

**ANNUAL FINANCIAL REPORT
KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
JULY 1, 2016 TO JUNE 30, 2017**

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
SCHOOL CENTER OFFICIALS
JUNE 30, 2017**

Board of Education

President	Dr. Phil Chitwood
Vice-President	Mrs. Joy Culbreath
Clerk	Mrs. Bobbie Wilson
Member	Mr. Larry Culwell
Member	Mr. Ernie Taylor
Member	Mr. Norman Ranger

Superintendent of Schools

Ms. Shelley D. Free

Technology Center Treasurer

Mrs. Stacia McCune

Chief Financial Officer

Mrs. Lois Welch

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
JUNE 30, 2017**

TABLE OF CONTENTS

	Page
Report of Independent Auditor	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements - Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
Statement of Fiduciary Net Position	9
Statement of Changes in Fiduciary Net Position Federal Pell Grant Fund	10
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	13
Notes to the Financial Statements	14
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual – (Budgetary Basis) – General Fund	29
Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual – (Budgetary Basis) – Building Fund	30
Schedule of Proportionate Share of the Net Pension Liability Oklahoma Teachers Retirement System	31
Schedule of Contributions to the Oklahoma Teachers Retirement System	32
Other Supplementary Information	
Schedule of Federal Awards Expended	33
Notes to the Schedule of Federal Awards Expended	34
Statement of Net Position-Fiduciary Fund	35
Statement of Changes in Assets and Liabilities – Activity Fund Antlers Campus	36
Statement of Changes in Assets and Liabilities – Activity Fund Atoka Campus	37

(continued)

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
JUNE 30, 2017**

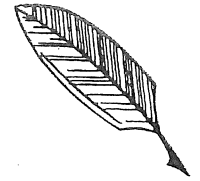
TABLE OF CONTENTS

Page

Statement of Changes in Assets and Liabilities – Activity Fund Durant Campus.....	38
Statement of Changes in Assets and Liabilities – Activity Fund Hugo Campus.....	39
Statement of Changes in Assets and Liabilities – Activity Fund Idabel Campus.....	40
Statement of Changes in Assets and Liabilities – Activity Fund McAlester Campus.....	41
Statement of Changes in Assets and Liabilities – Activity Fund Poteau Campus.....	42
Statement of Changes in Assets and Liabilities – Activity Fund Spiro Campus.....	43
Statement of Changes in Assets and Liabilities – Activity Fund Stigler Campus.....	44
Statement of Changes in Assets and Liabilities – Activity Fund Talihina Campus.....	45
Statement of Changes in Assets and Liabilities – Activity Fund Wilburton Campus.....	46
<i>Reports Required by Government Auditing Standards</i>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	47
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct Material Effect on Each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance.....	49
<i>Summary of Audit Results</i>	
Schedule of Findings and Questioned Costs.....	51
Summary of Prior Audit Findings	52
Schedule of Accountant’s Professional Liability Insurance Affidavit	53

KERRY JOHN PATTEN, C.P.A.

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



INDEPENDENT AUDITOR'S REPORT

The Board of Education
Kiamichi Technology Center No. 7
Wilburton, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kiamichi Technology Center No. 7, Latimer County, Oklahoma, as of and for the year ended June 30, 2017, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kiamichi Technology Center as of June 30, 2017, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Uniform Guidance, *Audits of States, Local Governments, and Nonprofit Organizations* and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 21, 2018, on my consideration of Kiamichi Technology Center No. 7, Latimer County, Oklahoma, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.
Broken Arrow, OK
February 21, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

KIAMICHI TECHNOLOGY CENTER NO. 7
MANAGEMENTS DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2017

The discussion and analysis of the financial performance of Kiamichi Technology Center School District No. 7 is an effort to provide an overview of financial activities of the School District's fiscal year ending June 30, 2017. Please read it in conjunction with the School District's financial statements, which begin on page 7.

The Financial Statements

The financial statements presented herein include all of the activities of the Kiamichi Technology Center School District No. 7 (the "School District") using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are governmental-wide statements for the governmental activities.

The government-wide financial statements present the complete financial picture of the School District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the School District as well as all liabilities.

Reporting the School District as a Whole

One of the most frequently asked questions about the School District's finances is, "is the School District better off than it was last year?" The Statement of Net Assets and the Statement of Activities report information about the School District as a whole and about its activities to help answer this question. These statements include all assets and liabilities using the accrual basis of accounting. 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 assets and changes in them from the prior year. You can think of the School District's net assets – the difference between assets and liabilities – as one way to measure the School District's financial condition, or position. Over time, increases or decreases in the School District's net assets can be one indicator of whether its financial health is improving or deteriorating. However, you must consider other nonfinancial factors, such as changes in the School District's property tax base and the condition of the School District's assets, in order to assess the overall health of the School District.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements 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. However, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental Funds – 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 government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Resulting differences in the Governmental Fund financial statements and those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund Financial statement.

KIAMICHI TECHNOLOGY CENTER NO. 7
MANAGEMENTS DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2017

Financial Analysis of the School District as a Whole

Net Assets

The School District accumulates year-to-year financial information on a consistent basis with the year ended. June 30, 2017 begins the fourteenth year of reporting using the integrated approach prescribed by GASB Statement No. 34. Since, the financial information is accumulated on a consistent basis; changes in the net assets may be used to discuss the changing financial position of the School District as a whole.

The School District's total assets at fiscal year-end are \$65,891,894 which is an increase of \$2,597,432 over last year's total assets of \$63,294,462. The following table provides a summary of the School District's net assets at June 30:

	Governmental Activities			
	<u>2017</u>	<u>2016</u>	<u>Amount</u>	<u>% of Change</u>
Current/Other Assets	\$24,323,295	\$22,948,872	\$1,374,423	5.99%
Capital Assets	\$41,568,599	\$40,345,590	\$1,223,009	3.03%
Total Assets	<u>\$65,891,894</u>	<u>\$63,294,462</u>	<u>\$2,597,432</u>	<u>4.10%</u>
Deferred Outflow	\$8,314,441	\$2,495,501	\$5,918,940	237.18%
Current Liabilities	\$2,121,639	\$1,550,689	\$570,950	36.82%
Long-Term Liabilities	\$29,802,203	\$22,121,634	\$7,680,569	34.72%
Total Liabilities	<u>\$31,923,842</u>	<u>\$23,672,323</u>	<u>\$8,251,519</u>	<u>34.86%</u>
Deferred Inflow	\$1,456,552	\$2,200,463	(\$743,911)	33.81%
Net Assets:				
Capital Assets	\$41,568,599	\$40,345,590	\$1,223,009	3.03%
Unrestricted	(\$642,658)	(\$428,412)	(\$214,246)	50.01%
Total Net Assets	<u>\$40,925,941</u>	<u>\$39,917,178</u>	<u>\$1,008,763</u>	<u>2.53%</u>

Governmental Activities

State funds suffered some budget cuts, however, slight increases in revenues in Ad Valorem allowed the School District's budget to maintain levels commensurate with the previous year.

KIAMICHI TECHNOLOGY CENTER NO. 7
MANAGEMENTS DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2017

Some of the individual line item revenues reported for each function are:

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, and industry specific
Miscellaneous	
Rental, Disposals & Commissions	Rental of school facilities and property and sale of surplus equipment
Reimbursements	Reimbursements for insurance loss recoveries, damages to school property, rebates and fiscal agent expenses
Other Local Sources of Revenue	All other local revenue not classified above
Intergovernmental State Sources	State aid formula grants, School to Work, DHS Child Care, OTAG, Existing Industry Training, TIPS, Adult Training and Fire Fighting Initiative
Intergovernmental Federal Sources	TANF, Carl Perkins, and Federal Financial Aid

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

The individual line item expenses reported for each function are:

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. An example would be child nutrition expenses.
Facilities Acquisition and Construction	Activities involved with the acquisition of land, buildings, remodeling buildings, construction of buildings and additions to building, initial installations or extension of service systems and other building equipment, acquisition of equipment to furnish the buildings, and improvements to sites.

Capital Assets

The task of maintaining program equipment and facilities at a level that ensures high quality technical education requires a strategy of continuous improvement. In the efforts to accomplish this task McAlester Campus transformed the Business and Information Management Technology to offer Eufaula high school students a new Environmental and Spatial Technology program, while Poteau began a new Criminal Justice Program to serve both the high school and adult population in the KTC district. Carl Perkins Grants, received assisted this new Criminal Justice Program and the existing Criminal Justice Program at both the Talihina Campus and the Hugo Campus to purchase "state of the art" training equipment to simulate conditions of "real life" scenarios. The Poteau KTC campus was awarded a FEMA grant in 2015 to build a safe room in the amount of \$418,918.

KIAMICHI TECHNOLOGY CENTER NO. 7
MANAGEMENTS DISCUSSION & ANALYSIS
Fiscal Year Ended June 30, 2017

This structure was completed and placed in service during the 2017 school year. The remodeling of the seminar center at the Idabel campus began and was completed during the year to offer stakeholders a better educational facility. The extensive remodel of the seminar center at the McAlester Campus began in the 2017 school year and will be completed in the spring of 2018. The BIS division implemented a new software to manage the financial aspects of class offerings as well as a new marketing tool to connect with stakeholders on a more timely and personal level.

At the end of June 30, 2017 the district had \$75,671,005 invested in capital assets including land, buildings, equipment, and vehicles in comparison to the \$72,702,425 at June 30, 2016. These figures do not consider the effects of accumulated depreciation which can be seen on page 10.

	Governmental Activities
Land	\$ 2,927,500
Buildings	\$ 57,691,310
Equipment	\$ 9,820,517
Vehicles	\$ 2,923,705
Construction in Progress	\$ 2,307,973
	\$ 75,671,005

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Going forward, property tax collections and tuition collections are expected to remain approximately the same for the fiscal year ending June 30, 2018 and slight decreases in State and Federal sources will likely result in a relatively flat appropriated budget. While it is reasonable to expect operating costs to continue to increase due to the rising cost of salaries, insurances, utilities and fuel the economic health of KTC is strong and poised to meet the educational needs of the KTC district. KTC is continuing implementation of new programs to meet the changes in workforce demand. Despite the economic conditions, KTC remains optimistic for new growth using new technology, data driven decisions and service to the constituents of Southeast Oklahoma.

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 receives. If you have questions about this report or need additional financial information, contact the School District Business Office at P.O. Box 548, Wilburton, Oklahoma 74578-0548 or phone at (918) 465-2323.

Respectfully Submitted

Stacia McCune
School District Treasurer

Lois Welch
Chief Financial Officer

See disclaimer in auditor's report

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**KIAMICHI TECHNOLOGY CENTER NO. 7
STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 6,172,147
Investments	15,389,307
Property tax receivable	1,913,364
Due from other governments	608,040
Due from other funds	240,437
Non-current Assets	
Land	2,927,500
Construction in Progress	2,307,973
Other capital assets, net of accumulated depreciation	<u>36,333,126</u>
Total Assets	<u>\$ 65,891,894</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred pension expense	<u>\$ 8,414,441</u>
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	<u>\$ 2,121,639</u>
Total Current Liabilities	<u>\$ 2,121,639</u>
Non Current Liabilities	
Compenstated absences	\$ 497,045
Net pension liability	<u>29,305,158</u>
Total Non Current Liabilities	<u>\$ 29,802,203</u>
Total Liabilities	<u>\$ 31,923,842</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred inflow of resources related to pensions	<u>\$ 1,456,552</u>
<u>NET POSITION</u>	
Invested in Capital Assets, net of related debt	\$ 41,568,599
Unrestricted	<u>(642,658)</u>
Total Net Position	<u><u>\$ 40,925,941</u></u>

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
STATEMENT OF ACTIVITIES
FOR YEAR ENDING JUNE 30, 2017**

		Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Government Activities
Governmental Activities				
Instruction	\$ (12,075,330)	\$ 2,190,463	\$ 1,586,271	\$ (8,298,596)
Support services	(17,132,596)	32,540	1,455,620	(15,644,436)
Non-instruction	(100,467)	-	-	(100,467)
Capital outlay	(723,917)	-	155,908	(568,009)
Other outlays	(238,281)	-	-	(238,281)
Other uses	(20,289)	-	-	(20,289)
Repayments	(12)	-	-	(12)
Depreciation-Unallocated	(2,386,907)	-	-	(2,386,907)
Total governmental activities	\$ (32,677,799)	\$ 2,223,003	\$ 3,197,799	\$ (27,256,997)
General revenues				
Taxes:				
Property taxes, levied for general purposes				\$ 20,524,315
Other Taxes				-
State aid not restricted to specific purposes				6,804,709
Other general revenues				
Interest and investment earnings				60,356
Miscellaneous				876,380
Total general revenues				28,265,760
Loss on disposal of assets				-
Changes in net position				1,008,763
Net Position - beginning				39,917,178
Net Position - ending				\$ 40,925,941

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

FUND FINANCIAL STATEMENTS

**KIAMICHI TECHNOLOGY CENTER NO. 7
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2017**

	Agency Funds		
	Federal Pell Grant Fund	Activity Fund	Total
ASSETS			
Cash	\$ (499)	\$ 482,640	\$ 482,141
Investments	-	82,706	82,706
Total assets	\$ (499)	\$ 565,346	\$ 564,847
LIABILITIES AND NET POSITION			
LIABILITIES			
Due to student groups	\$ -	\$ 234,839	\$ 234,839
Due to other funds	-	240,437	240,437
Total liabilities	\$ -	\$ 475,276	\$ 475,276
NET POSITION			
Unreserved/undesignated	\$ (499)	\$ 90,070	\$ 89,571
TOTAL LIABILITIES AND NET POSITION	\$ (499)	\$ 565,346	\$ 564,847

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FEDERAL PELL GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Pell Grant Fund</u>
Revenues	
Pell Grants	\$ <u>1,820,822</u>
Total revenues	\$ <u>1,820,822</u>
Expenditures	
Student Financial Assistance	\$ 1,389,051
Tuition	429,985
Administrative Cost	<u>2,285</u>
Total expenditures	\$ <u>1,821,321</u>
Excess of revenues over expenditures	\$ <u>(499)</u>
Net Position, beginning of year	\$ <u>-</u>
Net Position, end of year	\$ <u><u>(499)</u></u>

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
<u>ASSETS</u>			
Cash	\$ 4,141,782	\$ 2,030,365	\$ 6,172,147
Investments	9,951,455	5,437,852	15,389,307
Property tax receivable	1,594,746	318,618	1,913,364
Due from other governments	608,040	-	608,040
Due from other funds	240,437	-	240,437
Total assets	\$ 16,536,460	\$ 7,786,835	\$ 24,323,295
<u>LIABILITIES</u>			
Liabilities:			
Accounts payable	\$ 1,038,785	\$ 1,082,854	\$ 2,121,639
Deferred revenue	1,348,838	257,925	1,606,763
Total liabilities	\$ 2,387,623	\$ 1,340,779	\$ 3,728,402
Fund balances:			
Nonspendable Fund Balances:			
<i>Inventories</i>	\$ -	\$ -	\$ -
Restricted Fund Balances:			
<i>Restricted by statute</i>	-	5,115,626	5,115,626
Committed Fund Balances:			
<i>Contractual obligations</i>	-	-	-
Assigned Fund Balances:			
<i>Encumbrances</i>	2,032,887	1,330,430	3,363,317
Unassigned:	12,115,950	-	12,115,950
Total fund balances	\$ 14,148,837	\$ 6,446,056	\$ 20,594,893
Total liabilities and fund balances	\$ 16,536,460	\$ 7,786,835	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$75,671,005 and accumulated depreciation is \$34,102,406.	41,568,599
Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds.	1,606,763
Compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(497,045)
Net pension obligations are not due and payable in the current period and, are not reported in the funds.	(29,305,158)
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the funds.	6,957,889
Net Position of governmental activities	\$ 40,925,941

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Local sources	\$ 20,308,922	\$ 3,878,523	\$ 24,187,445
Intermediate sources	-	-	-
State sources	7,063,472	-	7,063,472
Federal sources	<u>1,327,508</u>	<u>155,908</u>	<u>1,483,416</u>
Total revenues	\$ <u>28,699,902</u>	\$ <u>4,034,431</u>	\$ <u>32,734,333</u>
Expenditures:			
Instructional	\$ 12,245,231	\$ -	\$ 12,245,231
Support services	16,578,092	81,863	16,659,955
Non-instructional	100,467	-	100,467
Capital outlay	-	3,272,644	3,272,644
Other outlays	238,281	-	238,281
Other uses	20,289	-	20,289
Repayments	<u>12</u>	<u>-</u>	<u>12</u>
Total expenditures:	\$ <u>29,182,372</u>	\$ <u>3,354,507</u>	\$ <u>32,536,879</u>
Excess of revenues over (under) expenditures	\$ <u>(482,470)</u>	\$ <u>679,924</u>	\$ <u>197,454</u>
Other financing sources (uses)			
Proceeds from capital lease obligations	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues and other sources of funds over (under) expenditures	\$ <u>(482,470)</u>	\$ <u>679,924</u>	\$ <u>197,454</u>
Fund balance, beginning of year	\$ <u>14,631,307</u>	\$ <u>5,766,132</u>	\$ <u>20,397,439</u>
Fund balance, end of year	\$ <u><u>14,148,837</u></u>	\$ <u><u>6,446,056</u></u>	\$ <u><u>20,594,893</u></u>

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Net change in fund balances-governmental funds \$ 197,454

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

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

Capital outlay expenditures	\$ 3,609,916	
Loss on disposal of assets	-	
Depreciation expense	<u>(2,386,907)</u>	1,223,009

Some property taxes and intergovernmental revenues receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds. These are not considered "available" revenues in the governmental funds until received. Change in amount deferred in fund statements.

606,019

Payment of compensated absences is reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement, changes in compensated absences are expensed as they are accrued. Change in the compensated absences liability.

10,066

Governmental funds report District pension contributions as expenditures. However, the Statement of Activities reports the cost of pension benefits earned net of employee contributions as pension expense.

(1,027,785)

Change in Net Position Governmental Activities

\$ 1,008,763

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. Summary of Significant Accounting Policies

The financial statements of the Kiamichi Technology Center No. 7 (the "Center") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Center's accounting policies are described below.

A. Reporting Entity

In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the Center has presented the entities, which comprise the primary government in the fiscal year 2017 basic financial statements.

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

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

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

B. Basis of Presentation

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

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

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

Fund Financial Statements

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

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

Fund Financial Statements

General Fund – The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under Formula Operations. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt.

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

Fiduciary Fund Types

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

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

The Center's Fiduciary Funds have been excluded from the government-wide financial statements.

Agency Fund – The Center's Agency Funds consists of the Activity Fund and the Federal Pell Grant Fund. The Center's Activity Fund is used to account for monies collected that are held on behalf of others as their agent and do not involve the measurement of results of operations. The Federal Pell Grant fund is used to account for student financial aid which is collected by the Center and disbursed to eligible students or to pay educational costs on their behalf. The administration is responsible under the authority of the Board, for collecting, disbursing and accounting for these funds.

Account Groups

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

C. Basis of Accounting

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

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

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund that includes revenues and expenditures. These budgets are prepared on a budgetary basis of accounting. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriations at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

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

E. Net Position and Fund Balances

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

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

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

Unrestricted Net Position – represent unrestricted liquid assets.

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

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

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

Committed – Amounts designated for specific purposes by the Center's highest level of decision making authority (Board of Education) and cannot be used for any other purposes unless the same highest level (Board of Education) takes action to remove or change the designation.

The Center commits a portion of the fund balance to honor the commitments made by the District for encumbrances (purchase orders) for which goods or services have not yet been received. The fund balance committed to encumbrances will be equivalent to the purchase orders rolled forward from one fiscal year to the next fiscal year

Assigned – Amount the Center intends to use for specific purposes; intent can be expressed by the governing body or by an official to which the governing body delegates the authority.

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

The Center assigns a portion of the fund balance in both the general fund and building fund for funding the cash flow needs during the first half of each fiscal year. The Superintendent and the Chief Financial Officer will determine the amount of assigned fund balance at the end of each fiscal year.

Unassigned – Amounts that are available for any purposes; reported only in the general fund. Fund balance represents the funds not restricted in use by statute nor encumbered by purchase order or legal contract.

F. Assets, Liabilities and Cash Fund Balances

Cash – Cash consists of currency and checks on hand and demand deposit accounts with banks and other financial institutions.

Investments – Investments consist of direct obligations of the United States Government and Agencies. All investments are recorded at cost, which approximates market value.

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

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

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

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

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

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

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

Assets capitalized have an original cost of \$2,500 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and structures	25-50 years
Improvements	Remaining Life
Equipment	7-25 years
Furniture and fixtures	5-20 years

Compensated Absences – All full time twelve-month employees are entitled to vacation time with full pay of 15 working days per year. A certified employee contracted for half time or more receives leave time prorated according to the percentage of time contracted. An employee, upon separation of service with the Center, will be paid their regular rate of pay for unused annual vacation leave up to a maximum of 22 ½ days.

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

Any employee who retires with a minimum of 10 years of service with the Center and whose age and number of years of creditable service total 80 or 90 points, depending on date of employment, can receive their regular rate of pay for unused sick leave up to 60 days. Employees who have worked for the Center for at least 5 years can receive a lump sum payment of \$10 per day for up to 60 days accrued sick leave.

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

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

G. Revenue, Expenses and Expenditures

Revenues are classified by source as follows:

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

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

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

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

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

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. Examples of expenditures that might be included here are the activities of teacher assistant of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

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

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

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Summary of Significant Accounting Policies (continued)

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

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

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

Deferred outflows of resources – Deferred outflows are the consumption of net position by the school district that are applicable to a future reporting period. At June 30, 2017, the school district's deferred outflows of resources were comprised of deferred outflows related to pensions.

Deferred inflows of resources – Deferred inflows are the acquisition of net position by the school district that are applicable to a future reporting period. At June 30, 2017, the school district deferred inflows of resources were comprised of deferred inflows to pensions.

New accounting pronouncements adopted in fiscal year 2017: The District adopted the following new accounting pronouncement during the year ended June 30, 2017:

Statement No. 77, Tax Abatement Disclosures, issued August 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. This statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The disclosure about the government's own tax abatement agreements includes the purpose of the tax abatement program, the tax being abated, the amount of tax being abated, the provisions of recapturing abated taxes, the types of commitments made by tax abatement recipients, and other commitments made by government in tax abatement agreements. The disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues includes the name of the government entering into the abatement agreement, the tax being abated, and the amount of the reporting government's tax being abated.

New accounting pronouncements issued not yet adopted:

Statement No. 85, Omnibus 2017, issued March 2017, will be effective for the District beginning with its fiscal year ending June 30, 2018. Statement No. 85 is designed to address the practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

The Center is currently evaluating the impact that these new standards will have on its financial statements.

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

2. Use of Estimates

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

3. Deposit Categories of Credit Risk

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

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Deposit Categories of Credit Risk (continued)

The Center's investment policy instructs the Treasurer to minimize risks by diversifying the investment portfolio; structuring investments so that securities mature in time to meet cash requirements; and by investing the full amount of all accounts of the Center.

Investments

The Center's investments at June 30, 2017, for all governmental funds included the following:

<u>Investment</u>	<u>Amount</u>	<u>% To Total</u>
Certificates of Deposit	\$ 9,291,285	60.37%
Money Market Funds	6,098,022	39.63%
Total	\$ <u>15,389,307</u>	<u>100.00%</u>

All investments of June 30, 2017, have investment maturities of twelve months or less.

Custodial Credit Risk:

Deposits and Investments – The District's demand deposits are required by law to be collateralized by the amount that is not federally insured.

Securities pledged as collateral are held by a third party or Federal Reserve Bank. Joint custody safekeeping receipts are held in the name of the depositing institution, but are pledged to the Center. The security cannot be released, substituted, or sold without the school Treasurer's approval and release of the security.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2017, the Center had no deposits exposed to custodial credit risk.

The Center's investments consist of direct obligations of the U.S. government and agencies' securities.

Interest Rate Risk:

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. Investments may have maturities extending to twenty-four months, provided sufficient liquidity is available to meet major outlays, except that General Fund investments may not exceed twelve months

Credit Risk:

The Center has no formal written policy addressing credit risk.

At June 30, 2017, the Center has no investments that are not guaranteed by the full faith and credit of the United States government.

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. Capital Assets

A summary of changes in general fixed assets for the year ended June 30, 2017, follows:

	Balance July 1, 2016	Additions	Transfer	Retirements	Balance June 30, 2017
Land	\$ 2,927,500	\$ -	\$ -	\$ -	\$ 2,927,500
Construction in progress	2,451,030	2,307,973	(2,451,030)	-	2,307,973
Total Assets Not Being Depreciated	<u>5,378,530</u>	<u>2,307,973</u>	<u>(2,451,030)</u>	<u>-</u>	<u>5,235,473</u>
Building & Improvements	54,999,527	240,753	2,451,030	-	57,691,310
Machinery & Equipment	9,343,435	737,319	-	260,237	9,820,517
Vehicles	<u>2,980,993</u>	<u>323,871</u>	<u>-</u>	<u>381,159</u>	<u>2,923,705</u>
Total Capital Assets Being Depreciated	<u>67,323,955</u>	<u>1,301,943</u>	<u>2,451,030</u>	<u>641,396</u>	<u>70,435,532</u>
Less:					
Accumulated Depreciation	<u>32,356,895</u>	<u>2,386,907</u>	<u>-</u>	<u>641,396</u>	<u>34,102,406</u>
Total Capital Assets Being Depreciated - Net	<u>34,967,060</u>	<u>(1,084,964)</u>	<u>2,451,030</u>	<u>-</u>	<u>36,333,126</u>
Total Capital Assets - Net	<u>\$ 40,345,590</u>	<u>\$ 1,223,009</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 41,568,599</u>

5. Interfund Transactions

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

6. Accounts Receivable

Accounts receivable of the governmental activities consist of Ad Valorem tax, interest income, tuition, state grant programs, federal grant programs, and miscellaneous. Receivables detail by fund at June 30, 2017, is as follows:

Accounts Receivable	<u>Governmental Funds</u>	
	<u>General Fund</u>	<u>Building Fund</u>
Ad valorem tax	\$ 1,594,746	\$ 318,618
Due from activity fund	240,437	-
Federal grants	<u>608,040</u>	<u>-</u>
Total accounts receivable	2,443,223	318,618
Less: Deferred revenue	<u>1,348,838</u>	<u>257,925</u>
Total accounts receivable (net)	<u>\$ 1,094,385</u>	<u>\$ 60,693</u>

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

7. Employee Retirement System

Description of Plan

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

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14.0% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales tax use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% and the State of Oklahoma plus the federal contribution contributed the remaining 4.5% during this year. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

Annual Pension Cost

The District's total contribution for 2017, 2016, and 2015 were \$2,441,803, \$2,425,351, and \$2,410,045, respectively. The District's total payroll for fiscal year 2016-17 amounted to \$15,174,410.

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Employee Retirement System (continued)

On Behalf Contributions

The State of Oklahoma makes retirement contributions each year for teachers employed by Oklahoma School Districts. The contribution amounts are based on the teacher's years of service and amounts paid are prescribed by O.S. 70 Section 17-108.2 subsection A. During fiscal year 2016-17, the State of Oklahoma's contribution was \$134,239. The District recognized revenue and expenditures of this amount during the year.

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

At June 30, 2017, the Center reported a liability of \$29,305,158 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The center's proportion of the net pension liability was based on the center's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the Center's proportion was .35114684 percent. For the year ended June 30, 2017, the Center recognized pension expense of \$1,464,716. At June 30, 2017, the school district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 680,344
Changes of assumptions	3,528,754	
Net difference between projected and actual earnings on pension plan investments	3,420,971	
Changes in proportion		741,747
System Contributions during Measurement date		34,461
Center contributions subsequent to the measurement date	1,464,716	
Total	\$ 8,414,441	\$ 1,456,552

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Employee Retirement System (continued)

Deferred pension outflows totaling \$1,464,716 resulting from the Center's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The deferred outflows totaling \$3,420,971 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling \$680,344 resulting from differences between expected and actual experience will be recognized in pension expense using the average expected remaining service life of the plan participants. The average expected remaining life of the plan participants is determined by taking the calculated total future service years of the plan participants divided by the number of people in the Plan including retirees. The total future service years of the plan participants are estimated at 5.71 years at June 30, 2016 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended,	
2018	829,215
2019	829,215
2020	1,972,215
2021	1,516,419
2022	<u>346,107</u>
\$	<u><u>5,493,171</u></u>

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of July 1, 2016 using the following actual assumptions:

- 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-3.0 percent
- Salary Increases-Composed of 3.75 percent wage inflation, including 3.0 percent price inflation, plus a service related component up to 8 percent based on years of service.
- Investment Rate of Return-8.0 percent
- Retirement Age-Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014
- Mortality-RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90.0 percent for males and 80.0 percent for females.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Employee Retirement System (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.2%
Domestic Large Cap Equity	10.0%	5.8%
Domestic Mid Cap Equity	13.00%	6.3%
Domestic Small Cap Equity	10.00%	7.0%
International Large Cap Equity	11.50%	6.6%
International Small Cap Equity	17.5%	6.6%
Core Plus Fixed Income	6.0%	1.6%
High-yield Fixed Income	6.0%	4.9%
Private Equity	5.0%	8.3%
Real Estate**	7.0%	4.5%
Master Limited Partnerships	7.0%	7.7%
	<u>100.00%</u>	

*The Domestic All Cap Equity total expected return is a combination of 3 rates – US Large cap, US Mid Cap and US Small Cap.

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

Discount rate – A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.5%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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

The following presents the Center's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Center's proportionate share of the net pension liability	<u>\$ 35,519,442</u>	<u>\$ 29,305,158</u>	<u>\$ 21,809,599</u>

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

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/> or by writing to the Oklahoma Teachers Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152 or by calling 405-521-2387.

8. Long-Term Debt

At June 30, 2017, the governmental long-term debt of the District consisted of the following:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Compensated Absences	\$ 507,111	\$ -	\$ 10,066	\$ 497,045
 Total	 \$ 507,111	 \$ -	 \$ 10,066	 \$ 497,045

9. Operating Lease

The Center leases classroom space at Eufaula School needed to operate educational programs. The Center will pay the sum of \$81,500 during the year, also an additional amounts for insurance, equipment, utilities, and custodial services. The term of the lease began July 1, 2016, through June 30, 2017.

10. Litigation

Various claims and lawsuits are pending against the Technology Center. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the Center at June 30, 2017. In the opinion of the Technology Center management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect The Center's financial position, results of operation, or cash flows.

11. Contingent Liabilities

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

12. Risk Management

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

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Risk Management (continued)

The Center also participates in a risk pool for Workers' Compensation coverage in which there is transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the school reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma.

In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the Center is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the Center goes into a loss fund for the Center. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five years. OSAG provides coverage in excess of the Loss Fund, so the Center's liability for claim loss is limited to the balance of the loss fund. If the Center does not use their loss fund in three years, it is returned to them with no interest.

13. Surety Bonds

The school Treasurer is bonded by Western Surety Company bond No. 61838914 in the amount of \$250,000 for the period July 1, 2016, to June 30, 2017.

The school also has a public employee blanket bond that includes the Superintendent and Financial Officers, policy No. 105940204 with Travelers Insurance in the amount of \$300,000 covering the period May 21, 2016 through May 21, 2019. The policy has a \$5,000 deductible.

The school Clerk is bonded by Old Republic Surety Group bond number RP00556205 in the amount of \$1,000 covering the period April 26, 2016 to April 26, 2018. The school Minutes Clerk is bonded by RLI Insurance Company bond number LSM0903438 in the amount of \$1000 covering the period July 1, 2016 through June 30, 2017. The Deputy Minutes Clerk is bonded by Old Republic Surety Group bond number W150228056 in the amount of \$1000 covering the period July 1, 2016 to July 1, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

**KIAMICHI TECHNOLOGY CENTER NO. 7
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Fund balances, beginning of year	\$ 12,320,178	\$ 12,320,178	\$ 12,320,178	\$ -
Revenues:				
Local sources	\$ 19,339,725	\$ 19,339,725	\$ 20,508,960	\$ 1,169,235
Intermediate sources	-	-	-	-
State sources	6,735,177	6,735,177	6,929,234	194,057
Federal sources	500,625	500,625	1,370,168	869,543
Total revenues	<u>\$ 26,575,527</u>	<u>\$ 26,575,527</u>	<u>\$ 28,808,362</u>	<u>\$ 2,232,835</u>
Expenditures:				
Instruction	\$ 14,519,642	\$ 14,519,642	\$ 12,385,865	\$ 2,133,777
Support services	21,327,903	21,327,903	17,113,702	4,214,201
Non-instructional services	145,491	145,491	105,192	40,299
Capital outlay	-	-	-	-
Other outlays	398,038	398,038	261,987	136,051
Other uses	2,444,631	2,444,631	27,212	2,417,419
Repayments	60,000	60,000	-	60,000
Total expenditures	<u>\$ 38,895,705</u>	<u>\$ 38,895,705</u>	<u>\$ 29,893,958</u>	<u>\$ 9,001,747</u>
Excess of revenues over (under) expenses before adjustments to prior year encumbrances	\$ -	\$ -	\$ 11,234,582	\$ 11,234,582
Adjustments to prior year encumbrances			<u>827,582</u>	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			<u>(1,813)</u>	
Total other financing sources (uses)			<u>\$ (1,813)</u>	
Cash fund balance end of year-Budgetary Basis			<u>\$ 12,060,351</u>	
Reconciliation of end of the year budgetary fund balance with end of the year GAAP fund balance:				
Cash fund Balance, End of Year			\$ 12,060,351	
Accounts receivable			1,094,385	
Reserve for encumbrances			2,032,886	
Accounts Payable			<u>(1,038,785)</u>	
Fund Balance June 30, 2017 - GAAP Basis			<u>\$ 14,148,837</u>	

**KIAMICHI TECHNOLOGY CENTER NO. 7
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 4,321,361	\$ 4,321,361	\$ 4,321,361	\$ -
Revenues:				
Local sources	\$ 3,111,031	\$ 3,111,031	\$ 3,919,267	\$ 808,236
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	155,908	155,908
Total revenues	\$ 3,111,031	\$ 3,111,031	\$ 4,075,175	\$ 964,144
Expenditures:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	72,254	72,254	62,290	9,964
Non-instructional services	-	-	-	-
Capital outlay	7,360,138	7,360,138	2,537,884	4,822,254
Other outlays	-	-	-	-
Other uses	-	-	-	-
Total expenditures	\$ 7,432,392	\$ 7,432,392	\$ 2,600,174	\$ 4,832,218
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 5,796,362	\$ 5,796,362
Adjustments to prior year encumbrances			341,425	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			-	
Total other financing sources (uses)			\$ -	
Cash fund balance end of year-Budgetary Basis			\$ 6,137,787	
Reconciliation of end of the year budgetary fund balance with end of the year GAAP fund balance:				
Cash Fund Balance, End of Year			\$ 6,137,787	
Accounts receivable			60,693	
Reserve for encumbrances			1,330,430	
Accounts payable			(1,082,854)	
Fund Balance June 30, 2017 - GAAP Basis			\$ 6,446,056	

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
School's proportion of the net pension liability	0.36658083%	0.35592595%	0.35114684%
School's proportionate share of the net pension liability	\$ 19,721,559	\$ 21,614,523	\$ 29,305,158
School's covered-employee payroll	\$ 15,128,662	\$ 15,344,794	\$ 15,174,410
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	130%	141%	193%
Plan fiduciary net position as a percentage of total pension liability	72.43%	70.31%	62.24%

*The amounts present for each fiscal year history is not readily available.

Notes to Schedule:

The Plan's net pension liability increased between 2016 and 2017 due to changes in assumptions adopted by the System's Board.

The most notable change was the lowering of the System's discount rate from 8.0% to 7.5%.

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
SCHEDULE OF THE CONTRIBUTIONS
OKLAHOMA TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 1,488,438	\$ 1,484,859	\$ 1,491,831
Contributions in relation to the Contractually required contribution	1,488,438	1,484,859	1,491,831
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
School's covered-employee payroll	\$ 15,128,662	\$ 15,344,794	\$ 15,174,410
Contributions as a percentage of covered- employee payroll	9.83%	9.68%	9.83%

Notes to Schedule:

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

OTHER SUPPLEMENTARY INFORMATION

KIAMICHI TECHNOLOGY CENTER NO. 7
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2016	Revenue	Expenditures	Balance at June 30, 2017
<u>U.S. Department of Education</u>						
Direct Programs:						
<u>2016-2017 Programs</u>						
* Pell Grant	84.063	P063P163161	-	1,818,537	1,818,537	-
* PELL Admin Fee	84.063	P063Q163161	-	2,285	2,285	-
* Supplemental Education Opportunity College Work Study	84.007	P007A163423	-	25,338	25,338	-
	84.033	P033A163423	-	58,417	58,417	-
Total SFA Cluster			-	1,904,577	1,904,577	-
<u>Passed-Through Oklahoma Department of Career and Technology Education</u>						
<u>2016-2017 Programs</u>						
Carl Perkins-Consortium	84.048	N/A	-	242,805	242,805	-
Carl Perkins-Secondary	84.048	N/A	-	119,601	119,601	-
Carl Perkins-Supplemental	84.048	N/A	-	50,000	50,000	-
Tech Centers that Work	84.048	N/A	-	24,000	24,000	-
Bid Assistance Center	12.002	N/A	-	17,519	17,519	-
Sub-Total			-	453,925	453,925	-
<u>U.S. Department of Health and Human Services</u>						
<u>Passed-Through State Department of Career and Technology Education</u>						
<u>2016-2017 Programs</u>						
Temporary Assistance for Needy Families	93.558	N/A	-	140,065	140,065	-
Sub-Total			-	140,065	140,065	-
<u>Passed-Through Choctaw Nation of Oklahoma</u>						
* PATHS	93.137	CPIM151117-01-00	-	557,778	557,778	-
Sub-Total			-	557,778	557,778	-
<u>U.S. Department of Homeland Security</u>						
<u>Passed-Through State Department Emergency Management</u>						
<u>2016-2017 Programs</u>						
Hazard Mitigation Grant	93.039	FEMA4117DROK	-	155,908	416,821	(260,913)
Sub-Total			-	155,908	416,821	(260,913)
TOTAL FEDERAL ASSISTANCE			-	3,212,253	3,473,166	(260,913)

* Major Program
The accompanying notes are an integral part of this schedule.

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

3. The District has not elected to use the 10% de minimis cost rate.

**KIAMICHI TECHNOLOGY CENTER NO. 7
STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2017**

		Activity Fund			
		Antlers Campus	Atoka Campus	Durant Campus	Hugo Campus
ASSETS					
Cash	\$	7,895	\$ 27,606	\$ 50,796	\$ 39,663
Investments		-	-	-	-
Total assets	\$	7,895	\$ 27,606	\$ 50,796	\$ 39,663
LIABILITIES AND NET POSITION					
Liabilities:					
Due to student groups	\$	3,113	\$ 16,968	\$ 17,423	\$ 12,013
Due to general fund		4,782	10,638	33,373	27,650
Total liabilities	\$	7,895	\$ 27,606	\$ 50,796	\$ 39,663
Net Position					
Unreserved	\$	-	-	-	-
Total net position		-	-	-	-
Total liabilities and net position	\$	7,895	\$ 27,606	\$ 50,796	\$ 39,663

Activity Fund

<u>Idabel Campus</u>	<u>McAlester Campus</u>	<u>Poteau Campus</u>	<u>Spiro Campus</u>	<u>Stigler Campus</u>	<u>Talihina Campus</u>	<u>Wilburton Campus</u>	<u>Total</u>
\$ 51,635	\$ 93,834	\$ 137,291	\$ -	\$ 21,866	\$ 17,651	\$ 34,403	\$ 482,640
-	-	-	-	-	-	82,706	82,706
<u>\$ 51,635</u>	<u>\$ 93,834</u>	<u>\$ 137,291</u>	<u>\$ -</u>	<u>\$ 21,866</u>	<u>\$ 17,651</u>	<u>\$ 117,109</u>	<u>\$ 565,346</u>
\$ 42,380	\$ 48,289	\$ 68,577	\$ -	\$ 16,490	\$ 9,586	\$ 90,070	\$ 324,909
9,255	45,545	68,714	-	5,376	8,065	27,039	240,437
<u>\$ 51,635</u>	<u>\$ 93,834</u>	<u>\$ 137,291</u>	<u>\$ -</u>	<u>\$ 21,866</u>	<u>\$ 17,651</u>	<u>\$ 117,109</u>	<u>\$ 565,346</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 51,635</u>	<u>\$ 93,834</u>	<u>\$ 137,291</u>	<u>\$ -</u>	<u>\$ 21,866</u>	<u>\$ 17,651</u>	<u>\$ 117,109</u>	<u>\$ 565,346</u>

**KIAMICHI TECHNOLOGY CENTER NO. 7
ANTLERS CAMPUS ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ -	\$ 2,200	\$ 2,200	\$ -
HOSA	172		-		172
STA Tuition	-	21,566	4,296	25,862	-
Resale-STA	-	470	40	510	-
Insurance Reimbursement	100	-	(100)	-	-
Student Fees	-	195	300	495	-
Testing Fees	-	160	(160)	-	-
Vending	2,772	-	170	-	2,941
Total Activities	\$ 14,618	\$ 22,391	\$ 6,746	\$ 29,067	\$ 3,113

**KIAMICHI TECHNOLOGY CENTER NO. 7
 ATOKA CAMPUS ACTIVITY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ 11,571	\$ 2,087	\$ 13,658	\$ -
Resale-FTA	-	5,218	2,749	7,967	-
Skills USA-Club Accounts	5,153	5,334	176	6,937	3,726
BPA Club Account	1,837	1,489	91	2,928	489
Leadership-CTSO	2,441	-	-	1,903	538
HOSA	2,453	-	-	1,218	1,235
FCCLA	978	844	-	1,780	42
STA Tuition	-	59,294	1,323	60,617	-
Resale-STA	-	5,338	(585)	4,753	-
Due To General Fund	-	1,785	(361)	1,424	-
Facility Use	-	200	(100)	100	-
Insurance Reimbursement	-	-	-	-	-
Pell Grant Refund of Overpayment	-	398	-	398	-
Student Fees	875	1,525	-	2,400	-
Testing Fees	594	2,491	-	3,085	-
Faculty & Staff Fund	265	-	-	65	200
Live Work	-	1,638	311	1,949	-
Vending	5,467	26,315	4,375	30,766	5,391
Skills USA-Southeast District	4,051	5,550	1,662	5,975	5,288
Student Services	55	-	-	-	55
Interest Income	7	-	-	3	4
Total Activities	\$ 24,176	\$ 128,990	\$ 11,728	\$ 147,926	\$ 16,968

**KIAMICHI TECHNOLOGY CENTER NO. 7
DURANT CAMPUS ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ 61,305	\$ 17,629	\$ 78,934	\$ -
Skills USA Club Acct	912	3,139	90	1,724	2,417
BPA	674	5,856	(692)	4,663	1,175
Leadership VSO	2,280	-	440	1,294	1,426
HOSA	3,156	4,827	609	6,541	2,051
FCCLA	677	4,396	(846)	3,638	589
STEM	162	2,211	(80)	1,899	394
STA Tuition	-	99,990	(2,647)	97,343	-
Resale STA	-	8,485	(1,752)	6,733	-
Due To General Fund	-	-	-	-	-
Facility Use	-	90	-	90	-
Insurance Reimbursement	140	-	-	140	-
Student Fees	339	215	-	554	-
Testing Fee	-	13,409	2,887	16,296	-
KTC Auction	-	228	-	228	-
BIS Training	-	7,292	440	7,732	-
Faculty & Staff	297	753	-	602	448
Coffee Fund	73	563	163	645	154
Livework	-	-	-	-	-
Vending	10,077	21,305	2,463	27,085	6,760
BIS Promotional	1,325	4,084	(294)	3,256	1,859
Student Services	3	115	-	-	118
Interest Income	3	-	29	-	32
Total Activities	\$ 20,118	\$ 238,263	\$ 18,439	\$ 259,397	\$ 17,423

**KIAMICHI TECHNOLOGY CENTER NO. 7
HUGO CAMPUS ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ 96,063	\$ 2,933	\$ 98,997	\$ (1)
Skills USA	4,707	2,323	491	1,392	6,129
BPA Club Account	494	429	-	869	54
Leadership CTSSO	395	15	-	277	133
HOSA	1,466	2,106	-	2,282	1,290
FCCLA	32	-	(32)	-	-
STEM	631	700	50	645	736
STA Tuition	-	19,889	1,858	21,747	-
Resale STA	-	751	(14)	737	-
Due To General Fund	-	181	12	193	-
Facility Use	-	140	-	140	-
Student Fees	-	3,378	332	3,710	-
Testing Fee	-	4,164	3,014	7,178	-
KTC Auction	-	504	4	508	-
Faculty & Staff Fund	261	-	-	-	261
Vending	7,946	10,357	16	15,393	2,926
BIS Promotional Account	451	-	-	-	451
Student Services	1,413	-	(1,285)	128	-
Association Fund	462	100	-	550	12
Interest Income	5	-	17	-	22
Total Activities	\$ 18,263	\$ 141,100	\$ 7,396	\$ 154,746	\$ 12,013

**KIAMICHI TECHNOLOGY CENTER NO. 7
IDABEL CAMPUS ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ 33,118	\$ 12,897	\$ 46,015	\$ -
Resale- FTA	-	10,240	(1,557)	8,683	-
Skills USA-Club Accounts	11,059	8,940	8,510	14,363	14,146
BPA Club Accounts	1,032	2,591	750	2,375	1,998
HOSA	3,299	9,422	733	9,554	3,900
FCCLA	6,343	1,598	-	180	7,761
STEM	611	4,104	500	4,443	772
STA Tuition	-	46,368	4,960	51,328	-
Resale-STA	-	3,436	(604)	2,832	-
Due To General Fund	1	785	-	786	-
Facility Use	-	-	-	-	-
Pell Grant Refund of Overpayment	-	1,551	-	1,551	-
Student Fees	-	3,956	735	4,691	-
Testing Fees	-	8,792	6,234	15,026	-
KTC Auction	-	333	405	738	-
BIS Training	-	23,086	(390)	22,696	-
Coffee Fund	-	-	-	-	-
Livework	-	30,320	(4,496)	25,824	-
Vending	4,986	14,341	147	13,062	6,412
BIS Promotional Account	12,145	500	(4,985)	588	7,072
Student Services	313	-	-	-	313
Interest Income	6	-	-	-	6
Total Activities	\$ 39,795	\$ 203,481	\$ 23,839	\$ 224,735	\$ 42,380

**KIAMICHI TECHNOLOGY CENTER NO. 7
MCALESTER CAMPUS ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ 96,110	\$ (15,770)	\$ 80,340	\$ -
Skills USA-Club Accounts	10,414	2,313	(32)	9,565	3,130
BPA Club Account	3,909	4,818	-	5,442	3,285
Leadership VSO	9,387	-	-	-	9,387
HOSA	3,775	3,833	15	4,478	3,145
FCCLA	2,548	3,326	(15)	3,682	2,177
STEM	-	3,062	-	2,679	383
STA Tuition	-	109,864	1,784	111,648	-
Resale-STA	-	7,417	2,915	10,332	-
Due To General Fund	-	2,480	(760)	1,720	-
Facility Use	-	265	88	353	-
Insurance Reimbursement	-	163	130	293	-
Pell Grant Refund Overpayment	-	761	-	761	-
Student Fees	-	1,702	1,326	3,028	-
Testing Fees	-	13,791	6,319	20,110	-
KTC Auction	-	6,450	2,481	8,931	-
BIS Training	-	42,321	(12,073)	30,248	-
Faculty & Staff Fund	378	410	-	429	359
Coffee Fund	8	-	-	-	8
Livework	-	559	-	559	-
Vending	20,676	6,136	4,481	10,039	21,254
BIS Promotional Account	5,166	-	-	209	4,957
Student Services	4	200	-	-	204
Interest Income	11	-	(11)	-	-
Total Activities	\$ 56,276	\$ 305,981	\$ (9,122)	\$ 304,846	\$ 48,289

**KIAMICHI TECHNOLOGY CENTER NO. 7
POTEAU CAMPUS ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ 157,019	\$ (19,726)	\$ 137,293	\$ -
Resale-FTA	-	23,199	(6,982)	16,217	-
Skills USA-Club Accounts	6,899	2,578	1,499	3,711	7,267
BPA Club Accounts	428	2,689	153	2,572	698
Leadership CTSO	79	646	300	956	69
HOSA	7,302	12,635	966	11,926	8,977
FCCLA	3,951	1,808	-	3,261	2,498
STEM	85	-	647	331	401
STA Tuition	-	88,786	6,533	95,319	-
Resale-STA	-	9,328	11,761	21,089	-
Due To General Fund	-	2,414	(49)	2,365	-
Facility Use	-	239	-	239	-
Insurance Reimbursement	-	450	(120)	330	-
PELL Grant Refund Overpayme	-	966	-	966	-
Student Fees	-	14,605	6,170	20,775	-
Testing Fees	-	22,436	6,379	28,815	-
KTC Auction	-	481	(3)	478	-
Faculty & Staff Fund	41	105	-	123	23
BIS Training	-	52,129	8,366	60,496	(1)
Coffee Fund	57	-	-	-	57
Livework	-	2,041	(266)	1,775	-
Vending	16,611	18,032	8,441	7,441	35,643
BIS Promotional Account	9,568	10,538	387	12,477	8,016
Student Services	1,745	314	-	1,618	441
EMS Promotional	4,548	3,209	(75)	3,226	4,456
Interest Income	59	-	(27)	-	32
Total Activities	\$ 51,373	\$ 426,647	\$ 24,354	\$ 433,799	\$ 68,577

**KIAMICHI TECHNOLOGY CENTER NO. 7
 SPIRO CAMPUS ACTIVITY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ -	\$ -	\$ -	\$ -
Due To General Fund	-				-
Skills USA-Club Accounts	-	-	-	-	-
BPA Club Accounts	-	-	-	-	-
Leadership CTSO	-	-	-	-	-
Testing Fees	-	-	-	-	-
STA Tuition	-				-
KTC Auction	-	-	-	-	-
Facility Use	-				-
Pell Grant Refund of Overpayment	-				-
Vending	-	-	-	-	-
Livework	-	-	-	-	-
Student Services	-	-	-	-	-
Total Activities	\$ -	\$ -	\$ -	\$ -	\$ -

**KIAMICHI TECHNOLOGY CENTER NO. 7
STIGLER CAMPUS ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ 23,197	\$ 6,906	\$ 30,103	\$ -
Resale-FTA	-	6,890	(1,372)	5,518	-
Skills USA Club	5,031	3,888	271	4,370	4,820
VSO	123	-	-	-	123
HOSA	161	3,512	74	2,277	1,470
STA Tuition	-	11,541	2,589	14,130	-
Resale-STA	-	509	68	577	-
Due to General Fund	-	132	74	206	-
Facility Use	-	70	70	140	-
Insurance Reimbursement	-	100	140	240	-
Student Fees	-	210	395	605	-
Testing Fees	-	2,505	25	2,530	-
KTC Auction	-	4,665	590	5,255	-
BIS Training	-	-	-	-	-
Faculty & Staff Fund	70	352	-	367	55
Livework	-	1,766	(27)	1,739	-
Vending	5,663	2,511	2,017	5,486	4,705
BIS Promotional Account	1,843	-	-	50	1,793
Haskell Co. Admin. Association	3,519	2,100	(3)	2,094	3,521
Interest Income	2	-	2	-	3
Total Activities	\$ 16,412	\$ 63,948	\$ 11,819	\$ 75,687	\$ 16,490

**KIAMICHI TECHNOLOGY CENTER NO. 7
TALIHINA CAMPUS ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
FTA Tuition	\$ -	\$ 15,244	\$ 1,035	\$ 16,279	\$ -
Skills USA-Club Accounts	500	1,763	-	1,681	582
BPA Club Accounts	4,048	8,318	(633)	10,241	1,492
Leadership CTSO	2,082	965	180	1,236	1,991
HOSA	3,239	2,726	777	3,700	3,042
STA Tuition	-	30,080	3,175	33,255	-
Resale-STA	-	1,325	497	1,822	-
Due to General Fund	-	5	160	165	-
Facility Use	-	114	-	114	-
Insurance Reimbursement	-	25	(25)	-	-
Pell Grant Refund of Overpayment	-	-	-	-	-
Student Fees	-	705	805	1,510	-
Testing Fees	-	4,330	1,480	5,810	-
KTC Auction	-	5,032	-	5,032	-
BIS Training	-	-	6,690	6,690	-
Faculty and Staff Fund	-	-	-	-	-
Livework	-	2,693	82	2,775	-
Vending	1,874	2,790	663	3,089	2,238
BIS Promotional	236	-	-	-	236
General Activity	-	-	-	-	-
Interest Income	5	-	-	-	5
Total Activities	\$ 11,984	\$ 76,115	\$ 14,886	\$ 93,399	\$ 9,586

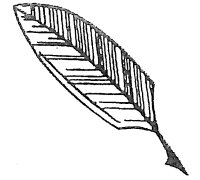
**KIAMICHI TECHNOLOGY CENTER NO. 7
WILBURTON CAMPUS ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Activities	Balance 7-1-16	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-17
Vending	\$ 626	540	\$ -	\$ 186	\$ 980
Faculty & Staff Fund	380	1,730	-	1,648	462
Coffee Fund	-	143	-	84	60
BIS Promotional Account	983	570	-	290	1,263
General Activity Fund	87,587	15	(12)	335	87,255
Interest Income	34	-	16	-	50
Credit Card Account	-	29,278	(26,839)	2,439	-
Total Activities	\$ 89,610	\$ 32,276	\$ (26,835)	\$ 4,982	\$ 90,070

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

KERRY JOHN PATTEN, C.P.A.

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



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

The Honorable Board of Education
Kiamichi Technology Center No. 7
Latimer County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kiamichi Technology Center No. 7, Latimer County, Oklahoma (Center), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's financial statements, and have issued my report thereon dated February 21, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. I noted certain immaterial instances of noncompliance that I have reported to management of Kiamichi Technology Center in a separate letter dated February 9, 2018.

Purpose of this Report

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



Kerry John Patten, C.P.A.
Broken Arrow, OK
February 21, 2018

KERRY JOHN PATTEN, C.P.A.

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



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

The Honorable Board of Education
Kiamichi Technology Center No. 7
Latimer County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited the compliance of Kiamichi Technology Center No. 7, Latimer County, Oklahoma (Center's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget OMB Uniform Guidance that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2017. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Kiamichi Technology Center No. 7, Latimer County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Kiamichi Technology Center No. 7, Latimer County, Oklahoma (Center), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

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



Kerry John Patten, C.P.A.
Broken Arrow, OK
February 21, 2018

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Kiamichi Technology Center.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Kiamichi Technology Center which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Kiamichi Technology Center expresses an unqualified opinion.
6. There were no audit findings relative to major federal award programs for Kiamichi Technology Center.
7. The programs tested as major programs included: Student Financial Aid Cluster (84.063; 84.007; & 84.033) and PATHS (93.137).
8. The threshold for distinguishing Types A and B programs was \$750,000.00.
9. Kiamichi Technology Center did not qualify as a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

1. No matters were reported.

**KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
SUMMARY OF PRIOR AUDIT FINDINGS
JULY 1, 2016 TO JUNE 30, 2017**

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

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

KIAMICHI TECHNOLOGY CENTER NO. 7
LATIMER COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2016 TO JUNE 30, 2017

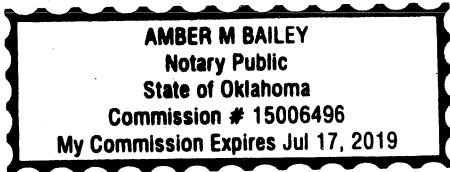
State of Oklahoma)
County of Tulsa)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Kiamichi Technology Center for the audit year 2016-17.

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

BY

Kerry John Patten
AUTHORIZED AGENT



Subscribed and sworn to before me on this

9th day of March, 2018

Amber M Bailey
NOTARY PUBLIC

My commission expires on:

17th day of July, 2019