

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
POTTAWATOMIE COUNTY, OKLAHOMA**

FOR THE YEAR ENDED JUNE 30, 2016

Audited by

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

SHAWNEE, OK

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

**SCHOOL DISTRICT OFFICIALS
JUNE 30, 2016**

BOARD OF EDUCATION

President	Gary Crain
Vice-President	Dean Evans
Clerk	William Thompson
Deputy Clerk	Jimmy Gibson
Member	Tom Wilsie

MINUTES CLERK

Ronda Brady

SUPERINTENDENT

Marty Lewis

SCHOOL DISTRICT TREASURER

Sandra Ladra

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

**TABLE OF CONTENTS
JUNE 30, 2016**

	<u>Page No.</u>
School District Officials	2
Table of Contents	3-4
Independent Auditors' Report	5-7
Management's Discussion and Analysis	8-18
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities and Changes in Net Position	20
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Assets, Liabilities and Fund Balances – Governmental Funds to the Government-Wide Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Government-Wide Statement of Activities and Changes in Net Position	24
Statement of Fiduciary Net Position	25
Statement of Changes in Fiduciary Net Position	26
Notes to the Financial Statements	27-46
Required Supplementary Information:	
Budgetary Comparison Schedule – Budget Basis – General Fund	47
Budgetary Comparison Schedule – Budget Basis – Building Fund	48
Budgetary Comparison Schedule – Budget Basis – COOP Fund	49

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

**TABLE OF CONTENTS
JUNE 30, 2016**

	<u>Page No.</u>
Schedule of District's Proportionate Share of Net Pension Liability – Oklahoma Teachers' Retirement System	50
Schedule of District Contributions – Oklahoma Teachers' Retirement System	51
Notes to Required Supplementary Information	52
Supplemental Information:	
Schedule of Expenditures of Federal Awards	53
Notes to Schedule of Expenditures of Federal Awards	54
Reports Required by <i>Government Auditing Standards</i>:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	55-56
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	57-58
Schedule of Findings and Questioned Costs	59-60
Summary Schedule of Prior Audit Findings	61
Schedule of Accountants' Professional Liability Insurance Affidavit	62

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Board of Education
Gordon Cooper Technology Center
School District No. 5
Shawnee, Pottawatomie County, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gordon Cooper Technology Center School District No. 5, Pottawatomie County, Oklahoma as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gordon Cooper Technology Center School District No. 5, Pottawatomie County, Oklahoma as of June 30, 2016, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 8-18 and 47-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gordon Cooper Technology Center School District No. 5, Pottawatomie County, Oklahoma's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* we have also issued our report dated January 4, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma

January 4, 2017, except for Note 7, as to which the date is
November 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Gordon Cooper Technology Center, School District #5's, performance provides an overview of the School District's financial activities for the year ended June 30, 2016. Please read it in conjunction with the School District's financial statements, which begin on Page 19.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 19 and 20) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements start on Page 21. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than government-wide statements by providing information about the School District's most significant funds. The remaining statements provide financial information about activities for which the School District acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the School District as a whole begins on Page 10. One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

In the Statement of Net Position and Statement of Activities, it lists most of the School District's basic services, including the educational activities for daytime high school and adults, short term training for adults, services and training for business and industry, and general administration.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Our analysis of the School District's major funds begins on Page 13. The fund financial statements begin on Page 21 and provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants.

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

General Funds – The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes. Expenditures include all costs associated with the daily operations of the District except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Funds – The Building and the Co-op – The funds from the Building Fund are targeted for activities involved with the future acquisition and construction of buildings, remodeling of current facilities, other site improvements and equipment and furniture needs for such projects. The funds from the Co-op Fund are used to provide other school districts with online classes. Most of these school districts are Partner Schools of Gordon Cooper Technology Center.

The unrestricted portion is showing a decrease in position due to the implementation of GASB Statement 68, Accounting and Financial reporting for Pensions. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. The District's share of the Teacher Retirement System's net pension liability as of June 30, 2016 was \$8,584,910.

The School District as Trustee

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for the Activity Funds. All of the School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Page 25. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE SCHOOL DISTRICT AS A WHOLE

For the year ended June 30, 2016, net assets changed as follows:

	2015	2016
ASSETS		
Current Assets:		
Cash and Investments	\$ 9,133,433	9,907,859
Accounts Receivable	<u>293,093</u>	<u>238,110</u>
Total Current Assets	<u>9,426,526</u>	<u>10,145,969</u>
Non-Current Assets:		
Capital Assets	35,354,241	36,270,216
Less: Depreciation	<u>(24,374,903)</u>	<u>(25,351,799)</u>
Total Non-Current Assets	<u>10,979,338</u>	<u>10,918,417</u>
Total Assets	<u>20,405,864</u>	<u>21,064,386</u>
Deferred Outflows of Resources	<u>565,920</u>	<u>1,004,207</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	133,910	207,546
Noncurrent Liabilities:		
Net Pension Liability	<u>7,582,338</u>	<u>8,584,910</u>
Total Liabilities	<u>7,716,248</u>	<u>8,792,456</u>
Deferred Inflows of Resources	<u>1,960,034</u>	<u>873,985</u>
NET POSITION		
Net Investment in Capital		
Assets	10,979,338	10,918,417
Restricted	5,090,695	5,455,785
Unassigned	<u>(4,774,531)</u>	<u>(3,972,050)</u>
Total Net Position	<u>\$ 11,295,502</u>	<u>12,402,152</u>

Net Position

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

	2015	2016
Beginning net position	\$ 19,554,780	11,295,502
Change due to implementation of GASB 68 and 71	<u>(9,515,287)</u>	<u>-</u>
Beginning net position, as restated	<u>10,039,493</u>	<u>11,295,502</u>
Revenues:		
Program revenues:		
Charges for services	1,348,520	1,420,098
Operating grants and contributions	1,116,584	1,023,562
General revenue:		
Property taxes	9,052,006	9,311,187
State aid not restricted to specific purposes	3,657,540	3,298,212
State aid restricted to teachers' retirement	390,023	428,348
Interest earnings	16,570	21,032
Other	<u>2,167</u>	<u>-</u>
Total revenues	<u>15,583,410</u>	<u>15,502,439</u>
Program expenses:		
Instruction	5,727,152	5,862,166
Support services	6,545,973	6,535,962
Operation of non-instructional services	349,042	311,393
Other outlays	4,862	-
Other uses	747,598	679,872
Depreciation - unallocated	<u>952,774</u>	<u>1,006,396</u>
Total expenses	<u>14,327,401</u>	<u>14,395,789</u>
Increase (decrease) in net position	<u>\$ 11,295,502</u>	<u>12,402,152</u>

The District's combined net position, as restated, was less on June 30, 2015, than it was the year before. Decreasing from \$19.6 million to 11.3 million. Most of this decrease is mainly due to the recognition of the District's share of the Teachers Retirement System's net pension obligation, described in Note 5 to the financial statements. The deferred outflows of resources is primarily attributed to implementation of GASB 68 which requires deferral to a future year the expense related to pension payments made during 2016.

The increase in deferred inflows of resources is primarily due to implementation of GASB 68 which requires certain changes in the net pension liability to be deferred and recognized in expense in future years. The increase in liabilities is primarily due to the net pension liability added for the District's portion of the unfunded liability of the Teachers' Retirement System.

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is provided. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Some of the individual line item revenues reported for each function are:

District Sources of Revenue:

Ad valorem property tax:	Taxes for current year and prior years, revenue in lieu of taxes
Tuition and Fees	Tuition and fees for Full-time adult classes, Short-term adult Classes, Safety Training, FBM, Industry Specific, Assessment
Interest Income	Interest earning of investments and taxes
Miscellaneous	
Rentals, Disposals, and Commissions:	Rental of school facilities and property, sale of surplus equipment
Reimbursements:	Reimbursement for insurance loss recoveries, damages to school property, rebates
Food Service	Cafeteria sales and outside customers for luncheons, banquets
Bookstore	Sales of books and supplies to students
Child care Services	Charge for day care services
Intergovernmental State Sources	Department of Human Services for day care, Formula operation, Existing Industry Initiative, training for industry programs, Safety Training, Welfare to Work and Professional Development
Intergovernmental Federal Sources	TANF Grant, Child Nutrition for day care, Carl Perkins Grant, and PELL Grants

Food Service is provided for students and employees as well as outside customers that reserve our facilities for meetings and training. Child Care is not only a part of training but also a licensed day care. This service allows employees and students to have their young children close to them while at work or attending classes. The bookstore provides convenience to our students for the purchase of books and materials required for the programs being offered by the School District.

THE SCHOOL DISTRICT FUNDS

The following schedule presents a summary of general, special revenue (building fund and co-op fund), and expenditures for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FY 16 Amount	Percent of Total	FY 15 Amount	Percent of Total	Increase (Decrease)
Property Taxes	\$ 9,311,187	60.06%	9,052,006	58.09%	259,181
Tuition and Fees	1,420,098	9.16%	1,348,520	8.65%	71,578
Intergovernmental:					
State Sources	3,726,560	24.04%	4,047,563	25.97%	(321,003)
Federal Sources	1,023,562	6.60%	1,116,584	7.17%	(93,022)
Miscellaneous	-	0.00%	2,167	0.01%	(2,167)
Investment Income	<u>21,032</u>	<u>0.14%</u>	<u>16,570</u>	<u>0.11%</u>	<u>4,462</u>
Total Revenues	<u>\$15,502,439</u>	<u>100.00%</u>	<u>15,583,410</u>	<u>100.00%</u>	<u>(80,971)</u>

Property Taxes – Economic growth within the School District and increase in property valuation led to big increases in property taxes revenue.

Tuition and Fees – Increase in tuition and fees are due to the higher enrollment of adult students.

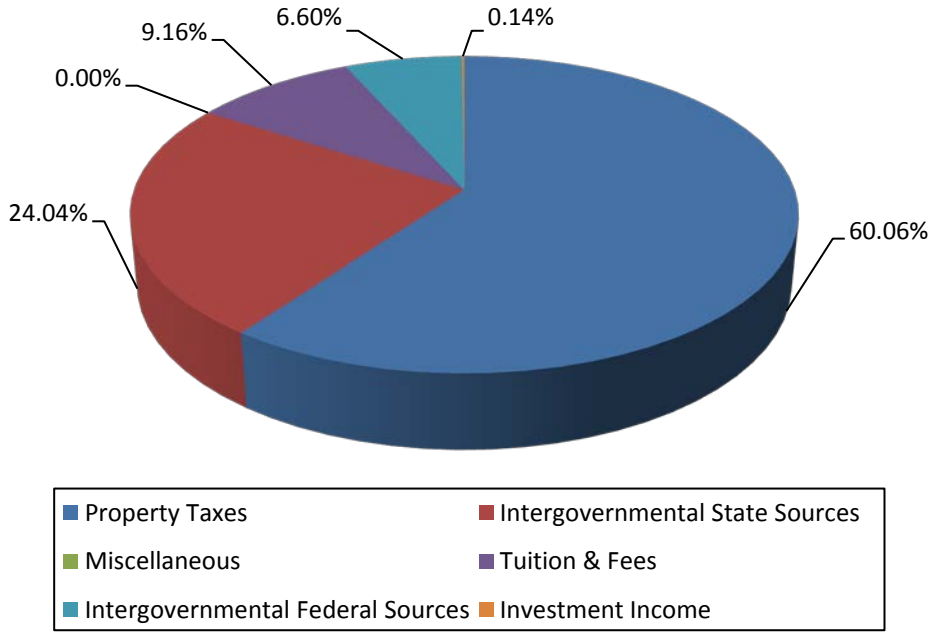
Intergovernmental State Sources – Decrease due to primarily a decrease of funding from ODCTE.

Intergovernmental Federal Sources – Funding for Pell Grants and Oklahoma Bid Assistant were decreased due to the ODCTE allocations.

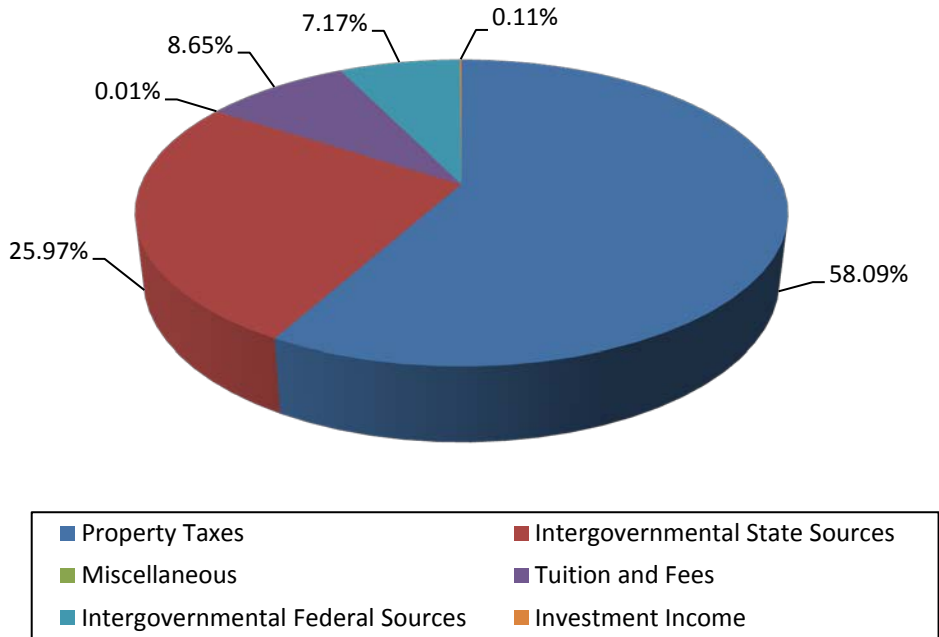
Investment Income – Interest rates are near their lowest point in decades and there is a decrease in investment income.

Revenues

2016



2015



Expenditures

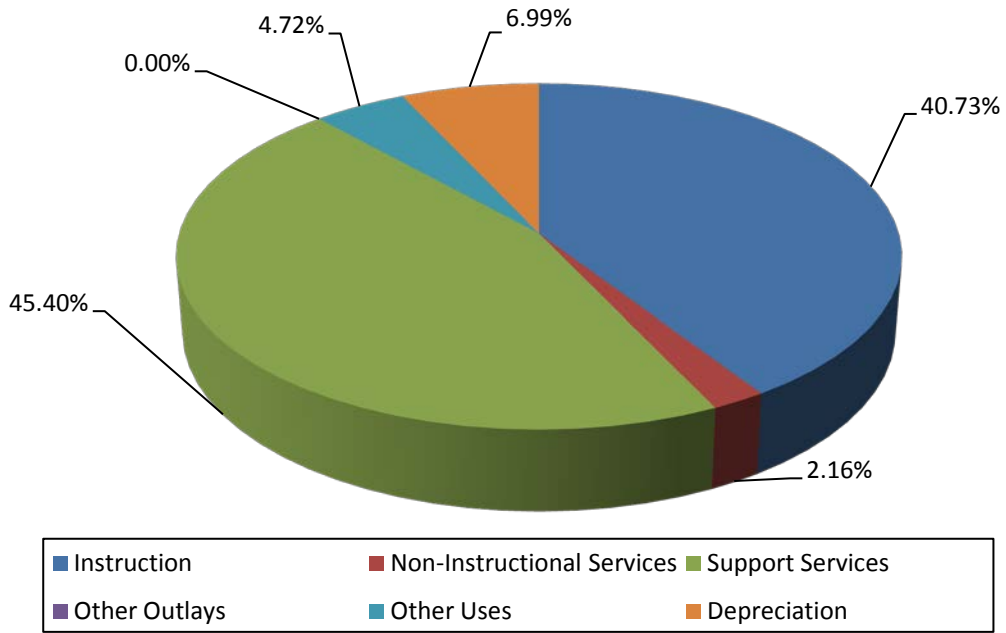
Instruction	Expenditures for direct classroom activities.
Support Services	Expenditures for administrative, technical and logistical support to facilitate and enhance education.
Non-Instructional Services	Activities concerned with providing non-instructional services to students, staff, or community.

Facilities (Other outlays/Other Uses) Activities involved with the acquisition of land, buildings, remodeling buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

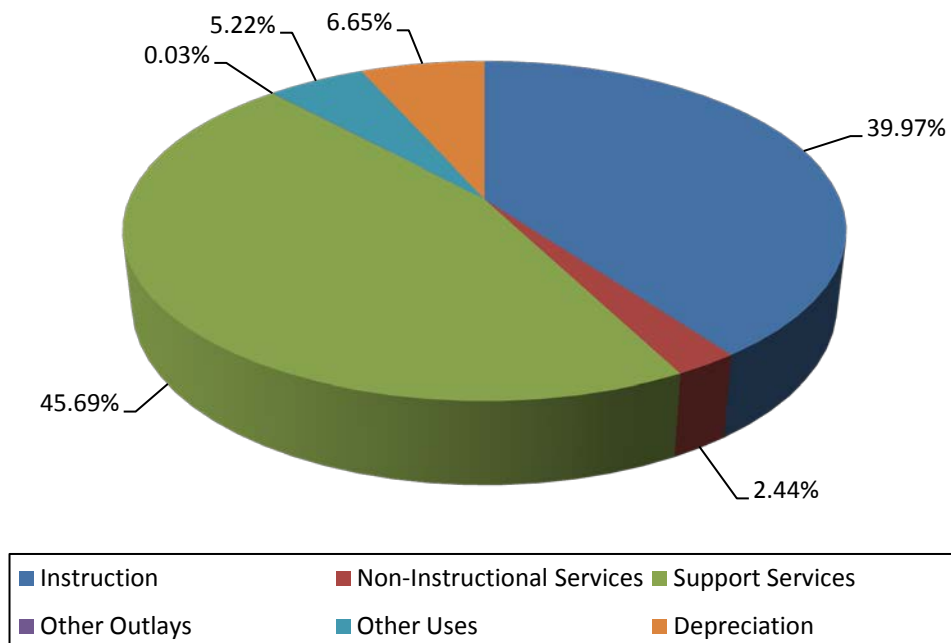
Expenditures	FY 16 Amount	Percent of Total	FY 15 Amount	Percent of Total	Increase (Decrease)
Instruction	\$ 5,862,166	40.73%	5,727,152	39.97%	135,014
Support Services	6,535,962	45.40%	6,545,973	45.69%	(10,011)
Non-Instructional Services	311,393	2.16%	349,042	2.44%	(37,649)
Other Outlays	-	0.00%	4,862	0.03%	(4,862)
Other Uses	679,872	4.72%	747,598	5.22%	(67,726)
Depreciation	<u>1,006,396</u>	<u>6.99%</u>	<u>952,774</u>	<u>6.65%</u>	<u>53,622</u>
Total Expenditures	<u>\$14,395,789</u>	<u>100.00%</u>	<u>14,327,401</u>	<u>100.00%</u>	<u>68,388</u>

Expenditures

2016



2015



GENERAL FUND BUDGETARY HIGHLIGHTS

The school district has been very fortunate to experience a growth in our ad valorem.

CAPITAL ASSETS

Capital Assets

At the end of June 30, 2016, the School District had \$36,270,216 invested in capital assets including three campuses and additional machinery and equipment for programs (see table below). This is a net increase of \$915,975 over the previous year.

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Land	\$ 162,140	162,140
Land Improvements	983,838	983,838
Buildings and Infrastructure	28,605,498	28,605,498
Machinery and Equipment	<u>6,518,740</u>	<u>5,602,765</u>
Totals	<u>\$ 36,270,216</u>	<u>35,354,241</u>

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it received. If you have questions about this report or need additional financial information, contact the Superintendent's Office at Gordon Cooper Technology Center, One John C. Bruton Blvd., Shawnee, OK 74804.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets	
Cash & investments	\$ 9,907,859
Accounts receivable	<u>238,110</u>
Total current assets	<u>10,145,969</u>
Noncurrent Assets	
Capital assets	36,270,216
Less: accumulated depreciation	<u>(25,351,799)</u>
Total noncurrent assets	<u>10,918,417</u>
Total Assets	<u>21,064,386</u>
Deferred Outflows	
Deferred outflows of resources related to pensions	<u>1,004,207</u>
<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable	207,546
Noncurrent Liabilities	
Net pension liability	<u>8,584,910</u>
Total Liabilities	<u>8,792,456</u>
Deferred Inflows	
Deferred inflows of resources related to pensions	<u>873,985</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	10,918,417
Restricted	5,455,785
Unrestricted	<u>(3,972,050)</u>
Total Net Position	<u>\$ 12,402,152</u>

The accompanying notes are an integral part of the basic financial statements

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and Changes</u>
		<u>Services</u>	<u>Grants and</u>	<u>Total</u>
			<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Governmental Activities				
Instruction	\$ 5,862,166	957,622	260,983	(4,643,561)
Support services	6,535,962	462,476	89,117	(5,984,369)
Operation of non-instructional services	311,393	-	2,501	(308,892)
Other outlays	-	-	1,273	1,273
Other uses	679,872	-	669,688	(10,184)
Depreciation - unallocated	1,006,396	-	-	(1,006,396)
Total governmental activities	<u>\$ 14,395,789</u>	<u>1,420,098</u>	<u>1,023,562</u>	<u>(11,952,129)</u>
General Revenues				
Property taxes, levied for general purposes				9,311,187
State aid not restricted to specific purposes				3,298,212
State aid restricted to teachers' retirement				428,348
Interest earnings				21,032
Total general revenues				<u>13,058,779</u>
Change in Net Position				1,106,650
Net Position, Beginning of Year				<u>11,295,502</u>
Net Position, End of Year				<u>\$ 12,402,152</u>

The accompanying notes are an integral part of the basic financial statements

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General Fund</u>	<u>Building Fund</u>	<u>Nonmajor Fund COOP Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash & investments	\$ 4,363,053	5,338,333	206,473	9,907,859
Accounts receivable	<u>203,996</u>	<u>34,114</u>	<u>-</u>	<u>238,110</u>
Total Assets	<u>\$ 4,567,049</u>	<u>5,372,447</u>	<u>206,473</u>	<u>10,145,969</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 84,411	123,135	-	207,546
Total liabilities	<u>84,411</u>	<u>123,135</u>	<u>-</u>	<u>207,546</u>
 Fund balances				
Restricted	-	5,249,312	206,473	5,455,785
Unassigned	<u>4,482,638</u>	<u>-</u>	<u>-</u>	<u>4,482,638</u>
Total fund balances	<u>4,482,638</u>	<u>5,249,312</u>	<u>206,473</u>	<u>9,938,423</u>
Total Liabilities and Fund Balances	<u>\$ 4,567,049</u>	<u>5,372,447</u>	<u>206,473</u>	<u>10,145,969</u>

The accompanying notes are an integral part of the basic financial statements

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

**RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCES - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Total fund balances - total governmental funds \$ 9,938,423

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets are as follows:

Land	\$ 162,140	
Land improvements	983,838	
Buildings	28,605,498	
Machinery & equipment	6,518,740	
Less: accumulated depreciation	<u>(25,351,799)</u>	10,918,417

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. This includes deferred outflows of \$1,004,207 and deferred inflows of \$873,985.

1,004,207	
<u>(873,985)</u>	<u>130,222</u>

Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds

(8,584,910)

Net position of governmental activities **\$ 12,402,152**

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO.5
Pottawatomie County

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Major Funds		Nomajor Fund	Total
	General Fund	Building Fund	COOP Fund	Government Funds
Revenues:				
Local sources	\$ 7,388,785	3,107,790	255,742	10,752,317
State sources	3,298,045	167	-	3,298,212
Federal sources	<u>1,023,562</u>	-	-	<u>1,023,562</u>
Total revenues collected	<u>11,710,392</u>	<u>3,107,957</u>	<u>255,742</u>	<u>15,074,091</u>
Expenditures:				
Instruction	5,582,163	287,950	8,979	5,879,092
Support services	4,733,131	1,656,288	223,033	6,612,452
Operation of non-instructional services	311,393	-	-	311,393
Facilities acquisition & construction services	-	-	-	-
Other outlays	-	-	-	-
Other uses	679,872	-	-	679,872
Capital expenditures	<u>123,116</u>	<u>822,359</u>	-	<u>945,475</u>
Total expenditures	<u>11,429,675</u>	<u>2,766,597</u>	<u>232,012</u>	<u>14,428,284</u>
Excess of revenues collected over (under) expenditures	280,717	341,360	23,730	645,807
Fund balance, beginning of year	<u>4,201,921</u>	<u>4,907,952</u>	<u>182,743</u>	<u>9,292,616</u>
Fund balance, end of year	<u>\$ 4,482,638</u>	<u>5,249,312</u>	<u>206,473</u>	<u>9,938,423</u>

The accompanying notes are an integral part of the basic financial statements

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Net change in fund balances - total governmental funds \$ 645,807

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of activities and changes in net position the cost of these assets have not been reflected. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlay expenditures	\$ 945,475	
Depreciation	<u>(1,006,396)</u>	(60,921)

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.

521,764

Change in net position of governmental activities **\$ 1,106,650**

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	<u>Expendable Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash & investments	\$ <u>5,034</u>	<u>139,909</u>
<u>LIABILITIES</u>		
Due to student groups	\$ <u>-</u>	<u>139,909</u>
<u>NET POSITION</u>		
Fund balances		
Restricted	<u>\$ 5,034</u>	

The accompanying notes are an integral part of the basic financial statements

**GORDON COOPER TECHNOLOGY CENTER NO. 5
Pottawatomie County**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Expendable Trust Funds
Additions	\$ -
Deductions	<u>-</u>
Change in Net Position	-
Net Position, Beginning of Year	<u>5,034</u>
Net Position, End of Year	<u><u>\$ 5,034</u></u>

The accompanying notes are an integral part of basic financial statements

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Gordon Cooper Technology Center District No.5 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units.

The Governmental Accounting Standard Board (GASB) establishes financial reporting requirements for state and local governments. One requirement is the inclusion of a Management Discussion and Analysis (MD&A) section. MD&A introduces the basic financial statements by presenting certain financial information as well as management's analysis of that information.

The District has adopted GASB-54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which redefines the fund balance classifications from the previous two (2) into a possible five (5) classifications.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Career and Technology Education 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 (Board) composed of five elected members. The appointed superintendent is the executive officer of the District.

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 the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluation potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The District has

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. Reporting Entity – (Continued)

various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

B. Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and the Statement of Activities the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and changes in net position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

C. Basic Financial Statements

The District’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information for the entire District as a whole with the exception of fiduciary funds. Governmental activities are normally supported by taxes and intergovernmental revenues.

Statement of Net Position – This statement reports the District’s financial and capital resources. Liabilities are segregated between current liabilities (those that are due within one year) and noncurrent liabilities (those that are due in more than one year). The statement of net position presents the financial condition of the District at year-end.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. Basic Financial Statements – (Continued)

Statement of Activities – This statement demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services, such as tuition and other fees, and restricted grants and contributions. General revenues include taxes, state aid, and other sources not included as program revenues. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Fiduciary funds are reported by type. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

General Fund - The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes. Expenditures include all costs associated with the daily operations of the District except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. Basic Financial Statements – (Continued)

Special Revenue Funds - The District's two special revenue funds are the building and COOP funds. The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel. The COOP fund is used to provide other school districts with online classes.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. 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 operation. The District did not operate any trust funds during the fiscal year.

Agency Fund - The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

D. Basis of Accounting

In the basic financial statements, the District uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

In the budgetary comparison schedules, the funds are presented on the budget basis of accounting, which is essentially a basis of cash receipts and disbursements, modified as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.
- Warrants payable are recorded as liabilities when issued.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. Basis of Accounting – (Continued)

- Compensated absences are recorded as an expenditure when paid and not recorded as a liability.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the financial statements.

E. Assets, Liabilities, Fund Equity, Revenue and Expenditures

1. Deposits and Investments

State statutes govern the District's investment policy. 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 associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The School District invests entirely in certificates of deposit, U.S. Treasury Securities, and participates in the Secured Investment Program of Oklahoma State School Boards Association, as authorized by Oklahoma Statutes Title 62, Section 348.

2. Fair Value of Financial Instruments

The District's financial instruments include cash and investments. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

3. Interfund Receivables and Payables

There were no interfund receivables or payables.

4. Receivables

In the basic financial statements, receivables consist of all revenues earned at year-end and not yet received. All accounts receivable are considered collectible at year end. Major receivable balances include property taxes and grants.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Assets, Liabilities, Fund Equity, Revenue and Expenditures – (Continued)

5. Inventories

Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The cost of inventories are recorded as expenditures when encumbered and purchased rather than when consumed.

6. Fixed Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if the actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to report the majority of the buildings. Historical cost was used to report land, land improvements, machinery and equipment.

Depreciation of all exhaustible fixed assets with a value of \$2,500 and greater is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reported in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Useful Life</u>
Building and structures	10-45
Furniture, computers & equipment	3-15
Vehicles	5

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Assets, Liabilities, Fund Equity, Revenue and Expenditures – (Continued)

7. Accounts Payable

Accounts payable in the general fund and building fund are composed of payables to vendors. There are no accrued salaries or benefits as of year end.

8. Long-term Obligations

The District's long-term obligation consists of its net pension liability in the Oklahoma Teachers' Retirement System.

9. Fund Equity Classifications

Government-Wide Financial Statements

Equity is classified as net assets and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net assets with constraints placed on the use whether by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e. fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and note receivables, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables). The District considers all three (3) of its funds to be major funds. Consequently, these funds are presented in separate columns.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Assets, Liabilities, Fund Equity, Revenue and Expenditures – (Continued)

9. Fund Equity Classifications – (Continued)

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted Fund Balance – The fund balance should be reported as restricted when constraints placed on the use of resources are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – The fund balance should be reported as committed for amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

Assigned Fund Balance – The fund balance should be reported as assigned for amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purposes in accordance with the provisions of the standard.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

10. Property Taxes and Other Local Revenues

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer. Property taxes are levied on November 1 and are due on receipt of the tax bill. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made timely, the entire tax becomes due and

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Assets, Liabilities, Fund Equity, Revenue and Expenditures – (Continued)

10. Property Taxes and Other Local Revenues – (Continued)

payable on January 2. Second half taxes become delinquent on April 1 of the year following the assessment. If not paid by the following October 1, the property is offered for sale for the amount of the taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. No provision has been made for uncollected taxes, as all taxes are deemed collectible. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

11. State Revenues

Revenues from state sources for current operations are primarily governed by the state program formula and equalization formula under the provisions of Article XIV, Title 70, Oklahoma Statutes. The Oklahoma Department of Career and Technology Education administers the allocation of these formula funds.

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

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

The aforementioned state revenues are apportioned to the District's general fund.

12. Federal Revenues

Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass through from another government, such as the state.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Assets, Liabilities, Fund Equity, Revenue and Expenditures – (Continued)

12. Federal Revenues – (Continued)

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received are apportioned to the District's general fund.

13. Expenditures

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

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

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

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Assets, Liabilities, Fund Equity, Revenue and Expenditures – (Continued)

13. Expenditures – (Continued)

transfers. There were no operating transfers or residual equity transfers during the 2015-16 fiscal year.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

G. 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 contributions made to the Oklahoma Teachers' Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2014) and the end of the current fiscal year (June 30, 2016). No deferred outflows of resources affect the governmental funds financial statements in the current year.

H. 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 position that applies to a future period.

Deferred inflows of resources are reported in the statement of net position for:

- (1) The actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year.
- (2) The difference between expected and actual experience that the pension plan actuary uses to develop expectations such as future salary increases and inflation. This deferred inflow of resources is amortized to pension expense over the average expected remaining service life of the Plan.
- (3) The changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

I. Pensions

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District is required by state law to prepare an annual budget. Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown as original budget and final budget.

A budget is legally adopted by the Board of Education for all governmental funds that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund - is utilized in all governmental funds of the District for budgetary purposes. Unencumbered appropriations lapse at the end of each fiscal year.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

3. CASH AND INVESTMENTS

Custodial Credit Risk

Exposure to custodial credit risk related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2016 the District held deposits of approximately \$10,073,394 at financial institutions. The District's cash deposits, including interest-bearing accounts, and investments are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name. Therefore, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk

The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. government, its agencies and instrumentalities to which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

3. CASH AND INVESTMENTS – (Continued)

Investment Credit Risk – (Continued)

5. Money market funds regulated by the SEC and in which investments consist of the investments of obligations of the United States, its agencies and instrumentalities.
6. Warrants, bonds or judgments of the school district.
7. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
8. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The District had no investment credit risk as of June 30, 2016, as defined above.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2016, the District had no concentration of credit risk as defined above.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

4. CAPITAL ASSETS

Depreciation of all exhaustible capital assets is charged as an expense against the District's operations. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Capital asset activity for the year ended, as follows:

	Balance <u>June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2016</u>
Land	\$ 162,140	-	-	162,140
Land Improvements	983,838	-	-	983,838
Buildings	28,605,498	-	-	28,605,498
Machinery & Equipment	5,602,765	945,475	(29,500)	6,518,740
Total	35,354,241	945,475	(29,500)	36,270,216
Less: Accumulated Depreciation	(24,374,903)	(1,006,396)	29,500	(25,351,799)
Net Capital Assets	<u>\$ 10,979,338</u>	<u>(60,921)</u>	<u>-</u>	<u>10,918,417</u>

5. EMPLOYEE RETIREMENT SYSTEM

Plan Description

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

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

5. EMPLOYEE RETIREMENT SYSTEM – (Continued)

- Members become 100% vested in benefits earned to date after five years of credited Oklahoma service, Members who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62, receive unreduced benefits based on their years of service. The maximum retirement benefit is 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. For members joining the System after June 30, 1992, final compensation is defined as the average of the five highest consecutive years of annual compensation in which contributions have been made. Final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending upon member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation.
- Upon death, the designated beneficiary of a member who has not retired shall receive total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. The surviving spouse may elect to receive the retirement benefit of the member, in lieu of the aforementioned benefits.
- Upon death of a retired member, the System will pay \$5,000 to the designated beneficiary in addition to the benefits provided by the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon withdrawal from the system, a member's contributions are refundable with interest, based on years of service.

Contributions

In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2016, qualifying employee contributions were reduced by a retirement credit of \$49,860 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2016, the District had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2016, the District's contributions to the System were \$593,134.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

5. EMPLOYEE RETIREMENT SYSTEM – (Continued)

The State of Oklahoma, a non-employer contributing entity, provided funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was \$430,257.

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

At June 30, 2016 the District reported a liability of \$8,584,910 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.14136756%, which was an increase of .00042841% from its proportion measured at June 30, 2014. The District recognized \$428,348 in on-behalf revenue related to state payments made to the System in 2015 as dedicated tax revenue.

For the year ended June 30, 2016, the District recognized pension expense of \$935,542. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	291,596
Changes of assumptions	411,073	-
Net difference between projected and actual earnings on pension plan investments	-	582,389
Changes in proportion and differences between District contributions and appropriate share contributions	-	-
District contributions subsequent to the measurement date	593,134	-
	\$ 1,004,207	873,985

The \$593,134 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

5. EMPLOYEE RETIREMENT SYSTEM – (Continued)

Year Ended		
2017	\$	241,811
2018		241,811
2019		241,811
2020		(218,347)
2021		(34,849)
Thereafter		(9,325)
	<u>\$</u>	<u>462,912</u>

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

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Percentage of Payroll
- Amortization Period – Amortization over an open 30-year period
- Asset Valuation Method – 5-year smooth market
- Inflation – 3.00%
- Salary Increases – Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 8.00%
- Retirement Age – Experience-based table of rates based on age, service, and gender
- Mortality – RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males, and 80% for females.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July, 2005 to June, 2009.

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 expected inflation.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

5. EMPLOYEE RETIREMENT SYSTEM – (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.50%	2.80%
Domestic Equity	40.00%	6.00%
International Equity	17.50%	5.80%
Private Equity	5.00%	7.60%
Real Estate	7.00%	5.50%
Limited Partnerships	7.00%	7.60%
	<u>100.00%</u>	

Discount rate – A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2014 and 2015. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection also assumed the state’s contribution plus the matching contributions will remain a constant percent of the projected member payroll based on the past five years of actual contributions.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	\$ <u>11,924,160</u>	\$ <u>8,625,720</u>	\$ <u>5,853,231</u>

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

5. EMPLOYEE RETIREMENT SYSTEM – (Continued)

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/>.

6. CONTINGENCIES

Federal Grants

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.

Litigation

The District has no pending claims or lawsuits against it as of June 30, 2016. In the event that the District is held liable for damage in any lawsuits that may arise, the resulting judgments will be paid from ad valorem taxes levied over a three (3) year period through the District's Sinking Fund or by the District's insurance carrier.

7. REISSUING OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The initial reporting of pension expense in the government-wide financial statements did not include all of the required components of GASB 68. This information is now included in the government-wide financial statements as well as in two new schedules in the required supplementary information.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues collected:				
Local sources	\$ 6,108,130	6,108,130	7,390,521	1,282,391
State sources	3,296,606	3,296,606	3,298,045	1,439
Federal sources	<u>1,195,026</u>	<u>1,195,026</u>	<u>1,076,131</u>	<u>(118,895)</u>
Total revenues collected	<u>10,599,762</u>	<u>10,599,762</u>	<u>11,764,697</u>	<u>1,164,935</u>
Expenditures:				
Instruction	6,323,668	6,323,668	5,907,375	416,293
Support services	6,645,375	6,645,375	5,052,299	1,593,076
Operation of non-instruction services	454,600	454,600	356,037	98,563
Other outlays	9,152	9,152	5,250	3,902
Other uses	<u>862,200</u>	<u>862,200</u>	<u>767,316</u>	<u>94,884</u>
Total expenditures	<u>14,294,995</u>	<u>14,294,995</u>	<u>12,088,277</u>	<u>2,206,718</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(3,695,233)	(3,695,233)	(323,580)	3,371,653
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>147,922</u>	<u>147,922</u>
Excess of revenues collected over (under) expenditures	(3,695,233)	(3,695,233)	(175,658)	3,519,575
Cash fund balance, beginning of year	<u>3,695,233</u>	<u>3,695,233</u>	<u>3,695,233</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>3,519,575</u>	<u>3,519,575</u>

The accompanying notes to the Required Supplemental Information are an integral part of this financial statement.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS - BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues collected:				
Local sources	\$ 2,803,675	2,803,675	3,108,467	304,792
State sources	-	-	167	167
Total revenues collected	<u>2,803,675</u>	<u>2,803,675</u>	<u>3,108,634</u>	<u>304,959</u>
Expenditures:				
Instruction	237,432	237,432	104,434	132,998
Support services	3,298,038	3,498,038	2,274,175	1,223,863
Facilities acquisition & construction services	<u>3,621,174</u>	<u>3,421,174</u>	<u>1,463,184</u>	<u>1,957,990</u>
Total expenditures	<u>7,156,644</u>	<u>7,156,644</u>	<u>3,841,793</u>	<u>3,314,851</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(4,352,969)	(4,352,969)	(733,159)	3,619,810
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>205,993</u>	<u>205,993</u>
Excess of revenues collected over (under) expenditures	(4,352,969)	(4,352,969)	(527,166)	3,825,803
Cash fund balance, beginning of year	<u>4,352,969</u>	<u>4,352,969</u>	<u>4,352,969</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>3,825,803</u>	<u>3,825,803</u>

The accompanying notes to the Required Supplemental Information are an integral part of this financial statement.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS - COOP FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues collected:				
Local sources	\$ 169,125	169,125	255,742	86,617
Expenditures:				
Instruction	50,000	50,000	8,979	41,021
Support Services	<u>301,868</u>	<u>301,868</u>	<u>223,033</u>	<u>78,835</u>
Total expenditures	<u>351,868</u>	<u>351,868</u>	<u>232,012</u>	<u>119,856</u>
Excess of revenues collected over (under) expenditures	(182,743)	(182,743)	23,730	206,473
Cash fund balance, beginning of year	<u>182,743</u>	<u>182,743</u>	<u>182,743</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>206,473</u>	<u>206,473</u>

The accompanying notes to the Required Supplemental Information are an integral part of this financial statement.

**GORDON COOPER TECHNOLOGY CENTER NO. 5
Pottawatomie County**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (Unaudited)
OKLAHOMA TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS ***

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.14136756%	0.14093915%
District's proportionate share of the net pension liability (asset)	\$ 8,584,910	7,582,338
District's covered-employee payroll	\$ 5,957,067	5,675,282
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	144.11%	133.60%
Plan fiduciary net position as a percentage of the total pension liability	70.31%	72.43%

*The ten year period begins with the June 30, 2014 measurement date.

**GORDON COOPER TECHNOLOGY CENTER NO. 5
Pottawatomie County**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS (Unaudited)
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 593,134	565,920	539,152
Contributions in relation to the statutorily required contribution	<u>593,134</u>	<u>565,920</u>	<u>539,152</u>
Contribution deficiency (excess)	-	-	-
District's covered-employee compensation	\$ 6,243,513	5,957,067	5,675,282
Contributions as a percentage of covered- employee compensation	9.50%	9.50%	9.50%

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

1. BUDETARY INFORMATION

In the budgetary comparison schedules, the funds are presented on the budget basis of accounting, which is essentially a basis of cash receipts and disbursements, modified as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.
- Warrants payable are recorded as liabilities when issued.
- Compensated absences are recorded as an expenditure when paid and not recorded as a liability.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the financial statements.

Annual budgets are adopted on a budget basis which differs from accounting principles generally accepted in the United States of America for all funds (GAAP).

2. CHANGES OF ASSUMPTIONS

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

GORDON COOPER TECHNOLOGY CENTER NO. 5
Pottawatomie County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Balance at July 1, 2015</u>	<u>Revenue Recognized</u>	<u>Total Expenditures</u>	<u>Balance at June 30, 2016</u>
<u>U.S. Department of Education:</u>							
<u>Direct Programs:</u>							
College workstudy	84.033	476	\$ 6,275	-	6,275	6,275	-
College workstudy administration	84.033	476	418	-	418	418	-
Pell Grant	84.063	474	663,413	-	663,413	663,413	-
Pell Grant administration	84.063	474	855	-	855	855	-
Student Financial Assistance Cluster			<u>670,961</u>	<u>-</u>	<u>670,961</u>	<u>670,961</u>	<u>-</u>
 <u>Passed Through Oklahoma Department of Career and Technology Education:</u>							
Carl Perkins grant - secondary	84.048	421	186,883	-	186,883	186,883	-
Carl Perkins grant - Tech Centers that work	93.558	452	12,000	-	12,000	12,000	-
Total U.S. Department of Education			<u>198,883</u>	<u>-</u>	<u>198,883</u>	<u>198,883</u>	<u>-</u>
 <u>Health and Human Services:</u>							
<u>Passed Through State Department of Career and Technology Education:</u>							
Temporary assistance for needy families	93.558	452	139,590	-	139,574	139,574	16
 <u>Department of Defense:</u>							
<u>Passed Through State Department of Career and Technology Education:</u>							
OK Bid assistance network	12.002	436	11,643	-	11,643	11,643	-
 <u>U.S. Department of Agriculture:</u>							
<u>Passed Through the State Department of Human Services:</u>							
Child and adult food care program	10.558	DC-63-101	-	-	2,502	2,502	-
Total Expenditures of Federal Awards			<u>\$ 1,021,077</u>	<u>-</u>	<u>1,023,563</u>	<u>1,023,563</u>	<u>16</u>

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position or changes in net assets of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the GAAP basis of accounting consistent with the preparation of the combined financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' 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
Gordon Cooper Technology Center
School District No. 5
Shawnee, Pottawatomie County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gordon Cooper Technology Center School District No. 5, Pottawatomie County, Oklahoma, (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 4, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Dotson & Associates

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma
January 4, 2017

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

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

The Honorable Board of Education
Gordon Cooper Technology Center
School District Number 5
Shawnee, Pottawatomie County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Gordon Cooper Technology Center School District Number 5, Shawnee, Pottawatomie County, Oklahoma's (the "District") compliance with the types of compliance requirements described in the *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, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District 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, 2016.

Report on Internal Control Over Compliance

Management of the 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 our audit of compliance, we 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 the effectiveness of internal control over compliance. Accordingly, we 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.

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

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

Wilson, Dotson & Associates

Wilson, Dotson & Associates, PLLC
Shawnee, Oklahoma

January 4, 2017

GORDON COOPER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 5
Pottawatomie County, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported
- Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in Accordance with section 510(a) of the Uniform Guidance? No

Identification of major programs:

<i>CFDA Numbers</i>	<i>Name of Federal program or Cluster</i>
84.033	College Workstudy
84.063	Pell Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

**GORDON COOPER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 5
Pottawatomie County, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Findings

There were no material weaknesses or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs, or material weaknesses or reportable conditions in internal control that are required to be reported.

**GORDON COOPER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 5
Pottawatomie County, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

There were no prior year findings or questioned costs.

GORDON COOPER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 5
Pottawatomie County, Oklahoma

SCHEDULE OF ACCOUNTANTS' PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
FOR THE YEAR ENDED JUNE 30, 2016

State of Oklahoma)
)ss
County of Pottawatomie)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountants' 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 Gordon Cooper Technology Center for the audit year 2015-16.

Wilson, Dotson & Associates, P.L.L.C.
Auditing Firm



by _____
Authorized Agent

Subscribed and sworn to before me this 4th day of January, 2017.



Notary Public (Commission #11002236)
My Commission Expires March 10, 2019

