

**ANNUAL FINANCIAL REPORT**  
**CANADIAN VALLEY TECHNOLOGY CENTER NO. 6**  
**CANADIAN COUNTY, OKLAHOMA**  
**JULY 1, 2018 TO JUNE 30, 2019**

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

**Canadian Valley Technology Center School District No. 6**  
**Canadian County**  
**Report on Audit of Financial Statements**  
**June 30, 2019**

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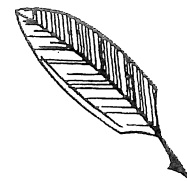
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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Canadian Valley Technology Center No. 6  
Canadian, Oklahoma

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Canadian Valley Technology Center No. 6, Canadian County, Oklahoma, as of and for the year ended June 30, 2019, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Canadian Valley Technology Center as of June 30, 2019, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

### **Other Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basis financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated March 4, 2020, on my consideration of Canadian Valley Technology Center No. 6, Canadian County, Oklahoma's, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.  
Broken Arrow, OK  
March 4, 2020

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

June 30, 2019

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, 2019. 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 \$58,906,504
- Change in total net position \$8,610,773
- Fund balances, governmental funds \$26,207,290
- Property valuation of the district for fiscal year ended 2019 is up 8.91 % 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 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.

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

The district-wide financial statements can be found on pages 10-11 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 four 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.

**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 as a 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



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

reports unspent bond proceeds in the capital projects fund. The District did not report capital projects fund for 2019.

**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.

*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 12-15 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 16-41 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.

The net position of the District's governmental activities increased by 17.12% from \$50,295,731 to \$58,906,504. This increase was primarily due to capital asset acquisition..

The District's share of the net OPEB asset reported for the year increased \$82,850.

A portion of the District's Net Position, \$10,158,187 (17.54% of total Net Position), represents resources that are subject to external restrictions on how they may be used or are not in expendable form. \$50,364,996 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

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

provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance is a deficit of (\$1,616,679), which is unrestricted portion.

At the end of the current fiscal year, the District is able to report a positive 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 2019 and 2018:

	Governmental activities	
	2019	2018
Current Assets	\$ 32,084,538	\$ 26,094,671
Capital Assets	77,525,684	66,909,656
Other Assets	233,868	151,018
Total assets	109,844,090	93,155,345
Deferred Outflows of Resources	3,676,014	4,501,552
Liaibilities due within a year	7,191,482	6,039,249
Long-term liabilities	44,264,160	38,327,267
Total liabilities	51,455,642	44,366,516
Deferred Inflows of Resources	3,157,958	2,994,650
Net Position		
Invested in capital assets	50,364,996	43,404,734
Restricted	10,158,187	7,095,097
Unrestricted	(1,616,679)	(204,100)
Total net position	58,906,504	50,295,731

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

	Governmental activities	
	2019	2018
General Revenues		
Advalorem taxes	\$ 32,804,945	\$ 30,245,947
Other	1,102,212	397,002
State sources	4,899,777	3,798,854
Federal sources	3,043	69,895
Program Revenues		
Charges for services	2,002,913	1,631,681
Operating grants	1,019,200	848,452
Capital grants and contributions	1,842,151	-
Total revenue	43,674,241	36,991,831
Expenses		
Instruction	13,993,424	13,923,485
Support services	17,197,225	16,889,599
Other outlays	2,542,667	2,596,463
Interest expense on long-term debt	1,330,151	1,003,705
Total expenses	35,063,467	34,413,252
Change in Net position	8,610,774	2,578,579
Transfers	-	3,280,743
Restatement	-	(227,352)
Net position, beginning of year	50,295,730	44,663,761
Net position, end of year	\$ 58,906,504	\$ 50,295,731

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

#### 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 :

	<u>2019</u>	<u>Percent of Total</u>	<u>2018</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from Prior Year</u>	<u>Percent Change</u>
Revenues:						
Property Taxes	\$ 32,398,762	77.18%	\$ 27,849,877	82.58%	\$ 4,548,885	16.33%
Tuition and Fees	1,173,919	2.80%	1,083,012	3.21%	90,907	8.39%
Intergovernmental State Sources	3,598,541	8.57%	2,698,853	8.00%	899,688	33.34%
Intergovernmental Federal Sources	2,829,138	6.74%	918,346	2.72%	1,910,792	208.07%
Miscellaneous	1,533,089	3.65%	975,753	2.89%	557,336	57.12%
Investment Income	444,578	1.06%	200,753	0.60%	243,825	121.46%
	<u>\$ 41,978,027</u>	<u>100.00%</u>	<u>\$ 33,726,594</u>	<u>100.00%</u>	<u>\$ 8,251,433</u>	<u>24.47%</u>

- Increases in property taxes resulted in the funding increase.

	<u>2019</u>	<u>Percent of Total</u>	<u>2018</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from Prior Year</u>	<u>Percent Change</u>
Expenditures						
Instruction	\$ 11,919,583	32.79%	\$ 11,831,450	32.17%	\$ 88,133	0.74%
Support services	16,133,340	44.38%	15,802,961	42.96%	330,379	2.09%
Operation of noninstruction	2,330,731	6.41%	2,311,956	6.29%	18,775	0.81%
Facilities	4,440,057	12.21%	5,276,965	14.35%	(836,908)	-15.86%
Debt Service	<u>1,531,913</u>	<u>4.21%</u>	<u>1,558,613</u>	<u>4.24%</u>	<u>(26,700)</u>	<u>-1.71%</u>
	<u>\$ 36,355,624</u>	<u>100.00%</u>	<u>\$ 36,781,945</u>	<u>100.00%</u>	<u>\$ (426,321)</u>	<u>-1.16%</u>

- Decreases in expenditure functions were due primarily to the use of bond proceeds for various purposes in prior year.

#### 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.

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

General fund revenues exceeded budget by \$2.1 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, 2019 and 2018 amounted to \$77,525,684 and \$66,909,656, respectively, net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, and vehicles.

	Governmental activities	
	2019	2018
Land	\$ 1,013,987	\$ 1,013,987
Construction in progress	12,125,705	-
 Total capital assets not depreciated	 13,139,692	 1,013,987
Buildings	73,972,384	73,835,816
Furniture and small equipment	183,139	183,139
Machinery and equipment	6,380,149	6,068,165
Vehicles	1,136,113	1,241,814
 Total capital assets being depreciated	 81,671,785	 81,328,934
Less accumulated depreciation	(17,285,793)	(15,433,265)
	<u>64,385,992</u>	<u>65,895,669</u>
 Total capital assets	 <u>\$ 77,525,684</u>	 <u>\$ 66,909,656</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.

	Governmental activities	
	2019	2018
General Obligation Bonds	\$ 6,675,000	\$ 8,010,000
Capital Lease Obligations	36,345,248	36,345,248
	<u>\$ 43,020,248</u>	<u>\$ 44,355,248</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 \$200 million.

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, 2019 was \$21,872,591. This was a decrease of \$598,000 from fiscal year 2018 primarily due to investment gains excess of expected by the Teacher Retirement System in 2018, which was the measurement year for the net pension liability.

## VII. Contacting the District's Financial Management

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

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.

## **BASIC FINANCIAL STATEMENTS**

Canadian Valley Technology Center School District No. 6  
**Canadian County**  
**Statement of Net Position**  
June 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash investments	\$ 26,331,877
Accounts receivable, net	5,752,661
Inventory	-
Capital assets not being depreciated	13,139,692
Capital assets being depreciated, net of depreciation	64,385,992
Net OPEB Asset	<u>233,868</u>
Total assets	<u>109,844,090</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	<u>3,676,014</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	1,601,616
Accrued interest payable	986,027
Long-term Liabilities	
Due within one year	4,603,839
Due in more than one year	<u>44,264,160</u>
Total liabilities	<u>51,455,642</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	<u>3,157,958</u>
<b>NET POSITION</b>	
Net investment in capital assets	50,364,996
Restricted for:	
Building fund	9,161,197
Debt service	996,990
Unrestricted	<u>(1,616,679)</u>
Total net position	<u><u>\$ 58,906,504</u></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, 2019

Primary Government Functions/Programs:	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 13,993,424	\$ 1,706,998	\$ 333,634	\$ -	\$ (11,952,792)
Support services - instructional	4,191,500	-	211,015	-	(3,980,485)
Support services -operational	13,005,725	-	-	-	(13,005,725)
Non-instruction	2,132,289	295,915	-	-	(1,836,374)
Other Outlays	47,214	-	-	1,842,151	1,794,937
Repayments and financial aid	363,164	-	474,551	-	111,387
Interest expense	1,330,151	-	-	-	(1,330,151)
Total governmental activities	<u>\$ 35,063,467</u>	<u>\$ 2,002,913</u>	<u>\$ 1,019,200</u>	<u>\$ 1,842,151</u>	<u>\$ (30,199,203)</u>
General Revenues:					
Ad valorem taxes, levied for general purposes					20,895,382
Ad valorem taxes, levied for building purposes					10,488,561
Ad valorem taxes, levied for debt service purposes					1,421,002
Other state taxes					3,076
Interest income					444,578
Other					654,558
State appropriations					4,899,777
Federal appropriations					3,043
Total general revenues and transfers					<u>38,809,977</u>
Change in net assets					8,610,774
Net position, beginning					<u>50,295,730</u>
Net position, ending					<u>\$ 58,906,504</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, 2019

	General	Special Revenue Fund Building Fund	Debt Service Fund	Total
<b>ASSETS</b>				
Cash and cash investments	\$ 13,829,095	\$ 11,717,686	\$ 785,095	\$ 26,331,876
Property tax receivables	2,752,752	1,561,244	202,322	4,516,318
Receivables from other governments	170,585	819,241	-	989,826
Other receivables	241,845	2,244	2,428	246,517
Inventories	0	-	-	-
Total assets	<u>\$ 16,994,277</u>	<u>\$ 14,100,415</u>	<u>\$ 989,845</u>	<u>\$ 32,084,537</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 227,747	\$ 262,759	\$ -	\$ 490,506
Other payables	1,070,013	41,096	-	1,111,109
Compensated absences	339,079	-	-	339,079
Total Liabilities	<u>1,636,839</u>	<u>303,855</u>	<u>-</u>	<u>1,940,694</u>
Deferred Inflows of resources:				
Deferred property taxes	<u>2,383,870</u>	<u>1,376,485</u>	<u>176,198</u>	<u>3,936,553</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	12,288,764	813,647	13,102,411
Committed	-	-	-	-
Assigned	11,857,455	131,311	-	11,988,766
Unassigned	<u>1,116,113</u>	<u>-</u>	<u>-</u>	<u>1,116,113</u>
Total fund balances	<u>12,973,568</u>	<u>12,420,075</u>	<u>813,647</u>	<u>26,207,290</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,994,277</u>	<u>\$ 14,100,415</u>	<u>\$ 989,845</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.				77,525,684
Compensated absences which are not due and payable in the current period and therefore are not reported in the funds.				(496,794)
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.				3,936,553
Net OPEB asset is not a financial resource so is not reported in the funds				233,868
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds				(21,872,591)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds				518,056
Net assets of governmental activities				<u>\$ 58,906,504</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, 2019

	General	Special Revenue Fund Building Fund	Debt Service Fund	Total
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 20,637,288	\$ 10,308,779	\$ 1,452,695	\$ 32,398,762
Tuition and fees	1,173,919	-	-	1,173,919
Interest	342,551	84,601	17,426	444,578
Other local	591,167	941,922	-	1,533,089
State sources	3,597,206	986	349	3,598,541
Federal sources	1,047,739	1,781,399	-	2,829,138
Total revenues	<u>27,389,870</u>	<u>13,117,687</u>	<u>1,470,470</u>	<u>41,978,027</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	10,991,491	928,092	-	11,919,583
Support services	11,826,066	4,307,274	-	16,133,340
Operation of noninstruction	1,911,383	56,182	-	1,967,565
Facilities acquisition and construction services	-	4,440,057	-	4,440,057
Other outlays	363,166	-	-	363,166
Debt Service				
Principal	-	-	1,335,000	1,335,000
Interest	-	-	196,913	196,913
Total expenditures	<u>25,092,106</u>	<u>9,731,605</u>	<u>1,531,913</u>	<u>36,355,624</u>
<b>EXCESS OF REVENUES OVER(UNDER) EXPENDITURES</b>	2,297,764	3,386,082	(61,443)	5,622,403
<b>OTHER FINANCING SOURCES (USES):</b>				
<b>NET CHANGE IN FUND BALANCE</b>	2,297,764	3,386,082	(61,443)	5,622,403
<b>FUND BALANCES, beginning</b>	10,675,804	9,033,993	875,090	20,584,887
<b>FUND BALANCES, ending</b>	<u>\$ 12,973,568</u>	<u>\$ 12,420,075</u>	<u>\$ 813,647</u>	<u>\$ 26,207,290</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, 2019

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

Net change in fund balance	\$ 5,622,403
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.	10,637,878
Gains (Losses) on the disposal of capital assets that do not use current financial resources are reported as expenses .	(21,845)
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.	378,495
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	(1,554,961)
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 Statemen of Activities	1,247,084
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.	(104,397)
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>(7,593,883)</u>
Change in net assets in governmental activities	<u>\$ 8,610,774</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, 2019

	<u>Agency Fund</u>
	Activity
	<u>Fund</u>
<b>ASSETS</b>	
Cash	\$ 175,110
Total assets	<u>\$ 175,110</u>
 <b>LIABILITIES</b>	
Due to student activities	\$ 104,532
Due to administrative activities	<u>70,578</u>
Total liabilities	<u>\$ 175,110</u>

The accompanying notes are an integral part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

**Canadian Valley Technology Center School District No. 6**  
**Canadian County, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2019**

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

**Canadian Valley Technology Center School District No. 6**  
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**Notes to Financial Statements**  
**June 30, 2019**

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, 2019 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, 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

**Canadian Valley Technology Center School District No. 6**  
**Canadian County, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2019**

casualty insurance premiums for school facilities; purchasing security systems; and paying salaries of security personnel. Restricted Net Position are restricted by enabling legislation.

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.

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 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 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



**Canadian Valley Technology Center School District No. 6**  
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**June 30, 2019**

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, 2019.

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 cost of 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.

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, 2019.

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.

**Canadian Valley Technology Center School District No. 6**  
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**Notes to Financial Statements**  
**June 30, 2019**

Deferred Outflows of Resources – The District reports decreases in net position that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for (1) contributions made to Teachers' Retirement System of Oklahoma (TRS the Plan) for defined benefit pension and OPEB plans between the measurement date of the net pension and OPEB liabilities (asset) (June 30, 2018 and the end of the current fiscal year (June 30, 2019). (2) A loss from changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan (3) the actual pension or OPEB plan investment earnings less than the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year (4) A loss in changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan.

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

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

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

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

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

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

**Canadian Valley Technology Center School District No. 6**  
**Canadian County, Oklahoma**  
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**June 30, 2019**

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 and building fund are used to liquidate compensated absences depending upon employee cost assignment.

### 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
- 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”.

## **II. Summary of significant accounting policies - continued**

### 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.

**Canadian Valley Technology Center School District No. 6**  
**Canadian County, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2019**

- 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.

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.

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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 for a period of three years or more as of the date such taxes first become due, the property is offered for sale for the amount of taxes due.

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 January 31, 2020, 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.

*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, 2019, for the District's individual funds are as follows:

	General Fund	Building Fund	Sinking Fund	Total Receivables
Governmental Activities				
Taxes, gross	\$ 2,860,752	\$ 1,593,894	\$ 202,322	\$ 4,656,968
Due from Other Governments	170,585	819,241	2,428	992,254
Other receivables	241,845	2,244	-	244,089
	<u>\$ 3,273,182</u>	<u>\$ 2,415,379</u>	<u>\$ 204,750</u>	<u>\$ 5,893,311</u>
Less: allowance for uncollectibles	(108,000)	(32,650)	-	(140,650)
	<u>\$ 3,165,182</u>	<u>\$ 2,382,729</u>	<u>\$ 204,750</u>	<u>\$ 5,752,661</u>

Payables at June 30, 2019, for the District's individual funds are as follows:

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**June 30, 2019**

	Vendors	Salaries and Benefits	Total Payables
Governmental Activities			
General Fund	\$ 227,747	\$ 1,070,014	\$ 1,297,761
Building Fund	262,759	41,096	303,855
	<u>\$ 490,506</u>	<u>\$ 1,111,110</u>	<u>\$ 1,601,616</u>

**V. 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	\$ 706,408	\$ 129,464	\$ -	\$ 835,872	\$ 339,079
Capital lease payable	38,320,904	-	(1,975,656)	36,345,248	2,929,760
Direct Borrowings:					
General obligation bonds	8,010,000	-	(1,335,000)	6,675,000	1,335,000
	<u>\$ 47,037,312</u>	<u>\$ 129,464</u>	<u>\$ (3,310,656)</u>	<u>\$ 43,856,120</u>	<u>\$ 4,603,839</u>
Less cash held by trustee bank	(27,556,088)			(16,860,712)	
Net pension liability	<u>22,470,710</u>			<u>21,872,591</u>	
Total governmental activity long-term liabilities	<u>\$ 41,951,934</u>			<u>\$ 48,867,999</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:

**Canadian Valley Technology Center School District No. 6**  
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**June 30, 2019**

<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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
2023	1,335,000	80,100	1,415,100
2024	1,335,000	40,050	1,375,050
Thereafter	-	-	-
	<u>\$ 6,675,000</u>	<u>\$ 547,350</u>	<u>\$ 7,222,350</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 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.

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

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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 \$231.

The fifth agreement, dated October 1, 2017, involved the Lease/Purchase Agreement between the District and the Canadian County Educational Facilities Authority for the school facilities consisting of acquisition, construction and equipping of new education facilities. This issue was for the amount of \$25,000,000. This construction project will be started in fiscal year 2019. The trustee bank is holding the cash in the construction escrow in the amount of \$12,913,444.

The minimum lease payments under these leases are as follows as of June 30, 2019:

	2007	2013c		Canadian County Ed Facilities Authority
<u>Period Ending June 30,</u>	<u>Refinance</u>	<u>Lease</u>	<u>2017 Lease</u>	<u>Leases</u>
2020	1,693,746	1,250,000	1,000,000	3,943,746
2021	1,706,927	1,250,000	1,000,000	3,956,927
2022		3,162,014	1,000,000	4,162,014
2023		3,162,014	1,000,000	4,162,014
2024		-	3,300,527	3,300,527
Thereafter		-	23,103,689	23,103,689
Total Minimum Lease				
Payment	\$ 3,400,673	\$ 8,824,028	\$ 30,404,216	\$ 42,628,917
Less Interest	(207,671)	(671,782)	(5,404,216)	(6,283,669)
Net	<u>\$ 3,193,002</u>	<u>\$ 8,152,246</u>	<u>\$ 25,000,000</u>	<u>\$ 36,345,248</u>

## **VI. Capital assets**

Capital asset activity for the year ended June 30, 2019, was as follows:



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	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,013,987	\$ -	\$ -	\$ 1,013,987
Construction in progress	-	12,125,705	-	12,125,705
Total capital assets not depreciated	1,013,987	12,125,705	-	13,139,692
Capital assets being depreciated				
Buildings	73,835,816	136,568	-	73,972,384
Furniture	183,139	-	-	183,139
Machinery and equipment	6,068,165	463,357	(151,373)	6,380,149
Transportation equipment	1,241,814	32,499	(138,200)	1,136,113
Total assets	81,328,934	632,424	(289,573)	81,671,785
Less Accumulated depreciation				
Buildings	(11,880,796)	(1,542,095)	-	(13,422,891)
Furniture	(38,263)	(9,730)	-	(47,993)
Machinery and equipment	(2,795,811)	(453,569)	140,660	(3,108,720)
Transportation equipment	(718,395)	(114,857)	127,063	(706,189)
Total Accumulated depreciation	(15,433,265)	(2,120,251)	267,723	(17,285,793)
Total Capital assets being depreciated, net	65,895,669	(1,487,827)	(21,850)	64,385,992
Governmental activities capital assets, net	\$ 66,909,656	\$ 10,637,878	\$ (21,850)	\$ 77,525,684

Depreciation expense for the year ended June 30, 2019, was charged to functions of the District as follows:

General government	
Instruction	\$ 1,509,020
Support services - instructional	349,658
Support services -operational	142,818
Non-instructional services	118,755
Total depreciation expense - governmental activities	<u>\$ 2,120,251</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.

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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 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, 2019, qualifying employee contributions were reduced by a retirement credit of \$92,481 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2019, 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, 2019, the District contributions to the System for were \$1,618,148.

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 \$1,247,084.

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

At June 30, 2019, the District reported a liability of \$21,872,591 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was 0.361882620%, as compared to its proportion share of 0.33864845% measured as of June 30, 2017.

For the year ended June 30 2019, the District recognized pension expense of \$1,585,844. At June 30, 2019, 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	\$ -	\$ 1,397,289
Changes of assumptions	1,039,791	1,055,817
Net difference between projected and actual earnings on pension plan investments	-	362,371
Changes in proportion and differences between District contributions and proportionate share of contributions	1,010,682	180,422
District contributions subsequent to the measurement date	1,618,148	-
	<u>\$ 3,668,621</u>	<u>\$ 2,995,899</u>

\$1,618,148 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, 2020. 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	
2020	\$ 776,264
2021	704,205
2022	(474,446)
2023	(342,600)
2024	(845,232)
Thereafter	(763,617)
	<u>\$ (945,426)</u>

Actuarial assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – Entry Age Normal

Inflation – 2.5%

Future Ad Hoc Cost-of living increases - None

Salary Increases – Composed of 3.25 %wage inflation, including 2.50 percent price inflation, plus a service-related component ranging from 0.00 percent to 8.00 percent based on 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 Rates after Retirement – Males: RP-2000 Combined Healthy Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table,

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scaled to 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.

Mortality Rates for Active Members – RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

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, 2018, 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, 2018. This is the same rate as used in the prior year. 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	\$ 31,138,924	\$ 21,872,591	\$ 14,163,447

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/>.

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**VIII. Other Post-Employment Benefits (OPEB)**

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

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

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

Contributions – Employer and employee contributions are made based upon the TRS Plan provisions contained in State Statute Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. The cost of the subsidy averages 0.15% of normal cost, as determined by an actuarial valuation.

OPEB (Assets) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2019, the District reported an asset of (\$233,868) for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of the contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.361882620%, as compared to its proportion share of 0.33864845% measured as of June 30, 2017.

For the year ended June 30 2019, the District recognized OPEB expense (credit) of (\$30,883) At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflow of Resources \$	Deferred Inflow of Resources \$
Differences between expected and actual experience	-	29,875
Changes of assumptions	-	33,029
Net difference between projected and actual earnings on pension plan investments	-	92,627
Changes in proportion and differences between District contributions and proportionate share of contributions	-	7,619
District contributions subsequent to the measurement date	11,587	-
	<u>\$ 11,587</u>	<u>\$ 163,150</u>

\$11,587 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the measurement year ended June 30, 2018. 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	
2020	\$ (43,247)
2021	(43,247)
2022	(43,247)
2023	(22,538)
2024	(6,464)
Thereafter	(4,407)
	<u>\$ (163,150)</u>

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

An assumption change was made to the OPEB Plan during the current valuation lowering the rate of participation in the supplemental insurance benefit from 100% to 50%, based on historical data. The benefits are only available to those retirees that participate and have at least 10 years of service credit at retirement.

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

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	1% Decrease <u>(6.5%)</u>	Current Discount Rate (7.5%)	1% Increase <u>(8.5%)</u>
District's Proportionate share of the net OPEB liability(asset)	\$ <u>(82,139)</u>	\$ <u>(233,868)</u>	\$ <u>(363,518)</u>

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

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

### **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 District is 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:

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General Fund	1,324,483
Building Fund	523,815
	<u>\$ 1,848,298</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	87 various copiers	9 School Buses	
Date of Lease	Various	Various	
Terms of Lease	5 years	3 years	
Total Cost	\$368,135	\$ 390,000	
Payment	\$6,136/Mo	\$130,000/yr	
Annual Commitment			
2019-20	72,586	72,500	145,086
2020-21	64,401	43,500	107,901
2021-22	61,959	-	61,959
2022-23	52,424	-	52,424
2023-24	-	-	-
			<u>\$ 367,370</u>

**X. Fund Balances – Governmental Funds**

As of June 30, 2019, fund balances are composed of the following:

	General	Building Fund	Debt Service Fund
Restricted			
Buildings	-	12,288,764	-
Debt Service	-	-	813,647
Committed			
Assigned			
Buildings	-	131,311	-
Next year's budget	10,532,972	-	-
Cash Flow	-	-	-
District Programs	1,324,483	-	-
Unassigned	1,116,113	-	-
	<u>\$ 12,973,568</u>	<u>\$ 12,420,075</u>	<u>\$ 813,647</u>

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



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**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	\$ 1,013,987
Construction in progress	12,125,705
Total capital assets not depreciated	<u>\$ 13,139,692</u>
Capital assets being depreciated	
Buildings	\$ 73,972,384
Furniture and small equipment	183,139
Tools and large equipment	6,380,149
Vehicles	1,136,113
Total assets	\$ 81,671,785
Less Accumulated depreciation	<u>(17,285,793)</u>
Total Capital assets being depreciated, net	<u>\$ 64,385,992</u>
Capital assets, net	<u>\$ 77,525,684</u>

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

Capital Outlay	\$ 12,758,129
Depreciation Expense	<u>(2,120,251)</u>
	<u>\$ 10,637,878</u>
 District pension contributions	 \$ 1,629,735
Cost of benefits earned net of employee contribution	<u>(3,184,696)</u>
	<u>\$ (1,554,961)</u>
 Accrued Interest Change	 \$ (209,164)
Payments on general obligation bonds	1,335,000
Payments on lease payables	1,975,656
Issuance of new lease	-
Change in funds held by trustee	<u>(10,695,375)</u>
	<u>\$ (7,593,883)</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.

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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, 2019, abated property taxes were approximately \$1,090,000.

#### **XIV New GASB Standards**

The District implemented the following GASB Statements:

- 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.
- GASBS Statement No. 87, *Leases*, which supersedes current guidance on leases and establishes that leases are a financing arrangement for the right to use an underlying asset. The standard requires the government to record a lease liability and capitalize and amortize the underlying asset over the shorter of the asset life or the lease term. It provides an exception for short-term leases (e.g., less than 12 months) and requires leases that transfer ownership of the underlying asset to be accounted for as a financed purchase. Lease disclosure requirements are also amended.. GASBS No. 87 is effective for periods beginning after December 15, 2017.
- GASBS Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* o improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The provisions of this statement are effective for reporting periods beginning after June 15, 2018.

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

- 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.
- GASBS Statement No. 87, *Leases*, which supersedes current guidance on leases and establishes that leases are a financing arrangement for the right to use an underlying asset. The standard requires the government to record a lease liability and capitalize and amortize the underlying asset over the shorter of the asset life or the lease term. It provides an exception for short-term leases (e.g., less than 12 months) and requires leases that transfer ownership of the underlying asset to be accounted for as a financed purchase. Lease disclosure requirements are also amended.. GASBS No. 87 is effective for periods beginning after December 15, 2019.
- GASBS Statement No. 89, *Accounting for Interest Cost Incurred Before End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a

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construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The provisions of this statement are effective for reporting periods beginning after December 15, 2019.

- GASBS Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements 14 and 61*, defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The provisions of this statement are effective for reporting periods beginning after December 15, 2018.
- GASBS Statement No. 91, *Conduit Debt*, clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement are effective for reporting periods beginning after December 15, 2020.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Canadian Valley Technology Center School District No. 6**  
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**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Budget and Actual (Budget Basis) – General Fund (Unaudited)**  
**For the Year Ended June 30, 2019**

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES COLLECTED</b>				
Local sources	\$ 20,230,819	\$ 21,954,657	\$ 23,189,230	\$ 1,234,573
State sources	2,847,098	3,483,908	3,597,370	113,462
Federal sources	917,517	999,794	1,106,671	106,877
Total revenues collected	23,995,434	26,438,359	27,893,271	1,454,912
<b>EXPENDITURES PAID</b>				
Instruction	11,491,845	12,040,535	10,919,930	1,120,605
Support services	12,400,000	12,950,000	11,626,594	1,323,406
Noninstruction Services	1,620,000	1,700,000	1,965,111	(265,111)
Other outlays	6,125,000	8,040,000	532,234	7,507,766
Total expenditures paid	31,636,845	34,730,535	25,043,869	9,686,666
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	(7,641,411)	(8,292,176)	2,849,402	11,141,578
Adjustments to prior year encumbrances	-	-	630,541	630,541
Excess of revenues collected over (under) expenditures paid	(7,641,411)	(8,292,176)	3,479,943	11,772,119
FUND BALANCES, beginning	7,641,411	8,292,176	9,146,942	-
FUND BALANCES, ending	\$ -	\$ -	\$ 12,626,885	\$ 11,772,119

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	3,042,911
Deferred revenue not recorded on statutory budget basis	(2,383,870)
Payables not recorded on statutory budget basis	(1,297,764)
Compensated absences not recorded on statutory budget basis	(339,079)
Encumbrances expensed on the statutory budget basis	1,324,485
	<u>\$ 12,973,568</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, 2019**

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>REVENUES COLLECTED</b>				
Local sources	\$ 9,106,811	\$ 10,066,305	\$ 11,401,648	\$ 1,335,343
State sources	-	-	923	923
Federal sources	-	978,447	978,447	-
Total revenues collected	<u>9,106,811</u>	<u>11,044,752</u>	<u>12,381,018</u>	<u>1,336,266</u>
<b>EXPENDITURES PAID</b>				
Instruction	600,000	664,754	929,864	(265,110)
Support services	4,157,926	5,800,000	4,465,714	1,334,286
Noninstructional	50,000	50,000	56,182	(6,182)
Facilities acquisition and construction services	5,700,000	5,725,000	4,499,805	1,225,195
Other Outlay	6,500,000	7,400,000	-	7,400,000
Total expenditures paid	<u>17,007,926</u>	<u>19,639,754</u>	<u>9,951,565</u>	<u>9,688,189</u>
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	(7,901,115)	(8,595,002)	2,429,453	11,024,455
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>591,763</u>	<u>591,763</u>
Excess of revenues collected over (under) expenditures paid	(7,901,115)	(8,595,002)	3,021,216	11,616,218
FUND BALANCES, beginning	<u>7,901,115</u>	<u>8,595,002</u>	<u>8,172,653</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,193,869</u>	<u>\$ 11,616,218</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	2,382,729
Deferred revenue not recorded on statutory budget basis	(1,376,484)
Payables are not recorded on statutory budget basis	(303,855)
Encumbrances expensed on statutory budget basis	<u>523,816</u>
	<u>\$ 12,420,075</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, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension liability (asset)	0.361882620%	0.338648450%	0.315089820%	0.315089820%	0.301090050%	0.301090050%
District's proportionate share of the net pension liability (asset)	21,872,591	22,470,710	26,982,302	19,134,643	16,198,242	21,670,474
District's covered employee payroll	16,929,726	14,123,189	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	129.20%	159.11%	191.05%	139.98%	111.54%	128.48%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	69.92%	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, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,608,324	\$ 1,388,709	\$ 1,341,703	\$ 1,365,303	\$ 1,197,599	\$ 1,120,222
Contributions in relation to the contractually required contribution	1,608,324	1,388,709	1,341,703	1,365,303	1,197,599	1,120,222
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered payroll	16,929,726	14,617,989	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%	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**  
**Schedule of District's Proportionate Share of Net OPEB (Asset) Liability**  
**Teachers' OPEB Plan**  
**Last 10 Fiscal Years**  
**For the Year Ended June 30, 2019**

	<u>2018</u>	<u>2017</u>
District's portion of the net OPEB liability (asset)	0.361882620%	0.338648450%
District's proportionate share of the net OPEB liability (asset)	(223,868)	(151,018)
District's covered employee payroll	16,929,726	14,617,989
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	1.32%	1.03%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	115.41%	110.40%

**Canadian Valley Technology Center School District No. 6**  
**Canadian County, Oklahoma**  
**Schedule of District's Contribution**  
**Teachers' OPEB Plan**  
**Last 10 Fiscal Years**  
**For the Year Ended June 30, 2019**

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 10,540	\$ 22,057
Contributions in relation to the contractually required contribution	10,540	22,057
Contribution deficiency (excess)	-	-
District's covered payroll	16,929,726	14,617,989
Contributions as a percentage of Covered employee Payroll	0.062%	0.151%

**Canadian Valley Technology Center School District No. 6**  
**Canadian County, Oklahoma**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2019**

**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, and the sinking 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 assumption change in fiscal year 2015 is attributable to the new assumptions adopted by the TRS board in May, 2015.

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

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

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

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

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

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## **SUPPLEMENTARY INFORMATION**

**Canadian Valley Technology Center School District No. 6**  
**Canadian County, Oklahoma**  
**Supplemental Schedule**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/18	Federal Grant Receipts	Total Grant Expenditures	Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/19
<u>U.S. Department of Education</u>								
Direct Programs-Student Financial Aid								
*Federal Pell Grant Program	84.063	474	\$ (50,757)	\$ 492,096	\$ 469,551	\$ -	\$ 469,551	\$ (28,212)
Total Student Financial Aid Cluster			(50,757)	492,096	469,551	-	469,551	(28,212)
Carl Perkins Vocational Education Act								
Passed through Oklahoma Department of Career and Technology Education								
Carl Perkins Secondary	84.048	423	(117,722)	250,060	176,257		176,257	(43,919)
Career and Technical Education Total			(117,722)	250,060	176,257		176,257	(43,919)
Adult Education - Basic grants	84.002	731	-	6,465	18,765		18,765	(12,300)
Total Pass Through Programs			(117,722)	256,525	195,022	-	195,022	(56,219)
Total U.S. Department of Education			(168,479)	748,621	664,573	-	664,573	(84,431)
<u>U.S. Department of Health and Human Services</u>								
Passed through Oklahoma Department of Human Services and Oklahoma Department of Career and Technology Education								
Temporary Aid to Needy Families	93.558	452	(101,213)	246,948	195,597		195,597	(49,862)
Total U.S. Department of Health and Human Services			(101,213)	246,948	195,597	-	195,597	(49,862)
<u>U.S. Department of Emergency Management</u>								
Direct Program								
*Federal Emergency Management Assistance	97.036	594	(777,075)	1,039,199	1,065,076		1,065,076	(802,952)
Total U.S. Department of Emergency Management			(777,075)	1,039,199	1,065,076	-	1,065,076	(802,952)
<u>U.S. Department of Agriculture</u>								
Passed through State Department of Education								
Child Nutrition Cluster:								
Cash Assistance	10.555	803	(1,176)	4,218	3,042		3,042	-
Non-cash assistance: commodities	10.555	803	-	1,527	1,527		1,527	-
Total U.S. Department of Agriculture			(1,176)	5,745	4,569	-	4,569	-
Total Expenditures of Federal Awards			\$ (1,047,943)	\$ 2,040,513	\$ 1,929,815	\$ -	\$ 1,929,815	\$ (937,245)

**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, 2019**

**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, 2019. 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**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

**Note E: Prior Period Restatement**

The District has determined that additional expenditures for Carl Perkins Secondary (\$67,072). Temporary Aid to Needy Families (\$51,706) and Federal Emergency Management Assistance (\$610,476) were not included last year. As a result, the previous receivables have been adjusted.

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***



# KERRY JOHN PATTEN, C.P.A.

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



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

The Honorable Board of Education  
Canadian Valley Technology Center No. 6  
Canadian County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Canadian Valley Technology Center No. 6, Canadian County, Oklahoma (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated March 4, 2020.

### Internal Control over Financial Reporting

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

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

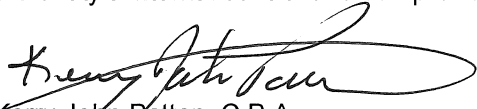
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Kerry John Patten", with a large, stylized loop at the end.

Kerry John Patten, C.P.A.  
Broken Arrow, OK  
March 4, 2020

# KERRY JOHN PATTEN, C.P.A.

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Broken Arrow, OK 74012  
Phone Number (918) 250-8838  
FAX Number (918) 250-9853

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

The Honorable Board of Education  
Canadian Valley Technology Center No. 6  
Canadian County, Oklahoma

### Report on Compliance for Each Major Federal Program

I have audited the compliance of Canadian Valley Technology Center No. 6, Canadian County, Oklahoma (District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

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

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

### Opinion on Each Major Federal Program

In my opinion, Canadian Valley Technology Center, No. NO. 6, Canadian County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

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

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

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

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



Kerry John Patten, C.P.A.  
Broken Arrow, OK  
March 4, 2020

**CANADIAN VALLEY TECHNOLOGY CENTER NO. 6  
CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the government-wide financial statements of Canadian Valley Technology Center.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Canadian Valley Technology Center which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A.
5. The auditor's report on compliance for the major federal award programs for Canadian Valley Technology Center expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Uniform Guidance relative to major federal award programs for Canadian Valley Technology Center.
7. The programs tested as major programs included: Pell (84.063) and FEMA (97.036).
8. A threshold for distinguishing Types A and B programs was \$750,000.
9. Canadian Valley Technology Center was determined to be a low-risk auditee for purposes of determining overall percentage of Federal compliance testing.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

1. No matters were reported.

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

1. No matters were reported.

**CANADIAN VALLEY TECHNOLOGY CENTER NO. 6  
CANADIAN COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
FOR YEAR ENDED JUNE 30, 2019**

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

The center had no prior year audit findings relative to federal award programs.

**CANADIAN VALLEY TECHNOLOGY CENTER NO. 6  
CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF COMMENTS  
FOR YEAR ENDED JUNE 30, 2019**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Canadian Valley Technology Center had not complied with significant compliance rules and regulations of the Oklahoma State Department of Career and Technology Education.

Previous Year's Audit Comments

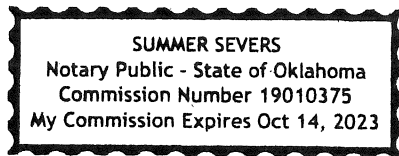
There were no items in the school's 2017-18 audit report which required correction.

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

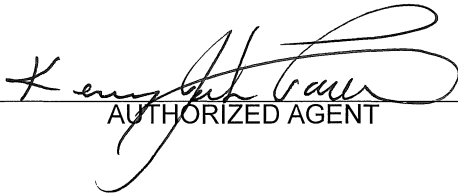
**CANADIAN VALLEY TECHNOLOGY CENTER NO. 6  
CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
FOR YEAR ENDED JUNE 30, 2019**

State of Oklahoma)  
County of Tulsa)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Canadian Valley Technology Center for the audit year 2018-2019.



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

BY   
AUTHORIZED AGENT

Subscribed and sworn to before me on this

6<sup>th</sup> day of MARCH, 2020

  
NOTARY PUBLIC

My commission expires on:

14<sup>th</sup> day of October, 2023