible Officials:
We agree with the finding.

Metro Technology Centers School District
Schedule of Accountant's Professional Liability Insurance Affidavit
June 30, 2023

STATE OF OKLAHOMA)
) ss
County of Oklahoma)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant’s Professional Liability Insurance in accordance with the “Oklahoma Public School Audit Law” at the time of audit contract and during the entire audit engagement with Metro Technology Centers School District No. 17 for the audit year 2022-2023.

EIDE BAILLY, LLP

BY Vanessa M. Dutton

Subscribed and sworn to before me on this 8 day of March, 2024.

Erika Ackley
Notary Public
My commission expires 01/27/27

