

ANNUAL FINANCIAL REPORT
MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY, OKLAHOMA
JULY 1, 2014 TO JUNE 30, 2015

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

MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY, OKLAHOMA
SCHOOL CENTER OFFICIALS
JUNE 30, 2015

Board of Education

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Vice-President	Jerry Franklin
Clerk	Joe Williams
Deputy Clerk	Randy Kellogg
Member	Gary Johnson

Superintendent of Schools

Dr. Douglas Major

Technology Center Treasurer

Schelina Burnett

Chief Financial Officer

Beth Buchanan

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY, OKLAHOMA
JUNE 30, 2015**

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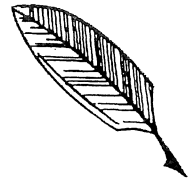
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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Meridian Technology Center No. 16
Stillwater, 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 Meridian Technology Center No. 16, Payne County, Oklahoma, as of and for the year ended June 30, 2015, 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 Meridian Technology Center No. 16 as of June 30, 2015, 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.

Emphasis of Matters

As discussed in Note 1, in 2015 the center adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The provisions of GASB Statements No. 68 and 71 required the center to adjust its net position as of July 1, 2014 upon adoption. My opinion is not modified with respect to this matter.

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 Budget Circular A-133, *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 22, 2016, on my consideration of Meridian Technology Center No.16, Payne County, Oklahoma's, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.
Broken Arrow, OK
February 22, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

MERIDIAN TECHNOLOGY CENTER
Management's Discussion and Analysis (MD&A)

June 30, 2015

This section of Meridian Technology Center's annual financial report presents discussion and analysis of Meridian Technology Center's financial performance during the fiscal year ended June 30, 2015. To fully understand Meridian Technology Center's financial performance, read it in conjunction with the basic financial statements and the notes to the financial statements.

Organization

Meridian Technology Center School District 16 is a political subdivision of the Oklahoma Department of Career and Technology Education. The school is located in Stillwater, Oklahoma and operates under the local control of a five member board of education with a designated chief executive officer. The Meridian Technology Center School District includes portions of five counties, Lincoln, Logan, Noble, Pawnee and Payne, and includes the public school districts of Agra, Carney, Glencoe, Guthrie, Morrison, Mulhall-Orlando, Pawnee, Perkins-Tryon, Perry and Stillwater.

The district offers three basic types of instruction, Full Time Programs, Adult and Career Development and Business and Industry Services, as well as entrepreneurial services offered through the Center for Business Development. The full time programs division includes 65 career major offerings designed to lead to industry certifications, licenses, employment and/or continuing education. The course offerings in the Adult and Career Development instruction are designed to enhance knowledge of specific topics, while the Business and Industry Services division strives to meet the training and development needs of business and industry. The Center for Business Development provides customized support, education and training for entrepreneurs and small businesses in the district.

FINANCIAL STATEMENTS

The financial statements consist of three parts: management discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of Meridian Technology Center. The first two statements, pages 5 and 6, are district-wide financial statements, the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about Meridian Technology Center's overall financial status.

See disclaimer in accompanying Independent Auditor's Report

The remaining statements are fund financial statements, pages 8 and 9, that focus on individual parts of Meridian Technology Center's operations in more detail than the district-wide statements. The governmental fund statements tell how basic services were financed in the short term as well as what remains for future spending. The governmental funds are the General Fund, and Special Revenue or Building Fund.

The financial statements also include notes, beginning on page 10, that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

District-Wide Statements

The district-wide statements report information about Meridian Technology Center as a whole. The Statement of Net Assets includes all of the district's assets and liabilities, with the difference reported as net assets. All of the current year's revenues and expenses are accounted for in the statement of activities.

The two district-wide statements report Meridian Technology Center's net assets and how they have changed. Net assets, the difference between Meridian Technology Center's assets and liabilities, is one way to measure Meridian Technology Center's financial health or position.

Over time, increases or decreases in Meridian Technology Center's net assets are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall financial health of Meridian Technology Center, you need to consider additional factors, such as changes in the ad valorem valuation and the projected student enrollment.

Fund Financial Statements

Meridian Technology Center's fund financial statements provide detailed information about each fund – not Meridian Technology Center as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs; state law requires certain funds.

- Governmental funds – Most of Meridian Technology Center's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. The governmental fund statements provide a detailed short-term view of Meridian Technology Center's operations and the services it provides.

See disclaimer in accompanying Independent Auditor's Report

- Fiduciary funds - Meridian Technology Center is the trustee, or fiduciary, for assets that belong to others, such as student activity funds. Meridian Technology Center is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Meridian Technology Center excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF MERIDIAN TECHNOLOGY CENTER AS A WHOLE

Net Assets

Meridian Technology Center's total assets increased by almost \$2,000,000 or 6.5% over the previous year. The increase resulted primarily from an increase in cash and cash equivalents. As has been Meridian's business practice, the district utilizes cash and investments rather than the issuance of bonds for construction or expansion projects. Because no construction projects were in process, the district was able to allow cash and investments in the building fund to begin accumulating in order to fund future construction projects.

Liabilities and Unrestricted Net Assets at June 30, 2015 are not comparable to FY14, and figures are not available in order to restate FY14. Governmental Accounting Standards Board Statement No. 68, implemented for fiscal year 2015, requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. The technology center's share of the Teachers Retirement System's net pension liability as of June 30, 2015 was \$8,841,933, but does not affect the State of Oklahoma's legal obligation for the liability.

Net Assets		
	FY2015	FY2014
Current Assets	\$11,374,722	\$8,929,430
Net Capital Assets	\$20,800,787	\$21,278,070
Total Assets	\$32,175,509	\$30,207,500
Deferred Outflow of Resources	\$693,772	\$0
Current Liabilities	\$1,346,307	\$612,248
Long term Liabilities	\$9,157,777	\$258,108
Total Liabilities	\$10,504,084	\$870,356
Deferred Inflow of Resources	\$2,285,640	\$0
Net Assets Invested in Capital Assets		
Net of Related Debt	\$20,800,788	\$21,278,071
Restricted	\$0	\$0
Unrestricted	(\$721,228)	\$8,059,073
Total Net Assets	\$20,079,560	\$29,337,144

See disclaimer in accompanying Independent Auditor's Report

Since the majority of Meridian Technology Center's net assets are invested in capital assets (buildings, land, and equipment), the remaining net assets are unrestricted and are used to fund cash flow needs, as well as accumulating in the Building Fund for future expansion plans.

Statement of Activities

The result of this year's operations as a whole are reported in the Statement of Activities. The largest general revenue category is property taxes (ad valorem).

The information below, from the Statement of Activities, page 6, shows the sources of revenues and expenses, resulting in the change in net assets.

Changes in Net Position

Revenues

Program Revenues

	FY 2015	FY 2014
Charges for Services	\$1,995,373	\$1,764,132
Operating Grants & Contributions	\$925,105	\$484,055

General Revenues

Property & Other Taxes	\$11,267,582	\$10,285,315
Federal and State Aid	\$3,025,326	\$3,017,693
Interest and Investment Earnings	\$28,943	\$21,937
Miscellaneous	\$55,615	\$273,317
Total Revenues	\$17,297,944	\$15,846,449

Expenses

Instruction	\$5,512,725	\$5,754,806
Instructional Support Services	\$2,776,261	\$2,656,055
Support Services- Operational	\$4,352,645	\$4,569,916
Non-Instructional	\$609,884	\$594,400
Other Outlays	\$0	\$0
Other Uses	\$107,226	\$106,363
Capital Outlays	\$144,316	\$43,147
Repayments	\$563,164	\$0
Depreciation - Unallocated	\$1,336,281	\$1,259,137

Total Expenses	\$15,402,502	\$14,983,824
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Gain/Loss of Fixed Asset Disposal	\$0	\$0
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Increase (decrease) in net assets	\$1,895,442	\$862,625
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See disclaimer in accompanying Independent Auditor's Report

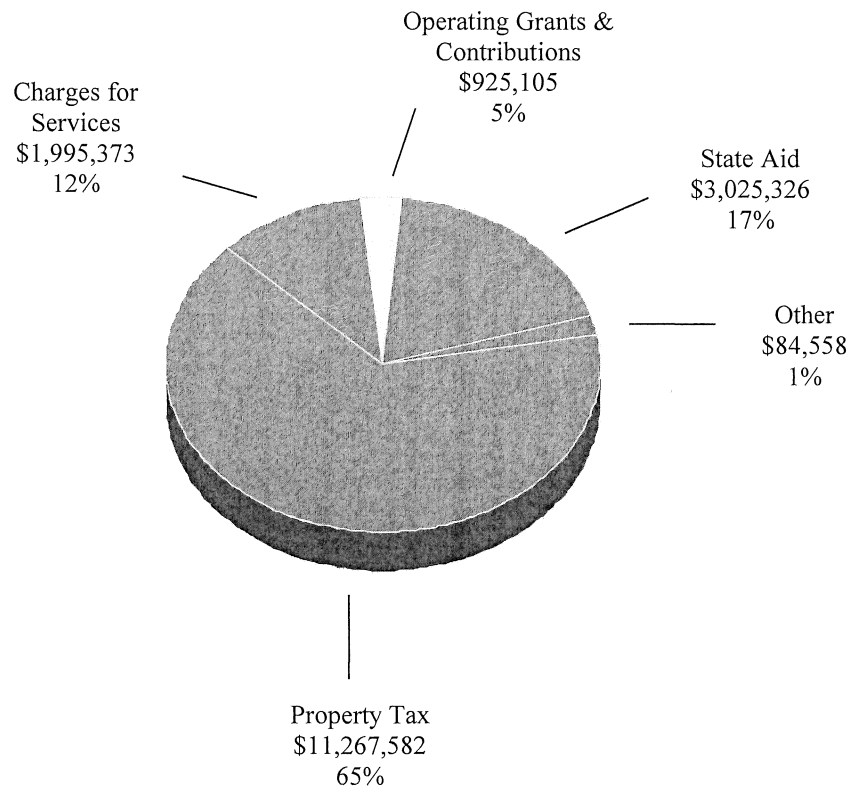
During fiscal year 2015, Meridian Technology Center realized an increase in revenue of approximately 9%, however it was discovered after the end of the fiscal year that the Logan County Treasurer erroneously remitted ad valorem taxes to the district over the past two years. Taxes that should have been remitted to another technology center were remitted to Meridian Technology Center. This error results in revenues being overstated by 1.4% in fiscal year 2014, and 2% in fiscal year 2015. The overpayment will be repaid to Logan County in fiscal year 2016.

The district realized other revenue increases from the sale of a house constructed by students in the construction trades programs, as well as additional funding for special projects shown in Operating Grants and Contributions.

Several new initiatives were started during fiscal year 2015. Meridian Technology Center became the host site for the Adult Basic Education program for the area, helping students earn a General Equivalency Diploma (GED). The district participated in a Career Development pilot project through the Oklahoma Department of Career and Technology Education, designed to reach a younger age population of students to assist with career exploration and development. In addition, the district started a BioMedical program utilizing the Project Lead the Way curriculum, as a preparation for college academics.

By the nature of funding for technology centers, the sources of revenue remain relatively constant from year to year. However, Meridian Technology Center continues to experience decreases in state aid. Although a small decrease from fiscal year 2014 to fiscal year 2015 as a percentage of total revenue, state aid has decreased from 23% of total revenues in FY2008 to 17% of total revenues in FY2015. Property taxes, considered a local funding source and the district's largest funding source, remained neutral at approximately 64% of total income. Consequently, in fiscal year 2015, 77% of Meridian Technology Center's total revenues were derived from local sources.

Sources of Revenue For Fiscal Year 2015



FINANCIAL ANALYSIS OF MERIDIAN TECHNOLOGY CENTER'S FUNDS

At June 30, 2015, Meridian Technology Center's governmental funds reported combined revenues of \$17,075,528 compared to \$16,074,985 at June 30, 2014. The primary source of revenue for the governmental funds is property tax (ad valorem). The property tax is not received evenly throughout the fiscal year, with the majority of property tax revenues received between December 15th and March 31st of each year. The governmental funds must carry forward a fund balance large enough to finance the negative cash flow during the first five months of each fiscal year.

General Fund

The General Fund balance is set at a level to fund the cash flow needs of the first half of the fiscal year. The district received a decrease in unrestricted funds for operations from state aid and federal restricted sources, but realized an increase of revenue from local sources.

See disclaimer in accompanying Independent Auditor's Report

Building Fund

Meridian Technology Center has managed the Building Fund balance in order to fund remodel, expansion, and construction projects of the technology center without the need for a school bond. Therefore, the district was able to allow the building fund to begin accumulating to fund future projects.

BUDGETARY HIGHLIGHTS

Meridian Technology Center prepares budgets in compliance with Oklahoma statutes. The preliminary budget is prepared prior to the beginning of the school year when certain factors are uncertain, such as the final net assessed property values. The budget was approved with a general fund budget of \$14,941,871 with no subsequent budget amendments.

CAPITAL ASSETS

At June 30, 2015, Meridian Technology Center had \$20,800,787 invested in a broad range of capital assets including land, school buildings, furniture and equipment, infrastructure, and vehicles. Although the district invested in approximately \$900,000 in capital assets, net capital assets decreased slightly due to depreciation.

FACTORS IMPACTING MERIDIAN TECHNOLOGY CENTER'S FUTURE

The district continues to analyze and assess opportunities to increase local funding sources, in anticipation of flat or continuing declines in state aid. The full impact of previous legislation regarding ad valorem tax collections continues to be analyzed, and although the cap placed on the increase of assessed value of some properties will not take revenue away, it could affect future growth of ad valorem revenue. Meridian Technology Center is financially positioned so that possible reductions, whether ad valorem or state funding, will not have an immediate adverse impact on the District's future operations. Meridian Technology Center will continue to upgrade equipment and facilities as appropriate for technology training, and will continue to cautiously consider purchases.

CONTACTING MERIDIAN TECHNOLOGY CENTER FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students and creditors with a general overview of Meridian Technology Center's finances and to show accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Superintendent's Office, Meridian Technology Center, 1312 South Sangre Road, Stillwater, OK 74074.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 10,714,170
Property tax receivable	414,639
Interest receivable	12,856
Due from other governments	175,011
Due from activity fund	45,394
Prepaid insurance	12,653
Capital assets	
Construction in Progress	8,878
Land	338,447
Other capital assets, net of accumulated depreciation	<u>20,453,462</u>
Total Assets	\$ <u>32,175,510</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred pension expense	\$ 693,772
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 1,301,702
Wages payable	27,981
Current portion of long-term liabilities	16,623
Long-term liabilities	
Non-current portion of long-term liabilities	315,844
Net pension liability	<u>8,841,933</u>
Total Liabilities	\$ <u>10,504,083</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred inflows of resources related to pensions	\$ 2,285,640
<u>NET POSITION</u>	
Invested in Capital Assets, net of related debt	\$ 20,800,787
Unrestricted	<u>(721,228)</u>
Total Net Position	\$ <u><u>20,079,559</u></u>

The accompanying notes are an integral part of these financial statements.

MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Government Activities
Governmental Activities:					
Instruction	\$ (5,512,725)	\$ 868,540	\$ 681,181	\$ -	\$ (3,963,004)
Support Services - Instructional	(2,776,261)	-	243,924	-	(2,532,337)
Support Services - Operational	(4,352,645)	259,238	-	-	(4,093,407)
Non Instructional	(609,884)	867,595	-	-	257,711
Other Uses	(107,226)	-	-	-	(107,226)
Capital Outlay	(144,316)	-	-	-	(144,316)
Repayments	(563,164)	-	-	-	(563,164)
Depreciation - Unallocated	(1,336,281)	-	-	-	(1,336,281)
Governmental Activities	\$ (15,402,502)	\$ 1,995,373	\$ 925,105	\$ -	\$ (12,482,024)

General revenues

Taxes:

Property taxes, levied for general purposes \$ 11,263,989

Other Taxes 3,593

Federal and State aid not restricted to specific purposes: 3,025,326

General -

Interest and investment earnings 28,943

Miscellaneous 55,615

Total general revenues 14,377,466

Changes in net position 1,895,442

Loss on Sale of Fixed Assets (57,038)

Net position - beginning, as restated 18,241,155

Net position - ending \$ 20,079,559

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**MERIDIAN TECHNOLOGY CENTER NO. 16
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Building Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 3,966,775	\$ 6,747,395	\$ 10,714,170
Property taxes receivable	276,390	138,249	414,639
Interest receivable	12,856	-	12,856
Due from other governments	174,665	346	175,011
Due from activity fund	45,394	-	45,394
Prepaid insurance	12,653	-	12,653
Total assets	<u>\$ 4,488,733</u>	<u>\$ 6,885,990</u>	<u>\$ 11,374,723</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 530,781	\$ 770,921	\$ 1,301,702
Accrued wages payable	26,785	1,196	27,981
Deferred revenue	161,677	80,877	242,554
Total liabilities	<u>\$ 719,243</u>	<u>\$ 852,994</u>	<u>\$ 1,572,237</u>
Fund balances:			
Nonspendable Fund Balances:			
Prepaid Items	\$ 12,653	\$ -	\$ 12,653
Restricted Fund Balances:			
<i>Restricted by Statute</i>	-	6,032,996	6,032,996
Committed Fund Balances:			
<i>Contractual Obligations</i>	1,121,196	-	1,121,196
Assigned Fund Balances:			
<i>Other Assigned Fund Balances</i>	-	-	-
Unassigned	<u>2,635,641</u>	<u>-</u>	<u>2,635,641</u>
Total Fund Balances	<u>\$ 3,769,490</u>	<u>\$ 6,032,996</u>	<u>\$ 9,802,486</u>
Total Liabilities and Fund Balances	<u>\$ 4,488,733</u>	<u>\$ 6,885,990</u>	

Reconciliation to the Statement of Net Position

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 \$36,907,884 and accumulated depreciation is \$16,107,096. 20,800,788

Long-Term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term liabilities at year-end consist of:
Compensated Absences (332,467)

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. 242,554

Deferred outflows and inflows of resources related to pensions and applicable to future periods and, therefore not required in funds (1,591,869)

Net pension obligations are not due and payable in the current period and, therefore are not reported in the funds. (8,841,933)

Total Net Position \$ 20,079,559

The accompanying notes are an integral part of these financial statements

MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Local sources	\$ 9,440,045	\$ 3,681,459	\$ 13,121,504
Intermediate sources	-	-	-
State sources	3,679,347	1,391	3,680,738
Federal sources	<u>273,286</u>	<u>-</u>	<u>273,286</u>
Total revenues	\$ <u>13,392,678</u>	\$ <u>3,682,850</u>	\$ <u>17,075,528</u>
Expenditures:			
Instructional	\$ 5,572,765	\$ 590,823	\$ 6,163,588
Support services - Instructional	2,772,641	231,517	3,004,158
Support services - Operational	4,091,819	529,052	4,620,871
Noninstructional	576,309	40,482	616,791
Capital outlay	-	510,761	510,761
Other uses	107,163	-	107,163
Repayments	<u>375,443</u>	<u>187,721</u>	<u>563,164</u>
Total expenditures	\$ <u>13,496,140</u>	\$ <u>2,090,356</u>	\$ <u>15,586,496</u>
Excess of revenues over (under) expenditures	\$ <u>(103,462)</u>	\$ <u>1,592,494</u>	\$ <u>1,489,032</u>
Other financing sources (uses):			
Bank charges	\$ <u>(64)</u>	\$ <u>-</u>	\$ <u>(64)</u>
Excess of revenues and other sources of funds over (under) expenditures and other financing sources (uses)	\$ <u>(103,526)</u>	\$ <u>1,592,494</u>	\$ <u>1,488,968</u>
Fund balance, beginning of year	\$ <u>3,873,016</u>	\$ <u>4,440,502</u>	\$ <u>8,313,518</u>
Fund balance, end of year	\$ <u><u>3,769,490</u></u>	\$ <u><u>6,032,996</u></u>	\$ <u><u>9,802,486</u></u>

The accompanying notes are an integral part of these financial statements

MERIDIAN TECHNOLOGY CENTER NO. 16
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, 2015

Net change in fund balances - governmental funds	\$	1,488,968
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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	\$	916,036	
Depreciation expense		<u>(1,336,281)</u>	
			(420,245)

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.

662,188

Expenses for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

(57,884)

Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are counted as deferred in flows of revenue. They are however, recorded as revenue in the statement of activities.

222,415

Change in Net Position of Governmental Activities	\$	<u><u>1,895,442</u></u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Significant Accounting Policies

The financial statements of the Meridian Technology Center No. 16 (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 2015 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 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 five 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 assets 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:

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

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 the Foundation and Incentive Aid Program. 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.

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

Agency Fund – The Center's Agency Fund 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 90 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.

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

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 Assets and Fund Balance

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

Investment in Fixed Assets (net of related debt) – is intended to reflect the portion of net assets, 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 Assets – 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 Assets – represent unrestricted liquid assets.

Governmental Fund Financial Statements – The District 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 District'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 District 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 District 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.

MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Summary of Significant Accounting Policies (continued)

The District 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.

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 the Center. 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 years or more the real estate may be sold for such 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	40 years	Improvements	Remaining Life
Equipment	3-20 years	Furniture and fixtures	10 years

Compensated Absences – A twelve-month salaried employee excluding directors, chief financial officer, deputy superintendent, superintendent and assistant superintendent is eligible for ten (10) days paid vacation each year accrued at the rate of 6.7 hours per month. Directors, chief financial officer, deputy superintendent, assistant superintendents and the superintendent are eligible for twelve (12) days paid vacation each year accrued at the rate of 8 hours per month.

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Summary of Significant Accounting Policies (continued)

Vacation days can be accumulated and carried forward one fiscal year and must be used by July 31 of the subsequent fiscal year. Upon retirement or termination, the Center will purchase any leave accumulated under policy guidelines. The Center accrues vacation leave when the benefits are earned and it is probable that the employee will be compensated through paid time off or some other means.

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 Center, 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 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.

Expenditures are classified by function as follows:

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 co curricular 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 - Instructional 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.

Support Services - Operational Expenditures - Activities that support the overall administration of the district, the operation and maintenance of the plant and student transportation.

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

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 District 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 center that are applicable to a future reporting period. At June 30, 2015, the center'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 center that are a future reporting period. At June 30, 2015, the center's deferred inflows of resources were comprised of deferred inflows to pensions.

New accounting pronouncements adopted in fiscal year 2015: The center adopted the following new accounting pronouncement during the year ended June 30, 2015:

Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 (GASB No. 68) establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. The provisions of the statement are effective for fiscal periods beginning after June 15, 2014. The adoption of GASB No. 68 resulted in a decrease in Net Position of \$13,355,181.

Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68 (GASB No. 71) was issued in November 2013 and amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement were required to be adopted simultaneously with the adoption of GASB Statement 68. The adoption of GASB No. 71 resulted in the recording of a deferred outflow of \$693,772 for contributions after the measurement date of the beginning net pension liability.

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Summary of Significant Accounting Policies (continued)

New accounting pronouncements issued not yet adopted: The GASB has also issued several new accounting pronouncements which will be effective for the center in future fiscal years. A description of the new accounting pronouncements and the centers consideration of the impact of these pronouncements are described below:

Statement No. 72, Fair value Measurement and Application (GASB No. 72) was issued in February 2015 and requires investments to be measured at fair value. Investments are defined as any security or other asset that (a) the government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. The statement requires measurement at acquisition value for donated capital assets, donated works of art, historical treasures and similar assets and capital assets received in a service concession arrangement. This statement is effective for financial statements for periods beginning after June 15, 2015.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (GASB No. 73) was issued in June 2015, will be effective for the vocational technical centers beginning with its fiscal year ending June 30, 2016. Those provisions of the statement that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68 are effective beginning with fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68 which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

Statement No. 74, Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans (GASB No. 74) was issued in June 2015 and replaces Statements No. 43 Financial Reporting for Postemployment Benefits Plans Other than Pension Plans, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The provisions of Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB No. 75) was issued in June 2015, will be effective for the center beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

Statement No. 76, The Hierarchy of Generally Accepted accounting Principles for State and Local Governments (GASB No. 76) was issued in June 2015 and supersedes Statement No. 55, The Hierarchy of Generally Accepted accounting Principles for State and Local Governments. The requirements of this Statements are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

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

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

2. 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 Center.
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 Center'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.

Custodial Credit Risk:

Deposits and Investments - The Center'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 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, 2015, the Center had no deposits exposed to custodial credit risk.

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. However, the District has no formal written policy addressing interest rate risk.

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Deposit Categories of Credit Risk (continued)

Credit Risk:

The Center's investment policy requires that the investment portfolio be diversified to avoid one class of investment having a disproportionate impact on the portfolio. The District's policy also requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the institution holding the deposits or investments.

At June 30, 2015, the Center has no investments that are not guaranteed by the full faith and credit of the United States Government.

3. Receivables

Receivables at June 30, 2015, for the individual Governmental funds and Fiduciary funds in the aggregate are as follows:

Governmental Funds

	<u>General</u>	<u>Building</u>	<u>Total Governmental</u>
Receivables			
Ad valorem taxes	\$ 276,390	\$ 138,249	\$ 414,639
Federal grants	116,505	-	116,505
State revenues	44,777	346	45,123
Due from Activity Fund	45,394	-	45,394
Other local	13,383	-	13,383
Interest	12,856	-	12,856
	<u>509,305</u>	<u>138,595</u>	<u>647,900</u>
Gross Receivables			
Less: deferred revenue	<u>161,677</u>	<u>80,877</u>	<u>242,554</u>
Net total receivables	<u>\$ 347,628</u>	<u>\$ 57,718</u>	<u>\$ 405,346</u>

Fiduciary Funds

	<u>Activity</u>	<u>Pell Grant Fund</u>	<u>Total Fiduciary</u>
Receivables			
Tuition	\$ 30,452	\$ -	\$ 30,452
Rentals	8,332	-	8,332
School Activities	6,609	-	6,609
Federal Grants	<u>-</u>	<u>29,362</u>	<u>29,362</u>
Gross Receivables	45,394	29,362	74,755
Less allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 45,394</u>	<u>\$ 29,362</u>	<u>\$ 74,755</u>

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

4. Capital Assets

A summary of changes in general fixed assets for the year ended June 30, 2015, follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Land	\$ 364,436	\$ -	\$ 25,989	\$ 338,447
Construction in process	-	8,878	-	8,878
 Total Assets Not Being Depreciated	 \$ 364,436	 \$ 8,878	 \$ 25,989	 \$ 347,325
 Capital Assets Being Depreciated				
Building & Improvements	\$ 29,247,877	\$ 517,402	\$ -	\$ 29,765,279
Furniture	64,877	12,925	-	77,802
Machinery & Equipment	4,772,821	372,457	100,236	5,045,042
Vehicles	1,699,403	4,374	31,342	1,672,635
 Total Capital Assets Being Depreciated	 35,784,978	 907,158	 131,578	 36,560,558
 Less:				
Accumulated Depreciation	(14,871,344)	(1,336,281)	100,529	(16,107,096)
 Total Capital Assets Being Depreciated - Net	 \$ 20,913,634	 \$ (429,123)	 \$ 31,1049	 \$ 20,453,462
 Total Capital Assets Net	 \$ 21,278,070	 \$ (420,245)	 \$ 57,038	 \$ 20,800,787

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. 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.

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Employee Retirement System (continued)

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34. The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

The pension benefit obligation is a standardized disclosure 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 nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2015, is as follows:

	<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$ 20,693
Actuarial Value of Assets	<u>13,772</u>
Unfunded Actuarial Accrued Liability	\$ <u>6,921</u>

Contributions

The contribution rates for the vocational technical center and its employees, which are prescribed by Oklahoma State statutes, are based on employee's earnings, plus employer-paid fringe benefits. The vocational center is required to contribute 9.5% of applicable employee compensation. The vocational technical center is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contributions for participating members is 7%. The State of Oklahoma, a non-employee contributing entity, provides funds through 5% of the state's sales, use, corporate, and individual income tax collected. The system also receives 1% of the cigarette tax collected by the state and 5% of the net lottery proceeds collected by the state. Employers of OTRS members whose compensation is paid from federal funds are required to match the contributions of these members on that portion of compensation paid from federal funds. The federal match rate is set by the OTRS Board of Trustees and as of April 1, 2015 is 8.25%.

Annual Pension Cost

The Center's contribution to the Teachers Retirement System for years ending 2015, 2014, and 2013 were \$1,161,799, \$1,103,815, and \$1,074,812, respectively. The Center's total payroll for fiscal year 2014-15 amounted to \$6,788,409.

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 2014-15, the State of Oklahoma's contribution was \$44,525. The District recognized revenue and expenditures of this amount in the 2014-15 financial statements.

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Employee Retirement System (continued)

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

At June 30, 2015, the center reported a liability of \$8,841,933 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The school district's proportion of the net pension liability was based on the school district's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the center's proportion was .16435229 percent.

For the year ended June 30, 2015, the center recognized pension expense of \$517,746. At June 30, 2015, the school district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 145,741
Net difference between projected and actual earnings on pension plan investments		2,139,899
Center contributions subsequent to the measurement date	<u>693,772</u>	
Total	\$ <u><u>693,772</u></u>	\$ <u><u>2,285,640</u></u>

Deferred pension outflows totaling \$693,772 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, 2016. The deferred inflows totaling \$2,139,899 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 \$145,741 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 6.32 years at June 30, 2014 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Employee Retirement System (continued)

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

Year ended,	
2016	\$ 446,198
2017	446,198
2018	446,198
2019	446,198
2020	446,198
Thereafter	<u>54,650</u>
	<u>\$ 2,285,641</u>

Actuarial assumptions: The total pension liability was determined based on an actuarial valuation prepared as of July 1, 2014 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 3.0 percent inflation, plus 1.0 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 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 September 2010 in conjunction with the five year experience study for the period ending June 30, 2009
- 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, 2014, are summarized in the following table:

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

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Employee Retirement System (continued)

Discount rate – A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2013, and 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine 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 8.00%, 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 (7.00%) or 1-percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Center's proportionate share of the net pension liability	<u>\$ 12,421,758</u>	<u>\$ 8,841,933</u>	<u>\$ 5,820,441</u>

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/> or by writing to the Oklahoma Teachers Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152 or by calling 405-521-2387.

7. General Long-Term Debt

State statutes prohibit the Center from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the Center's voters.

At June 30, 2015, the Center had not incurred any debt under these provisions.

8. Lease Commitments

The Technology Center had no outstanding lease commitments at June 30, 2015.

9. Litigation

The Center is contingently liable for lawsuits and other claims in the ordinary course of its operations. 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, 2015.

10. 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.

11. Risk Management

The Center purchases commercial insurance for all types of risk including, but not limited to, property, casualty, workers' compensation, vehicle, unemployment, and employee life.

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

12. Related Party Transactions

The Center contracts with the Meridian Technology Center Foundation to provide office space, clerical time, and administrator's time to the Foundation. The total annual cost of the contract was minimal for fiscal year 2015. The contract is renewable annually.

13. 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.

14. Surety Bonds

The Center has a Public Education Position Schedule Bond with The Ohio Casualty Insurance Company. The bond number is 3811390, it covers the 8 employees listed below, and it is for the term of July 1, 2014, through July 1, 2015.

<u>Position</u>	<u>Bond Amount</u>
Treasurer	\$ 100,000
Deputy Treasurer	100,000
Encumbrance Clerk	100,000
Bursar	100,000
Evening Registrar	100,000
(2) Finance Secretaries	100,000
Financial Aid Officer	1,000

The Superintendent is bonded by The Ohio Casualty Insurance Company, bond number 5057278, for the penal sum of \$100,000.

15. Long-Term Liabilities

The following is a summary of long-term liabilities of the Center for the year ended June 30, 2015.

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Due in One Year</u>
Compensated Absences	\$ 274,583	\$ 57,884	\$ -	\$ 332,467	\$ 16,623
Net Pension Liability	-	8,841,933	-	8,841,933	-
Total	\$ 274,583	\$ 8,899,817	\$ -	\$ 9,174,400	\$ 16,623

16. Restatement Beginning Net Position

Beginning net position is previously reported	\$ 29,337,144
Implementation of GASB Statement 68 & 71	(11,095,989)
Beginning net position, restated	<u>\$ 18,241,155</u>

COMBINING FINANCIAL STATEMENTS

**MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	Agency Fund		
	Federal Pell Grant Fund	Activity Fund	Total
ASSETS			
Cash	\$ -	\$ 6,032	\$ 6,032
Miscellaneous Receivables	-	45,392	45,392
Federal Grant Receivables	29,362	-	29,362
Total assets	\$ 29,362	\$ 51,424	\$ 80,786
LIABILITIES			
Due to student groups	\$ -	\$ 6,032	\$ 6,032
Due to other funds	-	45,392	45,392
Due to student aid	29,362	-	29,362
Total liabilities	\$ 29,362	\$ 51,424	\$ 80,786

MERIDIAN TECHNOLOGY CENTER NO. 16
ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

Activities	Beginning Balance 7-01-14	Revenue	Transfers	Expenditures	Ending Balance 6-30-15
Short Term Courses	\$ -	\$ 74,510	\$ (276)	\$ 74,234	\$ -
Daytime Instruction	-	316,133	(9,961)	306,172	-
Educational Enhancement Center	-	-	-	-	-
Computer Training Services	-	89,735	16,304	106,039	-
Cosmetology	-	36,030	5,897	41,927	-
Meridian Mart	-	54,445	2,253	56,698	-
Miscellaneous	-	4,061	6,278	10,339	-
Collision Repair Technology Livewor	-	70	-	70	-
Automotive Technology Livework	-	78	-	78	-
Culinary Arts/Terrace	-	158,205	17,571	175,776	-
Health Informatics	-	12,972	956	13,928	-
Information Tech Livework	-	-	-	-	-
Powersports Tech Livework	-	-	-	-	-
Welding Technology Livework	-	1,549	138	1,687	-
Vending Machines	-	-	-	-	-
Skills USA	2,347	3,233	528	3,169	2,939
FCCLA	688	306	18	233	779
Short Term Medical	-	84,110	1,820	85,930	-
	-	54,399	4,707	59,105	1
Technical Services	-	23,948	1,018	24,966	-
Practical Nursing	-	112,147	8,871	121,018	-
Radiologic Technology	-	64,960	11,133	76,093	-
HOSA	1,152	1,966	1,196	2,915	1,399
BPA	796	1,124	18	1,024	914
Business Management	-	180	20	200	-
Business Development	-	-	-	-	-
Resale - Short Term Courses	-	7,383	667	8,050	-
Resale-Technical Services	-	480	40	520	-
Resale - Safety	-	413	(413)	-	-
Resale Computer Training Services	-	6,558	(1,590)	4,968	-
Resale-Management Services	-	5,786	972	6,758	-
Resale-Business Development	-	190	10	200	-
Resale-Miscellaneous	-	-	-	-	-
Resale - Short Term Medical	-	33,122	4,060	37,181	-
Resale - Cosmetology	-	12,731	1,512	14,243	-
Auction Proceeds	-	25,497	4,874	30,371	-
Clearling Account	-	58,494	1,120	59,614	-
Petty Cash	-	-	-	-	-
Skywalk	-	184,933	14,714	199,647	-
CBD Clearing Account	-	87,311	4,938	92,249	-
CBD Tenant Reimbursable Costs	-	47	-	47	-

(continued)

MERIDIAN TECHNOLOGY CENTER NO. 16
ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

Activities	Beginning Balance 7-01-14	Revenue	Transfers	Expenditures	Ending Balance 6-30-15
PMF Livework	-	3,114	503	3,617	-
Masonry Livework	-	-	-	-	-
Res.Comm Construction Livework	-	-	-	-	-
ACR Livework	-	-	-	-	-
Machine Tool/CNC Livework	-	35	5	40	-
Cosmetology Livework	-	31,881	3,466	35,347	-
Resale - Radiologic Technology	-	2,180	100	2,280	-
Resale - Daytime Programs	-	12,654	(178)	12,476	-
Resale - Practical Nursing	-	40	-	40	-
Management Services	-	119,141	40,601	159,742	-
Total Activitiy Sub-accounts	\$ 4,983	\$ 1,686,151	\$ 143,890	\$ 1,828,991	\$ 6,032

**MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - FEDERAL PELL GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Pell Grant Fund
Revenues	
Federal sources	
Pell Grants	\$ <u>433,663</u>
Total revenues	\$ <u>433,663</u>
Expenditures	
Other outlays	
Student Financial Assistance	\$ <u>433,663</u>
Total expenditures	\$ <u>433,663</u>
Excess of revenues over expenditures	\$ <u>-</u>
Fund balances, beginning of year	\$ <u>-</u>
Fund balances, end of year	\$ <u><u>-</u></u>

MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Fund balances, beginning of year	\$ 3,253,278	\$ 3,253,278	\$ 3,253,278
Revenues collected:			
Local sources	\$ 8,105,424	\$ 8,105,424	\$ 9,433,372
Intermediate sources	-	-	-
State sources	3,478,384	3,478,384	3,673,119
Federal sources	<u>104,786</u>	<u>104,786</u>	<u>202,966</u>
Total revenues collected	\$ <u>11,688,594</u>	\$ <u>11,688,594</u>	\$ <u>13,309,457</u>
Expenditures paid:			
Instruction	\$ 6,094,160	\$ 6,094,160	\$ 5,546,700
Support services	7,980,260	7,980,260	6,961,576
Non-instructional services	733,452	733,452	609,681
Capital outlay	15,500	15,500	-
Other uses	<u>118,500</u>	<u>118,500</u>	<u>108,393</u>
Total expenditures paid	\$ <u>14,941,872</u>	\$ <u>14,941,872</u>	\$ <u>13,226,350</u>
Excess of revenues collected over (under)			
expenses paid before adjustments to prior			
year encumbrances	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,336,385</u>
Adjustments to prior year encumbrances	\$ <u>-</u>	\$ <u>-</u>	<u>240,986</u>
Other financing sources (uses):			
Operating transfers in/out	\$ -	\$ -	\$ -
Bank charges	<u>-</u>	<u>-</u>	<u>(63)</u>
Total other financing sources (uses)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(63)</u>
Cash fund balance end of year - budgetary basis	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,577,308</u>
Reconciliation of Budgetary Basis fund balance and GAAP fund balance:			
Fund balance, June 30, 2015 - Budgetary Basis			\$ 3,577,308
Accounts receivable not recognized as revenue			347,628
Accounts payable not recognized in budgetary basis			(557,566)
Prepaid insurance			12,653
Reserves not recognized as expenses in GAAP basis			<u>389,467</u>
Cash fund balance end of year - GAAP basis			\$ <u><u>3,769,490</u></u>

MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (BUDGETARY BASIS)
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual
Fund balances, beginning of year	\$ 3,807,040	\$ 3,807,040	\$ 3,807,040
Revenues collected:			
Local sources	\$ 3,247,118	\$ 3,247,118	\$ 3,670,570
Intermediate sources	-	-	-
State sources	-	-	1,280
Federal sources	-	-	-
Total revenues collected	<u>\$ 3,247,118</u>	<u>\$ 3,247,118</u>	<u>\$ 3,671,850</u>
Expenditures paid:			
Instruction	\$ 4,712,905	\$ 4,712,905	\$ 583,622
Support services	1,560,211	1,560,211	844,114
Non-instructional services	43,115	43,115	40,433
Capital outlay	737,927	737,927	615,056
Other uses	-	-	-
Total expenditures paid	<u>\$ 7,054,158</u>	<u>\$ 7,054,158</u>	<u>\$ 2,083,225</u>
Excess of revenues collected over (under)			
expenses paid before adjustments to prior			
year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,395,665</u>
Adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,534</u>
Other financing sources (uses):			
Operating transfers in/out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash fund balance end of year - budgetary basis	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,626,199</u></u>
Reconciliation of Budgetary Basis fund balance and GAAP fund balance:			
Fund balance, June 30, 2015 - Budgetary Basis			\$ 5,626,199
Accounts receivable not recognized as revenue			57,718
Accounts payable not recognized in budgetary basis			(772,117)
Reserves not recognized as expenses in GAAP basis			1,121,196
Cash fund balance end of year - GAAP basis			<u><u>\$ 6,032,996</u></u>

MERIDIAN TECHNOLOGY CENTER NO. 16
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
<u>U.S. Department of Education</u>		
Direct Programs:		
* Pell Grants	84.063	P063P143659
Sub-Total		
Passed-Through Oklahoma State Department of Career and Technology Education:		
Carl Perkins	84.048	N/A
Tech Centers That Work	84.048	N/A
Girl Tech	84.048	N/A
Adult Ed & Family Literacy	84.002	V002A14003
Sub-Total		
<u>US Department of Veterans Affairs</u>		
Direct Programs:		
VA Report Fee	64.115	N/A
Sub-Total		
<u>Nation Science Foundation</u>		
Passed-Through Oklahoma State Department of Career and Technology Education:		
Cyber Security	47.076	N/A
Sub-Total		
TOTAL FEDERAL ASSISTANCE		
* Major program		

The accompanying notes are an integral part of this schedule.

Balance at July 1, 2014	Revenue	Expenditures	Balance at June 30, 2015
\$ -	\$ 433,663	\$ 433,663	\$ -
\$ -	\$ 433,663	\$ 433,663	\$ -
\$ -	\$ 118,009	\$ 118,009	\$ -
-	12,000	12,000	-
-	6,708	6,708	-
-	104,980	104,980	-
\$ -	\$ 241,697	\$ 241,697	\$ -
\$ -	\$ 108	\$ 108	\$ -
\$ -	\$ 108	\$ 108	\$ -
\$ -	\$ 1,500	\$ 1,500	\$ -
\$ -	\$ 1,500	\$ 1,500	\$ -
\$ -	\$ 676,968	\$ 676,968	\$ -

SUPPORTING SCHEDULES

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

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. Student Financial Assistance funds are transacted through a separate Pell Grant Fund, which the Center has classified as an Agency fund. Agency Funds are considered Fiduciary Fund types.
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 Agency Funds. This basis of accounting recognizes revenue in the accounting period in which they 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 recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

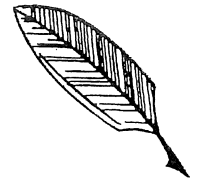
3. Reconciliation of the Schedule of Expenditures of Federal Awards to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

Total Federal Revenue as reflected on	
"Schedule of Federal Awards Expended"	\$ <u>676,968</u>
Total Federal Revenue as reflected on	
"Statement of Revenue, Expenditures and Changes In Fund Balance" \$	273,286
Plus: Federal funds Transacted as Agency Funds	
Student Financial Aid	<u>403,682</u>
Reconciled Total	\$ <u>676,968</u>

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



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
Meridian Technology Center No. 16
Payne 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 Meridian Technology Center No. 16, Payne County, Oklahoma (Center), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Center's financial statements, and have issued my report thereon dated February 22, 2016.

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 District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

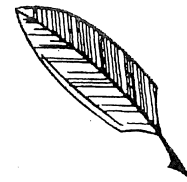
This report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with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

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

Kerry John Patten, C.P.A.
Broken Arrow, OK
February 22, 2016

KERRY JOHN PATTEN, C.P.A.

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



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 OMB CIRCULAR A-133

The Honorable Board of Education
Meridian Technology Center No. 16
Payne County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited the compliance of Meridian Technology Center No. 16, Payne County, Oklahoma (Center's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2015. 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 Center'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Center'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, Meridian Technology Center, No. 16, Payne 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, 2015.


Report on Internal Control Over Compliance

Management of Meridian Technology Center No. 16, Payne 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Kerry John Patten, C.P.A.
Broken Arrow, OK
February 22, 2016

**MERIDIAN TECHNOLOGY CENTER NO. 16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Meridian 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 Meridian 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 Meridian Technology Center expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to major federal award programs for Meridian Technology Center that were required to be reported by OMB Circular A-133.
7. The program tested as a major program included: Pell (84.063).
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Meridian Technology Center did qualify as a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

1. No matters were reported.

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

1. No matters were reported.

**MERIDIAN TECHNOLOGY CENTER NO. 16
SUMMARY OF PRIOR AUDIT FINDINGS
JULY 1, 2014 TO JUNE 30, 2015**

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.

**MERIDIAN TECHNOLOGY CENTER NO. 16
SCHEDULE OF COMMENTS
JULY 1, 2014 TO JUNE 30, 2015**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Meridian Technology Center No. 16 had not complied with significant compliance rules and regulations of the Oklahoma State Department of Career & Technology Education.

Previous Year's Audit Comments

There were no items in the school's 2013-14 audit report which required correction.

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

MERIDIAN TECHNOLOGY CENTER NO. 16
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2014 TO JUNE 30, 2015

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 Meridian Technology Center Center for the audit year 2014-15.

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

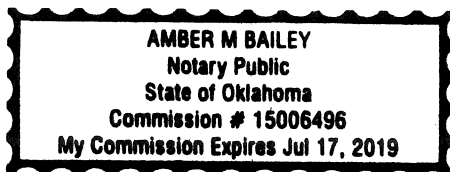
BY

Kerry John Patten

AUTHORIZED AGENT

Subscribed and sworn to before me on this

24th day of February, 2016



Amber M Bailey

NOTARY PUBLIC

My commission expires on:

17th day of July, 2019