

REPORT OF AUDIT
HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD - WOODWARD COUNTY - OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

HIGH PLAINS TECHNOLOGY CENTER #V-24

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HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD - WOODWARD COUNTY - OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

OFFICERS

GARY STOCKING	PRESIDENT
RAY YAUK	VICE-PRESIDENT
CAROL BRADLEY	CLERK
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BARCLAY HOLT	ASST. SUPERINTENENT
TAYLOR BURNETT	ASST. SUPERINTENDENT
VICKIE HUNTER	CHIEF FINANCIAL OFFICER

AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
High Plains Technology Center #V-24
Woodward County, Oklahoma

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the High Plains Technology Center #V-24, Woodward County, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions 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 *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 opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position for 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 American require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 29-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 21, 2017 on my consideration of the District'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.



Chas. W. Carroll, P.A.

March 21, 2017

**HIGH PLAINS TECHNOLOGY CENTER #V-24
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

Our discussion and analysis of the High Plains Technology Center, School District #V-24's, performance provides an overview of the School District's financial activities for the year ended June 30, 2016. Please read it in conjunction with the District's financial statements, which immediately follows this section.

USING THIS ANNUAL REPORT

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

High Plains Technology Center (the District)

The District is a part of the public *CareerTech* system of Oklahoma, under the direction and control of the Oklahoma State Board of Career and Technology Education. The District is located in Woodward, Oklahoma serving one main campus. The District serves 8 public school districts, including Buffalo, Fargo, Fort Supply, Gage, Mooreland, Sharon-Mutual, Vici, and Woodward. The District encompasses all of Woodward County plus parts of Dewey, Ellis and Harper counties. The major instructional program areas are Construction, Practical Nursing, Marketing, Information Technology, Service Industry, Transportation and Welding. The District has three basic areas or types of instruction:

Full-Time Programs – The District offers 24 full-time programs. These programs are designed to lead to industry certifications, licenses, employment, and/or continuing education.

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

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

During fiscal year 2015-2016, the District served 364 students in full-time programs. There were 4331 people served through industry specific training and 6859 adults in adult and career training classes.

FINANCIAL HIGHLIGHTS

The District's financial status declined from the last year. Total net position increased 22 percent. Overall revenues were \$8.6 million and overall expenses were \$7.4 million

- The District's share of the cost sharing retirement plan net pension obligation increased long-term liabilities \$476,000.

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities

HIGH PLAINS TECHNOLOGY CENTER #V-24
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016

One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

HIGH PLAINS TECHNOLOGY CENTER #V-24
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016

THE SCHOOL DISTRICT AS A WHOLE

	<u>2015</u>	<u>2016</u>
Current and Other Assets	\$ 5,431,426	\$ 8,952,293
Capital Assets	<u>5,399,798</u>	<u>5,760,261</u>
Total Assets	<u>\$ 10,831,224</u>	<u>\$ 14,712,554</u>
Deferred Outflows of Resources	<u>289,602</u>	<u>502,287</u>
Long-term Liabilities	\$ 312,279	\$ 2,881,886
Other Liabilities	256,761	397,914
Net Pension Liability	3,809,354	4,285,268
Total Liabilities	\$ 4,378,394	\$ 7,565,068
Deferred Inflows of Resources	<u>1,194,171</u>	<u>617,573</u>
Net Position		
Invested in capital assets, net of debt	\$ 5,399,798	\$ 5,071,061
Restricted	2,046,836	2,830,588
Unrestricted	<u>(1,898,373)</u>	<u>(869,449)</u>
Total Net Position	<u>\$ 5,548,261</u>	<u>\$ 7,032,200</u>

Net Position. The District's combined net position as restated, increased on June 30, 2016, than the year before – increasing by 22% from \$5.7 million to \$7.0 million. The increase in noncurrent liabilities is primarily due to new leases payable..

For the years ended June 30, 2016 and 2015, net position changed as follows:

	<u>2015</u>	<u>2016</u>	<u>Percent</u>
Beginning net position	\$ 4,443,227	5,774,676	<u>Change</u>
Revenues			
Program revenues			
Charges for services	893,998	1,347,732	
Operating Grants /contributions	308,262	635,683	
General revenues			
Property taxes	4,550,895	4,639,142	
Federal and State grants	1,616,241	1,405,245	
Gain (Loss) from disposals	(28,487)	-	
Investment earnings	8,987	8,413	
Other Revenue	<u>400</u>	<u>589,997</u>	
Total revenues	<u>\$ 7,350,296</u>	<u>\$ 8,626,212</u>	<u>17.36%</u>
Expenses			
Program expenses			
Instruction	\$ 2,492,372	\$ 2,830,567	
Support services	2,988,614	3,736,214	
Non-instruction	400,077	317,604	
Interest on long-term debt	-	21,441	
Depreciation-unallocated	<u>364,199</u>	<u>462,862</u>	
Total expenses	<u>\$ 6,245,262</u>	<u>\$ 7,368,688</u>	<u>17.99%</u>
Increase (Decrease) in net position	<u>1,105,034</u>	<u>1,257,524</u>	<u>13.80%</u>
Prior period adjustment	<u>226,415</u>		
Ending net position	<u>\$ 5,774,676</u>	<u>\$ 7,032,200</u>	<u>21.78%</u>

**HIGH PLAINS TECHNOLOGY CENTER #V-24
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

Changes in Net Position. The District's total revenues increased to \$8.6 million. Property taxes accounted for 54 percent of the District's collections. Another 16 percent came from tuition and fees.

Total revenues surpassed expenses, increasing net position \$1.3 million over the past year.

The District's total expenditures increased by 18 percent to \$7.4- million. The District's expenses are primarily related to education, training and support of students and business clients.

Governmental Activities

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

District Sources of Revenue:

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

THE SCHOOL DISTRICT'S FUNDS

The following schedule presents a summary of general, special revenue (building fund), other governmental fund (activity fund), and expenditures for the fiscal year ended June 30,2016 and 2015.

HIGH PLAINS TECHNOLOGY CENTER #V-24
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016

Revenues:	2015		2016	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>
Property Taxes	\$ 4,691,099	62.47%	\$ 4,572,080	58.97%
Interest	8,987	0.12%	8,413	0.11%
Tuition and Fees	328,620	4.38%	417,678	5.39%
State Revenue	2,067,574	27.53%	1,673,948	21.59%
Federal Sources	132,120	1.76%	221,196	2.85%
Federal Sources – Student Financial Aid	0	0.00%	0	0.00%
Total Revenues	<u>\$ 7,509,585</u>	<u>100%</u>	<u>\$ 7,753,055</u>	<u>100%</u>

Expenditures

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

Expenditures:	2015		2016	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>
Instruction	2,500,343	36.66%	2,864,664	37.85%
Support Services	4,159,388	60.99%	3,646,958	48.18%
Non-Instructional Services	61,224	0.90%	235,527	3.11%
Facilities	54,864	0.80%	783,097	10.35%
Other Outlays	<u>43,650</u>	<u>0.64%</u>	<u>38,536</u>	<u>0.51%</u>
Total Expenditures	<u>\$ 6,819,469</u>	<u>100.00%</u>	<u>\$ 7,568,782</u>	<u>100.00%</u>

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

**HIGH PLAINS TECHNOLOGY CENTER #V-24
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

General Fund

The General Fund year-end fund balance is required to meet the labor intensive and operating expenses for the first six months of the fiscal year 2016.

Building Fund

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The District was able to have a \$3.1 million general fund budgetary balance at the end of the fiscal year. No amendments were filed to the budget for the year.

CAPITAL ASSETS

At the end of June 30, 2016, the School District had \$130 million invested in capital assets (see table below). This represents a net increase of \$0.9 million or 7.5 percent, over the previous fiscal year.

	2016	2015
Land	\$ 480,000	\$ 480,000
Construction in Progress	541,697	-
Buildings and Improvements	8,424,955	8,176,257
Equipment & Autos	<u>182,951</u>	<u>121,971</u>
TOTALS	<u>\$ 13,049,187</u>	<u>\$ 12,143,021</u>

See Note 7 for additional information on capital assets.

LONG-TERM LIABILITIES

On December 1, 2015, the District entered into a lease purchase agreement with a bank. The proceeds are to be used for the renovation and/or repair of roofs and sky lights of various campus buildings. The payments on the lease are \$93,363 annually through 2026. The amount of the capitalized lease at June 30, 2016 was \$800,000.

On June 1, 2016, the District entered into a lease purchase agreement with a bank. The proceeds are to be used for the renovation of the seminar center. The payments on the lease are \$233,863 annually through 2026. The amount of the capitalized lease at June 30, 2016 was \$2,000,000.

Net Pension Liability


The District's share of the Teachers' Retirement System's net pension liability as of June 30, 2016 was \$4,285,268. This was a increase from the prior year (2014) primarily due to investment losses and changes in


HIGH PLAINS TECHNOLOGY CENTER #V-24
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016

assumptions by the Teachers' Retirement System in 2015, which was the measurement year for the net pension liability as of June 30, 2016. See Note 4 for additional information on the net pension liability.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of High Plains Technology Center's financial position to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's Office at High Plains Technology Center, 3921 34th Street, Woodward, Oklahoma 73801.


Dwight Hughes, Superintendent


Vickie Hunter, Business manager

HIGH PLAINS TECHNOLOGY CENTER #V-24
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and cash investments	\$ 6,069,685
Property taxes receivable (net)	682,260
Due from other governments	38,293
Other receivables	51,253
Restricted cash	2,110,802
Nondepreciated capital assets	1,021,697
Depreciated capital assets, net of depreciation	<u>4,738,564</u>
 Total assets	 <u>14,712,554</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>502,287</u>
LIABILITIES	
Accounts payable and other current liabilities	\$ 137,091
Accrued interest payable	21,441
Long-term obligations	
Due within one year	239,382
Due beyond one year	<u>7,167,154</u>
 Total liabilities	 <u>7,565,068</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>617,573</u>
NET POSITION	
Net Investment in capital assets	5,071,061
Restricted for:	
Buildings	2,726,781
School organizations	103,807
Unrestricted	<u>(869,449)</u>
 Total Net Position	 <u>\$ 7,032,200</u>

**HIGH PLAINS TECHNOLOGY CENTER #V-24
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Functions/programs	Program Revenues		Net (Expense) Revenue and Changes in Net position
	Charges for Services	Operating Grants and Contributions	
Governmental activities:			
Instruction	\$ 2,830,567	\$ 485,594	\$ (1,130,441)
Support services	3,736,214	150,089	(3,452,925)
Non-instruction services	317,604	-	(317,604)
Depreciation - unallocated	462,862	-	(462,862)
Total school district	\$ 7,368,688	\$ 635,683	(5,385,273)
General revenues:			
Taxes			
Property taxes, levied for general purposes			3,865,922
Property taxes, levied for building purposes			773,220
State aid - formula grants			1,405,245
Loss from asset disposal			-
Other revenue			589,997
Interest income			8,413
Total general revenues			6,642,797
Change in Net position			1,257,524
Net position, beginning of year, as restated			5,774,676
Net position, end of year			\$ 7,032,200

HIGH PLAINS TECHNOLOGY CENTER #V-24
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Building Fund	Other Governmental Fund Activity Fund	Totals Governmental Funds
ASSETS				
Cash	\$ 3,152,929	\$ 2,512,949	\$ 103,807	\$ 5,769,685
Investments	200,000	100,000	-	300,000
Restricted cash	-	2,110,802	-	2,110,802
Property taxes receivable, net	568,429	113,831	-	682,260
Other receivables	51,253	-	-	51,253
Due from other governments	38,293	-	-	38,293
Total assets	\$ 4,010,904	\$ 4,837,582	\$ 103,807	\$ 8,952,293
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 137,091	\$ -	\$ -	\$ 137,091
Total liabilities	137,091	-	-	137,091
Deferred Inflows of resources:				
Deferred property taxes	546,602	109,666	-	656,268
Total deferred inflows of resources	546,602	109,666	-	656,268
Fund balances				
Restricted	-	4,727,916	-	4,727,916
Committed	244,743	-	103,807	348,550
Assigned	3,108,186	-	-	3,108,186
Unassigned	(25,718)	-	-	(25,718)
Fund balances, end of year	3,327,211	4,727,916	103,807	8,158,934
Total liabilities, deferred inflows of resources and fund balances	\$ 4,010,904	\$ 4,837,582	\$ 103,807	

Amounts reported for governmental activities in the statement of net assets 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 \$13,049,187 and the accumulated depreciation is \$7,288,926	5,760,261
Property taxes receivable and other receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds	656,268
Net pension obligation is not due and payable in the current period and, therefore is not reported in the funds	(4,285,268)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds. This includes deferred outflows of \$502,287 and deferred inflows of \$617,573	(115,286)
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Capital lease payable	\$ (2,800,000)
Accrued interest	(21,441)
Compensated absences	(321,268)
	<u>(3,142,709)</u>
Total net assets - governmental activities	\$ 7,032,200

**HIGH PLAINS TECHNOLOGY CENTER #V-24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	General Fund	Building Fund	Other Governmental Fund Activity Fund	Totals Governmental Funds
Revenues				
Property taxes	\$ 3,818,646	\$ 753,434	\$ -	\$ 4,572,080
Interest	8,413	-	-	8,413
Tuition and fees	417,678	-	-	417,678
State revenue	1,673,578	370	7,374	1,681,322
Federal revenue	30,711	-	190,485	221,196
Other	187,799	69,296	595,269	852,364
Total revenues	6,136,825	823,100	793,128	7,753,053
Expenditures				
Current				
Instruction	2,281,404	-	583,260	2,864,664
Support services	3,579,835	67,123	-	3,646,958
Non-instruction services	37,668	-	197,859	235,527
Capital outlay	-	783,097	-	783,097
Other outlays	38,536	-	-	38,536
Total expenditures	5,937,443	850,220	781,119	7,568,782
Other Financing Sources (Uses)				
Proceeds of Capital Lease	-	2,800,000	-	2,800,000
Total Other Financing Sources (Uses)	-	2,800,000	-	2,800,000
Net Change in Fund Balance	199,382	2,772,880	12,009	2,984,271
Beginning fund balance	3,127,829	1,955,036	91,798	5,174,663
Ending fund balance	\$ 3,327,211	\$ 4,727,916	\$ 103,807	\$ 8,158,934

**HIGH PLAINS TECHNOLOGY CENTER #V-24
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL
 FUNDS TO STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2016**

Total net changes in fund balances - governmental funds \$ 2,984,271

The change in net assets reported in the statement of activities is different because:

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

Capital Outlays	\$	596,909
Depreciation Expense		<u>(462,860)</u>
		134,049

Because the cost of capital assets acquired are reported in governmental funds as expenditures in the year of purchase, the proceeds from their

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred revenues. They are however, recorded as revenues in the statement of activities. 656,268

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

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave earned exceeded amounts used. (8,989)

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 96,475

Support for pension contributions from nonemployer contributing entities not in a special funding situation does not provide current financial resources so are not recorded in governmental funds but are recorded as revenues in the statement of activities 216,891

The issuance of long-term debt provides current financial resources to governmental funds, while the

Accrued Interest		(21,441)
New Capital Leases		(2,800,000)
Payments on Capital Leases		<u>(2,821,441)</u>

Change in net position of governmental activities \$ 1,257,524

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The High Plains Technology Center #V-24 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of 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 of the Oklahoma Statutes.

The District's financial statements are prepared in accordance with generally accepted accounting principles promulgated by The Governmental Accounting Standards Board (GASB).

The Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. There are no component units included within the reporting entity.

The School Education Foundation is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the Foundation.

Basic Financial Statements – Government-Wide Statements

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Basic Financial Statements – Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Additionally, the District reports the following fund:

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

Basis of Accounting

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

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

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

NOTES TO FINANCIAL STATEMENTS

Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School buildings	25-40 years
Site improvements	7- 40 years
Business machines and computers	7-40 years

Compensated Absences

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for the purposes of taking public comments. The final budget may be revised upon approval of the board of education in open meeting.

Under current Oklahoma Statutes a formal budget is required for general, building, sinking, child nutrition and coop funds, as applicable to the district . Budgets are presented include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to subsequent year.

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

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting -- under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund --is utilized in all governmental funds of the District.

The unencumbered balance of current fiscal year appropriations and the unexpended reserve appropriations of the previous fiscal year are lapsed and become a part of the beginning fund balance for the succeeding fiscal year.

Cash

The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

NOTES TO FINANCIAL STATEMENTS

Investments

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

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

Property Tax Revenues

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

If the first payment is not made timely, the entire tax becomes due and payable on January 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2014 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Property tax receivables are net of an allowance for uncollectible taxes of \$8,500 in the general fund and \$1,560 in the building fund. The allowance represents the estimated amount that is deemed uncollectible based on past collection history.

Deferred Outflows of Resources – The District reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2015) and the end of the current fiscal year (June 30, 2016). No deferred outflows of resources affect the governmental funds financial statements in the current year.

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

Deferred inflows of resources are reported in the statement of net position for (1) the actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year. (2) the difference between expected and actual experience that the pension plan actuary uses to develop expectations

NOTES TO FINANCIAL STATEMENTS

such as future salary increases and inflation. This deferred inflow of resources is amortized to pension expense over the average expected remaining service life of the Plan. (3) The changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan.

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

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

State Revenues

Revenues from state sources for current operations are primarily governed by the joint resolution of the Oklahoma House of Representatives and Senate. The Oklahoma Department of Career and Technical Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

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

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

Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS

Net Position and Fund Balance

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

Net Investment in Capital Assets– The component of net position that consists of the historical cost of capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Buildings – The component of net position that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District’s buildings.

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

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

Governmental Fund Financial Statements

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

- **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District does not have any funds classified as nonspendable as of June 30, 2016.
- **Restricted**: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Building Fund revenue from levy as being restricted because the use is restricted by State Statute for capital expenditures.
- **Committed**: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities as being committed because their use is imposed by the Board of Education regarding use of the funds.
- **Assigned**: This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the superintendent through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned interest earnings to the funds where earned for the purposes defined by the fund.

NOTES TO FINANCIAL STATEMENTS

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

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

Subsequent Events

Management has evaluated subsequent events through March 21, 2017, which is the date the financial statements were available to be issued.

NOTE 2 - CASH AND INVESTMENTS

Deposits

At June 30, 2016, the bank balance of deposits was \$6,292,687.

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The District policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2016, the District was not exposed to custodial credit risk.

NOTE 3 - LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated absences	\$ 312,279	\$ 8,989	\$ -	\$ 321,268	\$ -
Capital leases					
2016 Capital Lease	-	2,000,000	-	2,000,000	174,863
2015 Capital Lease	-	800,000	-	800,000	64,519
Total Capital Leases	-	2,800,000	-	2,800,000	239,382
	<u>\$ 312,279</u>	<u>\$ 2,808,989</u>	<u>\$ -</u>	<u>\$ 3,121,268</u>	<u>\$ 239,382</u>
Net pension liability				4,285,268	
Total governmental activity long-term liabilities				<u>\$ 7,406,536</u>	

Compensated absences are generally liquidated by the general fund.

On December 1, 2015, the District entered into a lease purchase agreement with bank. The purpose of this agreement was the renovation and/or repair of roofs and sky lights of various campus buildings. The lease purchase agreement requires the District to make annual rental payments of \$93,363, commencing April 5, 2017. This obligation is specifically subject to the annual renewals of the lease and the

NOTES TO FINANCIAL STATEMENTS

availability of funds in the District’s funds in sufficient amounts to make required payments under the lease. This lease bears interest at 2.75%.

On June 1, 2016, the District entered into a lease purchase agreement with bank. The purpose of this agreement was the renovation of the seminar center. The lease purchase agreement requires the District to make annual rental payments of \$233,863, commencing June 28, 2017. This obligation is specifically subject to the annual renewals of the lease and the availability of funds in the District’s funds in sufficient amounts to make required payments under the lease. This lease bears interest at 2.95%.

The District’s interest expense for 2016 was \$21,441.

Leased buildings in capital assets at June 30, 2016, include the following:

Construction in progress	541,697
	\$ 541,697

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

The debt matures as follows:

<u>Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Future Minimum Lease Payments</u>
2017	\$ 239,382	\$ 87,844	\$ 327,226
2018	253,159	74,067	327,226
2019	260,480	66,745	327,225
2020	268,014	59,212	327,226
2021	275,766	51,460	327,226
Thereafter	1,503,199	132,931	1,636,130
	\$ 2,800,000	\$ 472,259	\$ 3,272,259

NOTE 4 - EMPLOYEE RETIREMENT SYSTEM

Teachers’ Retirement Plan of Oklahoma

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

NOTES TO FINANCIAL STATEMENTS

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

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2016, qualifying employee contributions were reduced by a retirement credit of \$23,214 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2016, the District had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2016, the District contributions to the System for were \$300,568.

The State of Oklahoma, a non-employer contributing emnity, provides funds through 5% of the State’s sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District’s estimated share of these contributions based on their covered payroll for the measurement period was \$216,891.

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

At June 30, 2016, the District reported a liability of \$4,285,268 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30,2015, the District’s proportion was 0.06952841%, which was increase to its proportion measured as of June 30, 2014.

For the year ended June 30 2016, the District recognized pension expense of \$243,609 At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 144,291
Changes of assumptions	202,177	174,355
Net difference between projected and actual earnings on pension plan investments	-	298,927
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	300,110	-
	<u>\$ 502,287</u>	<u>\$ 617,573</u>

\$300,110 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended

NOTES TO FINANCIAL STATEMENTS

June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended	
2017	\$ 162,870
2018	162,870
2019	162,870
2020	(67,612)
2021	(5,436)
Thereafter	<u>(166)</u>
	<u>\$ 415,396</u>

Actuarial assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – Entry Age Normal

Actuarial Cost Method – Entry Age Normal

Amortization Method – Level Percentage of Payroll

Amortization Period – Amortization over an open 30-year period

Asset Valuation Method – 5-year smooth market

Inflation – 3.00%

Salary Increases – Composed of 3.75 % wage inflation including 3.00 % price inflation, plus a service related component ranging from 0% to 8% based on years of service.

Investment Rate of Return – 8.00%

Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the TRS Board in May, 2015, in conjunction with five year experience study for the period ending June 30, 2014

Mortality – RP-2200 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 60% for males and 50% for females.

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

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

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Discount rate – A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2013 and 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection also assumed the state's contribution plus the matching contributions will remain a constant percent of the projected member payroll based on the past five years of actual contributions.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the District's proportionate share of the net pension liability would be if it were

NOTES TO FINANCIAL STATEMENTS

calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's Proportionate share of the net pension liability	\$ 5,291,368	\$ 4,285,268	\$ 2,479,367

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

NOTE 5 – CONTINGENCIES AND COMMITMENTS

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

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

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling risks amount the participants of that pool. In accordance with professional standards, the District reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the District's losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years, it is returned to them with no interest.

The District is also a member of the Oklahoma Public School Unemployment Compensation Program. In this program, the District is required to make a deposit based on past experience for potential unemployment claims. The funds for each District are kept separate. The money contributed by each District does not earn interest and is fully insured. If the District has claims in excess of the amount of their account, they would be liable for the excess.

NOTE 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no

NOTES TO FINANCIAL STATEMENTS

significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Surety Bonds

Karen Roach, District Treasurer, is bonded with the Ohio Casualty Insurance Company in the amount of \$100,000.00. The bond number is 5081400, dated July 1, 2015 to July 1, 2016.

Michelle Ketcherside, Financial Aid Director, is bonded with the Ohio Casualty Insurance Company in the amount of \$10,000.00. The bond number is 5091117, dated October 1, 2015 to October 1, 2016.

The District maintains a Position Schedule Bond with the Ohio Casualty Insurance Company. The bond number is 1597071, dated January 3, 2016 to January 3, 2017. The positions covered are as follows:

Superintendent	\$100,000.00
Assistant Superintendents (2)	100,000.00 each
Business Manager/Encumbrance Clerk	100,000.00
Activity Fund Custodian	10,000.00
Minute Clerk	10,000.00
Receiving (4)	10,000.00 each

NOTE 7 - CAPITAL ASSETS

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

	Beginning Balances	Restatement	Increases	Decreases	Ending Balances
Capital assets not being depreciated:					
Land	\$ 480,000	\$ -	\$ -	\$ -	\$ 480,000
Construction in progress	-	-	541,697	-	541,697
Total capital assets not being depreciated	480,000	-	541,697	-	1,021,697
Capital assets being depreciated:					
Buildings and improvements	8,176,257	248,698	-	-	8,424,955
Furniture, fixtures and equipment	3,364,793	82,643	55,212	83,064	3,419,584
Autos	121,971	60,980	-	-	182,951
Total capital assets being depreciated	11,663,021	392,321	55,212	83,064	12,027,490
Less accumulated depreciation for:					
Buildings and improvements	5,175,453	107,883	210,148	-	5,493,484
Furniture, fixtures and equipment	1,477,605	33,388	230,006	83,064	1,657,935
Autos	90,165	24,636	22,706	-	137,507
Total accumulated depreciation	6,743,223	165,907	462,860	83,064	7,288,926
Total capital assets being depreciated, net	4,919,798	226,414	(407,648)	-	4,738,564
Governmental activity capital assets, net	\$ 5,399,798	\$ 226,414	\$ 134,049	\$ -	\$ 5,760,261

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

NOTE 9 – FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2016, fund balances, other than unassigned are composed of the following:

NOTES TO FINANCIAL STATEMENTS

	General Fund	Building Fund	Other Governmental Fund
Restricted			
Buildings	-	\$ 2,617,114	-
Capital Projects	-	2,110,802	
Committed			
Student Activities			103,807
District Programs	244,743	-	-
Assigned			
2017 Budget	3,108,186	-	-
Unassigned	(25,718)	-	-
	<u>\$3,327,211</u>	<u>\$ 4,727,916</u>	<u>\$ 103,807</u>

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

NOTE 10 – NEW GASB STANDARDS

The District implemented the following GASB Statements:

- GASBS No. 72, *Fair Value Measurement and Application*, revises the definition of fair value, outlines appropriate measurement approaches and inputs to determine fair value, and establishes measurement principles. In addition, the statement outlines disclosures that are intended to help users understand how the governmental unit has applied the principles of fair value measurement.
- GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* which revises the GAAP hierarchy for governmental entities and condenses the levels to two categories of authoritative GAAP.
- GASBS No. 79, *Certain External Investment Pools and Pool Participants*, was issued in response to recent changes in Securities and Exchange Commission's (SEC) Rule 2a7 for money market funds that are effective in 2016. GASBS No. 79 removes the references to SEC Rule 2a7 and establishes a list of criteria similar to current Rule 2a7. In essence, this statement provides external investment pools and their participants with the ability to continue measuring and reporting their investments or position in the pool at amortized cost as they did prior to the effect of the change in Rule 2a7. In addition, the statement requires additional note disclosures for certain external investment pools and for their participants.

The following pronouncements will be effective in the future:

- GASBS No. 77, *Tax Abatement Disclosures*, requires new disclosures about tax abatement agreements and their impact on the governmental unit's financial position. GASBS No. 77 is effective for periods beginning after December 15, 2015.

NOTE 11 – RESTATEMENT OF BEGINNING BALANCES

NOTES TO FINANCIAL STATEMENTS

The beginning net position of the Governmental Activities in the government-wide Statement of Net Position has also been restated to record a prior period adjustment to correct the District's capital assets. A reconciliation of the prior period ending net position to the current year beginning net position for the Governmental Activities is as follows:

Beginning net position	\$ 5,548,261
Adjustment to correct capital assets	<u>226,414</u>
Beginning net position, as restated	<u>\$5,774,676</u>

The above adjustment increased the change in net position \$226,414 for the prior year and had no impact on the current year change in net position.

**HIGH PLAINS TECHNOLOGY CENTER #V-24
BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	2,882,624	2,882,624	2,882,624	-	-
Resources (inflows)					
Local sources	3,509,821	3,509,821	3,999,778	-	489,957
State sources	1,835,482	1,835,482	1,666,977	-	(168,505)
Federal Sources	-	-	30,711	-	30,711
Other	100,000	100,000	508,183	-	408,183
Total resources	5,445,303	5,445,303	6,205,649	-	760,346
Amounts available for appropriation	8,327,927	8,327,927	9,088,273	-	760,346
Charges to appropriations (outflows)					
Instruction	4,199,543	4,199,543	2,287,393	-	1,912,150
Support services	3,908,383	3,908,383	3,615,176	-	293,207
Non-instruction services	61,600	61,600	38,581	-	23,019
Capital outlay	20,500	20,500	-	-	20,500
Other outlays	137,901	137,901	38,936	-	98,965
Total charges to appropriations	8,327,927	8,327,927	5,980,086	-	2,347,841
Budgetary fund balance, June 30	\$ -	\$ -	\$ 3,108,187	\$ -	\$ 3,108,187
Accounts receivable not recognized as revenue for budgetary basis			111,373		
Accounts Payable not recognized as expenditures for budgetary basis			(137,091)		
Encumbrances not recognized as expenditures for GAAP basis			244,742		
Fund Balance, End of year GAAP Basis			\$ 3,327,211		

HIGH PLAINS TECHNOLOGY CENTER #V-24
BUDGETARY COMPARISON SCHEDULE - BUILDING FUND (UNAUDITED)
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	1,950,451	1,950,451	1,950,451	\$ -	\$ -
Resources (inflows)					
Local sources	701,903	701,903	823,151	-	121,248
State sources	-	-	370	-	370
Federal sources	-	-	-	-	-
Other	-	-	-	-	-
Total resources	701,903	701,903	823,521	-	121,618
Amounts available for appropriation	2,652,354	2,652,354	2,773,972	-	121,618
Charges to appropriations (outflows)					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Non-instruction services	-	-	-	-	-
Capital outlay	2,652,354	2,652,354	242,400	-	2,409,954
Other Outlays	-	-	-	-	-
Total charges to appropriations	2,652,354	2,652,354	242,400	-	2,409,954
Budgetary fund balance, June 30	\$ -	\$ -	\$ 2,531,572	\$ -	\$ 2,531,572
Accounts receivable not recognized as revenue for budgetary basis			4,165		
Accounts Payable not recognized as expenditures for budgetary basis			-		
Encumbrances not recognized as expenditures for GAAP basis			81,377		
Capital Lease funds not recognized as expenditures for budgetary basis			2,110,802		
Fund Balance, End of year GAAP Basis			\$ 4,727,916		

HIGH PLAINS TECHNOLOGY CENTER #V-24
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY(UNAUDITED)
YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension liability (asset)	0.06952841%	0.07080760%	0.07080760%
District's proportionate share of the net pension liability (asset)	4,285,268	3,809,354	5,067,967
District's covered employee payroll	2,664,168	2,978,200	2,664,179
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	160.85%	127.91%	190.23%
Plan fiduciary net position as a percentage of the total pension liability	70.31%	72.43%	62.18%

HIGH PLAINS TECHNOLOGY CENTER #V-24
SCHEDULE OF DISTRICT'S CONTRIBUTIONS(UNAUDITED)
YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 253,096	\$ 282,929	\$ 253,097
Contributions in relation to the contractually required contribution	253,096	282,929	253,097
Contribution deficiency (excess)	-	-	-
District's covered payroll	2,664,168	2,978,200	2,664,179
Contributions as a percentage of Covered employee Payroll	9.50%	9.50%	9.50%

**HIGH PLAINS TECHNOLOGY CENTER #V-14
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016**

Note 1: Budgeting and Budgetary Control

The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for the purposes of taking public comments. The final budget may be revised upon approval of the board of education in open meeting.

Under current Oklahoma Statutes a formal budget is required for general, building, sinking, child nutrition and coop funds, as applicable to the district. Budgets are presented include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to subsequent year.

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

Note 2: Changes of Assumptions

The actuarial assumptions used in the 2015 valuation were based upon 2015 Actuarial Experience Study Report dated May 13, 2015. The current actuarial assumptions were adopted by the TRS Board of Trustees in May, 2015 and first utilized in June 30, 2015 actuarial valuation report. Among the changes since the prior valuation are the treatment of the administrative expenses, payroll growth rate, healthy post-retirement mortality rates, termination rates and rates for unreduced retirement.

**HIGH PLAINS TECHNOLOGY CENTER #V-24
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/15	Federal Grant Receipts	Total Grant Expenditures	Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/16
U.S. Department of Education								
Direct Programs-								
Student Financial Aid								
Federal Pell Grant Program	84.063	474	\$ -	\$ 184,782	\$ 184,782	\$ -	\$ 184,782	\$ -
Pell Admin Fee	84.063	n/a	-	225	225	-	225	-
Federal Supplemental Educational Opportunity Grant	84.007	477	-	19,386	25,305	5,919	19,386	-
Federal College Work-Study	84.033	476	-	5,703	7,604	1,901	5,703	-
Total Student Financial Aid Cluster			-	210,096	217,916	7,820	210,096	-
Total U.S. Department of Education			-	210,096	217,916	7,820	210,096	-
U.S. Department of Defense								
Passed through Oklahoma Department of Career Technology Education Bid Assistance	12.002	436	-	11,100	11,100	-	11,100	-
Total Expenditures of Federal Awards			\$ -	\$ 221,196	\$ 229,016	\$ 7,820	\$ 221,196	\$ -

HIGH PLAINS TECHNOLOGY CENTER #V-24
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of High Plains Technology Center, District No. 24 under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 220, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of High Plains Technology Center, District No. 24 it is not intended to and does not present financial position, changes in financial position or cash flows.

Note B: Summary of Significant Accounting Policies

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

Note C: Indirect Cost Rate

High Plains Technology Center, District No. 24 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D: Subrecipients

High Plains Technology Center, District No. 24 did not have any awards that have been passed through to subrecipients.

HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD COUNTY - OKLAHOMA
STUDENT FINANCIAL ASSISTANCE EXPENDITURES
07/01/15 TO 06/30/16

SCHEDULE 1-01

<u>PELL GRANT PROGRAMS -</u>	<u>DETAIL</u>	<u>TOTALS</u>
Beginning Accrued Balance Receivable at 6/30/15		\$0.00
<u>Allocation Received</u>		
Student Grants	184,781.76	
Administrative Allocation	<u>225.00</u>	<u>185,006.76</u>
TOTAL		185,006.76
<u>Expenditures</u>		
Student Grants	184,781.76	
Administrative Cost Allowance	<u>225.00</u>	
TOTAL		<u>185,006.76</u>
Accrued Balance Receivable at 6/30/16		<u>0.00</u>
<u>FEDERAL WORK STUDY- (1) (2) (3)</u>		
Beginning Accrued Balance Receivable at 6/30/15		\$0.00
<u>Allocation Received</u>		
Student Grants	17,757.30	
America Reads	423.30	
Administrative Cost Allowance	1,204.99	
Institutional Match	<u>5,919.10</u>	<u>25,304.69</u>
TOTAL		25,304.69
<u>Expenditures</u>		
Salaries, Fixed Charges and Administrative Allowance	24,881.39	
America Reads	<u>423.30</u>	
TOTAL		<u>25,304.69</u>
Accrued Balance Receivable at 6/30/16		<u>0.00</u>

HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD COUNTY - OKLAHOMA
STUDENT FINANCIAL ASSISTANCE EXPENDITURES
07/01/15 TO 06/30/16

SCHEDULE 1-01
PAGE 2

FEDERAL SUPPLEMENTAL EDUCATION <u>OPPORTUNITY GRANT -</u>	<u>DETAIL</u>	<u>TOTALS</u>
Beginning Accrued Balance Receivable at 6/30/15		\$0.00
<u>Allocation Received</u>		
Student Grants	5,703.00	
Institutional Match (25%)	<u>1,901.00</u>	<u>7,604.00</u>
TOTAL		7,604.00
<u>Expenditures</u>		
Student Grants	<u>7,604.00</u>	
TOTAL		<u>7,604.00</u>
Accrued Balance Receivable at 6/30/16		<u><u>0.00</u></u>

- (1) The program allows a carry-over of 10% of the FWS allocation to be spent in the following school year.
- (2) The programs allow transfers between Federal Work-Study, Pell Grant and Federal Supplemental Education Opportunity Grant programs limited to the transferring program's current year allocation. (FWS)
- (3) Administrative Allowance allowed up to the 5% of total expenditures.

Chas. W. Carroll, P.A.

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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*

Honorable Board of Education
High Plains Technology Center #V-24
Woodward 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 accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the High Plains Technology Center #V-24, Woodward County, Oklahoma, as listed in the Table of Contents, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated March 21, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 District'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

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



Chas. W. Carroll, P.A.
March 21, 2017

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2016

Section 1 - Summary of Auditor's Results

15-01 Finding

Statement of Condition – In reviewing District expenditures I found one (1) instance where an expenditure was approved in a prior fiscal year, but the payment was made from the 2014-15 appropriations.

Criteria - Obligations made by the District are to be paid from appropriations of the fiscal year in which they are incurred.

Cause/Effect of Condition – The expenditure was not encumbered when the services were authorized and no reserve was established to pay for services from prior fiscal period. Since the expenditures were made from the incorrect fiscal year, the funds ending balance and beginning balance would have been decreased by the same amount. Also, the prior year expenditures would have been increased and 2014-15 expenditures would have decreased by the same amount. At June 30 2015 the fund balance was correct.

Recommendation – I recommend that cut-off dates be established and purchase order procedures be followed to reserve encumbrances for year-end obligations. Also, a school district may issue a blanket purchase order for recurring purchases of goods or services if a maximum authorized amount for all purchases, pursuant to a blanket purchase order, is specified in the order and approved by the governing board.

Current Status - This finding was corrected during the current year.

15-02 Finding

Statement of Condition - During my testing of Activity Fund receipts, I noted several sponsors were not turning in money for deposit in a timely manner. I noted some instances receipts did not match the deposit.

Criteria – Oklahoma State statutes require that money be deposited anytime amount exceeds \$100.00 but never less than once a week.

Cause/Effect of Condition - Sponsor did not follow school procedures and, therefore, money was at risk to be misplaced or stolen.

Recommendation – I recommend sponsors turn in money for deposits daily.

Current Status - This finding was corrected during the current year.

HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD - WOODWARD COUNTY - OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

SCHEDULE OF FINDINGS
JUNE 30, 2016

Section 1 - Summary of Auditor's Results

- A) No reportable conditions, either material or immaterial, were noted or brought to my attention during 2015-16 fiscal year.

HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD - WOODWARD COUNTY - OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous year audit report".

HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD - WOODWARD COUNTY - OKLAHOMA
SCHOOL ACTIVITY FUND
REVENUES, EXPENDITURES AND BALANCES
07/01/15 TO 06/30/16

<u>ACCOUNT</u>	<u>07/01/15</u>	<u>REVENUES</u>	<u>ADJUSTMENTS</u>	<u>TRANSFERS</u>	<u>EXPENDITURES</u>	<u>06/30/16</u>
PETTY CASH	\$0.00	\$200.00	\$0.00	\$0.00	\$200.00	\$0.00
BENEVOLENCE FUND	168.23	620.00			391.98	396.25
STUDENT LOAN (LOCAL)	7,528.42	0.00			0.00	7,528.42
HOSA (LPN)	8,888.10	12,000.00			6,501.23	14,386.87
RESALE	0.00	36,645.31			36,645.31	0.00
BITS TUITION	0.00	182,832.67			182,832.67	0.00
AT&D TUITION	0.00	61,897.50			61,897.50	0.00
TUITION	0.00	211,848.65			211,848.65	0.00
SKILLS USA (AUTO)	1,516.27	735.00			911.06	1,340.21
SKILLS USA (CONSTRUCTION)	4,222.20	5,696.15			3,150.40	6,767.95
SKILLS USA (DIESEL)	3,527.97	1,810.00			2,921.97	2,416.00
SKILLS USA (SERVICE CAREERS)	18,975.40	28,224.08			19,593.25	27,606.23
SKILLS USA (WELDING)	136.43	1,795.00			871.02	1,060.41
HOSA (HEALTH CAREER CERT.)	1,983.15	4,139.36			5,127.04	995.47
DECA-MKTG/MGMT	1,162.65	17,818.78		4,428.19	17,070.88	6,338.74
BPA	5,995.92	13,014.58			14,689.41	4,321.09
BPA-IT	70.15	0.00		(70.15)	0.00	0.00
FBM-DUES	266.86	0.00			0.00	266.86
GENERAL OPERATIONS	5,889.86	11,932.05		70.15	14,795.36	3,096.70
STUDENT STORE	4,093.71	0.00		(4,093.71)	0.00	0.00
CLOTHING STORE	78.48	0.00		(78.48)	0.00	(0.00)
DECA STORE	256.00	0.00		(256.00)	0.00	(0.00)
OIL & GAS DONATIONS	20,249.76	0.00			1,457.25	18,792.51
KATHERINE URBAN FUND	10.00	0.00			0.00	10.00
TED KYLE FUND	540.00	0.00			500.00	40.00
TROY & MILISSA STURGILL FUND	300.00	0.00			200.00	100.00
RENEWABLE ENERGY DONATIONS	5,938.39	2,000.00			933.56	7,004.83
VIDEO PRODUCTION-FILM EDITING	0.00	2,060.00			721.70	1,338.30
TOTALS	\$91,797.95	\$595,269.13	\$0.00	(\$0.00)	\$583,260.24	\$103,806.84

HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD - WOODWARD COUNTY - OKLAHOMA
SCHOOL ACTIVITY FUND
RECONCILIATION STATEMENT
07/01/15 TO 06/30/16

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	<u>350,092.12</u>	
TOTAL DEPOSITORY		<u>\$350,092.12</u>
 <u>FUND</u>		
LEDGER BALANCE	103,806.84	
ADD: 2015-16 OUTSTANDING	246,293.29	
ADJ: JUNE 2016 CREDIT CARD FEES NOT POSTED	<u>(8.01)</u>	
TOTAL DEPOSITORY		<u>\$350,092.12</u>

HIGH PLAINS TECHNOLOGY CENTER #V-24
 WOODWARD - WOODWARD COUNTY - OKLAHOMA
 SCHOOL ACTIVITY FUND
 CASH STATEMENT
 07/01/15 TO 06/30/16

	<u>TOTAL</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>PRIOR</u>	<u>INVESTMENTS</u>
BEGINNING CASH AND INVESTMENTS	\$424,325.46	\$91,797.95	\$332,527.51	\$0.00	\$0.00	\$0.00
<u>REVENUES</u>						
DEPOSITS	595,114.14	595,114.14				
INTEREST	154.99	154.99				
PR YR DEPOSIT IN TRANSIT	0.00	0.00				
CHECKS STOPPED	0.00	0.00	0.00			
<u>TOTAL REVENUES</u>	<u>595,269.13</u>	<u>595,269.13</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>EXPENDITURES</u>						
CHECKS PAID	668,134.67	335,607.16	332,527.51			
CREDIT CARD FEES	1,367.80	1,367.80				
CHECK PRINT CHGS	0.00	0.00				
RETURNED CHECKS/FEES	0.00	0.00				
<u>TOTAL EXPENDITURES</u>	<u>669,502.47</u>	<u>336,974.96</u>	<u>332,527.51</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>ENDING BALANCES</u>	<u>\$350,092.12</u>	<u>\$350,092.12</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

HIGH PLAINS TECHNOLOGY CENTER #V-24
 WOODWARD - WOODWARD COUNTY - OKLAHOMA
 SPECIAL STATE AND FEDERAL FUNDS
 REVENUES, EXPENDITURES AND BALANCES
 07/01/15 TO 06/30/16

<u>ACCOUNT</u>	<u>07/01/15</u>	<u>REVENUES</u>	<u>ADJUSTMENTS</u>	<u>TRANSFERS</u>	<u>EXPENDITURES</u>	<u>06/30/16</u>
PETTY CASH TITLE IV	\$0.00	\$200.00	\$0.00	\$0.00	\$200.00	\$0.00
PELL GRANT	0.00	186,403.75			186,403.75	0.00
FWS	0.00	19,385.59			19,385.59	0.00
FSEOG	0.00	5,703.00			5,703.00	0.00
OTAG	0.00	5,552.00			5,552.00	0.00
TOTALS	\$0.00	\$217,244.34	\$0.00	\$0.00	\$217,244.34	\$0.00

HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD - WOODWARD COUNTY - OKLAHOMA
SPECIAL STATE AND FEDERAL FUNDS
RECONCILIATION STATEMENT
07/01/15 TO 06/30/16

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	<u>200.00</u>	
TOTAL DEPOSITORY		<u><u>\$200.00</u></u>
<u>FUND</u>		
LEDGER BALANCE	0.00	
ADD: 2015-16 OUTSTANDING	<u>200.00</u>	
TOTAL DEPOSITORY		<u><u>\$200.00</u></u>

HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD - WOODWARD COUNTY - OKLAHOMA
SPECIAL STATE AND FEDERAL FUNDS
CASH STATEMENT
07/01/15 TO 06/30/16

	<u>TOTAL</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>PRIOR</u>	<u>INVESTMENTS</u>
BEGINNING CASH AND INVESTMENTS	\$200.00	\$0.00	\$200.00	\$0.00	\$0.00	\$0.00
<u>REVENUES</u>						
DEPOSITS	217,244.34	217,244.34				
CHECKS STOPPED	0.00	0.00			0.00	0.00
TOTAL REVENUES	217,244.34	217,244.34	0.00	0.00	0.00	0.00
<u>EXPENDITURES</u>						
CHECKS PAID	217,244.34	217,044.34	200.00			
TOTAL EXPENDITURES	217,244.34	217,044.34	200.00	0.00	0.00	0.00
ENDING BALANCES	\$200.00	\$200.00	\$0.00	\$0.00	\$0.00	\$0.00

NOTES FOR OTHER SUPPLEMENTARY INFORMATION

The other supplemental schedules of High Plains Technology Center #V-24 have been prepared on a statutory basis of accounting. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The accounting policies are prescribed by the State Board of Career and Technology Education and conform to the system of accounting authorized by the State of Oklahoma. The following is a summary of the more significant accounting policies:

A. Fund Accounting

The Schedules use funds and account groups to present the District's financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories; governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

The following funds are utilized by the High Plains Technology Center #V-24.

Governmental Fund Types -

Fiduciary Fund Types -

General Fund

Trust and Agency Fund

Special Revenue Fund

Governmental Fund Types

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

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the District. Land, buildings, nonstructural improvements, and all other physical assets in all funds are considered expenditures in the year of acquisition and are not recorded as assets for financial statements purposes. The District does not present the General Fixed Asset Account Group.

Memorandum Only - Total Column

The total column on the general purpose financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

NOTES FOR OTHER SUPPLEMENTARY INFORMATION

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B. Basis of Presentation

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

All governmental and expendable trust funds are accounted for using the statutory basis of accounting. Revenues, except for certain grant revenues, are recognized when they are received rather than earned. Under the Statutory basis of accounting, expenditures are generally recognized when encumbered/ reserved rather than at the time the related fund liability is incurred. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from generally accepted accounting principles.

C. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund--is utilized in all governmental funds of the District. Appropriations not used or encumbered lapse at the end of the year.

D. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents - The District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - Investments consist of certificates of deposits issued by banks with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Inventories - The value of consumable inventories at June 30, 2016 are not presented in accordance with the statutory basis of accounting.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented.

HIGH PLAINS TECHNOLOGY CENTER #V-24
WOODWARD COUNTY – OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2015 TO JUNE 30, 2016

STATE OF OKLAHOMA)
)
COUNTY OF GARFIELD)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with the High Plains Technology Center #V-24, Woodward County, Oklahoma, for the audit year 2015-16.

Chas. W. Carroll, P.A.
Auditing Firm

By: *Chas. W. Carroll*

Subscribed and sworn to before me this 21st day of March, 2017.

Pam S. Melvin
Notary Public

My Commission expires January 29, 2020

