

**ANNUAL FINANCIAL REPORT
NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
JULY 1, 2020 TO JUNE 30, 2021**

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
CENTER OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021**

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**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
JULY 1, 2020 TO JUNE 30, 2021**

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**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
JULY 1, 2020 TO JUNE 30, 2021**

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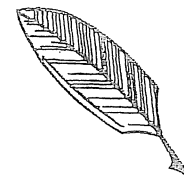
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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Northeast Technology Center No. 11
Pryor, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Technology Center No. 11, Mayes County, Oklahoma, as of and for the year ended June 30, 2021, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northeast Technology Center as of June 30, 2021, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by Title II US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 7, 2022, on my consideration of Northeast Technology Center No. 11, Mayes County, Oklahoma's, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Kerry John Patten, C.P.A.
Broken Arrow, OK
March 7, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

**Northeast Technology Center District 11
Mayes County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

The discussion and analysis of Northeast Technology Center's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the accompanying notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their State No. 34 Basic Financial Statements for State and Local Governments, issued June, 1999.

Organization

Northeast Technology Center School District 11 is a political subdivision of the Oklahoma Department of Career and Technology Education. The school operates under the local control of a five member board of education with a designated superintendent/chief executive officer. The Northeast Technology Center School District includes most of five counties, Ottawa, Delaware, Mayes, Craig, and Rogers, and parts of Wagoner, Nowata and Cherokee counties.

FINANCIAL STATEMENTS

The financial statements consist of three parts: management discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of Northeast Technology Center. The first two statements, pages 7 and 8, are district-wide financial statements, the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about Northeast Technology Center's overall financial status.

The remaining statements are fund financial statements, pages 9, 10, and 11, that focus on individual parts of Northeast Technology Center's operations in more detail than the district-wide statements. The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending. The governmental funds are the General Fund and Building Fund.

The financial statements also include notes, beginning on page 12, that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and reports the financial statements.

District-Wide Statements

The two district-wide statements: Statement of Net Assets and the Statement of Activities, report Northeast Technology Center's net assets and how they have changed. Net assets, the difference between Northeast Technology Center's assets and liabilities, is one way to measure Northeast Technology Center's financial health or position.

See Auditor's Disclaimer of Opinion

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

District-Wide Statements

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

The district-wide statements report information about the District using the accrual basis of accounting, which is similar to accounting methods used by private sector companies.

Fund Financial Statements

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

- Governmental funds – Most of Northeast Technology Center's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method prescribed by Oklahoma Statutes. This statutory method of accounting provides for recording income (revenue) when received, and encumbering expenditures when the purchase commitment is made (purchase order is issued). The governmental fund statements provide a detailed short-term view of Northeast Technology Center's operations and the services it provides.
- Fiduciary funds - Northeast Technology Center is the trustee, or fiduciary, for the activity funds. Northeast Technology Center is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Northeast Technology Center excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Fund Financial Statements are prepared using a modified accrual method of accounting. This method of accounting recognizes revenues as soon as they are both measurable and available and expenses are recognized when the liability is incurred.

Financial Highlights

The FY21 general fund "fund balance" at 6-30-21 was \$21,599,040 The building fund balance was \$4,961,394. Total FY21 general fund revenues collected district-wide were \$26,510,885 and building fund revenues collected district-wide were \$3,147,546.

See Auditor's Disclaimer of Opinion

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Financial Highlights (continued)

The District had the following Governmental Fund revenue sources for FY 2019-20:

	<u>Revenues</u>	<u>% of Total</u>
Local Sources	\$26,298,310	86.62%
State sources	2,774,246	9.14%
Federal sources	<u>1,288,954</u>	<u>4.24%</u>
 Total Revenue	 <u>\$30,361,510</u>	 <u>100%</u>

The District had the following costs of governmental activities during FY 2019-20:

	<u>Net cost of Services</u>	<u>% of Total</u>
Instructional	\$8,171,648	29.69%
Support services	14,098,377	51.22%
Non instructional	534,398	1.94%
Capital outlay	3,682,499	13.38%
Other outlays	-	-
Other uses	<u>1,035,76</u>	<u>3.77%</u>
 Total	 <u>\$27,522,686</u>	 <u>100%</u>

The District had the following Governmental Fund revenue sources for FY 2020-2021:

	<u>Revenues</u>	<u>% of Total</u>
Local Sources	29,254,523	87.89%
State sources	2,383,929	7.16%
Federal sources	<u>1,645,340</u>	<u>4.95%</u>
 Total Revenue	 <u>\$33,283,792</u>	 <u>100%</u>

The District had the following costs of governmental activities during FY 2020-2021:

	<u>Net cost of Services</u>	<u>% of Total</u>
Instructional	\$ 8,591,361	27.95%
Support services	14,875,095	48.40%
Non-instructional	514,722	1.67%
Capital outlay	3,728,403	12.14%
Other outlays	83,827	.27%
Other uses/Repayments	<u>2,942,600</u>	<u>9.57%</u>
 Total	 <u>\$30,736,008</u>	 <u>100%</u>

See Auditor's Disclaimer of Opinion

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

The figures used in these comparisons are taken from Statement of Revenues, Expenditures and Changes in Fund Balance-Government Funds for the years ended June 30, 2020, and June 30, 2021, respectively.

BUDGETARY HIGHLIGHTS

Northeast Technology Center prepares budgets in compliance with Oklahoma statutes. The preliminary budget is prepared prior to the beginning of the fiscal year when certain factors are uncertain, such as the final net assessed property values. The final budget was approved after the property values were ascertained.

CAPITAL ASSETS

As of June 30, 2021, Northeast Technology Center had \$38,505,474 (net position) in Governmental Funds invested in a broad range of capital assets, including land, school buildings, equipment, and vehicles.

	<u>2020</u>	<u>2021</u>
Total Net Assets	<u>\$35,758,985</u>	<u>\$38,505,474</u>

FACTORS BEARING ON NORTHEAST TECHNOLOGY CENTER'S FUTURE

Even though state revenue have slightly decreased this past year, Northeast Technology Center has still experienced good local revenue growth, as well as increased federal support, therefore will continue to upgrade equipment, improve buildings and grounds and change programming to remain current in its educational offerings to the public. We are committed to providing a safe environment for our students and all staff.

CONTACTING NORTHEAST TECHNOLOGY CENTER

This financial report is designed to provide citizens, taxpayers, parents, students and creditors with a general overview of Northeast Technology Center's finances and to show accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Superintendent's Office, Northeast Technology Center, P. O. Box 487, Pryor, OK 74362.

See Auditor's Disclaimer of Opinion

GOVERNMENT-WIDE FINANCIAL STATEMENT

NORTHEAST TECHNOLOGY CENTER NO. 11
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 26,345,278
Property tax receivable	3,690,522
Due from other governments	326,220
Miscellaneous receivables	665
Prepaid insurance	14,605
Net OPEB asset	25,918
Capital assets	
Land	957,281
Construction in process	2,399,726
Other capital assets, net of accumulated depreciation	<u>35,148,467</u>
Total Assets	<u>\$ 68,908,682</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred amounts of resources related to pensions	\$ 8,976,365
Deferred amounts of resources related to OPEB	<u>124,151</u>
Total deferred outflow of resources	<u>\$ 9,100,516</u>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 140,558
Leases payable - Due within one year	<u>698,835</u>
Total current liabilities	<u>\$ 839,393</u>
Non-current liabilities	
Compensated absences	\$ 361,976
Voluntary separation payable	215,000
Leases payable - Due in more than one year	6,446,769
Net Pension Liability	<u>24,828,821</u>
Total non-current liabilities	<u>\$ 31,852,566</u>
Total Liabilities	<u>\$ 32,691,959</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred amounts of resources related to pensions	\$ 840,858
Deferred amounts of resources related to OPEB	<u>59,929</u>
Total deferred inflow of resources	<u>\$ 900,787</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 31,359,870
Restricted for Building	4,961,394
Restricted for Student Organizations	981,830
Unrestricted	7,087,440
Restricted for OPEB asset	<u>25,918</u>
Total Net Position	<u>\$ 44,416,452</u>

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Revenues			Capital Grants & Contributions	Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions		
Governmental Activities:					
Instruction	\$ (9,001,652)	\$ 1,099,106	\$ 282,671	\$ -	(7,619,875)
Support Services:					
Students	(1,284,101)	47,057	-	-	(1,237,044)
Instructional Staff	(379,189)	-	377,113	-	(2,076)
General Administration	(818,164)	-	-	-	(818,164)
School Administration	(5,855,690)	-	-	-	(5,855,690)
Business	(2,589,867)	-	-	-	(2,589,867)
Operation of Plant	(3,156,354)	-	-	-	(3,156,354)
Student Transportation	(945,168)	-	-	-	(945,168)
Non Instructional	(516,550)	-	470,660	-	(45,890)
Capital Outlay	(1,160,281)	-	-	-	(1,160,281)
Other Outlays	(83,827)	-	-	-	(83,827)
Other Uses	(1,897,544)	-	892,009	-	(1,005,535)
Debt Service Interest	(310,975)	-	-	-	(310,975)
Depreciation - Unallocated	(2,085,180)	-	-	-	(2,085,180)
Governmental Activities	\$ (30,084,542)	\$ 1,146,163	\$ 2,022,453	\$ -	(26,915,926)

General revenues

Taxes:

Property taxes, levied for general purposes	\$ 26,333,743
Other Taxes	3,613

Federal and State aid not restricted to specific purposes:

General	2,003,203
Other	-

Interest and investment earnings 11,702

Miscellaneous 40,346

Total general revenues 28,392,607

Loss on fixed asset disposal \$ -

Changes in net position 1,476,681

Net position - beginning, as adjusted 42,939,771

Net position - ending \$ 44,416,452

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

FUND FINANCIAL STATEMENTS

**NORTHEAST TECHNOLOGY CENTER NO. 11
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Building Fund	Activity Fund	Total Governmental Funds
ASSETS				
Cash	\$ 20,551,828	\$ 4,811,620	\$ 981,830	\$ 26,345,278
Property taxes receivable	3,386,537	303,985		3,690,522
Due from other governments	326,220	-		326,220
Due from activity fund	-	-		-
Misc Receivables	516	149		665
Prepaid insurance	14,605	-		14,605
Total assets	\$ 24,279,706	\$ 5,115,754	\$ 981,830	\$ 30,377,290
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 140,558	\$ -	\$ -	\$ 140,558
Leases payable	698,835	-		698,835
Total liabilities	839,393	-	-	839,393
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	1,841,273	154,360		1,995,633
Total deferred inflow of resources	1,841,273	154,360	-	1,995,633
FUND BALANCES				
Non-spendable Fund Balances:				
<i>Prepaid Items</i>	14,605	-		14,605
Restricted Fund Balances:				
<i>Restricted by Statute</i>	-	3,270,925		3,270,925
<i>Restricted for Student Activities</i>			981,830	981,830
Assigned Fund Balances:				
<i>Encumbrances</i>	3,568,587	1,690,469		5,259,056
<i>Other Assigned Fund Balances</i>	-	-		-
Unassigned	18,015,848	-		18,015,848
Total Fund Balances	21,599,040	4,961,394	981,830	27,542,264
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$ 24,279,706	\$ 5,115,754	\$ 981,830	\$ 30,377,290

Total Fund Balance 27,542,264

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 \$61,582,671 and the accumulated depreciation is \$27,077,197.	38,505,474
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(7,023,745)
Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds.	1,995,633
Net pension obligations are not due and payable in the current period and therefore, are not reported in funds.	(24,828,821)
Net OPEB asset is not a financial resource, therefore not shown in funds	25,918
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds.	8,199,719
Net Position of Governmental Activities	\$ 44,416,442

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Activity Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Local sources	\$ 25,639,265	\$ 2,480,906	\$ 1,134,352	\$ 29,254,523
Intermediate sources	-	-	-	-
State sources	2,383,604	325	-	2,383,929
Federal sources	<u>1,645,340</u>	<u>-</u>	<u>-</u>	<u>1,645,340</u>
Total revenues	<u>\$ 29,668,209</u>	<u>\$ 2,481,231</u>	<u>\$ 1,134,352</u>	<u>\$ 33,283,792</u>
Expenditures:				
Instructional	\$ 8,591,361	\$ -	\$ -	\$ 8,591,361
Support Services:				
Students	1,124,374	-	-	1,124,374
Instructional Staff	321,612	-	-	321,612
General Administration	733,578	-	-	733,578
School Administration	5,210,308	-	-	5,210,308
Business	2,396,223	-	-	2,396,223
Operation of Plant	4,258,985	-	-	4,258,985
Student Transportation	830,015	-	-	830,015
Non-instructional	514,722	-	-	514,722
Capital Outlay	580,857	3,147,546	-	3,728,403
Other Outlays	83,827	-	-	83,827
Other Uses	855,213	-	1,077,577	1,932,790
Repayments				
Principal	698,835	-	-	698,835
Interest	<u>310,975</u>	<u>-</u>	<u>-</u>	<u>310,975</u>
Total expenditures	<u>\$ 26,510,885</u>	<u>\$ 3,147,546</u>	<u>\$ 1,077,577</u>	<u>\$ 30,736,008</u>
Excess of revenues over (under) expenditures	<u>\$ 3,157,324</u>	<u>\$ (666,315)</u>	<u>\$ -</u>	<u>\$ 2,491,009</u>
Adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues and other sources of funds over (under) expenditures	\$ 3,157,324	\$ (666,315)	\$ 56,775	\$ 2,547,784
Fund balance, beginning of year	<u>\$ 18,441,716</u>	<u>\$ 5,627,709</u>	<u>\$ 925,055</u>	<u>\$ 24,994,480</u>
Fund balance, end of year	<u><u>\$ 21,599,040</u></u>	<u><u>\$ 4,961,394</u></u>	<u><u>\$ 981,830</u></u>	<u><u>\$ 27,542,264</u></u>

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

NORTHEAST TECHNOLOGY CENTER NO. 11
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES,
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - governmental funds \$ 2,547,784

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and 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 in the period.

Capital outlay expenditures	\$	4,831,669	
Depreciation expense		<u>(2,085,180)</u>	
			2,746,489

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. (643,572)

Decrease in compensated absences and voluntary separation payable
The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in statement of activities and changes in net position. (47,726)

Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds. (1,687,325)

Governmental funds report district pension contributions as expenditures. However, the Statement of Activities reports the cost of pension benefits earned net of employee contributions as pension expense. (1,438,969)

Change in Net Position of Governmental Activities \$ 1,476,681

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

NOTES TO THE FINANCIAL STATEMENTS

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. Summary of Significant Accounting Policies

The financial statements of the Northeast Technology Center No. 11 (the "Center") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Center's accounting policies are described below.

A. Reporting Entity

In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the Center has presented the entities, which comprise the primary government in the fiscal year 2021 basic financial statements.

The Center is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The Center is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

B. Basis of Presentation

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

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

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

Fund Financial Statements

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

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

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
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Summary of Significant Accounting Policies (continued)

Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt.

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

Fiduciary Fund Types

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

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

Activity Fund –The Center's Activity fund is used to account for monies collected that are held on behalf of others as their agent and do not involve the measurement of results of operations. The administration is responsible under the authority of the Board, for collecting, disbursing and accounting for these funds.

Account Groups

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

C. Basis of Accounting

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

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

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
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Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting

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

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

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

E. Net Position and Fund Balances

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

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

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

Unrestricted Net Position – represent unrestricted liquid assets.

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

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

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

Committed – The Center commits a portion of the accrual basis fund balance to honor the commitments made by the Center for encumbrances (purchase orders) for which goods or services have not yet been received. The fund balance committed for encumbrances will be equivalent of the purchase orders rolled forward from the old year to the new year. The Director of Finance will determine the balance of committed fund balance as a part of the accrual conversion for the audit.

Amounts that are constrained by a government itself using its highest level of decision-making authority (Board of Education); to be reported as committed, amounts cannot be used for any purpose unless the government takes the same highest level action (vote of Board of Education) to remove or change the constraint. Action to constrain resources should occur before the end of the fiscal year.

**NORTHEAST TECHNOLOGY CENTER NO. 11
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Summary of Significant Accounting Policies (continued)

Assigned – The Center has assigned a portion of fund balance in both the General and Building Fund for funding the cash flow needs during the first half of each fiscal year. The collection of property taxes occurs mainly in December through March. This creates a temporary cash flow deficit during the first part of each fiscal year. The assigned fund balance is used to finance this temporary cash flow deficit. The Treasurer and Director of Finance will determine the amount of assigned fund balance at the end of the fiscal year.

Unassigned - Fund balance represents the funds not restricted in use by statute nor encumbered by purchase orders or legal contracts. Amounts that are available for any purpose; these amounts are reported only in the General Fund.

F. Assets, Liabilities and Cash Fund Balances

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

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of taxes becomes delinquent on April 1 of the year following the year of assessment. If taxes are delinquent and unpaid for a period of three (3) years or more the real estate may be sold for taxes.

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

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

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

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

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

Assets capitalized have an original cost of \$2,500 or more. Depreciation has been calculated using a modified method of straight-line depreciation called half-year averaging convention. Under the half-year averaging convention, an asset is treated as though it were placed in service or disposed of on the first day of the seventh month of the fiscal year. One-half of a full year's depreciation is allowed for the asset in its first year placed in service, regardless of when it was actually placed in service during that year.

Buildings and structures	40 years
Improvements	Remaining Life
Equipment	3-20 years
Furniture and fixtures	10 years

**NORTHEAST TECHNOLOGY CENTER NO. 11
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Summary of Significant Accounting Policies (continued)

Compensated Absences – The Center’s policy allows certified teachers to accumulate unused sick leave up to 125 days. Upon termination, the certified teacher is paid a daily salary rate for unused sick days in excess of 60 days up to a maximum of 20 days.

Employees of the Center receive varying amounts of vacation depending on the number of months contracted each year and the years of service completed with the Center. The maximum annual leave that may accumulate and carry forward to the next calendar year is 35 days. Upon termination of employment, unused vacation may be paid to the employee upon approval of the Board of Education.

Long-Term Debt – Long-term debt is recognized as a liability of the applicable governmental activities statement on net assets.

Fund Equity – Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use.

G. Revenue, Expenses and Expenditures

Revenues are classified by source as follows:

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

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

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

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

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

Expenditures are classified by function as follows:

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Examples of expenditures that might be included here are the activities of teacher assistant of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators, and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Deferred Outflows of Resources: Deferred outflows are the consumption of net position by the school district that are applicable to a future reporting period. At June 30, 2021, the school district's deferred outflows of resources were comprised of deferred outflows related to pensions and deferred outflows related to OPEB.

Deferred Inflows of Resources: Deferred inflows are the acquisition of net position by the school district that are applicable to a future reporting period. At June 30, 2021, the school district deferred inflows of resources were comprised of deferred inflows related to pensions and deferred inflows related to OPEB.

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

2. Deposit Categories of Credit Risk

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

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal, or school Center direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school Center ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school Center is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school Center.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the Center's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.
10. The Center's investment policy directs the Treasurer to place primary emphasis on safety and liquidity of any investments. All investments must be designed to maximize yield within the class of investment instrument, consistent with safety of the funds invested.

Custodial Credit Risk:

Deposits and Investments - The Center's demand deposits are required by law to be collateralized by the amount that is not federally insured. The Center has a written investment policy, which permits investments as authorized by State Statute.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2021, the Center had no deposits exposed to custodial credit risk.

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

Deposit Categories of Credit Risk (continued)

Interest Rate Risk:

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

Credit Risk:

The Center has no formal written policy addressing credit risk.

At June 30, 2021, the vocational technical center had no investments.

3. Use of Estimates

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

4. Accounts Receivable

Accounts receivables of the governmental activities consist of Ad Valorem tax, miscellaneous local, State grants, and Federal grant programs. Receivables detail by fund at June 30, 2021, is as follows:

Accounts Receivable	<u>General Fund</u>	<u>Building Fund</u>
Ad Valorem Tax	\$ 3,386,537	\$ 303,985
Misc Receivables	516	149
Federal Grants	<u>326,220</u>	<u>-</u>
Gross receivables	3,713,273	304,134
Less: deferred taxes	<u>(1,841,273)</u>	<u>(154,360)</u>
Net Receivables	\$ <u><u>1,872,000</u></u>	\$ <u><u>149,774</u></u>

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

5. Capital Assets

A Summary of changes in general fixed assets for the year ended June 30, 2021, follows:

	Balance July 1, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Land	\$ 957,281	\$ -	\$ -	\$ -	\$ 957,281
Construction in Progress	2,029,965	2,399,726	(2,029,965)	-	2,399,726
Total Assets Not Being Depreciated	2,987,246	2,399,726	-	-	3,357,007
Capital Assets Being Depreciated					
Buildings & Improvements	41,311,581	1,177,157	2,029,965	-	44,518,703
Machinery & Equipment	9,032,482	920,041	-	187,310	9,765,213
Furniture & Fixtures	2,095,596	-	-	73,233	2,022,363
Software	36,095	-	-	-	36,095
Vehicles	1,622,045	334,745	-	73,500	1,883,290
Total Capital Assets Being Depreciated	54,097,799	2,431,943	2,029,965	334,043	58,225,664
Less:					
Accumulated Depreciation	21,326,060	2,085,180	-	334,043	23,077,197
Total Capital Assets Being Depreciated - Net	32,771,739	346,763	2,029,965	-	35,148,467
Governmental Activities					
Capital Assets-Net	\$ 35,758,985	\$ 2,746,489	\$ -	\$ -	\$ 38,505,474

6. Interfund Transactions

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

7. Employee Retirement System

Description of Plan

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

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosed measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. The contribution rate for employers is 9.5%. The State of Oklahoma contributes a percentage of its revenues from sales taxes, use taxes, corporate income taxes, individual income taxes, and lottery proceeds to the System. This percentage has been 5.00% since FY 2008. HB 2741 passed during the 2020 legislative session which temporarily reduced the rate to 3.50% for FY 2021. HB 2894 passed during the 2021 legislative session which restored the rate to 5.00% for FY 2022 and then changed the rate to 5.25% for FY 2023 through FY 2027. The rate is scheduled to return back to 5.00% beginning in FY 2028. The lottery proceeds contributed to the System were not impacted by this legislation. The matching contribution rate for FY 2021 is 7.7% of applicable payroll. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

**NORTHEAST TECHNOLOGY CENTER NO. 11
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FOR THE YEAR ENDED JUNE 30, 2021**

Employee Retirement System (continued)

Annual Pension Cost

The Center's total contributions for 2021, 2020, and 2019 were \$2,226,776, \$2,098,079.29, and \$1,203,528, respectively. The Center's total payroll for fiscal year 2020-21 amounted to \$13,735,873.

On Behalf Contributions

The State of Oklahoma makes retirement contributions each year for teachers employed by Oklahoma School Districts. The contribution amounts are based on the teacher's years of service and amounts paid are prescribed by O.S.70 Section 17-108.2 subsection A. During fiscal year 2020-21, the State of Oklahoma's contribution was \$80,994. This Center recognized revenue and expenditures of this amount during the year.

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

At June 30, 2021, the center reported a liability of \$24,828,821 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The center's proportion of the net pension liability was based on the center's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2020. Based upon this information, the center's proportion was .26162499 percent.

For the year ended June 30, 2021, the center recognized pension expense of \$1,326,875. At June 30, 2021, the center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,208,715	\$ 420,522
Changes of assumptions	3,044,942	358,716
Net difference between projected and actual earnings on pension plan investments	2,140,253	-
Differences in center's proportionate share of contributions and changes in proportion	1,258,074	-
System contributions during measurement date	-	61,620
Center contributions subsequent to the measurement date	1,326,876	-
Total	\$ 8,978,860	\$ 840,858

**NORTHEAST TECHNOLOGY CENTER NO. 11
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Employee Retirement System (continued)

Deferred pension outflows totaling \$1,326,876 resulting from the center's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows resulting from differences between expected and actual experience will be recognized in pension expense using the average expected remaining service life of the plan participants.

The average expected remaining life of the plan participants is determined by taking the calculated total future service years of the plan participants divided by the number of people in the Plan including retirees. The total future service years of the plan participants are estimated at 5.30 years at June 30, 2021, and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

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

Year ended,		
2022	\$	1,368,582
2023		1,741,460
2024		1,974,669
2025		1,469,588
2026		<u>238,827</u>
	\$	<u><u>6,811,126</u></u>

Actuarial assumptions: The total pension liability as of June 30, 2021, was determined based on an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions:

- Actuarial Cost method-Entry Age Normal
- Inflation – 2.50 percent
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases-Composed of 2.25 percent wage inflation, including .75 percent price inflation, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return-7.00 percent
- Retirement Age-Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2020 in conjunction with the five year experience study for the period ending June 30, 2019
- Mortality Rates after Retirement-Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational Mortality improvements 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.

**NORTHEAST TECHNOLOGY CENTER NO. 11
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NOTES TO THE FINANCIAL STATEMENTS
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Employee Retirement System (continued)

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

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

Discount rate – A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2020. 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 total pension liability.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Center's proportionate share of the net pension liability	<u>\$ 33,138,043</u>	<u>\$ 24,828,821</u>	<u>\$ 17,950,078</u>

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

8. Other Post-Employment Benefits OPEB

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

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

Contributions – Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate and from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 1.5% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the District were \$2,495.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the District reported an asset of \$25,918 for its proportionate share of the new OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB asset was based on the District's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2020. Based upon this information, the District's proportion was 0.26162499% percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,761. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 56,939
Changes in assumptions	56,078	-
Net difference between projected and actual earnings on OPEB plan investments	56,608	-
Changes in proportion	-	2,881
Contributions during measurement date	8,970	109
District contributions subsequent to the measurement date	2,495	-
Total	\$ 12,151	\$ 59,929

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

OPEB (continued)

The \$2,263 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,		
2022	\$	(2,908)
2023		13,090
2024		22,349
2025		20,291
2026		7,253
Thereafter		<u>1,652</u>
	\$	<u><u>61,727</u></u>

Actuarial Assumptions – The total OPEB liability (asset) as of June 30, 2021, was determined based on an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions:

- Actuarial Cost method-Entry Age Normal
- Inflation – 2.25% percent
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases-Composed of 3 percent wage inflation, including .75 percent per productive increase.
- Investment Rate of Return-7.00 percent
- Retirement Age-Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five year experience study for the period ending June 30, 2019
- Mortality Rates after Retirement – Males: RP-2000 Combined Healthy mortality table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.
- Mortality Rates for Active Members – PUB-2010 Teachers Active Employee Mortality tables. Generational mortality improvements in accordance with the Ultimate MP scales are projected from year 2010.
- Due to the nature of the benefit, health care trend rates are not applicable to the calculation of contribution rates.

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

OPEB (continued)

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

Discount Rate – A single discount rate of 7.00% was used to measure the total OPEB liability (asset) as of June 30, 2020. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan’s fiduciary net position and future contributions were projected to be available to finance all projected future payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employer’s Net OPEB Liability (asset) \$	94,087	\$ (25,918)	\$ (187,681)

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

9. General Long-Term Debt

The Center’s long term debt consisted of non-current compensated absences, capitalized lease-purchase agreements, and estimated voluntary separation incentive payments.

The following is a summary of the long-term debt transactions for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Leases Payable	\$ 7,789,176	\$ -	\$ 643,572	\$ 7,145,604
Compensated Absences	3811,702	-	17,726	361,976
Voluntary Separation Payable	245,000	-	30,000	215,000
Total	\$ 8,415,878	\$ -	\$ 693,298	7,722,580
Less: Amounts Due within One Year				(698,835)
Total Long-Term Debt				\$ 7,023,745

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Lease Commitments

Lease-Purchase – Claremore Campus

The Center's lease-purchase commitments include property financed through a technique referred to as "conduit financing." Conduit financing involves the use of a public trust, which issues conduit debt obligations (limited-obligations revenue bonds, certificates of participation, or similar debt instruments) for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The public trust has no obligation for such debt beyond the resources provided by a lease or loan with the third party, on whose behalf the debt is issued.

The Center entered into a Ground Lease Agreement with Claremore Industrial and Economic Development Authority on January 1, 2008, for certain real property owned by the Center. The Ground Lease extends to June 20, 2027, and rent was prepaid in an amount equal to ten dollars (\$10) and other equitable consideration. The Ground Lease Agreement was made to facilitate the issuance of \$8,400,000 in revenue bonds by the Authority to provide funds to construct and equip buildings.

The Center entered into a Lease Purchase Agreement with Claremore Industrial and Economic Development Authority on January 1, 2008, wherein the real property subject to the Ground Lease mentioned in the previous paragraph is subleased to the Center to enable the Center to utilize proceeds of the \$8,992,525 revenue bonds issued by Claremore Industrial and Economic Development Authority, for the construction of the real property and to provide a method for the Center to obtain title to the property.

Lease-Purchase with Claremore Industrial and Economic Development Authority. The following is a schedule by years of future principal and interest payment required under the lease-purchase agreement:

Year ending June 30,	Principal	Interest	Total
2022	\$ 335,509	\$ 254,401	\$ 589,911
2023	490,450	241,316	731,765
2024	1,177,812	222,188	1,400,000
2025	1,223,746	176,254	1,400,000
2026-2027	<u>3,295,580</u>	<u>207,468</u>	<u>3,503,048</u>
Totals	<u>\$ 6,523,097</u>	<u>\$ 1,101,627</u>	<u>\$ 7,624,724</u>

Lease-Purchase – Afton Campus

The Center entered into a Ground Lease Agreement with Afton Economic Development Authority on August 1, 2007, for certain real property owned by the Center. The Ground Lease extends to June 30, 2023, and rent was prepaid in an amount equal to ten dollars (\$10) and other equitable consideration. The Ground Lease Agreement was made to facilitate the issuance of \$3,500,000 in revenue bonds by the Authority to provide funds to construct and equip buildings.

The Center entered into a Lease Purchase Agreement with Afton Economic Development Authority on August 1, 2007, wherein the real property subject to the Ground Lease mentioned in the previous paragraph is subleased to the Center to enable the Center to utilize proceeds of the \$3,500,000 revenue bonds issued by Afton Economic Development Authority, for the construction of the real property and to provide a method for the Center to obtain title to the property.

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Lease Commitments (continued)

The following is a schedule by years of future principal and interest payments required under the lease-purchase agreement:

Year ending June 30,	Principal	Interest	Total
2022	\$ 364,326	\$ 28,947	\$ 393,273
2023	258,181	12,005	270,186
Totals	\$ 622,507	\$ 40,952	\$ 663,459

Voluntary Separation Program

The Center has a Retirement Incentive Program which is available to employees who qualify for retirement as outlined by the Oklahoma Teachers Retirement System and has made application for retirement. Eligible participants must meet certain criteria of the program including minimum years of full-time creditable service with the Tech Center. The Tech Center estimates the retirement incentive liability based on employee eligibility and number of years of service with the Center. The Center has reported a liability in the financial statements at June 30, 2021, totaling \$215,000 for accrued voluntary retirement incentive pay. The liability is recognized in the center's Government Wide Financial Statements as a portion of General Long Term Debt.

Compensated Absences

The Technology Center allows certified Teachers to accumulate unused sick leave up to 125 days. Upon termination, the teacher is paid a daily salary rate for unused sick days in excess of 60 days up to a maximum of 20 days. Compensated absences are recognized in the Financial Statements in the year employees become eligible for payment upon termination. The accrued liability for compensated absences at June 30, 2021, was \$361,976. The total liability is recognized in the Center's Government wide Financial Statements as a portion of the General Long Term Debt.

10. Litigation

The Center is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the Center at June 30, 2021.

11. Contingent Liabilities

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

12. Risk Management

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

The Center participates in the Oklahoma Public Schools Unemployment Compensation Account under the sponsorship of the Oklahoma State School Boards Association and the cooperative council for Oklahoma School Administration. The account was established to let school s self-insure unemployment benefits for school employees. The funds are held in the name of each center as reserves to pay unemployment claims. Each center is individually liable for that portion of the benefits paid from the fund attributable to wages paid by the center in the same manner as if no group account had been established. The reserve funds may be withdrawn from the account upon request of the center. At June 30, 2021, the Northeast Technology Center had reserves on deposit with the Oklahoma Public Schools Unemployment Compensation Accounting totaling \$10,634. This amount has been shown as prepaid insurance on the financial statements.

13. Surety Bonds Bond

The Treasurer is bonded by RLI Insurance Company, bond number LSM1275488 for the sum of \$100,000 for the term 7/1/20 to 7/1/21.

The Superintendent is bonded by Old Republic Surety Company, bond number W150130829, for the sum of \$100,000 for the term 7/14/20 to 7/14/21.

The Director of Finance is bonded by Old Republic Surety Company, bond number W150027678, for the sum of \$100,000. Term 7/22/20 to 7/22/21.

Northeast Technology Center has a continuous position bond with RLI Surety, bond number LMF0031919, which covers the following positions: four (4) Campus Directors, four (4) Financial Secretaries, eight (8) Adult Ed Secretaries, and three (3) Adult Education Directors are bonded for \$5,000 each; one (1) Minutes Clerk and five (5) backup Minutes Clerks are bonded for \$1,000 each.

14. Related Entities

The following entity is separately constituted and, accordingly, their financial position and results of operations have not been presented in the accompanying financial statements. Officers are not appointed by the school board. The school board is not responsible for approving budgets, contracts, key personnel, fiscal matters or day-to-day operations of the foundation.

Northeast Vo-Tech Foundation

15. Tax Abatement

The State of Oklahoma has authorized by Oklahoma Statute 62-850, the creation of tax increment financing (TIF) districts. These districts are intended to provide incentives and exemptions form taxation within certain areas to encourage investment, development, and economic growth. There are two TIF districts in Delaware County and four TIF Districts in Rogers County. These TIF districts reduce the ad valorem taxes remitted to the Center over the term of the agreements.

Oklahoma Statute Title 31 offers a homestead exemption of up to 1 acre of property in an urban area or 160 acres in a rural area. These homestead exemptions reduce the ad valorem taxes remitted to the Center.

For the year ended June 30, 2021, abated property taxes were approximately \$106,221 and the abated homestead exemption were approximately \$814,273.

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

16. Changes in Beginning Net Position

	Government-Wide Financial Statements
Fund Balance, beginning of year, or as previously stated	\$ 42,014,716
Government wide net position changed due implantation due to GASB 84	<u>925,055</u>
Net Position, restated at 6-30-20	<u>\$ 42,939,771</u>

COMBINING FINANCIAL STATEMENTS

**NORTHEAST TECHNOLOGY CENTER NO. 11
COMBINING BALANCE SHEET - ACTIVITY FUNDS
JUNE 30, 2021**

	Activity Fund					
	Claremore Campus Activity Fund	Afton Campus Activity Fund	Kansas Campus Activity Fund	Pryor Campus Activity Fund	BIS Center Activity Fund	Total
ASSETS						
Cash	\$ 127,631	\$ 226,541	\$ 147,900	\$ 214,553	\$ 265,205	\$ 981,830
Miscellaneous Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 127,631</u>	<u>\$ 226,541</u>	<u>\$ 147,900</u>	<u>\$ 214,553</u>	<u>\$ 265,205</u>	<u>\$ 981,830</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Due to General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Student Groups	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund equity:						
Unreserved/undesignated	\$ <u>127,631</u>	\$ <u>226,541</u>	\$ <u>147,900</u>	\$ <u>214,553</u>	\$ <u>265,205</u>	\$ <u>981,830</u>
Total Fund Equity	<u>\$ 127,631</u>	<u>\$ 226,541</u>	<u>\$ 147,900</u>	<u>\$ 214,553</u>	<u>\$ 265,205</u>	<u>\$ 981,830</u>
Total liabilities and fund equity	<u>\$ 127,631</u>	<u>\$ 226,541</u>	<u>\$ 147,900</u>	<u>\$ 214,553</u>	<u>\$ 265,205</u>	<u>\$ 981,830</u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTHEAST TECHNOLOGY CENTER NO. 11
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Fund balances, beginning of year	\$ 15,584,646	\$ 15,584,646	\$ 15,584,646
Revenues collected:			
Local sources	24,187,109	24,187,109	25,371,382
Intermediate sources	-	-	-
State sources	2,269,675	2,269,675	2,466,600
Federal sources	<u>1,460,865</u>	<u>1,460,865</u>	<u>1,760,090</u>
Total revenues collected	<u>27,917,649</u>	<u>27,917,649</u>	<u>29,598,072</u>
Expenditures paid:			
Instruction	10,024,170	10,024,170	8,629,822
Support services	19,351,780	19,351,780	16,270,870
Non-instructional services	645,000	645,000	514,722
Capital outlay	4,027,570	4,027,570	2,065,595
Other outlays	7,984,410	7,984,410	83,827
Other uses	1,469,365	1,469,365	1,237,123
Repayments			
Debt Service			
Principal retired	-	-	-
Interest paid	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures paid	<u>\$ 43,502,295</u>	<u>\$ 43,502,295</u>	<u>\$ 28,801,959</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,380,759</u>
Adjustments to prior year encumbrances			<u>602,481</u>
Cash fund balance end of year - Budgetary Basis			<u><u>\$ 16,983,240</u></u>
Explanation of differences between Budgetary Basis year end fund balance and GAAP year end fund balance:			
Fund Balance, June 30, 2021 - Budgetary basis			\$ 16,983,240
Accounts receivable not recognized as revenue			1,872,000
Expenses not recognized in GAAP basis (reserves)			3,568,588
Prepaid insurance			14,605
Accounts Payable not recognized in Budgetary basis			(140,558)
Leases Payable not recognized in Budgetary basis			<u>(698,835)</u>
Net Position of Governmental Activities-GAAP Basis			<u><u>\$ 21,599,040</u></u>

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Fund balances, beginning of year	\$ 4,596,816	\$ 4,596,816	\$ 4,596,816
Revenues collected:			
Local sources	2,268,942	2,268,942	2,401,968
Intermediate sources	-	-	
State sources	-	-	275
Federal sources	-	-	
Total revenues collected	<u>2,268,942</u>	<u>2,268,942</u>	<u>2,402,243</u>
Expenditures paid:			
Instruction		-	
Support services	100,000	100,000	
Non-Instruction services		-	
Capital outlay	4,115,758	4,115,758	3,884,834
Other outlays	2,650,000	2,650,000	
Other uses		-	
Total expenditures paid	<u>6,865,758</u>	<u>6,865,758</u>	<u>3,884,834</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,114,225</u>
Adjustments to prior year encumbrances			<u>6,926</u>
Cash fund balance end of year - Budgetary Basis			<u>\$ 3,121,151</u>
Explanation of differences between Budgetary Basis year end fund balance and GAAP year end fund balance:			
Fund Balance, June 30, 2021 - Budgetary Basis			\$ 3,121,151
Accounts receivable not recognized as revenue			149,774
Expenses not recognized in GAAP basis (reserves)			<u>1,690,469</u>
Net Position of Governmental Activities-GAAP Basis			<u>\$ 4,961,394</u>

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

NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*
FOR THE YEAR END JUNE 30, 2021

	2015	2016	2017	2018	2019	2020	2021
School's Proportion of the net pension liability	0.2421970%	0.24688960%	0.25159523%	0.22388450%	0.25199428%	0.25688227%	0.26162499%
School's proportionate share of the net pension liability	\$ 13,029,849	14,993,009	20,997,030	14,824,097	15,230,816	17,000,468	24,828,821
School's covered-employee payroll	\$ 10,501,691	11,024,573	11,028,585	11,096,499	12,524,698	12,921,565	13,735,873
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124%	141%	193%	134%	122%	132%	181%
Plan fiduciary net position as a percentage of total pension liability	72.43%	70.31%	62.24%	69.32%	72.74%	71.56%	63.47%

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

Note to Schedule:

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

NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
SCHEDULE OF THE CONTRIBUTIONS
OKLAHOMA TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*
FOR THE YEAR END JUNE 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 997,656	1,026,644	1,035,397	1,054,162	1,189,846	1,196,956	1,326,876
Contributions in relation to the contractually required contribution	997,656	1,026,644	1,035,397	1,054,162	1,189,846	1,196,956	1,326,876
Contribution deficiency (excess)							
School's covered-employee payroll	\$ 10,501,691	10,806,826	10,898,967	11,096,499	12,524,698	12,921,565	13,735,873
Contributions as a percentage of covered-employee payroll	9.50%	9.50%	9.50%	9.50%	9.50%	9.26%	9.66%

Notes to Schedule:

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

NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
SUPPLEMENTAL HEALTH INSURANCE PROGRAMS
LAST TEN FISCAL YEARS* (DOLLAR AMOUNTS IN THOUSANDS)
FOR THE YEAR END JUNE 30, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportionate share of the net OPEB liability (asset)	\$ (99,840)	(162,852)	(158,837)	(25,918)
District's covered payroll	\$ 11,096,499	12,524,698	12,921,565	13,735,873
District's proportionate share of the new OPEB liability (asset) as a percentage of its Covered-employee payroll	0.90%	1.30%	1.23%	0.19%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	110.40%	115.41%	115.07%	102.30%

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

Notes to Schedule:

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

NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SUPPLEMENTAL HEALTH INSURANCE PROGRAMS
LAST TEN FISCAL YEARS* (DOLLAR AMOUNTS IN THOUSANDS)
FOR THE YEAR END JUNE 30, 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 16,596	18,591	20,938	2,255	2,495
Contributions in relation to the contractually required contribution	<u>16,596</u>	<u>18,591</u>	<u>20,938</u>	<u>2,255</u>	<u>2,495</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 10,898,967	11,096,499	12,524,498	12,921,565	13,735,873
Contributions as a percentage of covered-payroll	0.15%	0.17%	0.17%	0.02%	0.02%

Notes to Schedule:

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

SUPPORTING SCHEDULES

**NORTHEAST TECHNOLOGY CENTER NO. 11
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2020	Revenue	Expenditures	Balance at June 30, 2021
<u>U.S. Department of Education</u>						
Direct Programs:						
<u>2020-2021 Programs</u>						
Pell Grant	84.063	P063P203643	\$ -	\$ 470,000	\$ 470,000	\$ -
Pell Grant - Admin. Cost	84.063	P063Q203643	-	565	565	-
Sub-Total PELL Programs			\$ -	\$ 470,565	\$ 470,565	\$ -
CARES Act - Educational Stabilization						
* COVID 19 -CARES Act-Educational Stabilization (HEERF) Institutional	84.425E	P425F202678	\$ -	\$ 228,187	\$ 228,187	\$ -
* COVID 19 -CARES Act-Educational Stabilization (HEERF) Institutional	84.425E	P425N200408	-	43,625	43,625	-
* COVID 19 -CARES Act-Educational Stabilization (HEERF) Institutional	84.425E	P425E202864	-	228,187	228,187	-
* COVID 19 -CARES Act-Educational Stabilization (HEERF II) Institutional	84.425E	P425F202678	-	557,515	557,515	-
* COVID 19 -CARES Act-Educational Stabilization (HEERF II) Student	84.425E	P425E202864	-	226,144	226,144	-
Sub-Total CARES Act			\$ -	\$ 1,283,658	\$ 1,283,658	\$ -
Sub-Total Direct Programs			\$ -	\$ 1,754,223	\$ 1,754,223	\$ -
Passed-Through State Department of Career and Technology Education:						
<u>2020-2021 Programs</u>						
Carl Perkins	84.048	N/A	\$ -	\$ 282,671	\$ 282,671	\$ -
Sub-Total Passed Through State Department of Career and Technology Education			\$ -	\$ 282,671	\$ 282,671	\$ -
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 2,036,894	\$ 2,036,894	\$ -

* Major program

See accompanying notes to Schedule of Federal Awards Expended

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

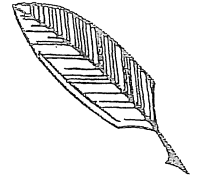
Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

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

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

KERRY JOHN PATTEN, C.P.A.

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



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

The Honorable Board of Education
Northeast Technology Center No. 11
Mayes County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Technology Center No. 11, Mayes County, Oklahoma (Center), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Center's financial statements, and have issued my report thereon March 7, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

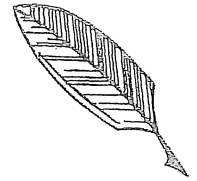
Purpose of this Report

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

Kerry John Patten, C.P.A.
Broken Arrow, OK
March 7, 2022

KERRY JOHN PATTEN, C.P.A.

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



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

The Honorable Board of Education
Northeast Technology Center No. 11
Mayes County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited the compliance of Northeast Technology Center No. 11, Mayes County, Oklahoma (Center's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2021. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Northeast Technology Center, No. 11 Mayes County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Northeast Technology Center No. 11, Mayes County, Oklahoma (Center), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

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

Kerry John Patten, C.P.A.
Broken Arrow, OK
March 7, 2022

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Northeast Technology Center.
2. There was no audit finding reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Northeast Technology Center which would be required to be reported in accordance with Government Auditing Standards were disclosed in the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Northeast Technology Center expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to major federal award programs for Northeast Technology Center that are required to be reported in accordance with Uniform Guidance.
7. The programs tested as major programs included: COVID 19 - Higher Education Emergency Relief Funds, HEERF (84.425E).
8. The threshold for distinguishing Types A and B programs was \$750,000.00.
9. Northeast Technology Center did qualify as a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

1. No matters were reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. No matters were reported.

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
SUMMARY OF PRIOR AUDIT FINDINGS
JULY 1, 2020 TO JUNE 30, 2021**

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
JULY 1, 2020 TO JUNE 30, 2021**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Northeast Technology Center No. 11 had not complied with significant compliance rules and regulations of the Oklahoma State Department of Career & Technology Education.

Previous Year's Audit Comments

There are no items in the Center's 2019-20 audit report which have been repeated in this report.

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

**NORTHEAST TECHNOLOGY CENTER NO. 11
MAYES COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2020 TO JUNE 30, 2021**

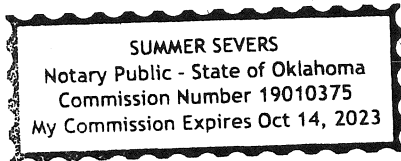
State of Oklahoma)
County of Tulsa)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Northeast Technology Center for the audit year 2020-21.

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

BY *Kerry John Patten*

AUTHORIZED AGENT



Subscribed and sworn to before me on this
7th day of March, 2022

[Signature]

NOTARY PUBLIC

My commission expires on:
14th day of October, 2023