

**ANNUAL FINANCIAL REPORT  
RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
JULY 1, 2015 TO JUNE 30, 2016**

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

RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
SCHOOL CENTER OFFICIALS  
JUNE 30, 2016

Board of Education

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 STEPHENS COUNTY, OKLAHOMA  
 JUNE 30, 2016  
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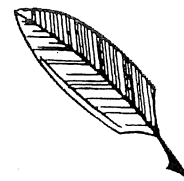
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STEPHENS COUNTY, OKLAHOMA  
JUNE 30, 2016  
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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Red River Technology Center No. 19  
Duncan, 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 Red River Technology Center No. 19, Stephens County, Oklahoma, as of and for the year ended June 30, 2016, 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 Red River Technology Center as of June 30, 2016, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

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

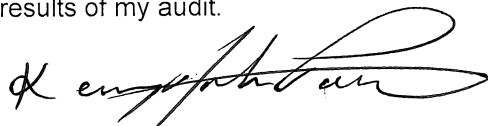
### Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basis financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and/or Oklahoma State Department of Education 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 20, 2017, on my consideration of Red River Technology Center No. 19, Stephens 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 20, 2017

**MANAGEMENT DISCUSSION AND ANALYSIS**

**RED RIVER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 19**  
**DUNCAN, OKLAHOMA**  
**Management's Discussion and Analysis**  
**June 30, 2016**

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Red River Technology Center (the District)**

The District is a part of the public CareerTech system of Oklahoma, under the direction and control of the Oklahoma State Board of Career and Technology Education. The District is located in Duncan, Oklahoma serving one main campus. The District serves 13 public school districts, including Bray, Central, Comanche, Duncan, Empire, Grandview, Marlow, Ryan, Temple, Terral, Walters, Waurika, and Velma. The District encompasses parts of Stephens, Jefferson, Carter, Comanche, Cotton, Garvin, and Grady counties. The major instructional program areas are Science, Technology, Engineering & Mathematics, Construction, Drafting, Health, Information Technology, Service Industry, and Welding. The District has three basic areas or types of instruction:

*Full-Time Programs* – The District offers 14 full-time programs. These programs are designed to lead to industry certifications, licenses, employment, and/or continuing education.

*Adult and Career Development* – These classes are designed around specific curriculum and are designed to provide an introduction to or enhance knowledge of specific topics.

*Business and Industry Services* – This division strives to meet the training and development needs of business and industry.

During fiscal year 2015-2016, the District served 501 students in full-time programs. There were 4,204 people served through industry specific training, 998 adults in adult and career training classes and 202 adults in adult education and literacy classes.

**Financial Highlights**

The District experienced growth of 4.52% in assessed valuation from fiscal year 2015 to 2016. The overall General Fund budget increased 1.03%.

After the completion of the Jerry D. Morris Business and Industry Service Center in 2005, the administration and board of education began plans for the next building project. In 2010 we began construction of a new health careers facility. The building is approximately 25,000 square feet with an approximate cost of 3.6 million dollars. The Delbert E. Morrison health building construction was completed in June 2011 and classes began there in July 2011.

**Overview of the Financial Statements**

The financial statements consist of three parts – Management's Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information. The three parts together provide a comprehensive overview of the financial condition of Red River Technology Center. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

See disclaimer in Auditors' opinion



**RED RIVER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 19**  
**DUNCAN, OKLAHOMA**  
**Management's Discussion and Analysis**  
**June 30, 2016**

***Government-wide Financial Statements***

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Positions includes all of the District's assets and liabilities, with the difference reported as net positions. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets, the difference between the assets and the liabilities, are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, changes in funding by the federal and state governments, and the conditions of facilities.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's *funds*, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. State law requires the use of certain funds. The District has two kinds of funds:

*Government Funds* -- Most of the District's activities are included 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 the District operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the State of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

*Fiduciary Funds* – The District is the trustee, or fiduciary, for the assets that belong to others. The District is responsible for ensuring that assets reported as these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operation.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

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**RED RIVER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 19  
DUNCAN, OKLAHOMA  
Management's Discussion and Analysis  
June 30, 2016**

**Financial Analysis of Red River Technology Center as a Whole**

**Net Positions**

The District's total net position was \$10,790,478 at June 30, 2016.

**NET Positions:**

<b>Fiscal Year Ended</b>	<b><u>June 30, 2015</u></b>	<b><u>June 30, 2016</u></b>
Assets:		
Cash and Investments	\$ 6,846,992	\$ 529,555
Other	7,936,425	15,270,480
Deferred Outflow	319,197	553,871
Total Assets	<u>15,102,614</u>	<u>16,353,906</u>
Total Liabilities	(4,541,875)	(5,078,075)
Deferred Inflow	(1,094,961)	(485,353)
<b>Total Net Assets</b>	<b><u>\$ 9,465,778</u></b>	<b><u>\$ 10,790,478</u></b>

Most of the District's net assets are invested in capital assets (buildings, land, and equipment). The remaining net assets are unrestricted. These unrestricted funds are used to fund the cash flow needs during the first half of the fiscal year as well as to accumulate funds for future building and improvement projects.

**Changes in Net Positions**

The District's improved financial position is the product of several factors. The most important of these are continued growth in net assessed valuation.

**Changes in Net Positions  
Fiscal Years Ended June 30, 2015 and June 30, 2016**

	<u>FY 15</u>	<u>FY 16</u>
Beginning Net Positions	\$ 7,974,069	9,465,778
Net Positions	<u>9,465,778</u>	<u>10,790,478</u>
Change in Net Positions	<u>\$ 1,491,709</u>	<u>\$ 1,324,700</u>

**Government Activities**

This section will show a condensed financial comparison of revenues and expenses and provide explanations for significant differences.

To aid in the understanding of the Statement of Activities, some additional explanation is provided. Of particular interest is the format that is significantly different than a typical Statement of Revenue, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expenses)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

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**RED RIVER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 19  
DUNCAN, OKLAHOMA  
Management's Discussion and Analysis  
June 30, 2016**

**Government Activities (continued)**

District Sources of Revenue:

Ad Valorem property tax:	Taxes for current year and prior years, revenue in lieu of taxes
Interest:	Interest earning on investments and taxes
Tuition:	Tuition for full-time adult classes, short-term adult classes, safety training, and industry specific training
Local Sources:	Rental of school facilities, sale of surplus equipment, bookstore and livework revenue, and rebates
State Revenue:	Formula operations, Bid Assistance Program, Existing Industry Initiative, Training for Industry Program, Safety Training, professional development
Federal Revenue:	Carl Perkins Grant, Student Financial Aid (PELL Grants), Technology Centers that Work (TCTW), and Adult Education & Literacy (AEL)

**THE DISTRICT'S FUNDS**

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

Revenues	FY 15 Amount	Percent of Total	FY 16 Amount	Percent Of Total
Ad Valorem Taxes	\$ 4,980,333	60.44%	\$ 5,218,566	61.47%
Interest	\$ 19,377	.24%	\$ 28,878	.34%
Charges for services	\$ 499,727	6.06%	\$ 734,878	8.66%
State Funds	\$ 2,156,272	26.17%	\$ 1,946,403	22.93%
Miscellaneous	\$ 118,030	1.43%	\$ 110,753	1.30 %
Operating Grants	\$ 466,006	5.66%	\$ 450,875	5.30%
<b>Total Revenue</b>	<b>\$ 8,239,745</b>	<b>100%</b>	<b>\$ 8,490,353</b>	<b>100%</b>

See disclaimer in Auditors' opinion

**RED RIVER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 19**  
**DUNCAN, OKLAHOMA**  
**Management's Discussion and Analysis**  
**June 30, 2016**

The net cost of all governmental activities this year was \$7,118,850. The governmental activities of the District include instruction, support services, operation of non-instructional programs, site improvements, and other uses. Examples of the types of expenses that can be found in these categories include:

*Instruction* – expenditures for direct classroom activities.

*Support Services* – expenditures to provide administrative, technical, and logistical support to facilitate and enhance instruction.

*Noninstructional Services* – activities concerned with providing non-instructional services to students, staff, and community.

*Facilities Acquisition and Construction* – expenditures involved with the acquisition of land and buildings, remodeling building, the construction of buildings and additions to buildings, installation or extension of service systems and other built-in equipment, and improvement to sites.

Expenditures	FY 15 Amount	Percent of Total	FY 16 Amount	Percent of Total
Instruction	\$ 2,443,212	36.35%	\$ 2,469,663	34.69%
Support Services	\$ 3,352,634	49.88%	\$ 3,529,305	49.58%
Noninstructional Services	\$ 268,736	4.00%	\$ 461,802	6.49%
Depreciation: Unallocated	\$ 293,978	4.37%	\$ 293,525	4.12%
Capital Outlay	\$ 23,306	.35%	\$ 23,028	.32%
Other Outlay & Uses	\$ 339,188	5.05%	\$ 341,517	4.80%
Bank Charges	\$ 0	0%	\$ 0	0.0%
<b>Total Expenditures</b>	<b>\$ 6,721,054</b>	<b>100%</b>	<b>\$ 7,118,750</b>	<b>100%</b>

**Capital Assets**

Red River Technology Center's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$7,354,895 (net of accumulated depreciation). This investment includes land, buildings, building improvements, equipment, and vehicles.

	Capital Assets at Year End	
	FY 15	FY 16
Land	\$ 40,000	\$ 40,000
Construction in Progress	384,641	202,039
Buildings & Improvements	8,970,579	9,245,350
Equipment	1,992,823	1,857,549
Vehicles	340,212	365,962
Total	11,728,255	11,710,900
Accumulated Depreciation	4,185,847	4,356,005
Total - Net	<u>\$ 7,542,408</u>	<u>\$ 7,354,895</u>

See disclaimer in Auditors' opinion

**RED RIVER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 19**  
**DUNCAN, OKLAHOMA**  
**Management's Discussion and Analysis**  
**June 30, 2016**

**Financial Analysis of Red River Technology Center's Fund**

At June 30, 2016, the District's governmental funds reported a combined fund balance of \$7,926,938. The primary source of revenue for the governmental funds is ad valorem property tax, which is not received evenly throughout the fiscal year. The majority of property tax revenues are received between January 1 and April 30 of each year. The governmental funds must carry forward a fund balance large enough to finance the first six months of the fiscal year.

**General Fund**

The General Fund year-end balance is \$3,487,872. These unrestricted funds are required to meet the labor intensive and operating expenses for the first six months of the fiscal year 2016.

**Building Fund**

The Building Fund year-end balance is \$4,439,066. The remaining unrestricted funds are targeted for remodeling of current facilities, site improvements, new construction projects, equipment for the programs and building furniture needs.

**Fiduciary Funds**

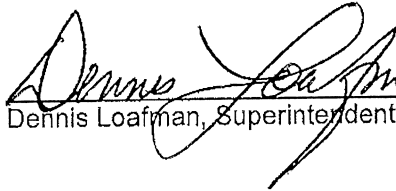
The Fiduciary Funds (Activity Funds) reported total net restricted fund balance of \$0.

**Capital Assets**

As of June 30, 2016, the District had \$7,354,895 in governmental funds invested in a broad range of capital assets, including land, buildings, furniture, and equipment.

**Contacting Red River Technology Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Red River Technology Center's financial position to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's Office at Red River Technology Center, 3300 West Bois D'Arc, Duncan, Oklahoma, 73533.

  
Dennis Loafman, Superintendent

  
Sheila Brock, Business Manager

See disclaimer in Auditors' opinion

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**RED RIVER TECHNOLOGY CENTER NO. 19**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current Assets	
Cash and cash equivalents	\$ 529,555
Investments	7,335,000
Property tax receivable	328,657
Due from other governments	80,064
Interest receivable	10,793
Due from activity fund	154,174
Prepaid insurance	6,897
Noncurrent Assets	
Land	40,000
Construction in process	202,039
Other capital assets, net of accumulated depreciation	<u>7,112,856</u>
 Total Assets	 <u>\$ 15,800,035</u>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>	
Deferred outflows of resources related to pensions	\$ <u>553,871</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Accounts payable	\$ 238,968
Compensated absences	<u>12,429</u>
Total Current Liabilities	<u>251,397</u>
Non-Current Liabilities	
Compensated absences	59,198
Net pension liability	<u>4,767,481</u>
Total Non-Current Liabilities	<u>4,826,679</u>
Total Liabilities	<u>\$ 5,078,075</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>	
Deferred inflow of resources related to pensions	\$ <u>485,353</u>
<b><u>NET POSITION</u></b>	
Invested in capital assets, net of related debt	\$ 7,354,895
Restricted for capital outlay	-
Unrestricted	<u>3,435,583</u>
Total Net Position	<u>\$ 10,790,478</u>

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

**RED RIVER TECHNOLOGY CENTER NO. 19**  
**STATEMENT OF ACTIVITIES**  
**FOR YEAR ENDING JUNE 30, 2016**

Functions	Expenses	Charges for Services	Program Revenues Operating Grants & Contributions	Capital Grants & Contributions	Net (Expenses) Revenue and Changes in Net Assets
Governmental Activities					
Instruction	\$ (2,469,663)	\$ 470,812	\$ 450,875	\$ -	\$ (1,547,976)
Support services	(3,529,305)	196,876			(3,332,429)
Non-instruction	(461,802)	67,190			(394,612)
Capital outlay	(23,038)				(23,038)
Other outlays	(47,957)				(47,957)
Other uses	(293,560)				(293,560)
Depreciation - unallocated	(293,525)				(293,525)
Total governmental activities	\$ (7,118,850)	\$ 734,878	\$ 450,875	\$ -	\$ (5,933,097)

**General revenues**

Taxes:	\$	5,218,566
Property taxes, levied for general purposes		-
Other Taxes		1,946,403
State aid not restricted to specific purposes		28,878
Other general revenues		110,753
Interest and investment earnings		7,304,600
Miscellaneous		(46,803)
Total General revenues and special items		1,324,700
Loss on asset disposal		9,465,778
Changes in net assets		-
Net position - beginning		10,790,478
Net position - ending	\$	\$ 10,790,478

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



**FUND FINANCIAL STATEMENTS**

**RED RIVER TECHNOLOGY CENTER NO. 19  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
<u>ASSETS</u>			
Cash	\$ 391,746	\$ 137,809	\$ 529,555
Investments	2,945,000	4,390,000	7,335,000
Property tax receivable	252,960	75,697	328,657
Due from other governments	80,064	-	80,064
Interest receivable	4,102	6,691	10,793
Due from activity fund	154,174	-	154,174
Prepaid insurance	6,897	-	6,897
	<u>\$ 3,834,943</u>	<u>\$ 4,610,197</u>	<u>\$ 8,445,140</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 135,295	\$ 103,673	\$ 238,968
Deferred revenue	211,776	67,458	279,234
Total liabilities	<u>\$ 347,071</u>	<u>\$ 171,131</u>	<u>\$ 518,202</u>
Fund balances:			
Nonspendable Fund Balances:			
<i>Prepaid Items</i>	\$ 6,897	\$ -	\$ 6,897
Restricted Fund Balances:			
<i>Restricted by Statute</i>	-	4,081,264	4,081,264
Committed Fund Balances:			
<i>Contractual Obligations</i>	-	-	-
Assigned Fund Balances:			
<i>Encumbrances</i>	370,084	357,802	727,886
Unassigned	3,110,892	-	3,110,892
Total Fund Balances	<u>\$ 3,487,872</u>	<u>\$ 4,439,066</u>	<u>\$ 7,926,938</u>
Total liabilities and fund balances	<u>\$ 3,834,943</u>	<u>\$ 4,610,197</u>	
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 \$11,710,900 and accumulated depreciation is \$4,356,005.			7,354,895
Compensated absences are not due and payable in the current period and therefore, are not reported as liabilities in the funds.			(71,627)
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.			279,234
Net pension obligations are not due and payable in the current period and therefore, are not reported in the funds.			(4,767,480)
Deferred inflows and outflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds.			68,518
Net Position of Governmental Activities			<u>\$ 10,790,478</u>

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

**RED RIVER TECHNOLOGY CENTER NO. 19  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Governmental Fund Types		Total
	General	Special Revenue	
Revenues			
Local sources	\$ 5,061,391	\$ 853,385	\$ 5,914,776
Intermediate sources	-	-	-
State sources	2,002,414	-	2,002,414
Federal sources	443,960	-	443,960
Total revenues	\$ 7,507,765	\$ 853,385	\$ 8,361,150
Expenditures			
Instruction	\$ 2,863,989	\$ 45,537	\$ 2,909,526
Support services	3,328,155	224,893	3,553,048
Non-instructional services	341,920	-	341,920
Capital outlay	23,038	119,994	143,032
Other outlay	47,957	-	47,957
Other uses	293,560	-	293,560
Total expenditures	\$ 6,898,619	\$ 390,424	\$ 7,289,043
Excess of revenues over (under) expenses before adjustments to prior year encumbrances	\$ 609,146	\$ 462,961	\$ 1,072,107
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	\$ 609,146	\$ 462,961	\$ 1,072,107
Fund balances, beginning of year	\$ 2,878,726	\$ 3,976,105	\$ 6,854,831
Fund balances, end of year	\$ 3,487,872	\$ 4,439,066	\$ 7,926,938

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

**RED RIVER TECHNOLOGY CENTER NO. 19  
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, 2016**

Net change in fund balances-governmental funds	\$	1,072,107
<p>Amounts reported for governmental activities in the Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities are different because:</p> <p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities those costs are allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:</p>		
Capital outlay expenditures	\$	427,586
Loss on asset disposal		(46,803)
Depreciation expense		<u>(293,525)</u>
Excess of capital outlay over (under) depreciation expense		87,258
<p>Compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
		(1,729)
<p>Because some revenues will not be collected for several months after the fiscal year end, they are not considered "available" and are deferred in the governmental funds. Deferred revenues increased by this amount this year.</p>		
		129,206
<p>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.</p>		
		<u>37,858</u>
Changes in net position of governmental activities	\$	<u><u>1,324,700</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**1. Summary of Significant Accounting Policies**

The financial statements of the Red River Technology Center No. 19 (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 2012 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 position and the statement of activities) report information on all of the non-fiduciary activities of the Center. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

**Fund Financial Statements**

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

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

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**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. When these assets are held under the terms of a formula trust agreement, either a private purpose trust fund or a permanent fund is used.

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

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

Agency Fund – The Center's Agency Fund consists of the Activity 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 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 position.

C. Basis of Accounting

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

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

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

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies (continued)**

D. Budgets and Budgetary Accounting

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

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

E. Net Position

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

Investment in Fixed Assets (net of related debt) – is intended to reflect the portion of net 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 Position - Restricted net position are liquid assets, which have a third party (statutory), limitation on their use.

Unrestricted Net Position – represent unrestricted liquid assets.

F. Assets, Liabilities and Cash Fund Balances

Cash and Cash Equivalents – The Center considers all cash on hand, demand deposits and highly liquid investments to be cash and cash equivalents. Investments consist of direct obligations of the United States Government and Agencies. All investments are recorded at cost, which approximates market value.

Property Tax Revenue and Receivables – The Center is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within 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. Second half taxes become 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.



**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies (continued)**

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 and over three years of useful life. Depreciation has been calculated on each class of depreciable property using a full year convention straight-line method. Estimated useful lives are as follows:

Buildings and structures	50 years
Improvements	50 years
Equipment	5-20 years
Vehicles	10 years

Compensated Absences – Full time members of the Center staff assigned to administration, instruction, clerical and members of staff assigned to housekeeping, maintenance, and transportation are eligible to accrue vacation with full pay, after one year of service with the Center. Vacation accrues at one day per month (except March and December) to a maximum of ten days per year. Vacation days can be accumulated and carried forward to the following year. Upon retirement or termination, the Center will purchase accumulated vacation under policy guidelines. The Center accrues vacation when the benefits are earned and it is probable that the employee will be compensated through paid time off or some other means.

Employees accumulate sick leave at a rate of one day per calendar month beginning the first day of employment. Unused sick leave can accumulate from year to year to a maximum of sixty days. Upon retirement or under certain conditions resulting in the elimination of positions due to the deletion of a center program, employees may be reimbursed for unused sick leave at the rate of \$15.00 per day for a maximum of seventy days.

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.

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies (continued)**

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

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

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

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, 2016, 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 applicable to a future reporting period. At June 30, 2016, the center deferred inflows of resources were comprised of deferred inflows to pensions.

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies (continued)**

New accounting pronouncements adopted in fiscal year 2016: The center adopted the following new accounting pronouncement during the year ended June 30, 2016:

*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. 76 identifies*, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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. 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.

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies (continued)**

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

*Statement No. 82, Pension Issues*, issued April 2016, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance with respect to Statement No.67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

**2. Use of Estimates**

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

**3. Deposit Categories of Credit Risk**

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

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.

RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**Deposit Categories of Credit Risk (continued)**

6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

**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. The District has a written investment policy, which permits investments as authorized by State Statute.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2015, the District 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 Center has no formal written policy addressing interest rate risk.

**Credit Risk:**

The Center has no formal written policy addressing credit risk.

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**4. Receivables**

Receivables consist of all revenues earned at year end and not yet received. Ad valorem tax collectable, but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. The technology center had the following receivables at June 30, 2016:

	General Fund	Building Fund	Total
Ad Valorem Tax	\$ 252,960	\$ 75,597	\$ 328,557
Due from Activity Fund	154,174	-	154,174
Interest Receivable	4,102	6,691	10,793
Due from Other Governments	80,064	-	80,064
Total – Accrual Basis	<u>491,300</u>	<u>82,288</u>	<u>573,588</u>
Less: Deferred Revenue	<u>(211,776)</u>	<u>(67,458)</u>	<u>(279,234)</u>
Total – Receivables - net	<u>\$ 279,524</u>	<u>\$ 14,830</u>	<u>\$ 294,354</u>

**5. Capital Assets**

A summary of changes in general fixed assets for the year ended June 30, 2016, follows:

	Balance July 1, 2015	Additions	Transfers	Retirements	Balance June 30, 2016
Land	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Construction in process	<u>384,641</u>	<u>92,169</u>	<u>(274,771)</u>	<u>274,771</u>	<u>202,039</u>
Total Assets Not Being Depreciated	<u>\$ 424,641</u>	<u>\$ 92,169</u>	<u>\$ -</u>	<u>\$ 274,771</u>	<u>\$ 242,039</u>
Building & Improvements	8,970,579	-	274,771	-	9,245,350
Equipment	1,992,823	34,896	-	170,170	1,857,549
Vehicles	<u>340,212</u>	<u>25,750</u>	<u>-</u>	<u>-</u>	<u>365,962</u>
Total Capital Assets Being Depreciated	<u>\$ 11,303,614</u>	<u>\$ 335,417</u>	<u>\$ 274,771</u>	<u>\$ 170,170</u>	<u>\$ 11,468,861</u>
Less: Accumulated Depreciation	<u>4,185,847</u>	<u>293,525</u>	<u>-</u>	<u>123,367</u>	<u>4,356,005</u>
Total Capital Assets Being Depreciated - Net	<u>7,117,767</u>	<u>41,892</u>	<u>274,771</u>	<u>46,803</u>	<u>7,112,856</u>
Total Capital Assets - Net	<u>\$ 7,542,407</u>	<u>\$ 134,061</u>	<u>\$ -</u>	<u>\$ 321,574</u>	<u>\$ 7,354,895</u>

**6. 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.

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**7. Employee Retirement System**

Description of Plan

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

Basis of Accounting

The System's financial statements are prepared 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. Administrative expenses are funded through investment earnings.

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. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2016, is as follows:

		<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$	22,193
Actuarial Value of Assets		<u>14,578</u>
Unfunded Actuarial Accrued Liability	\$	<u>7,615</u>

Contributions

The contribution rates for the 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 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%.

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Employee Retirement System (continued)**

Annual Pension Cost

The District's total contribution for 2016, 2015, and 2014 were \$534,614, \$494,770, and \$492,088, respectively. The District's total payroll for fiscal year 2014-15 amounted to \$3,230,555.

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 2015-16, the State of Oklahoma's contribution was \$29,977. The District recognized revenue and expenditures of this amount during the year.

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

At June 30, 2016, the center reported a liability of \$4,767,481 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The center's proportion of the net pension liability was based on the center's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the center's proportion was .07850602 percent. For the year ended June 30, 2016, the center recognized pension expense of \$281,661. At June 30, 2016, the Center 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	\$	\$ 161,933
Changes of assumptions	228,282	
Net difference between projected and actual earnings on pension plan investments		323,420
Differences in center's proportionate share of contributions and changes in proportion		
Center contributions subsequent to the measurement date	<u>325,589</u>	
Total	\$ <u><u>553,871</u></u>	\$ <u><u>485,353</u></u>



**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Employee Retirement System (continued)**

Deferred pension outflows totaling \$553,871 resulting from the center's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The deferred inflows totaling \$323,420 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 \$161,963 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 6.22 years at June 30, 2015 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

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

Year ended,	
2017	\$ 90,718
2018	90,718
2019	90,718
2020	90,718
2021	90,718
Thereafter	<u>31,762</u>
	<u>\$ 485,352</u>

**Actuarial assumptions:** The total pension liability was determined based on an actuarial valuation prepared as of July 1, 2015 using the following actual assumptions:

- Actuarial Cost method-Entry Age Normal
- Amortization Method-Level Percentage of Payroll
- Amortization Period-Amortization over an open 30-year period
- Asset Valuation Method-5 year smooth market
- Inflation-3.0 percent
- Salary Increases-Composed of 3.75 percent wage inflation, including 3.0 percent price inflation, plus a service related component up to 8 percent based on years of service.
- Investment Rate of Return-8.0 percent
- Retirement Age-Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014
- Mortality-RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90.0 percent for males and 80.0 percent for females.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Employee Retirement System (continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.0%
Domestic Large Cap Equity	10.0%	5.3%
Domestic Mid Cap Equity	13.00%	6.1%
Domestic Small Cap Equity	10.00%	6.6%
International Large Cap Equity	11.50%	5.8%
International Small Cap Equity	17.5%	5.8%
Core Plus Fixed Income	6.0%	1.8%
High-yield Fixed Income	6.0%	4.1%
Private Equity	5.0%	7.6%
Real Estate**	7.0%	5.5%
Master Limited Partnerships	7.0%	7.6%
	<u>100.00%</u>	

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

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

Discount rate – A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2015. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine 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>\$ 6,621,874</u>	<u>\$ 4,767,481</u>	<u>\$ 3,250,492</u>

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Employee Retirement System (continued)**

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

**8. 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, 2016, the Center had not incurred any debt under these provisions.

**9. Lease Commitments**

The Center had no capital lease commitments at June 30, 2016.

**10. 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, 2016.

**11. Contingent Liabilities**

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

**12. Early Retirement Incentive**

Red River Technology Center has an early retirement incentive policy for certain qualifying employees. The policy permits full-time employees with seven years of continuous employment, and upon attaining the age of 62 years, to officially retire and continue to receive, at center expense, the same health and dental benefits other full-time employed personnel receive. The incentive benefits commence immediately upon official retirement and continue until the last day of the month following the individual’s 65<sup>th</sup> birthday. The benefit amounts vary from year to year based on adjustments in insurance premiums. During fiscal year 2015-16, the Center paid \$5,305 on behalf of one retired employee who qualified under the early retirement incentive plan. Early retirement incentive contracts are renewable one year contracts in accordance with Oklahoma State Statutes. No liability has been included in these financial statements at June 30, 2016, for future retirement incentive benefits. Participation in the early retirement program is minimal and benefit amounts are not expected to be material. The following schedule shows the amount of retirement incentive due at June 30, 2016:

Year ending June 30,	Retirement Incentive
2017	\$ <u>5,141</u>
Total	\$ <u><u>5,141</u></u>

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**13. Risk Management**

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

The School also participates in a risk pool for Workers' Compensation coverage in which there is transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma in that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the Center is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the Center goes into a loss fund for the Center. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five years. OSAG provides coverage in excess of the Loss Fund, so the Center's liability for claim loss is limited to the balance of the loss fund. If the Center does not use their loss fund in three years, it is returned to them with no interest.

The Center participates in the Oklahoma Public Schools Unemployment Compensation Account under the sponsorship of the Oklahoma State School Boards Association and the cooperative council for Oklahoma School Administration. The account was established to let school districts self-insure unemployment benefits for school employees. The funds are held in the name of each school district as reserves to pay unemployment claims. Each school district is individually liable for that portion of the benefits paid from the fund attributable to wages paid by the school district in the same manner as if no group account had been established. The reserve funds may be withdrawn from the account upon request of the school district. At June 30, 2016, the Red River Technology Center had reserves on deposit with the Oklahoma Public Schools Unemployment Compensation Accounting totaling \$6,897. This amount has been shown as prepaid insurance on the financial statements.

**14. Surety Bonds**

The treasurer is bonded by Farmers Alliance, bond number RSB8007187, for the penal sum of \$100,000 for the term of July 1, 2015, to June 30, 2016.

The encumbrance clerk/minutes clerk is bonded by Farmers Alliance, bond number RSB8007187, for the penal sum of \$100,000 for the term of July 1, 2015, to June 30, 2016.

The superintendent is bonded by Farmers Alliance, bond number RSB8007187, for the penal sum of \$100,000 for the term of July 1, 2015, to June 30, 2016.

The activity fund custodian is bonded by Farmers Alliance, bond number RSB8007187, for the penal sum of \$100,000 for the term of July 1, 2015, to June 30, 2016.

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**15. Long-Term Liabilities**

The following is a summary of long-term liabilities of the Center for the year ended June 30, 2016.

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Compensated Absences	\$ 69,898	\$ 1,729	\$ -	\$ 71,627
Net Pension Liability	<u>4,235,827</u>	<u>531,654</u>	<u>-</u>	<u>4,767,481</u>
Total	<u>\$ 4,305,725</u>	<u>\$ 533,383</u>	<u>\$ -</u>	4,891,108
Amount Due in one Year				<u>7,358</u>
Total Non-Current Liabilities			\$	<u>4,831,750</u>

**COMBINING FINANCIAL STATEMENTS**

RED RIVER TECHNOLOGY CENTER NO. 19  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Private - Purpose Trusts</u>	<u>Agency Fund</u>	
	Endowment/ Scholarship Funds	Activity Fund	<u>Total Fiduciary Funds</u>
<u>ASSETS</u>			
Cash	\$ -	\$ 133,571	\$ 133,571
Investments	62,091	-	62,091
Accounts receivable	-	41,636	41,636
	<hr/>	<hr/>	<hr/>
Total assets	\$ 62,091	\$ 175,207	\$ 237,298
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to student organizations	\$ -	\$ 21,033	\$ 21,033
Due to other funds	-	154,174	154,174
	<hr/>	<hr/>	<hr/>
Total liabilities	\$ -	\$ 175,207	\$ 175,207
	<hr/>	<hr/>	<hr/>
Fund balances:			
Unreserved/undesignated	\$ -	\$ -	\$ -
Reserved for scholarships	62,091	-	62,091
	<hr/>	<hr/>	<hr/>
Total fund balances	\$ 62,091	\$ -	\$ 62,091
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 62,091	\$ 175,207	\$ 237,298
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**RED RIVER TECHNOLOGY CENTER NO. 19  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR YEAR ENDED JUNE 30, 2016**

		Private- Purpose Trust
ADDITIONS		
Gifts and contributions	\$	3,000
Interest and dividends		1,325
Gains		5,316
Total Additions		9,641
DEDUCTIONS		
Scholarships awarded		2,200
Management fees		1,193
Losses		6,339
Total Deductions		9,732
Changes in Net Position		(91)
Net Position - July 1, 2015		62,181
Net Position - June 30, 2016	\$	62,090



RED RIVER TECHNOLOGY CENTER NO. 19  
SCHOOL ACTIVITY FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

Activities	Balance 7-1-15	Revenue	Net Transfers/ Adjustments	Expenditures	Balance 6-30-16
Pell Clearing Account	\$ -	\$ 61,018	\$ 5,497	\$ 66,515	\$ -
LPN Graduation/Sunshine	1,299	309	-	290	1,318
HCC Sunshine Fund	130	100	(40)	171	19
Vending	-	9,332	(5,010)	4,322	-
Miscellaneous	-	4,044	(1,418)	2,626	-
LPN	-	121,613	(23,510)	98,103	-
VICA	180	1,131	-	1,131	180
BPA	4,304	571	-	571	4,304
HOSA	184	2,040	34	2,057	201
Seminar Room	-	75	75	150	-
Sunshine Fund	735	549	(19)	786	479
Postage and Freight	771	-	600	1,032	339
Health Career Certification	-	1,226	886	2,112	-
Bd. Members Insurance Prem.	1,291	9,313	-	10,097	507
Student Activities Non. Instr.	582	955	-	955	582
Bio-Med Sunshine Fund	-	364	-	364	-
Pre-Engineering Sunshine Fur	28	-	-	-	28
Cosmetology	-	32	-	32	-
Welding	-	501	-	501	-
Auto Mechanics II	-	7,682	-	7,682	-
Carpentry	-	422	-	422	-
Drafting	-	27	-	27	-
Auto Body	-	3,087	-	3,087	-
Cosmetology Resale	-	142	-	142	-
Livework Lab Fees	-	774	6,706	-	7,480
Workshop	-	3,950	-	3,950	-
Food Service	-	67,367	-	67,367	-
Auction Sale	-	5,535	5,302	10,837	-
Scholarship Fund	581	22,100	(1,250)	17,100	4,331
OTAG Clearing	-	10,450	-	10,450	-
Dodge Scan - B.A.C.	-	4,590	-	3,331	1,259
Contracted Training Services	-	142,754	(42,754)	100,000	-
Safety Training	-	22,903	(5,203)	17,700	-
Adult Ed Fees	-	80,556	7,096	87,652	-
Adult Ed Books	-	114,597	3,420	118,017	-
GED Fees	-	2,365	(2,365)	-	-
Adult Ed Day Books	-	456	-	456	-
		101,961	(13,661)	88,300	-
Interest	8	66	-	68	6
<b>Total Activities</b>	<b>\$ 10,093</b>	<b>\$ 804,957</b>	<b>\$ (65,614)</b>	<b>\$ 728,403</b>	<b>\$ 21,033</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**RED RIVER TECHNOLOGY CENTER NO. 19**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 2,340,060	\$ 2,340,060	\$ 2,340,060	\$ -
Revenues				
Local sources	\$ 4,410,325	\$ 4,410,325	\$ 5,021,773	\$ 611,448
Intermediate sources	-	-	-	-
State sources	2,095,124	2,095,124	1,986,636	(108,488)
Federal sources	<u>378,591</u>	<u>378,591</u>	<u>414,294</u>	<u>35,703</u>
Total revenues	<u>\$ 6,884,040</u>	<u>\$ 6,884,040</u>	<u>\$ 7,422,703</u>	<u>\$ 538,663</u>
Expenditures				
Instruction	\$ 3,412,356	\$ 3,412,356	\$ 2,878,572	\$ 533,784
Support services	4,104,111	4,104,111	3,431,856	672,255
Non-instructional services	518,860	518,860	349,435	169,425
Capital outlay	703,773	703,773	39,000	664,773
Other outlays	75,000	75,000	47,957	27,043
Other uses	<u>410,000</u>	<u>410,000</u>	<u>294,939</u>	<u>115,061</u>
Total expenditures	<u>\$ 9,224,100</u>	<u>\$ 9,224,100</u>	<u>\$ 7,041,759</u>	<u>\$ 2,182,341</u>
Excess of revenues over/ (under) expenses before adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	\$ 2,721,004	<u>\$ 2,721,004</u>
Adjustments to prior year encumbrances			<u>245,658</u>	
Other financing sources (uses):				
Bank charges			<u>\$ -</u>	
Total other financing sources (uses)			<u>\$ -</u>	
Cash fund balance end of year - Budgetary Basis			<u>\$ 2,966,662</u>	
Reconciliation of budgetary fund balance with GAAP fund balance				
Budgetary fund balance June 30, 2015			\$ 2,966,662	
Accounts receivable not recognized as revenue			279,524	
Expenses not recognized in budgetary basis			(135,295)	
Expenses not recognized in GAAP basis (encumbrances & prepaid insurance)			<u>376,981</u>	
GAAP basis fund balance June 30, 2016			<u>\$ 3,487,872</u>	

RED RIVER TECHNOLOGY CENTER NO. 19  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS  
BUILDING FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Fund balances, beginning of year	\$ 3,861,586	\$ 3,861,586	\$ 3,861,586	\$ -
Revenues				
Local sources	\$ 786,114	\$ 786,114	\$ 853,339	\$ 67,225
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>\$ 786,114</u>	<u>\$ 786,114</u>	<u>\$ 853,339</u>	<u>\$ 67,225</u>
Expenditures				
Instruction	\$ 59,782	\$ 59,782	\$ 58,123	\$ 1,659
Support services	810,908	810,908	140,655	670,253
Non-instructional services	-	-	-	-
Capital outlay	<u>3,777,010</u>	<u>3,777,010</u>	<u>426,000</u>	<u>3,351,010</u>
Total expenditures	<u>\$ 4,647,700</u>	<u>\$ 4,647,700</u>	<u>\$ 624,778</u>	<u>\$ 4,022,922</u>
Excess of revenues over/(under) expenses paid before adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	\$ 4,090,147	<u>\$ 4,090,147</u>
Adjustments to prior year encumbrances			<u>79,860</u>	
Cash fund balance end of year - Budgetary Basis			<u>\$ 4,170,007</u>	
Reconciliation of budgetary basis fund balance with GAAP fund balance				
Budgetary fund balance June 30, 2015			\$ 4,170,007	
Expenses Not Recongized in Budgetary Basis			(103,673)	
Accounts receivable not recognized as revenue			14,930	
Encumbrances Not Recongized in GAAP Basis			<u>357,802</u>	
GAAP basis fund balance June 30, 2016			<u>\$ 4,439,066</u>	

**SUPPORTING SCHEDULES**

**RED RIVER TECHNOLOGY CENTER NO. 19  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>
<u>U.S. Department of Education</u>		
Direct Programs:		
<u>2014-2015 Program</u>		
Pell Grant	84.063	P063152640
Sub-Total		
Passed- through State Department of Education:		
<u>2015-2016 Program</u>		
Title II, Adult Basic Education	84.002	N/A
Sub-Total		
Passed-Through State Department of Career and Technology Education:		
<u>2015-2016 Program</u>		
Tech Centers that Work	84.048	N/A
Bid Assistance Center	12.002	N/A
Carl Perkins Secondary	84.048	N/A
Sub-Total		
 TOTAL FEDERAL ASSISTANCE		

The accompanying notes are an integral part of this schedule.

<u>Balance at July 1, 2015</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Balance at June 30, 2016</u>
\$ <u>-</u>	\$ <u>274,285</u>	\$ <u>274,285</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>274,285</u>	\$ <u>274,285</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>55,092</u>	\$ <u>55,092</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>55,092</u>	\$ <u>55,092</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>11,049</u>	\$ <u>11,049</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>14,824</u>	\$ <u>14,824</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>88,710</u>	\$ <u>88,710</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>114,583</u>	\$ <u>114,583</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>443,960</u>	\$ <u>443,960</u>	\$ <u>-</u>

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

1. For all federal programs, the Center uses the fund types prescribed by the Oklahoma State Department of Career and Technology Education. General and Building Funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its' measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the General Fund. 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 accrual basis of accounting for Agency funds. This basis of accounting recognizes revenue from all sources when they are received. Federal grant funds are considered to be recognized when encumbered or reserved to the extent of expenditures made under the provisions of the grant.

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

				Revenue
Schedule of Expenditures of Federal Awards				\$ 443,960
<b>Total per Schedule of Expenditures of Federal Awards</b>				
Reconciled Balance				<u>\$ 443,960</u>
Federal Program Revenues:				
General Fund				\$ 443,960
<b>Total per Federal Statement of Revenue, Expenditures,</b>				
<b>And Changes in Fund Balance</b>				<u>\$ 443,960</u>

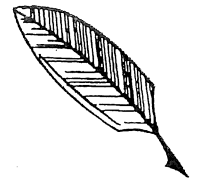


**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# KERRY JOHN PATTEN, C.P.A.

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

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## 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  
Red River Technology Center No. 19  
Stephens 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 Red River Technology Center No. 19, Stephens County, Oklahoma (Center), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Center's financial statements, and have issued my report thereon dated date.

### **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.



Kerry John Patten, C.P.A.  
Broken Arrow, Oklahoma  
February 20, 2017

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
JULY 1, 2015 TO JUNE 30, 2016**

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.

**RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
SCHEDULE OF COMMENTS  
JULY 1, 2015 TO JUNE 30, 2016**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Red River Technology Center No. 19 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 2014-15 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.

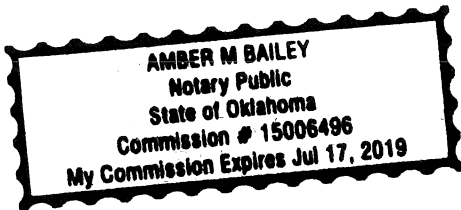
RED RIVER TECHNOLOGY CENTER NO. 19  
STEPHENS COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2015 TO JUNE 30, 2016

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 Red River Technology Center for the audit year 2015-16.

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

BY *Kenneth J. Patten*  
AUTHORIZED AGENT



Subscribed and sworn to before me on this

20th day of February, 2017

*Amber M Bailey*  
NOTARY PUBLIC

My commission expires on:

17th day of July, 2019