

CANADIAN VALLEY TECHNOLOGY CENTER SCHOOL DISTRICT No. 6
Canadian County, Oklahoma

ANNUAL FINANCIAL REPORT
For the Year Ending June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Canadian Valley Technology Center
School District No. 6
El Reno, Canadian County, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Canadian Valley Technology Center School District No. 6, Canadian County, Oklahoma as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Canadian Valley Technology Center School District No. 6, Canadian County, Oklahoma as of June 30, 2017, and the respective change in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan funding progress, and budgetary comparison information on pages 3-9, and 41-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

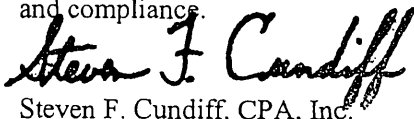
Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Canadian Valley Technology Center School District No.6, Canadian County, Oklahoma's basic financial statements. The fund financial statements-statutory basis and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards is presented for 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 (Uniform Guidance)* and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016 on our consideration of the Canadian Valley Technology Center School District No. 6, Canadian County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Canadian Valley Technology Center School District No. 6, Canadian County, Oklahoma's internal control over financial reporting and compliance.



Steven F. Cundiff, CPA, Inc.
February 13, 2018

Canadian Valley Technology Center School District No. 6
Canadian County
Management Discussion and Analysis (Unaudited)

June 30, 2017

Within the management's discussion and analysis of the Canadian Valley Technology Center, District No. 6 (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section.

I. Financial Highlights

- | | |
|--|---------------|
| • Total net position | \$47,944,503 |
| • Change in total net position | (\$3,523,526) |
| • Fund balances, governmental funds | \$22,161,942 |
| • Net position, proprietary funds | \$3,280,742 |
| • | |
| • Property valuation of the district for fiscal year ended 2017 is up 11.93 % from the prior year. | |

II. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Canadian Valley Technology Center, District No. 6's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) District-wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position represents district-wide information on all of the District's assets and liabilities, with the difference between assets and liabilities reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents district-wide information showing how the District's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave which is available for redemption upon retirement).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from

Canadian Valley Technology Center School District No. 6
Canadian County
Management Discussion and Analysis (Unaudited)

other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include vocational and technical education focusing on career development and administration. The business-type activities include food service, bookstore and child care.

The district-wide financial statements can be found on pages 11-12 in this report.

2) Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Since there is only one non-major fund, the activity fund, it is reported alongside the major funds.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spending resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financing requirements. Most of the District's basic services are included here, such as vocational and technical education focusing on career development and administration. Property taxes, bond proceeds, federal grants, state grants, and state formula aid finance most of these activities.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District internally maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, building fund, capital projects fund and sinking fund, all of which are considered to be major funds.

General Fund: The general fund is the chief operating fund of the District. The general fund accounts for all financial resources not accounted for within another fund. This includes funds included within the internal Sturm fund which includes amounts committed by Board resolution to be maintained permanently but without a defined purpose.

Canadian County

Management Discussion and Analysis (Unaudited)

Special Revenue Funds: Special revenue funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. The proceeds of specific revenue sources are the foundation for the fund. The District reports the building fund and the insurance fund as special revenue funds.

Capital Projects Fund: Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays. The District reports unspent bond proceeds in the capital projects fund

Debt Service Fund: Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The District reports resources collected from property taxes levied for bond payments in the debt service fund along with interest earnings on funds accumulated.

The District adopts an annual appropriated budget for its general, building and sinking funds. Budgetary comparison statements have been provided for the general fund and building fund to demonstrate compliance with these budgets.

Proprietary funds are reported in the fund financial statements and encompass essentially the same functions reported as business-type activities in the district-wide financial statements. The same type of information as the district-wide financial statements is reported, only in more detail.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of these funds are not available to support the District's own programs.

The basic governmental fund financial statements can be found on pages 13-19 of this report.

3) Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. Notes to the financial statements can be found on pages 20-41 of this report.

Other information, in addition to the basic financial statements and accompanying notes, includes certain required supplementary information including budgetary comparison schedules for the general and building funds and schedules for the Oklahoma Teacher Retirement system

Required supplementary information can be found on pages 42-47 of this report.

III. Financial Analysis of the District as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in Net Position may be observed and used to discuss the changing financial position of the District as a whole.

Canadian Valley Technology Center School District No. 6
Canadian County
Management Discussion and Analysis (Unaudited)

The net position of the District's governmental activities decreased by 10.08% from \$49,672,793 to \$44,663,761. This decrease was primarily due to the completion of facility construction projects and equipment acquisition with bond and insurance funds. The business-type activities net position increased from \$627,0001 to \$3,280,745 due primarily to the completion of construction projects

An additional portion of the District's Net Position, \$7,799,820 (15.64% of total Net Position), represents resources that are subject to external restrictions on how they may be used or are not in expendable form. The remaining balance of Net Position, \$43,830,110 is the investment in capital assets less related debt. The District uses these capital assets to provide instruction, support, and transportation services; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the District is able to report positive a balance in Net Position. The same situation held true for the prior fiscal year. Comparative data is accumulated and presented to assist analysis.

The following provides a summary of the District's Net Position for the year ended 2017 and 2016:

Net Position Summary

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current Assets	\$ 26,227,686	\$ 34,649,846	\$ 114,670	\$ 118,580	\$ 26,342,356	\$ 11,084,902
Capital Assets	65,371,681	66,734,836	3,189,568	527,920	68,561,249	67,262,756
Total assets	91,599,367	101,384,682	3,304,238	646,500	94,903,605	78,347,658
Deferred Outflows of Resources	7,790,203	2,695,056	-	478,855	7,790,203	478,855
Liabilities due within a year	5,568,433	8,178,772	23,493	19,499	-	651,939
Long-term liabilities	48,573,469	42,501,346	-	-	-	6,932,592
Total liabilities	54,141,902	50,680,118	23,493	19,499	-	7,584,531
Deferred Inflows of Resources	623,907	3,726,826	-	-	623,907	2,109,082
Net Position						
Invested in capital assets	40,640,542	66,734,836	3,189,568	527,920	43,830,110	15,761,013
Restricted	7,499,820	-	-	-	7,499,820	2,684,722
Unrestricted	(3,476,601)	(17,062,043)	91,177	99,081	(3,385,424)	(814,636)
Total net position	44,663,761	49,672,793	3,280,745	627,001	47,944,506	17,631,099

The following table provides a summary of the District's operating results for the year ended June 30:

Canadian Valley Technology Center School District No. 6
Canadian County
Management Discussion and Analysis (Unaudited)

Net Activities	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
General Revenues						
Advalorem taxes	\$ 30,317,048	\$ 25,898,645	\$ -	\$ -	\$ 30,317,048	\$ 25,898,645
Other	235,732	779,508	-	-	235,732	779,508
State sources	3,914,046	3,137,553	-	-	3,914,046	3,137,553
Federal sources	36,198	94,259	-	-	36,198	94,259
Program Revenues						
Charges for services	1,346,052	1,036,803	499,362	559,441	1,845,414	1,596,244
Operating grants	769,890	856,107	39,335	48,650	809,225	904,757
Total revenue	36,618,966	31,802,875	538,697	608,091	37,157,663	32,410,966
Expenses						
Instruction	13,965,601	10,961,008	-	-	13,965,601	10,961,008
Support services	17,147,978	14,213,624	-	-	17,147,978	14,213,624
Other outlays	7,575,696	7,736,167	-	-	7,575,696	7,736,167
Interest expense on long-term debt	765,663	559,513	-	-	765,663	559,513
Food services	-	-	709,175	250,289	709,175	250,289
Bookstore services	-	-	285,873	299,242	285,873	299,242
Child care services	-	-	231,199	645,397	231,199	645,397
Total expenses	39,454,938	33,470,312	1,226,247	1,194,928	40,681,185	34,665,240
Change in Net position	(2,835,972)	(1,667,437)	(687,550)	(586,837)	(3,523,522)	(2,254,274)
Transfers	(3,043,941)	(538,189)	3,043,941	538,189	-	-
Restatement	870,880	-	297,356	-	1,168,236	-
Net position, beginning of year	49,672,794	51,878,420	626,998	675,650	50,299,792	52,554,070
Net position, end of year	\$ 43,792,881	\$ 49,672,794	\$ 2,983,389	\$ 627,002	\$ 46,776,270	\$ 50,299,796

IV. Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with budgetary and finance-related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following schedule presents a summary of general fund and building fund revenues and expenditures :

Revenues:	2017	Percent of Total	2016	Percent of Total	Increase (Decrease) from Prior Year	Percent Change
Property Taxes	\$ 26,272,858	83.00%	\$ 25,898,645	82.08%	\$ 374,213	1.44%
Tuition and Fees	998,040	3.15%	1,036,803	3.29%	(38,763)	-3.74%
Intergovernmental State Sources	2,987,618	9.44%	3,137,553	9.94%	(149,935)	-4.78%
Intergovernmental Federal Sources	823,445	2.60%	950,366	3.01%	(126,921)	-13.35%
Miscellaneous	535,622	1.69%	524,947	1.66%	10,675	2.03%
Investment Income	35,015	0.11%	3,306	0.01%	31,709	959.13%
	<u>\$ 31,652,598</u>	100.00%	<u>\$ 31,551,620</u>	100.00%	<u>\$ 100,978</u>	0.32%

Canadian Valley Technology Center School District No. 6
Canadian County
Management Discussion and Analysis (Unaudited)

- Funding decreases at the federal and state level accounted for the largest decreases.

Expenditures	2017	Percent of Total	2016	Percent of Total	Increase (Decrease) from Prior Year	Percent Change
Instruction	\$ 12,082,595	29.93%	\$ 19,879,142	34.50%	\$ (7,796,547)	-39.22%
Support services	15,384,621	38.11%	13,840,319	24.02%	1,544,302	11.16%
Operation of noninstruction	1,829,154	4.53%	1,012,113	1.76%	817,041	80.73%
Facilities	9,489,872	23.51%	21,299,109	36.96%	(11,809,237)	-55.44%
Debt Service	1,585,313	3.93%	1,594,513	2.77%	(9,200)	-0.58%
	<u>\$ 40,371,555</u>	100.00%	<u>\$ 57,625,196</u>	100.00%	<u>\$ (17,253,641)</u>	-29.94%

- Increases in expenditure functions was due primarily to the use of bond proceeds for various purposes.

V. General Fund Budgetary Highlights

During the year, the Board adopted amendments to the budget. Budget amendments are approved once final property tax valuation and allocations are received.

General fund revenues exceeded budget by \$1.8 million, most of which resulted from increases in property taxes and other local sources..

VI. Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of June 30, 2017 and 2016 amounted to \$68,561,249 and \$67,262,760, respectively, net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, vehicles and mineral interests.

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 986,987	\$ 986,987	\$ -	\$ -	\$ 986,987	\$ 986,987
Construction in progress	-	35,834,054	-	-	-	35,834,054
Total capital assets not depreciated	986,987	36,821,041	-	-	986,987	36,821,041
Buildings	69,978,733	34,482,130	3,857,083	1,482,537	73,835,816	35,964,667
Furniture and small equipment	130,673	620,288	11,221	11,221	141,894	631,509
Machinery and equipment	5,802,789	4,301,377	437,300	21,548	6,240,089	4,322,925
Vehicles	1,063,761	1,053,146	-	-	1,063,761	1,053,146
Total capital assets being depreciated	76,975,956	40,456,941	4,305,604	1,515,306	81,281,560	41,972,247
Less accumulated depreciation	(12,591,262)	(10,543,155)	(1,116,036)	(987,386)	(13,707,298)	(11,530,541)
	64,384,694	29,913,786	3,189,568	527,920	67,574,262	30,441,706
Total capital assets	<u>\$ 65,371,681</u>	<u>\$ 66,734,827</u>	<u>3,189,568</u>	<u>527,920</u>	<u>\$ 68,561,249</u>	<u>\$ 66,275,760</u>

Additional information concerning the District's capital assets is contained in the notes to the financial statements.

Debt. At year-end, the District had the following debt outstanding.

Canadian Valley Technology Center School District No. 6

Canadian County

Management Discussion and Analysis (Unaudited)

	Governmental activities		Business-type activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General Obligation Bonds	\$ 9,345,000	\$ 10,680,000	\$ -	\$ -	\$ 9,345,000	\$ 10,680,000
Capital Lease Obligations	15,494,922	17,491,208	-	-	15,494,922	17,491,208
	<u>\$ 24,839,922</u>	<u>\$ 28,171,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,839,922</u>	<u>\$ 28,171,208</u>

Oklahoma statutes limit the general obligation debt that can be issued to 10% of the assessed valuation for the District. The District's imposed limit is approximately \$178,425,635.

More information about the District's long-term liabilities is presented in the notes to the financial statements.

The District's share of the Teacher Retirement System's net pension liability as of June 30, 2017 was \$26,982,302. This was an increase of \$7.8 million from 2016 primarily due to actuary changes in assumption and investment losses in excess of expected by the Teacher Retirement System in 2016, which was the measurement year for the net pension liability.

VII. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Finance Officer, Canadian Valley Technology Center, District No. 6, 6505 E. Highway 66, El Reno, Oklahoma 73036.

Canadian Valley Technology Center School District No. 6
Canadian County
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
ASSETS		
Cash and cash investments	\$ 22,720,777	\$ -
Accounts receivable, net	3,506,909	34,620
Inventory	40,000	80,050
Capital assets not being depreciated	986,987	-
Capital assets being depreciated, net of depreciation	<u>64,384,694</u>	<u>3,189,568</u>
Total assets	<u>91,639,367</u>	<u>3,304,238</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	<u>7,790,203</u>	<u>-</u>
LIABILITIES		
Accounts payable and accrued expenses	1,239,796	23,493
Accrued interest payable	513,641	-
Long-term Liabilities		
Due within one year	3,814,996	-
Due in more than one year	<u>48,573,469</u>	<u>-</u>
Total liabilities	<u>54,141,902</u>	<u>23,493</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	<u>623,907</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	40,640,542	3,189,568
Restricted - nonexpendable	40,000	-
Restricted for:		
Building fund	6,211,317	-
Debt service	1,186,963	-
Capital projects	61,540	-
Unrestricted	<u>(3,476,601)</u>	<u>91,177</u>
Total net position	<u>\$ 44,663,761</u>	<u>\$ 3,280,745</u>

The accompanying notes are an integral part of these financial statements

Canadian Valley Technology Center School District No. 6

Canadian County
Statement of Activities
For the Year Ended June 30, 2017

Primary Government Functions/Programs:	Expenses	Program Revenues			Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
Instruction	\$ 13,965,601	\$ 1,202,357	\$ 130,045	\$ -	\$ (12,633,199)	\$ -
Support services - instructional	4,068,120	-	152,320	-	(3,915,800)	-
Support services -operational	13,079,858	-	-	-	(13,079,858)	-
Non-instruction	1,235,516	143,695	-	-	(1,091,821)	-
Other Outlays	5,802,710	-	-	-	(5,802,710)	-
Repayments and financial aid	537,470	-	487,525	-	(49,945)	-
Interest expense	765,663	-	-	-	(765,663)	-
Total governmental activities	<u>\$ 39,454,938</u>	<u>\$ 1,346,052</u>	<u>\$ 769,890</u>	<u>\$ -</u>	<u>\$ (37,338,996)</u>	<u>\$ -</u>
Business-type activities						
Food services	\$ 709,175	94,551	-	-	-	(614,624)
Bookstore services	285,873	129,070	-	-	-	(156,803)
Child care services	231,199	275,741	39,335	-	-	83,877
Total business-type activities	<u>\$ 1,226,247</u>	<u>\$ 499,362</u>	<u>\$ 39,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (687,550)</u>
General Revenues:						
Ad valorem taxes, levied for general purposes					19,144,147	-
Ad valorem taxes, levied for building purposes					9,579,802	-
Ad valorem taxes, levied for debt service purposes					1,593,099	-
Other state taxes					5,006	-
Interest income					39,277	-
Other					191,449	-
State appropriations					3,914,046	-
Federal appropriations					36,198	-
Transfers					(3,043,941)	3,043,941
Total general revenues and transfers					<u>31,459,083</u>	<u>3,043,941</u>
Change in net assets					(5,879,913)	2,356,391
Net position, beginning, as restated					<u>50,543,674</u>	<u>924,354</u>
Net position, ending					<u>\$ 44,663,761</u>	<u>\$ 3,280,745</u>

The accompanying notes are an integral part of these financial statements

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2017

	General	Special Revenue Fund		Capital Projects Fund	Debt Service Fund	Total
		Building Fund	Insurance Fund			
ASSETS						
Cash and cash investments	\$ 11,472,103	\$ 9,414,818	\$ 66,166	\$ 756,081	\$ 1,011,608	\$ 22,720,776
Property tax receivables	2,001,460	1,045,301	-	-	172,440	3,219,201
Receivables from other governments	139,952	382	-	-	-	140,334
Other receivables	142,434	4,869	-	-	71	147,374
Inventories	40,000	-	-	-	-	40,000
Total assets	<u>\$ 13,795,949</u>	<u>\$ 10,465,370</u>	<u>\$ 66,166</u>	<u>\$ 756,081</u>	<u>\$ 1,184,119</u>	<u>\$ 26,267,685</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 203,598	\$ 184,674	\$ 4,626	\$ 77,729	\$ -	\$ 470,627
Other payables	727,154	42,014	-	-	-	769,168
Compensated absences	305,978	-	-	-	-	305,978
Total Liabilities	<u>1,236,730</u>	<u>226,688</u>	<u>4,626</u>	<u>77,729</u>	<u>-</u>	<u>1,545,773</u>
Deferred inflows of resources:						
Deferred property taxes	<u>1,585,197</u>	<u>837,243</u>	<u>-</u>	<u>-</u>	<u>137,530</u>	<u>2,559,970</u>
Fund Balances						
Nonspendable	40,000	-	-	-	-	40,000
Restricted	-	9,394,505	61,540	676,370	1,046,589	11,179,004
Committed	-	-	-	-	-	-
Assigned	10,934,022	6,934	-	1,982	-	10,942,938
Unassigned	-	-	-	-	-	-
Total fund balances	<u>10,974,022</u>	<u>9,401,439</u>	<u>61,540</u>	<u>678,352</u>	<u>1,046,589</u>	<u>22,161,942</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,795,949</u>	<u>\$ 10,465,370</u>	<u>\$ 66,166</u>	<u>\$ 756,081</u>	<u>\$ 1,184,119</u>	
Amounts reported for governmental activities in the statement of net assets are different because						
Capital assets used in government activities are not financial resources and therefore not reported in the funds.						65,371,681
Compensated absences which are not due and payable in the current period and therefore are not reported in the funds						(369,046)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.						2,559,970
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds						(26,982,302)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds						7,166,296
Net assets of governmental activities						<u>\$ 44,663,761</u>

The accompanying notes are an integral part of these financial statements

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Statement of Revenues, Expenditures,
And Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2017

	General	Special Revenue Fund Building Fund	Insurance Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES						
Local sources						
Property taxes	\$ 17,530,299	\$ 8,742,559	\$ -	\$ -	\$ 1,460,289	\$ 27,733,147
Tuition and fees	998,040	-	-	-	-	998,040
Interest	28,082	6,933	-	1,981	2,280	39,276
Other local	475,318	60,304	11,032	-	-	546,654
State sources	2,986,046	1,572	-	-	286	2,987,904
Federal sources	823,445	-	-	-	-	823,445
Total revenues	<u>22,841,230</u>	<u>8,811,368</u>	<u>11,032</u>	<u>1,981</u>	<u>1,462,855</u>	<u>33,128,466</u>
EXPENDITURES						
Current						
Instruction	10,152,025	215,081	252,396	1,463,093	-	12,082,595
Support services	9,403,803	4,808,536	57,898	1,114,384	-	15,384,621
Operation of noninstruction	500,376	13,483	-	777,822	-	1,291,681
Facilities acquisition and construction services	-	3,090,632	3,734,082	2,665,158	-	9,489,872
Other outlays	537,467	6	-	-	-	537,473
Debt Service						
Principal	-	-	-	-	1,335,000	1,335,000
Interest	-	-	-	-	250,313	250,313
Total expenditures	<u>20,593,671</u>	<u>8,127,738</u>	<u>4,044,376</u>	<u>6,020,457</u>	<u>1,585,313</u>	<u>40,371,555</u>
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	2,247,559	683,630	(4,033,344)	(6,018,476)	(122,458)	(7,243,089)
OTHER FINANCING SOURCES (USES):						
Transfers	(568,782)	-	-	-	-	(568,782)
NET CHANGE IN FUND BALANCE	1,678,777	683,630	(4,033,344)	(6,018,476)	(122,458)	(7,811,871)
FUND BALANCES, beginning as restated	<u>9,295,245</u>	<u>8,717,809</u>	<u>4,094,884</u>	<u>6,696,828</u>	<u>1,169,047</u>	<u>29,973,813</u>
FUND BALANCES, ending	<u>\$ 10,974,022</u>	<u>\$ 9,401,439</u>	<u>\$ 61,540</u>	<u>\$ 678,352</u>	<u>\$ 1,046,589</u>	<u>\$ 22,161,942</u>

The accompanying notes are an integral part of these financial statements

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures,
And Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balance	\$(7,811,871)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and net cost from disposition of equipment in the current period.	(1,241,283)
Losses on the disposal of capital assets that do not use current financial resources are reported as expenses.	(660,441)
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.	2,559,970
Governmental funds report district pension contributions as expenditures. However, the Statement of Activities reports the cost of pension benefits earned net of employee contributions as pension expense	(1,860,190)
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 fund but are recorded as revenue in the Statement of Activities	933,480
The liability for compensated absences does not require the use of current financial resources because it is measured by the amounts earned during the year rather than the amounts actually paid. Therefore, it is not reported as expenditures in the governmental funds.	5,318
The issuance of long-term debt provides current financial resources to government funds, while the repayment of principal on long-term debt consumes current financial resources. Some expenses do not require current financial resources therefore are not reported as expenditures in governmental funds.	<u>2,195,100</u>
Change in net assets in governmental activities	<u><u>\$(5,879,917)</u></u>

The accompanying notes are an integral part of these financial statements

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Statement of Net Position – Proprietary Funds
June 30, 2017

	Food Services	Bookstore Services	Childcare Services	Total
ASSETS				
Current assets				
Other receivables	\$ 919	\$ 7,953	\$ 25,747	\$ 34,619
Inventories	3,415	74,582	2,053	80,050
Total current assets	<u>4,334</u>	<u>82,535</u>	<u>27,800</u>	<u>114,669</u>
Noncurrent assets				
Buildings	1,426,578	518,355	1,912,151	3,857,084
Furniture and equipment	389,010	11,221	43,011	443,242
Less Accumulated depreciation	(811,505)	(69,042)	(230,211)	(1,110,758)
Total noncurrent assets	<u>1,004,083</u>	<u>460,534</u>	<u>1,724,951</u>	<u>3,189,568</u>
Total assets	<u><u>\$ 1,008,417</u></u>	<u><u>\$ 543,069</u></u>	<u><u>\$ 1,752,751</u></u>	<u><u>\$ 3,304,237</u></u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 2,893	\$ 852	\$ 4,602	\$ 8,347
Other payables	5,051	373	9,722	15,146
Total current liabilities	<u>7,944</u>	<u>1,225</u>	<u>14,324</u>	<u>23,493</u>
Total Liabilities	<u>7,944</u>	<u>1,225</u>	<u>14,324</u>	<u>23,493</u>
Net position				
Net investment in capital assets	1,004,083	460,534	1,724,951	3,189,568
Unrestricted	(3,612)	81,310	13,476	91,174
Total net position	<u><u>\$ 1,000,471</u></u>	<u><u>\$ 541,844</u></u>	<u><u>\$ 1,738,427</u></u>	<u><u>\$ 3,280,742</u></u>

The accompanying notes are an integral part of these financial statements

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position– Proprietary Funds
For the Year Ended June 30, 2017

	Food Services	Bookstore Services	Childcare Services	Total
OPERATING REVENUES				
Charges for services	\$ 85,713	\$ 4,263	\$ 315,849	\$ 405,825
Miscellaneous	1	129,071	253	129,325
Reimbursements	894	-	-	894
Total operating revenues	<u>86,608</u>	<u>133,334</u>	<u>316,102</u>	<u>536,044</u>
OPERATING EXPENSES				
Cost of goods sold	78,914	140,535	37,854	257,303
Personal services	100,790	120,784	555,664	777,238
Other services and charges	16,580	5,620	49,733	71,933
Depreciation	65,921	10,766	40,433	117,120
Total expenses	<u>262,205</u>	<u>277,705</u>	<u>683,684</u>	<u>1,223,594</u>
OPERATING INCOME (LOSS)	(175,597)	(144,371)	(367,582)	(687,550)
OTHER REVENUES, EXPENSES , GAINS, LOSSES AND TRANSFERS				
Capital contributions	695,196	287,824	1,492,136	2,475,156
Transfers	106,481	132,512	329,789	568,782
INCREASE (DECREASE) IN NET POSITION	626,080	275,965	1,454,343	2,356,388
NET POSITION, beginning as restated	374,391	265,879	284,084	924,354
NET POSITION, ending	<u>\$ 1,000,471</u>	<u>\$ 541,844</u>	<u>\$ 1,738,427</u>	<u>\$ 3,280,742</u>

The accompanying notes are an integral part of these financial statements

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Statement of Cash Flows– Proprietary Funds
For the Year Ended June 30, 2017

	Food Services	Bookstore Services	Childcare Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and others	\$ 86,054	\$ 138,693	\$ 314,496	\$ 539,243
Payments to suppliers	359,754	(150,490)	(82,556)	126,708
Payments to employees	(552,287)	(120,713)	(555,474)	(1,228,474)
Net cash provided (used) by operating activities	<u>(106,479)</u>	<u>(132,510)</u>	<u>(323,534)</u>	<u>(562,523)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfer from other funds	<u>106,479</u>	<u>132,510</u>	<u>329,789</u>	<u>568,778</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of fixed assets	-	-	(6,252)	(6,252)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(6,252)</u>	<u>(6,252)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-
Net Increase (decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Cash and cash equivalents, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ -</u></u>
Reconciliation of operating income(loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (175,597)	(144,371)	(367,582)	(687,550)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	65,921	10,766	40,433	117,120
Change in assets and liabilities				
Receivables	(556)	5,357	(1,608)	3,193
Inventories	1,472	(1,776)	1,023	719
Accounts payable	(1,098)	(2,559)	4,008	351
Other payables	3,379	73	192	3,644
Net cash provided (used) by operating activities	<u><u>\$ (106,479)</u></u>	<u><u>\$ (132,510)</u></u>	<u><u>\$ (323,534)</u></u>	<u><u>\$ (562,523)</u></u>

The accompanying notes are an integral part of these financial statements

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Statement of Fiduciary Net Position
June 30, 2017

	Agency Fund
	Activity
	Fund
ASSETS	
Cash	\$ 134,641
Total assets	<u>\$ 134,641</u>
 LIABILITIES	
Due to student activities	\$ 64,901
Due to administrative activities	69,740
Total liabilities	<u>\$ 134,641</u>

The accompanying notes are an integral part of these financial statements

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

I. Organization

Canadian Valley Technology Center, District No. 6, Canadian County, Oklahoma (the District), is a corporate body for public purposes created under Title 70 of *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 Oklahoma Department of Career Technology, and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the *Oklahoma School Code* contained in Title 70, *Oklahoma Statutes*.

The governing body of the District is the board of education, which is composed of five elected members. An appointed superintendent is the chief executive officer of the District.

The Board constituting an on-going entity, is the level of government which has governance responsibilities over all activities within the jurisdiction of the District. The Board receives funding from local, state, and federal sources and must comply with the requirements of these funding sources.

The Board is not included in any other governmental "reporting entity" since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

II. Summary of significant accounting policies

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements are as follows:

Reporting Entity – In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus*. Potential component units are evaluated based on whether the District is financially accountable. The District is considered financially accountable if it appoints a voting majority of the organization's board and (1) it is able to impose its will on the organization or (2) there is the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District. Based upon the application of these criteria, there are no component units included in the District's reporting entity.

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

District-wide and Fund Financial Statements – The district-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function segment. Program revenues include 1) tuition and fees charges to students and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

particular function or segment. Taxes, state appropriations and other items not properly included among program revenues are reported instead as general revenues.

Major individual funds are reported as separate columns in the fund financial statements.

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

Amounts reported as program revenue include 1) tuition and fees charged to students, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated general resources are reported as general revenue rather than as program revenue. Likewise, general revenues include all taxes.

Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds with the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

Governmental funds

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

For the year ended June 30, 2017 the District reports the following major governmental funds:

The general fund is the District's primary operating fund, which is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding formula. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction, and other long-term liabilities. The general fund includes federal and state restricted monies that must be expended for specific programs.

The building fund is a special revenue fund used to account for revenue sources restricted or committed to expenditure for specified purposes. Building fund monies are derived from property taxes levied for the following purposes: erecting,

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

remodeling, repairing, or maintaining school buildings; purchasing furniture, equipment, and computer software to be used on or for school district property; paying energy and utility costs; purchasing telecommunications services; paying fire and casualty insurance premiums for school facilities; purchasing security systems; and paying salaries of security personnel. Restricted Net Position are restricted by enabling legislation.

The insurance fund consists of monies from insurance proceeds for the purpose of replacing buildings, furniture and equipment lost in the tornado on May 31, 2013.

Capital project funds are used to account for proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

The debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Proprietary Fund

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

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes three activities reported in the Enterprise Fund. They are Food Services, Book Store Service, and Child Care Services.

Fiduciary Fund (Not included in government-wide statements)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Agency Fund - The activity fund is a special revenue fund used to account for the proceeds of revenue sources from student activities that are restricted by law. This fund is administered by the District's administrative staff, under the authority of

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

the board of education, for collecting, disbursing, and accounting for specific activities to further the educational programs of the District.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and fund equity, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

Budget – The following is the budget development process for all funds. A public hearing is held within 45 days of the beginning of the fiscal year. The budget shall be approved by the board of education within 30 days of the beginning of the fiscal year. The District shall amend the budget after July 1 whenever the State Incentive Aid and certified property tax valuations become available.

The board of education will not exceed the level of appropriation for each fund as established by the budget and may amend the budget by budget amendment, according to law. The budget is updated and reported to the superintendent and board of education in the fiscal year, as needed. At the end of the fiscal year, unencumbered appropriations (balances) lapse and become a part of fund balance.

The following is the budget administration and management process. Each fund has a budget that is assigned by project, allocated to a control account by function (to third digit) and object. The District's budget is administered by a person authorized by the superintendent to monitor and control the budget as per board of education policy. Budget expenditures are monitored through the financial management system to prevent expenditures from increasing above appropriated budget or project levels within the budget unless authorized within total available appropriations. Requisitions are submitted for purchase orders along with blanket salary reserves and employee contracts to the board of education as encumbrances against legal appropriations by fund.

Cash and cash investments – The District considers all cash on hand, demand deposits, and interest-bearing checking accounts and certificate of deposits, held at an individual bank which are subject to early withdraw penalties no matter what the maturity period, to be cash.

Investments – State statutes authorize the District to invest in direct obligations of the United States government and agencies; savings accounts; and warrants, bonds, or judgments of the District. All investments are carried at fair value. The District had no investments as of June 30, 2017.

Receivables – Uncollected taxes assessed on valuations made each year are recorded in the District's governmental fund financial statements. All accounts receivable are recorded net of estimated uncollectible amounts.

Inventories – Inventories in the governmental funds are carried at cost and are recorded as expenditures when consumed on a first-in/first-out (FIFO) method rather than when purchased. The Food Service inventory consists of food held for resale. The bookstore inventory consists of books, paper, and office supplies. The Child Care Service inventory consists of food supplies. All inventory is recorded at the lower of cost or market. The cost of other consumable materials and supplies on hand are immaterial to the financial statements, and the District has therefore chosen to report these items as expenditures/expenses at the time of purchase.

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

Restricted Assets – Amounts that can be spent on only specific purposes because of Oklahoma State law, or externally imposed conditions from private and governmental grantors are classified as restricted assets.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The District incurred no interest expense for construction of capital assets for business-type activities during the year ended June 30, 2017.

Capital assets are depreciated using the straight-line method over the following useful lives:

Type of Asset	Years
Land	N/A
Buildings	25-50
Furniture	15-20
Machinery and Equipment	5-20
Vehicles	8

In the government-wide financial statements all machinery, equipment, furniture and automobiles costing \$5,000 or more has been capitalized and depreciated over the estimated useful life. Repairs, remodeling and/or construction costing \$25,000 or more has been capitalized and depreciated over the estimated useful life.

Deferred Outflows of Resources – The District reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for (1) contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2016) and the end of the current fiscal year (June 30, 2017). (2) A loss from changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan (3) the actual pension plan investment earnings less than the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year (4) A loss in changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan.

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

Deferred inflows of resources are reported in the statement of net position for (1) A gain from difference between expected and actual experience that the pension plan actuary uses to develop expectations such as future salary increases and inflation. This deferred inflow of resources is amortized to pension expense over the average expected remaining service life of the Plan.

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In its governmental funds, the only deferred inflow of resources is for revenues not considered available from property taxes. 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.

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.

Long-Term Liabilities – In district-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of assets.

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.

Compensated Absences – The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. A maximum of ten days may be carried over to the next anniversary year. 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. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

The Board/District will provide one day of sick leave per month of duty contract. The right to such leave shall vest at the beginning of the contract period. The maximum number of days of accumulated sick leave that may be carried forward from one contract year to the next shall be 60 days. Unused sick leave is paid when the employee retires if they have been employed by the District for 10 years or more and have a minimum of 30 days accrued. Amounts are paid out to an employer sponsored 403(b) plan at 2% of salary.

The general fund is used to liquidate compensated absences.

II. Summary of significant accounting policies - continued

Fund Equity

Government-wide Statements and Proprietary funds

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets net of accumulated depreciation and capital asset debt

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- b. Restricted net position – consists of net position with constraints on the use either by (1) external groups or (2) law through constitutional provisions or enabling legislation(3) amounts that are in nonspendable form.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “Net investment in capital assets”.

Fund 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 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.
- 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. Debt service resources are to be used for future servicing of the general obligation bonds and are restricted through debt covenants. Capital project revenue from bond proceeds are restricted by State Statute and are legally segregated for funding of voter approved uses. Funds received from certain student activities are restricted by State Statute.
- 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.
- 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.
- 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.

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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.

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, *Oklahoma Statutes*. The Oklahoma Department of Career Technology 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 Technology 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 revenues of the year when the adjustment is made.

The District receives revenues from the State to administer certain categorical educational programs. Oklahoma Department of Career Technology rules require that revenues earmarked for these programs be expended only for the program for which the money is provided and require that 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 Technology requires that categorical educational program revenues be accounted for in the general fund.

Property Tax Revenue – 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 Canadian 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 15 days of receipt of the tax rolls. The first half of taxes is due prior to January 1 and the second half is due prior to April 1.

If the first half of tax payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes are 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 taxes and penalty owed. If, at the end of two years, the owner has not paid the taxes, the purchaser is issued a deed to the property.

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

Subsequent Event - The District has evaluated subsequent events through December XX, 2017, the date which the financial statements were available to be issued.

III. Deposits, investments, and collateral

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

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Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policies are governed by *Oklahoma Statutes*. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan association and bank and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

Concentration of Investment Credit Risk: The District places no limit on the amount it may invest in any one issuer.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest changes. The District has no policy on interest rate risk.

IV. Disaggregated Receivables and Payables

Receivables at June 30, 2017, for the District's individual funds are as follows:

	General Fund	Building Fund	Sinking Fund	Total Receivables
Governmental Activities				
Taxes, gross	\$ 2,155,460	\$ 1,077,091	\$ 172,440	\$ 3,404,991
Due from Other Governments	139,952	382	71	140,405
Other receivables	142,434	4,869	-	147,303
	<u>\$ 2,437,846</u>	<u>\$ 1,082,342</u>	<u>\$ 172,511</u>	<u>\$ 3,692,699</u>
Less: allowance for uncollectibles	<u>(154,000)</u>	<u>(31,790)</u>	<u>-</u>	<u>(185,790)</u>
	<u>\$ 2,283,846</u>	<u>\$ 1,050,552</u>	<u>\$ 172,511</u>	<u>\$ 3,506,909</u>

Payables at June 30, 2017, for the District's individual funds are as follows:

	Vendors	Salaries and Benefits	Total Payables
Governmental Activities			
General Fund	\$ 203,598	\$ 727,155	\$ 930,753
Building Fund	184,674	42,014	226,688
Bond Fund	77,729	-	77,729
Insurance Fund	4,626	-	4,626
	<u>\$ 470,627</u>	<u>\$ 769,169</u>	<u>\$ 1,239,796</u>

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V. Inventories

Inventories consisted of the following as of June 30, 2017:

	Governmental Activities	Business- Type Activities	Total
Books and supplies held for resale	\$ -	\$ 74,582	\$ 74,582
Bulk supplies	40,000	2,053	42,053
Food commodities	-	3,415	3,415
Total	<u>\$ 40,000</u>	<u>\$ 80,050</u>	<u>\$ 120,050</u>

VI. Long term liabilities

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

	Beginning Balance, As restated	Additions	Reductions	Ending	Amounts Due within One Year
Compensated absences	\$ 651,044	\$ -	\$ 23,980	\$ 675,024	\$ 305,978
General obligation bonds	10,680,000	-	(1,335,000)	9,345,000	1,335,000
Capital lease payable	17,491,208	-	(1,996,286)	15,494,922	2,174,018
	<u>\$ 28,822,252</u>	<u>\$ -</u>	<u>\$ (3,307,306)</u>	<u>\$ 25,514,946</u>	<u>\$ 3,814,996</u>
Less cash held by trustee bank	(1,317,991)			\$ (108,783)	
Net pension liability	<u>19,134,643</u>			<u>26,982,302</u>	
Total governmental activity long-term liabilities	<u>\$ 46,638,904</u>			<u>\$ 52,388,465</u>	

The compensated absences are liquidated by the general fund. General obligation bonds are liquidated by the sinking fund. Capital lease payable is liquidated by the building fund.

Canadian Valley Technology Center issued \$12,000,000 in building bonds dated June 1, 2014. The bonds were for the purpose of providing additional resources for the replacement of the El Reno campus that was destroyed in the tornado of May 31, 2013. The bonds are due on June 1, 2016 in the amount of \$1,320,000 and \$1,335,000 is due on June 1 in each of the years 2017 to 2024. These bonds bear interest at a rate of 2% to 3%.

The debt maturity on the building bonds is as follows:

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<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	1,335,000	223,612	1,558,612
2019	1,335,000	196,912	1,531,912
2020	1,335,000	170,212	1,505,212
2021	1,335,000	143,512	1,478,512
2022	1,335,000	113,476	1,448,476
Thereafter	2,670,000	120,150	2,790,150
	<u>\$ 9,345,000</u>	<u>\$ 967,874</u>	<u>\$10,312,874</u>

Canadian Valley Technology Center entered into a lease agreement with Bank of America, N.A. on December 28, 2006. This agreement included a Ground Lease Agreement and a Lease/Purchase Agreement. In March 22, 2005, Canadian Valley Technology Center purchased 30 acres of land for a new east campus location for the school district. This Earl Cowan Campus is located at 12200 S.W. 15th Street, Oklahoma City, OK. The District is leasing this campus and the Main Campus in El Reno to the Bank of America, N.A. for the purpose of constructing, renovating, remodeling and repairing properties on behalf of the District. The term of the Ground Lease Agreement is through July 15, 2018. The lease term is \$10 .00 per year commencing December 1, 2006. On December 12, 2012, the December 28, 2006 issue was refinanced through the Canadian County Educational Facilities Authority under the same terms and interest rates. This was done to comply with an Oklahoma Attorney General's opinion regarding lease agreements with a ground lease agreement component.

The second part of the agreement involved the Lease/Purchase Agreement, dated May 1, 2007, between the District and Bank of America, N.A. for the school facilities consisting of the new campus building constructed at 12200 S.W. Oklahoma City, OK and the renovation and remodeling of the existing cosmetology facilities at the El Reno Campus. On December 12, 2012, the May 1, 2007 issue was also refinanced through the Canadian County Educational Facilities Authority under the same terms and interest rates. This was done to comply with an Oklahoma Attorney General's opinion regarding lease agreements with a ground lease agreement component. The trustee bank is holding the cash in the construction escrow in the amount of \$3.

The third agreement, dated March 3, 2009, involved the Lease/Purchase agreement between the District and Standard Capital Finance, LLC for the re-roofing of two buildings on the El Reno Campus and electrical wiring change out for two buildings on the Chickasha Campus and one building on the El Reno Campus. The term of the lease was 10 years. This agreement included a Ground Lease Agreement and a Lease/Purchase Agreement with UMB Bank N .A. Bank of Union has purchased this Lease/Purchase Agreement. On February 14, 2013, the Lease/Purchase Agreement was paid off with a new Lease/Purchase. This was done to comply with an Oklahoma Attorney General's opinion regarding lease agreements with a ground lease component.

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The fourth agreement, dated February 14, 2013, involved the Lease/Purchase Agreement between the District and the Canadian County Educational Facilities Authority for the school facilities consisting of building additions, remodeling of existing buildings, and the purchase of additional equipment. This issue was for the amount of \$9,950,000.00. This construction project was started in 2014. The trustee bank is holding the cash in the construction escrow in the amount of \$81,450.

The minimum lease payments under these leases are as follows as of June 30, 2017:

	2006	2007	2009	2013c	Canadian County Ed Facilities Authority
<u>Period Ending June 30,</u>	<u>Refinance</u>	<u>Refinance</u>	<u>Refinance</u>	<u>Lease</u>	<u>Leases</u>
2018	1,458,595	390,000	317,292	525,000	2,690,887
2019	1,488,980	400,000	-	525,000	2,413,980
2020	-	1,693,746	-	1,250,000	2,943,746
2021	-	1,706,927	-	1,250,000	2,956,927
2022	-	-	-	3,162,014	3,162,014
Thereafter	-	-	-	3,162,014	3,162,014
Total Minimum Lease Payment	\$ 2,947,575	\$ 4,190,673	\$ 317,292	\$ 9,874,028	\$ 17,329,568
Less Interest	(120,430)	(513,902)	(6,221)	(1,144,093)	(1,784,646)
Net	<u>\$ 2,827,145</u>	<u>\$ 3,676,771</u>	<u>\$ 311,071</u>	<u>\$ 8,729,935</u>	<u>\$ 15,544,922</u>

VII. Capital assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Corrections</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 986,987	\$ -	\$ -	\$ -	\$ 986,987
Construction in progress	35,834,063	-	2,037,486	(37,871,549)	-
Total capital assets not depreciated	36,821,050	-	2,037,486	(37,871,549)	986,987
Capital assets being depreciated					
Buildings	34,482,130	-	35,497,003	(400)	69,978,733
Furniture	620,288	52,040	-	(541,655)	130,673
Machinery and equipment	4,301,377	543,754	1,179,619	(221,961)	5,802,789
Transportation equipment	1,053,146	20,615	-	(10,000)	1,063,761
Total assets	40,456,941	616,409	36,676,622	(774,016)	76,975,956
Less Accumulated depreciation					
Buildings	(7,729,532)	-	(1,525,360)	-	(9,254,892)
Furniture	(59,688)	(6,670)	(34,218)	69,411	(31,165)
Machinery and equipment	(2,207,995)	(71,174)	(412,512)	14,168	(2,647,513)
Transportation equipment	(545,940)	-	(111,752)	-	(657,692)
Total Accumulated depreciation	(10,543,155)	(77,844)	(2,083,842)	113,579	(12,591,262)
Total Capital assets being depreciated, net	29,913,786	538,565	34,592,780	(660,437)	64,384,694
Governmental activities capital assets, net	<u>\$66,734,836</u>	<u>\$ 538,565</u>	<u>\$36,630,266</u>	<u>\$ (38,531,986)</u>	<u>\$65,371,681</u>

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	Beginning Balance	Corrections	Increases	Decreases	Ending Balance
Business-type activities					
Capital assets being depreciated					
Buildings	1,482,537	-	2,374,546	-	3,857,083
Furniture	11,221	-	-	-	11,221
Machinery and equipment	21,548	308,884	106,868	-	437,300
Total assets	1,515,306	308,884	2,481,414	-	4,305,604
Less Accumulated depreciation					
Buildings	(970,195)	-	(91,021)	-	(1,061,216)
Furniture	(11,165)	-	(561)	-	(11,726)
Machinery and equipment	(6,026)	(11,529)	(25,539)	-	(43,094)
Total Accumulated depreciation	(987,386)	(11,529)	(117,121)	-	(1,116,036)
Total Capital assets being depreciated, net	527,920	297,355	2,364,293	-	3,189,568
Business-type activities capital assets, net	<u>\$ 527,920</u>	<u>\$ 297,355</u>	<u>\$ 2,364,293</u>	<u>\$ -</u>	<u>\$ 3,189,568</u>

Depreciation expense for the year ended June 30, 2017, was charged to functions of the District as follows:

General government	
Instruction	\$ 1,423,019
Support services - instructional	469,184
Support services -operational	191,639
Non-instructional services	-
Total depreciation expense - governmental activities	<u>\$ 2,083,842</u>
Food services	\$ 65,921
Bookstore services	10,766
Child care services	40,433
Total depreciation expense - business-type activities	<u>\$ 117,120</u>

VII. Employee pension plans

Canadian Valley Technology Center, District No. 6 participates in the state-administered Teachers' Retirement System of Oklahoma (the System), which is a cost-sharing multiple-employer public employee retirement system. Additionally, the District provides an employer-funded pension plan for eligible employees offered an Early Retirement Incentive Plan.

Teachers' Retirement System of Oklahoma

Plan Description – 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

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employees of the District. The System issues a publically available financial report that can be obtained at <http://www.ok.gov/trs/>.

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

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2017, qualifying employee contributions were reduced by a retirement credit of \$89,973 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2017, the District had a statutory contribution rate of 9.5% plus 7.7% 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, 2017, the District contributions to the System for were \$1,416,990.

The State of Oklahoma, a non-employer contributing enmity, 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 proportionate share for the measurement period was \$993,480.

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

At June 30, 2017, the District reported a liability of \$26,982,302 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the District's proportion was 0.32201749%, as compared to its proportion share of 0.31508982% measured as of June 30, 2015.

For the year ended June 30 2017, the District recognized pension expense of \$3,277,180. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 623,907
Changes of assumptions	3,219,742	-
Net difference between projected and actual earnings on pension plan investments	2,765,580	-
Changes in proportion and differences between District contributions and proportionate share of contributions	387,891	-
District contributions subsequent to the measurement date	1,416,990	-
	<u>\$ 7,790,203</u>	<u>\$ 623,907</u>

\$1,416,990 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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	
2018	\$ (859,591)
2019	(859,591)
2020	(1,702,944)
2021	(1,634,785)
2022	(455,980)
Thereafter	(236,415)
	<u>\$ (5,749,306)</u>

Actuarial assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – Entry Age Normal

Amortization Method – Level Percentage of Payroll

Amortization Period – Amortization over an open 30-year period

Asset Valuation Method – 5-year smooth market

Inflation – 2.5%

Salary Increases – Composed of 3.00 %wage inflation plus .75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

Investment Rate of Return – 7.5%

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 – Males: RP-2000 Combined Healthy Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled to 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.

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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, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.50%	6.60%
Domestic Equity	57.50%	6.80%
Private Equity	5.00%	7.90%
Real Estate	7.00%	5.50%
Limited Partnerships	7.00%	7.90%
	<u>100.00%</u>	

Discount rate – A single discount rate of 7.5% was used to measure the total pension liability as of June 30, 2016. Previously, a rate of 8.00% was used. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. 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.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate share of the net pension liability	<u>\$ 35,324,078</u>	<u>\$ 26,982,302</u>	<u>\$ 20,000,393</u>

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

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

IX. Commitments and contingencies

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.

Insurance Coverage

The District purchases commercial insurance policies covering property casualty loss, public liability, school board member and administrator liability, and workers compensation.

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

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transferor pooling of risks among the participants of that pool. The School 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 schools 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 Schools 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.

Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order is issued and accordingly, encumbrances outstanding at year end are report as expenditures in the year issued for budgetary purposes. Significant encumbrances included in the governmental fund balances as committed are as follows:

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

General Fund	2,053,632
Capital Project Fund	540,602
Insurance Fund	55,134
Building Fund	853,063
	<u>\$ 3,502,431</u>

The District has entered into several multi-year operating lease agreements for various items of equipment which contain the escape clause required by Oklahoma Statutes. The details of the operating lease commitments are noted as follows:

	Standley	Ross	
Lessor	Corporation	Transportation	Totals
Property	102 various copiers	3 School Buses	
Date of Lease	Various	Various	
Terms of Lease	5 years	3 years	
Total Cost	\$425,270	\$ 120,900	
Payment	\$7087.40/Mo	\$40,300/yr	
Annual Commitment			
2017-18	\$ 55,458	\$ 26,500	\$ 81,958
2018-19	17,935	-	17,935
2019-20	9,312	-	9,312
2020-21	1,096	-	1,096
			<u>\$ 110,301</u>

X. Fund Balances – Governmental Funds

As of June 30, 2017, fund balances, other than unassigned are composed of the following:

	General	Building Fund	Insurance Fund	Capital Projects Fund	Debt Service Fund
Nonspendable					
Inventories	\$ 40,000	\$ -	\$ -	\$ -	\$ -
Restricted					
Buildings	-	9,394,505	-	-	-
Capital Projects	-	-	61,540	676,370	-
Debt Service	-	-	-	-	1,046,589
Committed					
Assigned					
Buildings	-	6,934	-	-	-
Capital Projects	-	-	-	1,982	-
Debt Service	-	-	-	-	-
Next year's budget	8,880,392	-	-	-	-
Cash Flow	-	-	-	-	-
District Programs	2,053,632	-	-	-	-
Unassigned	-	-	-	-	-
	<u>\$ 10,974,024</u>	<u>\$ 9,401,439</u>	<u>\$ 61,540</u>	<u>\$ 678,352</u>	<u>\$ 1,046,589</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

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

unassigned resources first to defer the use of these other classified funds.

XI Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between Governmental Fund Balance Sheet and the Statement of Net Position – Governmental Activities

Capital Assets used in governmental funds are not financial and, therefore, are not reported in the funds

Capital assets not being depreciated	
Land	\$ 986,987
Construction in progress	-
Total capital assets not depreciated	<u>\$ 986,987</u>
Capital assets being depreciated	
Buildings	\$ 69,978,733
Furniture and small equipment	130,673
Tools and large equipment	5,802,789
Vehicles	1,063,761
Total assets	\$ 76,975,956
Less Accumulated depreciation	<u>(12,591,262)</u>
Total Capital assets being depreciated, net	<u>\$ 64,384,694</u>
Capital assets, net	<u><u>\$ 65,371,681</u></u>

Explanation of certain differences between governmental fund statement of revenue, expenditures and changes in fund balance and the government-wide statement of activities.

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

Capital Outlay	\$ 2,880,045
Transfer to business type activities	(2,037,486)
Depreciation Expense	<u>(2,083,842)</u>
	<u>\$ (1,241,283)</u>
 District pension contributions	 \$ 1,416,990
Cost of benefits earned net of employee contribution	<u>(3,277,180)</u>
	<u>\$ (1,860,190)</u>
 Accrued Interest Change	 \$ 73,023
Payments on general obligation bonds	1,335,000
Payments on lease payables	1,996,286
Reduction of funds held by trustee	<u>(1,209,209)</u>
	<u>\$ 2,195,100</u>

XII Tax Abatement

The State of Oklahoma has authorized by Oklahoma Statutes 62-850 the creation of tax increment financing (TIF) districts. These districts are intended to provide incentives and exemptions from taxation within certain areas to encourage investment, development and economic growth. The City of El Reno created two districts, Original Town and Crimson Creek North. These TIF districts reduce the ad valorem taxes remitted to the District over the term of the agreements.

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

For the year ended June 30, 2017, abated property taxes were \$21,561.

XIII Prior Period Correction

The District has determined that certain transactions were recorded incorrectly in a prior year.

Governmental Funds: In the fund level statements, warrants outstanding were included as accounts payable rather than reducing cash. In addition, the current portion of unmatured long-term indebtedness for capital leases and accrued interest on general obligation debt was reported as a fund liability rather than only reported at the government-wide level. The effect of the corrections on prior year balances reported is as follows:

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

	<u>Previously Presented</u>	<u>Restatement</u>	<u>2016 Restated</u>
Fund Level Governmental Funds			
Cash	33,691,366	(596,339)	33,095,027
Accounts payables	1,243,073	(596,339)	646,734
Other payables	3,177,145	(20,859)	3,156,286
Current portion of capital leases and bonds payable	3,510,878	(3,510,878)	-
Current portion of accrued compensated absences	247,877	29,000	276,877
Fund Balance	26,471,074	3,502,737	29,973,811

Proprietary Funds: In the fund level statements, an internal review of property records indicated corrections to fixed assets needed to be recorded. The effect of the corrections on prior year balances reported is as follows:

Net position	627,001	297,353	924,354
--------------	---------	---------	---------

	<u>Previously Presented</u>	<u>Restatement</u>	<u>2016 Restated</u>
Fund Level Proprietary Funds			

Governmental Activities: In the governmental activities statements, accrued interest payable on leases and the accrual for sick leave compensated absences were not recorded. In addition, an internal review of property records indicated corrections to fixed assets needed to be recorded. Finally, the net pension liability was corrected. The effect of the corrections on prior year balances reported is as follows:

	<u>Previously Presented</u>	<u>Restatement</u>	<u>2016 Restated</u>
Governmental Activities			
Capital assets	66,734,836	538,564	67,273,400
Deferred outflows of resources related to pensions	2,695,056	(410,750)	2,284,306
Other payables	3,177,145	565,805	3,742,950
Accrued compensated absences	24,364	350,000	374,364
Net pension liability	19,134,644	90,960	19,225,604
Deferred inflows of resources related to pensions	3,726,827	(1,778,828)	1,947,999
Net position	49,672,793	870,881	50,543,674

Business-Type Activities: In the business-type activities statements,, an internal review of property records indicated corrections to fixed assets needed to be recorded. The effect of the corrections on prior year balances reported is as follows:

	<u>Previously Presented</u>	<u>Restatement</u>	<u>2016 Restated</u>
Business-type Activities			
Capital assets	527,920	297,353	825,273
Net position	627,001	297,353	924,354

XIV New GASB Standards

The District implemented the following GASB Statements:

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Financial Statements
June 30, 2017

- GASBS No. 77, *Tax Abatement Disclosures*, requires new disclosures about tax abatement agreements and their impact on the governmental unit's financial position.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

The following pronouncements will be effective in the future: Management has evaluated these statements as having an impact on the District.

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement No. 81 requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The provisions in this statement are effective for fiscal years beginning after December 15, 2016.
- GASB Statement No. 82, *Pension Issues* - an amendment of GASB Statements No. 67, No. 68 and No. 73, seeks to address certain issues that have been raised with respect to those Statements. Specifically, Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in this statement are effective for fiscal years beginning after June 15, 2016, except for where the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the future retirement of a tangible capital asset. The provisions of this statement are effective for reporting periods beginning after June 15, 2018.
- GASB Statement No. 84, *Fiduciary Activities* establishes general criteria for determining when a governmental unit has a fiduciary role for managing certain types of assets. The focus of the criteria generally is on (a) whether the government is controlling the assets of the fiduciary activity and (b) the beneficiaries with whom the fiduciary relationship exists. The provisions of this statement are effective for reporting periods beginning after December 15, 2018.

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Budget Basis) – General Fund (Unaudited)
For the Year Ended June 30, 2017

	Budget			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES COLLECTED				
Local sources	\$ 16,875,938	\$ 18,218,856	\$ 19,478,423	\$ 1,259,567
State sources	2,481,969	2,954,549	3,021,762	67,213
Federal sources	854,096	341,092	837,739	496,647
Total revenues collected	<u>20,212,003</u>	<u>21,514,497</u>	<u>23,337,924</u>	<u>1,823,427</u>
EXPENDITURES PAID				
Instruction	11,102,340	11,097,800	10,241,630	856,170
Support services	10,320,202	10,070,000	9,688,439	381,561
Noninstruction Services	1,519,749	1,515,000	1,682,649	(167,649)
Other outlays	5,345,347	7,684,600	1,163,367	6,521,233
Total expenditures paid	<u>28,287,638</u>	<u>30,367,400</u>	<u>22,776,085</u>	<u>7,591,315</u>
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	(8,075,635)	(8,852,903)	561,839	9,414,742
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>3,731</u>	<u>3,731</u>
Excess of revenues collected over (under) expenditures paid	(8,075,635)	(8,852,903)	565,570	9,418,473
FUND BALANCES, beginning	<u>8,075,635</u>	<u>8,852,903</u>	<u>8,852,903</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,418,473</u>	<u>\$ 9,418,473</u>

Adjustments to reconcile the ending statutory fund balance to the fund balance reported on the governmental funds balance sheet:

Accounts receivable not recorded on statutory budget basis	2,283,846
Inventory expensed on statutory budget basis	40,000
Deferred revenue not recorded on statutory budget basis	(1,585,197)
Payables not recorded on statutory budget basis	(930,752)
Compensated absences not recorded on statutory budget basis	(305,978)
Encumbrances expensed on the statutory budget basis	<u>2,053,632</u>
	<u>\$ 10,974,024</u>

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Budget Basis) – Building Fund (Unaudited)
For the Year Ended June 30, 2017

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES COLLECTED				
Local sources	\$ 7,500,000	\$ 8,247,805	\$ 8,801,164	\$ 553,359
State sources	-	-	1,207	1,207
Total revenues collected	<u>7,500,000</u>	<u>8,247,805</u>	<u>8,802,371</u>	<u>554,566</u>
EXPENDITURES PAID				
Instruction	520,000	550,000	215,081	334,919
Support services	5,320,460	5,604,149	5,114,325	489,824
Noninstructional	50,000	50,000	13,483	36,517
Facilities acquisition and construction services	3,049,889	3,050,000	3,383,217	(333,217)
Other Outlay	6,817,368	7,500,000	28,006	7,471,994
Total expenditures paid	<u>15,757,717</u>	<u>16,754,149</u>	<u>8,754,112</u>	<u>8,000,037</u>
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	(8,257,717)	(8,506,344)	48,259	8,554,603
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>7,152</u>	<u>7,152</u>
Excess of revenues collected over (under) expenditures paid	(8,257,717)	(8,506,344)	55,411	8,561,755
FUND BALANCES, beginning	<u>8,257,717</u>	<u>8,506,344</u>	<u>8,506,343</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,561,754</u>	<u>\$ 8,561,755</u>
Adjustments to reconcile the ending statutory fund balance to the fund balance reported on the governmental funds balance sheet:				
Accounts receivable not recorded on statutory budget basis			1,050,552	
Deferred revenue not recorded on statutory budget basis			(837,242)	
Payables are not recorded on statutory budget basis			(226,688)	
Encumbrances expensed on statutory budget basis			<u>853,063</u>	
			<u>\$ 9,401,439</u>	

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Budget Basis) – Insurance Fund (Unaudited)
For the Year Ended June 30, 2017

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES COLLECTED				
Local sources	\$ -	\$ 22,666	\$ 11,032	\$ (11,634)
State sources	-	-	-	-
Total revenues collected	-	22,666	11,032	(11,634)
EXPENDITURES PAID				
Instruction	-	-	252,396	(252,396)
Support services	-	-	75,702	(75,702)
Noninstructional	-	-	-	-
Facilities acquisition and construction services	-	1,979,163	1,628,399	350,764
Other Outlay	-	-	-	-
Total expenditures paid	-	1,979,163	1,956,497	22,666
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	-	(1,956,497)	(1,945,465)	11,032
Adjustments to prior year encumbrances	-	-	-	-
Excess of revenues collected over (under) expenditures paid	-	(1,956,497)	(1,945,465)	11,032
FUND BALANCES, beginning	-	1,956,497	1,956,496	-
FUND BALANCES, ending	\$ -	\$ -	\$ 11,031	\$ 11,032
Adjustments to reconcile the ending statutory fund balance to the fund balance reported on the governmental funds balance sheet:				
Accounts receivable not recorded on statutory budget basis			-	
Deferred revenue not recorded on statutory budget basis			-	
Payables are not recorded on statutory budget basis			(4,625)	
Encumbrances expensed on statutory budget basis			55,134	
			<u>\$ 61,540</u>	

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Schedule of District's Proportionate Share of Net Pension Liability
Teachers' Retirement Plan
Last 10 Fiscal Years
For the Year Ended June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension liability (asset)	0.322017490%	0.315089820%	0.301090050%	0.301090050%
District's proportionate share of the net pension liability (asset)	26,982,302	19,134,643	16,198,242	21,670,474
District's covered employee payroll	14,123,189	13,669,375	14,522,085	16,867,104
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	191.05%	139.98%	111.54%	128.48%
Plan fiduciary net position as a percentage of the total pension liability	62.24%	70.31%	63.19%	57.25%

Note that only years since implementation of GASB 68 are included.

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Schedule of District Contributions
Teachers' Retirement Plan
Last 10 Fiscal Years
For the Year Ended June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,341,703	\$ 1,365,303	\$ 1,197,599	\$ 1,120,222
Contributions in relation to the contractually required contribution	1,341,703	1,365,303	1,197,599	1,120,222
Contribution deficiency (excess)	-	-	-	-
District's covered payroll	14,123,189	13,669,375	14,522,085	13,867,104
Contributions as a percentage of Covered employee Payroll	9.50%	9.50%	9.50%	9.50%

Note that only years since implementation of GASB 68 are included.

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Note 1: Budgeting and Budgetary Control

Oklahoma statutes require the District to prepare an annual budget. The various county excise boards formally approve the annual budget for the general fund, building fund, sinking fund and gifts and endowment fund. The District adopts its budget at the fund level.

Note 2: Budgetary Basis of Accounting

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

Note 3: Changes of Assumptions

The 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.

CANADIAN VALLEY TECHNOLOGY CENTER SCHOOL DISTRICT NO. I-6
Canadian County, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ending June 30, 2017

Description	Project Code	Revenue Code	CFDA #	Grant Award	Grant Receivable 6/29/2016	Receipts	Expenditures	Grant Receivable 6/30/2017
US Department of Education								
Direct programs:								
Pell Grants	474	4874	84.063	\$ 470,144.00	\$ 22,381.00	\$ 454,884.00	\$ 470,144.00	\$ 37,641.00
Passed through Oklahoma State Department of Vocational and Technical Education:								
Carl D Perkins Vocational Secondary	421	4821	84.048	167,662.00	29,323.59	130,045.21	164,194.21	63,472.59
Temporary Aid to Needy Families (TANF)	452	4852	93.558	206,856.00	47,260.80	196,696.89	202,919.22	53,483.13
US Department of Health Education and Welfare								
Passed through Oklahoma State Department of Vocational and Technology Education								
Rehabilitation Services/Project Search	456	4617	84.126	33,865.00	-	33,865.00	38,390.00	4,525.00
US Department of Emergency Management								
Direct programs:								
Federal Emergency Management Assistance	594	4120	97.036	-	-52,458.75	-	52,458.75	-
US Department of Agriculture								
Passed through State Department of Education								
Child Nutrition Cluster:								
National School Lunch Program:								
Cash assistance	803	4750	10.555	15,022.17	1,035.97	14,761.81	15,022.17	1,296.33
Non-cash assistance: commodities	803	N/A	10.555	1,073.40	-	1,073.40	1,073.40	-
Total for Program (Cluster)				<u>16,095.57</u>	<u>1,035.97</u>	<u>15,835.21</u>	<u>16,095.57</u>	<u>1,296.33</u>
Total Federal Financial Assistance				<u>\$ 894,622.57</u>	<u>\$ 47,542.61</u>	<u>\$ 831,326.31</u>	<u>\$ 944,201.75</u>	<u>\$ 160,418.05</u>

Canadian Valley Technology Center School District No. 6
Canadian County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Canadian Valley Technology Center, District No. 6 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 200, 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 Canadian Valley Technology Center, District No. 6 it is not intended to and does not present the basic financial statements as listed in the table of contents, of Canadian Valley Technology Center, District No. 6

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on using the statutory 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

Canadian Valley Technology Center, District No. 6 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D: Subrecipients

Canadian Valley Technology Center, District No. 6 did not have any awards that have been passed through to subrecipients.

CANADIAN VALLEY TECHNOLOGY CENTER SCHOOL DISTRICT No. 6
Canadian County, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

SECTION 1-SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal Control over major programs:							
Material weakness(es) identified?	No						
Reportable condition(s) identified not considered to be material weaknesses?	None reported						
Type of auditor's report issued on compliance for major programs:	Unqualified						
Any audit findings disclosed that are required to be reported in accordance with The Uniform Guidance	None reported						
Identification of major programs:							
<table><tbody><tr><td><u>CFDA Number(s)</u></td><td><u>Name of Federal Program</u></td><td><u>Expenditures</u></td></tr><tr><td>93.558</td><td>TANF</td><td>202,919.00</td></tr></tbody></table>	<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>	<u>Expenditures</u>	93.558	TANF	202,919.00	
<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>	<u>Expenditures</u>					
93.558	TANF	202,919.00					
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000.00						
Auditee qualified as low-risk auditee?	Yes						

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Steven F. Cundiff
Certified Public Accountant, Inc.
205 West Seventh, Suite 201-A, P.O. Box 187
Stillwater, Oklahoma 74076
(405) 372-4822 FAX (405) 372-4828

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

The Honorable Board of Education
Canadian Valley Technology Center
School District No. 6
El Reno, Canadian County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Canadian Valley Technology Center School District No. 6, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Canadian Valley Technology Center School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Canadian Valley Technology Center School District No. 6's internal control. Accordingly, we do not express an opinion on the effectiveness of the Canadian Valley Technology Center School District No. 6's internal control.

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

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

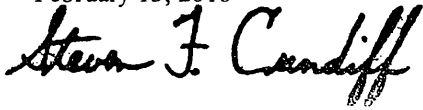
Compliance and Other Matters

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

Purpose of This Report

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

February 13, 2018

A handwritten signature in black ink that reads "Steven F. Cundiff". The signature is written in a cursive style with a large, stylized "S" and "C".

Steven F. Cundiff, CPA, Inc.

Steven F. Cundiff
Certified Public Accountant, Inc.
205 West Seventh, Suite 201-A, P.O. Box 187
Stillwater, Oklahoma 74076
(405) 372-4822 FAX (405) 372-4828

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

The Honorable Board of Education
Canadian Valley Technology Center
School District No. 6
El Reno, Canadian County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Canadian Valley Technology Center School District No. 6, Canadian County, Oklahoma's, compliance with the types of compliance requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) that could have a direct and material effect on each of Canadian Valley Technology Center School District No. 6's major federal programs for the year ended June 30, 2017. Canadian Valley Technology Center School District No. 6's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Canadian Valley Technology Center School District No. 6's major federal programs based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Canadian Valley Technology Center School District No. 6's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major federal program. However, our audit does not provide a legal determination of Canadian Valley Technology Center School District No. 6's compliance.

Opinion on Each Major Federal Program

In our opinion, Canadian Valley Technology Center School District No. 6 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

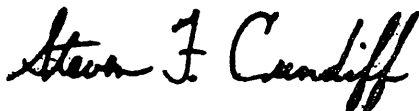
Management of Canadian Valley Technology Center School District No. 6 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Canadian Valley Technology Center School District No. 6's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Canadian Valley Technology Center School District No. 6's internal control over compliance.

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

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

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

February 13, 2018

A handwritten signature in black ink that reads "Steven F. Cundiff". The signature is written in a cursive, flowing style.

Steven F. Cundiff, CPA, Inc.

CANADIAN VALLEY TECHNOLOGY CENTER SCHOOL DISTRICT No. 6
Canadian County, Oklahoma

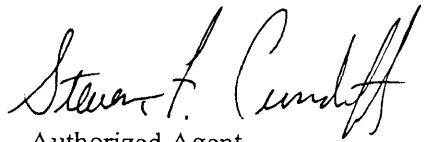
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
July 1, 2016 to June 30, 2017

State of Oklahoma

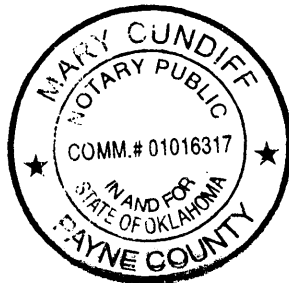
County of Canadian

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Canadian Valley Technology Center School for the audit year 2016-2017.

Steven F. Cundiff, C.P.A., Inc.
Auditing Firm

by 
Authorized Agent

Subscribed and sworn to before me this 13th of February _____, 2018.



Notary Public 

My Commission Expires: 9-27-21 #01016317