

REPORT OF AUDIT

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20

ARDMORE - CARTER COUNTY - OKLAHOMA

JULY 1, 2014 TO JUNE 30, 2015

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE - CARTER COUNTY – OKLAHOMA
JULY 1, 2014 TO JUNE 30, 2015

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AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE - CARTER COUNTY - OKLAHOMA
JULY 1, 2014 TO JUNE 30, 2015

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ARDMORE - CARTER COUNTY - OKLAHOMA
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Chas. W. Carroll, P.A.

Midland Tower – Suite 406
302 N. Independence

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Southern Oklahoma Technology Center #V-20
Carter County, Oklahoma

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions 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 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 opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position for 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 budgetary comparison information on pages 3-11 and 32-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 13, 2015 on my consideration of the District'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.

Sincerely,



Chas. W. Carroll, P.A.
November 13, 2015

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)

June 30, 2015

Within the management's discussion and analysis of the Southern Oklahoma Technology Center, District No. 20 (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section.

I. Financial Highlights

- The District's government-wide assets on an accrual basis exceeded its liabilities by \$17,631,100 (Net Position) for the fiscal year ended June 30, 2015.
- Total governmental-wide Net Position as of June 30, 2015, are comprised of the following:
 - Capital assets net of related debt of \$15,761,013 which includes property and equipment net of accumulated depreciation in the amount of \$15,760,955 plus unspent funds in capital project funds of \$603 less related debt of \$ 0.
 - Net Position of \$2,684,722 are restricted by constraints imposed by sources from outside the District such as grantors, laws, or regulations. This Net Position consist of the building fund in the amount of \$1,943,465, permanent endowments fund in the amount of \$85,075, debt service in the amount of \$536,053, and activity fund in the amount of \$120,129.
 - Unrestricted Net Position of (\$814,636) which represents the portion available to maintain the District's continuing obligations to citizens and creditors.
- General fund revenues of \$8,765,503 on a budgetary basis for the year ended June 30, 2015, exceeded expenditures of \$8,498,031 by \$267,472 or 3.05% of total revenues. The fund balance on the budgetary basis at June 30, 2015 totals \$3,102,711.
- Building fund revenues of \$1,171,985 on a budgetary basis for the year ended June 30, 2015, were more than expenditures of \$942,492 by \$229,493. The fund balance on the budgetary basis at June 30, 2015 totals \$2,341,108.
- The District's regular full and part time employee salaries/benefits totaled 45% of the budget for fiscal year 2014/2015 as compared with 43% of the budget for fiscal year 2013/2014. It is currently estimated that the total for salaries/benefits for fiscal year 2015/2016 will be approximately 40% of the budget.
- Property valuation of the district for fiscal year 2014/2015 is up 11.94 % from 2013/2014.

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Management Discussion and Analysis (Unaudited)

- Official student enrollment was 670 full time equivalents (FTE's) in fiscal year 2014/2015 compared to 658 FTE's in fiscal year 2013/2014. Enrollment and attendance are critical components in the continuation of a full-time program qualified for the inclusion of state funding, under a formula generated through the Oklahoma Department of Career and Technology Education.

II. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Southern Oklahoma Technology Center, District No. 20's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) District-wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position represents district-wide information on all of the District's assets and liabilities, with the difference between assets and liabilities reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents district-wide information showing how the District's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave which is available for redemption upon retirement).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include vocational and technical education focusing on career development and administration.

The district-wide financial statements can be found on pages 12-13 in this report.

2) Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)

reported while all others are combined into a single, aggregated presentation. Since there is only one non-major fund, the activity fund, it is reported alongside the major funds.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spending resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financing requirements. Most of the District's basic services are included here, such as vocational and technical education focusing on career development and administration. Property taxes, bond proceeds, federal grants, state grants, and state formula aid finance most of these activities.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District internally maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, building fund, capital projects fund and sinking fund, all of which are considered to be major funds.

General Fund: The general fund is the chief operating fund of the District. The general fund accounts for all financial resources not accounted for within another fund. This includes funds included within the internal Sturm fund which includes amounts committed by Board resolution to be maintained permanently but without a defined purpose.

Special Revenue Funds: Special revenue funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. The proceeds of specific revenue sources are the foundation for the fund. The District reports the building fund and the student activity portion of the internal activity fund as special revenue funds.

Capital Projects Fund: Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays. The District reports unspent bond proceeds in the capital projects fund

Debt Service Fund: Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)

District reports resources collected from property taxes levied for bond payments in the debt service fund along with interest earnings on funds accumulated.

Permanent Fund: Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs. The District reports the Green Endowment as a permanent fund.

The District adopts an annual appropriated budget for its general and building funds. Budgetary comparison statements have been provided for the general fund and building fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 14-15 of this report.

3) Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. Notes to the financial statements can be found on pages 17-31 of this report.

Other information, in addition to the basic financial statements and accompanying notes, includes certain required supplementary information including budgetary comparison schedules for the general and building funds.

Required supplementary information can be found on pages 32-36 of this report.

III. Financial Analysis of the District as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in Net Position may be observed and used to discuss the changing financial position of the District as a whole.

The District's Net Position at June 30, 2015 is \$17,631,100. The unrestricted portion of Net Position in the amount of (\$814,636) (-4.62% of Net Position) may be used to meet the District's ongoing obligations to citizens and creditors. The unrestricted portion is showing a negative position due to the implementation of GASB Statement 68, *Accounting and Financial reporting for Pensions* (GASB 68). GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. The District's share of the Teacher Retirement System's net pension liability as of June 30, 2015 was \$6,727,882.

An additional portion of the District's Net Position, \$2,684,722 (15.23% of total Net Position), represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net Position, \$15,761,013 is the investment in capital assets less related debt. The District uses these capital assets to provide instruction, support, and transportation services; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources

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Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the District is able to report positive a balance in Net Position. The same situation held true for the prior fiscal year. Comparative data is accumulated and presented to assist analysis.

The following provides a summary of the District's Net Position for the year ended 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Current Assets	\$ 11,084,902	\$ 10,044,709
Capital Assets	15,760,955	16,114,669
Other Assets	-	-
Total assets	<u>26,845,857</u>	<u>26,159,378</u>
Deferred Outflows of Resources	<u>478,855</u>	<u>-</u>
Liabilities due within a year	651,939	1,949,653
Long-term liabilities	<u>6,932,592</u>	<u>198,800</u>
Total liabilities	<u>7,584,531</u>	<u>2,148,453</u>
Deferred Inflows of Resources	<u>2,109,082</u>	<u>-</u>
Net Position		
Invested in capital assets	15,761,013	14,415,272
Restricted	2,684,722	2,872,426
Unrestricted	<u>(814,636)</u>	<u>6,723,227</u>
Total net position	<u>17,631,099'</u>	<u>24,010,925</u>

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

	<u>2015</u>	<u>2014</u>
General Revenues		
Advalorem taxes	\$ 8,925,629	\$ 8,022,921
Other	200,806	369,049
State sources (including on-behalf payments of \$31,368 and \$29,819)	2,003,748	2,030,950
Program Revenues		
Charges for services	477,877	619,286
Operating grants	<u>955,834</u>	<u>524,961</u>
Total revenue	<u>12,563,894</u>	<u>11,567,167</u>
Expenses		
Instruction	4,386,744	4,090,859
Support services	5,531,039	5,207,047
Other outlays	546,094	184,064
Interest expense	<u>36,833</u>	<u>79,617</u>
Total expenses	<u>10,500,710</u>	<u>9,561,587</u>
Change in Net position	2,063,184	2,005,580
Net position, beginning of year, as restated	<u>15,567,915</u>	<u>22,005,345</u>
Net position, end of year	<u>\$ 17,631,099'</u>	<u>\$ 24,010,925</u>

Note that net position , beginning of the year for 2015 was reduced by \$8,443,008 due to the implementation of GASB 68.

**Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)**

IV. Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with budgetary and finance-related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2015, the District's governmental funds reported combined ending fund balances of \$8,530,249. Of the year-end total, \$1,628,741 is unassigned funds, nonspendable funds of \$85,075 and \$2,242,524, which is restricted by either statutory or grant provisions. Committed and assigned fund balances are \$2,284,284 and \$2,289,625, respectively.

The general fund is the chief operating fund of the District and the largest source of day-to-day educational delivery. As of June 30, 2015, the unassigned fund balance of the general fund was \$1,628,741, while total fund balance was \$5,709,212. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance at June 30, 2015 represents 18.5% of total general fund expenditures compared to 17.2% at June 30, 2014.

The District's main activities are instruction, support services, non-instruction services, and capital outlay. The following table shows each activity's total cost before any offsets for fees generated by the activities and intragovernmental aid provided for specific programs.

The following table of total costs for the general fund for the years ended June 30, 2015 and 2014 show the financial burden that was placed on the State of Oklahoma, federal government, and the District's taxpayers by each of these functions.

	<u>2015</u>	<u>2014</u>
Instruction	3,713,217	3,545,990
Support services	4,793,031	4,471,333
Operation of noninstruction	159,595	-
Other outlays	277,198	275,756
Total cost of services	<u>\$ 8,943,041</u>	<u>\$ 8,293,079</u>

The cost of all governmental funds this year was \$11,867,378.

**Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)**

- Most of the District’s costs are financed by District taxpayers and the taxpayers of our state by a combination of \$8,505,872 in property taxes and \$2,219,103 of state aid.
- Some of the cost, \$386,030, was financed by the users of the District’s programs.
- Federal grants provided \$516,059.

Sources of revenue for the District’s governmental funds are as follows:

Governmental Revenue				
Total Revenues	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>
Local sources	\$ 9,343,003	77%	\$ 8,558,437	77%
State aid	2,219,103	18%	2,117,863	19%
Federal sources	516,059	4%	508,559	5%
	<u>\$ 12,078,165</u>		<u>\$ 11,184,859</u>	

The District took over operation of the nutrition services during 2015.

V. General Fund Budgetary Highlights

During the year, the Board adopted amendments to the budget. Differences between the general fund’s original budget and the final amended budget were relatively minor.

VI. Capital Asset and Debt Administration

Capital Assets. The District’s investment in capital assets as of June 30, 2015 and 2014 amounted to \$15,760,955 and \$16,114,669, respectively, net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, vehicles and mineral interests.

**Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)**

Land	\$ <u>286,301</u>	\$ <u>242,601</u>
Total capital assets not depreciated	<u>286,301</u>	<u>242,601</u>
Buildings	19,541,026	19,383,824
Computers and printers	1,004,789	1,081,711
Furniture and small equipment	1,465,521	1,556,796
Tools and large equipment	2,111,251	2,059,303
Vehicles	578,311	495,226
Mineral interests	<u>82,063</u>	<u>82,063</u>
Total capital assets being depreciated	24,782,961	24,658,923
Less accumulated depreciation	<u>(9,308,307)</u>	<u>(8,786,855)</u>
	<u>15,474,654</u>	<u>15,872,068</u>

Additional information concerning the District's capital assets is contained in the notes to the financial statements.

Debt. At year-end, the District had no bonds outstanding.

Oklahoma statutes limit the general obligation debt that can be issued to 10% of the assessed valuation for the District. The District's imposed limit is approximately \$60,596,000.

More information about the District's long-term liabilities is presented in the notes to the financial statements.

Implementation of GASB Statement 68, resulted in the recognition of the District's long-term obligation for pension benefits as a liability. The District's share of the Teacher Retirement System's net pension liability as of June 30, 2015 was \$6,727,882. This was a decrease Of \$2,222,897 from 2013 primarily due to investment gains by the Teacher Retirement System in 2014, which was the measurement year for the net pension liability.

VII. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Southern Oklahoma Technology Center, District No. 20, 2610 Sam Noble Parkway, Ardmore, Oklahoma 73401.

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and cash investments	\$ 8,875,673
Investments	-
Accounts receivable, net	2,209,229
Capital assets not being depreciated	286,301
Capital assets being depreciated, net of depreciation	<u>15,474,654</u>
Total assets	<u>26,845,857</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>478,855</u>
LIABILITIES	
Accounts payable	592,139
Long-term Liabilities	
Due within one year	59,800
Due in more than one year	<u>6,932,592</u>
Total liabilities	<u>7,584,531</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>2,109,082</u>
NET POSITION	
Net investment in capital assets	15,761,013
Restricted - nonexpendable	85,075
Restricted for:	
Building fund	1,943,465
Debt service	536,053
Activity fund	120,129
Unrestricted	<u>(814,636)</u>
Total net position	<u>\$ 17,631,099</u>

The accompanying notes are an integral part of these financial statements

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs: Governmental Activities:	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 4,386,744	\$ 337,303	\$ 874,801	\$ (3,174,640)
Support services	5,531,039	68,805	-	(5,462,234)
Non-instruction	546,094	71,769	81,033	(393,292)
Interest expense	36,833	-	-	(36,833)
Total governmental activities	\$ 10,500,710	\$ 477,877	\$ 955,834	\$ (9,066,999)

General Revenues:

Local sources -	
Ad valorem taxes	8,925,629
Interest income	200,208
State appropriations	2,003,748
Total general revenues	<u>11,130,183</u>

Change in net assets

2,063,184

Net position, beginning, as restated

15,567,915

Net position, ending

\$ 17,631,099

The accompanying notes are an integral part of these financial statements

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2015

	General	Building Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
ASSETS						
Cash and Cash Investments	\$ 6,014,383	\$ 2,433,952	\$ 603	\$ 445	\$ 426,293	\$ 8,875,676
Accounts receivable	1,563,071	227,106	-	419,053	-	2,209,230
Due from Other Funds	34,009	-	-	-	-	34,009
Total assets	<u>\$ 7,611,463</u>	<u>\$ 2,661,058</u>	<u>\$ 603</u>	<u>\$ 419,498</u>	<u>\$ 426,293</u>	<u>\$ 11,118,915</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Liabilities:						
Accounts payable	\$ 555,370	\$ 36,768	-	-	-	\$ 592,138
Accrued employee benefits	59,800	-	-	-	-	59,800
Due to Other Funds	-	-	-	-	34,008	34,008
Total Liabilities	<u>615,170</u>	<u>36,768</u>	<u>-</u>	<u>-</u>	<u>34,008</u>	<u>685,946</u>
Deferred inflows of resources:						
Deferred property taxes	1,287,081	214,206	-	401,433	-	1,902,720

Fund Balances:

Nonspendable	-	-	-	-	85,075	85,075
Restricted	-	2,112,502	-	9,893	120,129	2,242,524
Committed	2,022,868	260,813	603	-	-	2,284,284
Assigned	2,057,603	36,769	-	8,172	187,081	2,289,625
Unassigned	1,628,741	-	-	-	-	1,628,741
Total fund balances	<u>5,709,212</u>	<u>2,410,084</u>	<u>603</u>	<u>18,065</u>	<u>392,285</u>	<u>8,530,249</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,611,463</u>	<u>\$ 2,661,058</u>	<u>\$ 603</u>	<u>\$ 419,498</u>	<u>\$ 426,293</u>	

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	15,760,955
Compensated absences which are not due and payable in the current period and therefore are not reported in the funds.	(202,910)
Early retirement which are not due and payable in the current period and therefore are not reported in the funds	(1,800)

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.

1,902,714

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

(6,727,882)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds

(1,630,227)

Net assets of governmental activities

\$ 17,631,099

The accompanying notes are an integral part of these financial statements

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2015

	General	Building Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
REVENUES						
Local sources						
Property taxes	\$ 5,865,024	\$ 1,169,811	\$ -	\$ 1,471,037	\$ -	\$ 8,505,872
Tuition and fees	244,191	-	-	-	-	244,191
Interest	2,275	1,080	-	733	1,356	5,444
Other local	298,357	33	-	-	289,106	587,496
State sources	2,218,536	567	-	-	-	2,219,103
Federal sources	516,059	-	-	-	-	516,059
Total revenues	<u>9,144,442</u>	<u>1,171,491</u>	<u>-</u>	<u>1,471,770</u>	<u>290,462</u>	<u>12,078,165</u>
EXPENDITURES						
Current:						
Instruction	3,713,217	-	-	-	190,107	3,903,324
Support services	4,793,031	646,461	-	-	-	5,439,492
Operation of noninstruction	159,595	-	-	-	33,682	193,277
Facilities acquisition and construction services	-	271,902	-	-	-	271,902
Other outlays	277,198	-	-	-	37,985	315,183
Debt Service	-	-	-	1,700,000	-	1,700,000
Principal	-	-	-	44,200	-	44,200
Interest	-	-	-	-	-	-
Total expenditures	<u>8,943,041</u>	<u>918,363</u>	<u>-</u>	<u>1,744,200</u>	<u>261,774</u>	<u>11,867,378</u>
OTHER FINANCING SOURCES (USES):						
Transfers	30,945	-	-	-	(30,945)	-
NET CHANGE IN FUND BALANCE	232,346	253,128	-	(272,430)	(2,257)	210,787
FUND BALANCES, beginning	5,476,866	2,156,956	603	290,495	394,542	8,319,462
FUND BALANCES, ending	<u>\$ 5,709,212</u>	<u>\$ 2,410,084</u>	<u>\$ 603</u>	<u>\$ 18,065</u>	<u>\$ 392,285</u>	<u>\$ 8,530,249</u>

The accompanying notes are an integral part of these financial statements
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Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures,
And Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended June 30, 2015

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

Net change in fund balance	\$ 210,787
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and net cost from disposition of equipment in the current period.	(385,066)
Gains on the disposal of capital assets that do not provide current financial resources are reported as revenue .	31,350
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred revenues. They are however, recorded as revenues in the statement of activities.	419,757
Interest expense is accrued when owed on outstanding bonds but is reported as an expenditure when due in the funds.	7,367
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,700,000
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	84,899
The liability for early retirement incentive program that does not require use of current financial resources. Therefore, it is not reported as an expenditure in the governmental funds	29,800
The liability for compensated absences does not require the use of current financial resources because it is measured by the amounts earned during the year rather than the amounts actually paid. Therefore, it is not reported as expenditures in the governmental funds.	<u>(35,710)</u>
Change in net assets in governmental activities	<u>\$ 2,063,184</u>

The accompanying notes are an integral part of these financial statements

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

I. Organization

Southern Oklahoma Technology Center, District No. 20, Carter County, Ardmore, Oklahoma (the District), is a corporate body for public purposes created under Title 70 of *Oklahoma Statutes* and, accordingly, is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the Oklahoma Department of Career Technology, and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the *Oklahoma School Code* contained in Title 70, *Oklahoma Statutes*.

The governing body of the District is the board of education, which is composed of five elected members. An appointed superintendent is the chief executive officer of the District. David Powell, Ed.D, was the superintendent for the year ended June 30, 2015. Board members as of June 30, 2015 are Robert Thomason, Bill Coleman, Dana Gossvener Georganne Westfall, and Richard Chadwick.

II. Summary of significant accounting policies

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements are as follows:

Reporting Entity – In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus*. Potential component units are evaluated based on whether the District is financially accountable. The District is considered financially accountable if it appoints a voting majority of the organization's board and (1) it is able to impose its will on the organization or (2) there is the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District. Based upon the application of these criteria, there are no component units included in the District's reporting entity.

District-wide and Fund Financial Statements – The district-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

II. Summary of significant accounting policies - continued

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurements Focus, Basis of Accounting, and Financial Statement Presentation – The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grant and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

For the year ended June 30, 2015 the District reports the following major governmental funds:

The general fund is the District's primary operating fund, which is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding formula. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction, and other long-term liabilities. The general fund includes federal and state restricted monies that must be expended for specific programs.

The building fund is a special revenue fund used to account for revenue sources restricted or committed to expenditure for specified purposes. Building fund monies are derived from property taxes levied for the following purposes: erecting, remodeling, repairing, or maintaining school buildings; purchasing furniture, equipment, and computer software to be used on or for school district property; paying energy and utility costs; purchasing telecommunications services; paying fire and casualty insurance premiums for school facilities; purchasing security systems; and paying salaries of security personnel. Restricted Net Position are restricted by enabling legislation.

Capital project funds are used to account for proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

The debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Additionally, the District reports the following funds in other governmental funds:

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

II. Summary of significant accounting policies – continued

The permanent fund represents the Green endowment and assigned funds. Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

The activity fund is a special revenue fund used to account for the proceeds of revenue sources from student activities that are restricted by law. This fund is administered by the District's administrative staff, under the authority of the board of education, for collecting, disbursing, and accounting for specific activities to further the educational programs of the District.

Amounts reported as program revenue include 1) tuition and fees charged to students, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated general resources are reported as general revenue rather than as program revenue. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and fund equity, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

Budget – The following is the budget development process for all funds. A public hearing is held within 45 days of the beginning of the fiscal year. The budget shall be approved by the board of education within 30 days of the beginning of the fiscal year. The District shall amend the budget after July 1 whenever the State Incentive Aid and certified property tax valuations become available.

The board of education will not exceed the level of appropriation for each fund as established by the budget and may amend the budget by budget amendment, according to law. The budget is updated and reported to the superintendent and board of education in the fiscal year, as needed. At the end of the fiscal year, unencumbered appropriations (balances) lapse and become a part of fund balance.

The following is the budget administration and management process. Each fund has a budget that is assigned by project, allocated to a control account by function (to third digit) and object. The District's budget is administered by a person authorized by the superintendent to monitor and control the budget as per board of education policy. Budget expenditures are monitored through the financial management system to prevent expenditures from increasing above appropriated budget or project levels within the budget unless authorized within total available appropriations. Requisitions are submitted for purchase orders along with blanket salary reserves and employee contracts to the board of education as encumbrances against legal appropriations by fund.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
 June 30, 2015

II. Summary of significant accounting policies - continued

Cash and cash investments – The District considers all cash on hand, demand deposits, and interest-bearing checking accounts and certificate of deposits, held at an individual bank which are subject to early withdraw penalties no matter what the maturity period, to be cash.

Investments – Investments may consist of direct obligations of the United States government and agencies; savings accounts; and warrants, bonds, or judgments of the District. All investments are recorded at cost, which approximates market value.

Receivables – Uncollected taxes assessed on valuations made each year are recorded in the District’s governmental fund financial statements. Uncollectible personal and real property taxes are deemed to be immaterial because the real property can be sold for the amount of taxes due.

Activities between funds represent the time lag between the dates transactions are recorded and the payments between funds are made.

Inventories – Inventories in the governmental funds are carried at cost and are recorded as expenditures when consumed on a first-in/first-out (FIFO) method rather than when purchased. Inventories include curriculum materials held for resale.

Restricted Assets – Contributions from private and governmental grantors are classified as restricted assets, since their use is restricted by applicable grant agreements.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$200 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The District incurred no interest expense for construction of capital assets for business-type activities during the year ended June 30, 2015.

Capital assets are depreciated using the straight-line method over the following useful lives:

Type of Asset	Years
Land	N/A
Buildings	40
Computers and Printers	3
Furniture and Small Equipment	6
Tools and Large Equipment	10
Vehicles	5

Mineral interests are depleted using the declining balance basis at the rate of 7% per year.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

II. Summary of significant accounting policies - continued

Deferred Outflows of Resources – The District reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2014) and the end of the current fiscal year (June 30, 2015). No deferred outflows of resources affect the governmental funds financial statements in the current year.

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

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

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

Long-Term Liabilities – In district-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of assets.

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

Compensated Absences – The liability for compensated absences attributable to the District's governmental funds is recorded in the district-wide financial statements. Payment for vested compensated absence balances is made only upon terminating employment; therefore, it is the District's policy to record all vested compensated absence balances as a long-term liability.

The Board/District will provide one day of sick leave per month of duty contract. The right to such leave shall vest at the beginning of the contract period. The maximum number of days of accumulated sick leave that may be carried forward from one contract year to the next shall be unlimited, with a maximum of 120 days earned in the District accumulated for purposes of retirement/reimbursement. The Board will pay the standard rate normally paid a substitute teacher (currently \$60 per day), as approved by the Board, per day/no fringes, per day reimbursement, for accumulated sick leave/personal leave earned within the District, up to 120 days maximum payable at retirement, resignation and/or termination of employment. The general fund is used to liquidate compensated absences.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

II. Summary of significant accounting policies - continued

Fund Equity

Government-wide Statements

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets net of accumulated depreciation and capital asset debt
- b. Restricted net position – consists of net position with constraints on the use either by (1) external groups or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “Net investment in capital assets”.

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified the donation from Green as being Nonspendable as the principal amount of the donation was permanently restricted by the donor to be maintained. Net appreciation may be spent for District programs based on a total-return policy.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Building Fund revenue from levy as being restricted because the use is restricted by State Statute for capital expenditures. Debt service resources are to be used for future servicing of the general obligation bonds and are restricted through debt covenants. Capital project revenue from bond proceeds are restricted by State Statute and are legally segregated for funding of voter approved uses. Funds received from certain student activities are restricted by State Statute.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

II. Summary of significant accounting policies - continued

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the superintendent through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned interest earnings to the funds where earned for the purposes defined by the fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, *Oklahoma Statutes*. The Oklahoma Department of Career Technology administers the allocation of state aid funds to school districts based on information accumulated from the districts.

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

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

Property Tax Revenue – The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The county assessor, upon receipt of the certification of tax levies from the Carter County Excise Board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within 15 days of receipt of the tax rolls. The first half of taxes is due prior to January 1 and the second half is due prior to April 1.

If the first half of tax payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes are delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying taxes and penalty owed. If, at the end of two years, the owner has not paid the taxes, the purchaser is issued a deed to the property.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

II. Summary of significant accounting policies - continued

On-behalf Payments – The State of Oklahoma makes direct payments to Oklahoma Teachers Retirement System on behalf participating schools. The pro rata portion of the payment attributable to the District is recognized in these financial statements as an addition to state revenues and recording the related expense.

Subsequent Event - The District has evaluated subsequent events through November 13, 2015, the date which the financial statements were available to be issued.

III. Deposits, investments, and collateral

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District’s policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment policies are governed by *Oklahoma Statutes*. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan association and bank and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest changes. The District has no policy on interest rate risk.

IV. Receivables

Receivables at June 30, 2015, for the District’s individual major funds are as follows:

	General Fund	Building Fund	Debt Service Fund	Total
Property taxes	\$ 1,518,064	\$ 250,206	\$ 459,243	\$ 2,227,513
Grants	140,539	-	-	140,539
Student receivables/Other	34,677	-	-	34,677
Less allowance for doubtful accounts	<u>(130,210)</u>	<u>(23,100)</u>	<u>(40,190)</u>	<u>(193,500)</u>
Total receivables	<u>\$ 1,563,070</u>	<u>\$ 227,106</u>	<u>\$ 419,053</u>	<u>\$ 2,209,229</u>

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

V. Long term liabilities

The long-term liability balances and activity for the year were as follows:

	Beginning Balance	Additions	Reductions	Ending	Amounts Due within One Year
Bonds payable	\$ 1,700,000	\$ -	\$(1,700,000)	\$ -	\$ -
Early retirement incentive	63,295	-	(35,095)	28,200	26,400
Compensated absences	245,400	56,400	(65,490)	236,310	33,400
	<u>\$ 2,008,695</u>	<u>\$ 56,400</u>	<u>\$(1,800,585)</u>	<u>\$ 264,510</u>	<u>\$ 59,800</u>
Net pension liability				<u>6,727,882</u>	
Total governmental activity long-term liabilities				<u>\$ 6,992,392</u>	

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2015 is approximately \$60,598,000.

See Note VII for Early Retirement Incentive information.

VI. Capital assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 242,601	\$ 43,700	\$ -	\$ 286,301
Construction in progress	-	-	-	-
Total capital assets not depreciated	<u>242,601</u>	<u>43,700</u>	<u>-</u>	<u>286,301</u>
Capital assets being depreciated				
Buildings	19,383,824	157,202	-	19,541,026
Computers and printers	1,081,711	52,626	(129,548)	1,004,789
Furniture and small equipment	1,556,796	76,105	(167,380)	1,465,521
Tools and large equipment	2,059,303	78,702	(26,754)	2,111,251
Vehicles	495,226	83,085	-	578,311
Mineral interests	82,063	-	-	82,063
Total assets	<u>24,658,923</u>	<u>447,720</u>	<u>(323,682)</u>	<u>24,782,961</u>
Less Accumulated depreciation				
Buildings	(5,009,188)	(413,851)	-	(5,423,039)
Computers and printers	(898,036)	(130,007)	168,196	(859,847)
Furniture and small equipment	(1,095,927)	(144,498)	143,668	(1,096,757)
Tools and large equipment	(1,331,172)	(138,486)	43,170	(1,426,488)
Vehicles	(372,249)	(48,276)	-	(420,525)
Mineral interests	(80,283)	(1,368)	-	(81,651)
Total Accumulated depreciation	<u>(8,786,855)</u>	<u>(876,486)</u>	<u>355,034</u>	<u>(9,308,307)</u>
Total Capital assets being depreciated, net	<u>15,872,068</u>	<u>(428,766)</u>	<u>31,352</u>	<u>15,474,654</u>
Capital assets, net	<u>\$ 16,114,669</u>	<u>\$ (385,066)</u>	<u>\$ 31,352</u>	<u>\$ 15,760,955</u>

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

VI. Capital assets continued

Depreciation expense for the year ended June 30, 2015, was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 613,540
Support services	<u>262,946</u>
 Total depreciation expense	 <u>\$ 876,486</u>

VII. Employee pension plans

Southern Oklahoma Technology Center, District No. 20 participates in the state-administered Teachers' Retirement System of Oklahoma (the System), which is a cost-sharing multiple-employer public employee retirement system. Additionally, the District provides an employer-funded pension plan for eligible employees offered an Early Retirement Incentive Plan.

Teachers' Retirement System of Oklahoma

Plan Description – The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. The System issues a publically available financial report that can be obtained at <http://www.ok.gov/trs/>.

Benefits Provided – The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2015, qualifying employee contributions were reduced by a retirement credit of \$31,368 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2015, the District had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2015, the District contributions to the System for were \$478,855.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was \$14,775.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

VII. Employee pension plans –continued

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

At June 30, 2015, the District reported a liability of \$6,727,882 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.12505668%, which was the same as its proportion measured as of June 30, 2013.

For the year ended June 30 2015, the District recognized pension expense of \$393,956. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 110,895
Changes of assumptions	-	369,924
Net difference between projected and actual earnings on pension plan investments	-	1,628,262
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	478,855	-
	<u>\$ 478,855</u>	<u>\$ 2,109,081</u>

\$478,855 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended	
2016	\$ 420,561
2017	420,561
2018	420,561
2019	420,561
2020	420,561
Thereafter	6,276
	<u>\$ 2,109,081</u>

Actuarial assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Percentage of Payroll
- Amortization Period – Amortization over an open 30-year period

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
 June 30, 2015

VII. Employee pension plans -continued

Asset Valuation Method – 5-year smooth market

Inflation – 3.00%

Salary Increases – Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

Investment Rate of Return – 8.00%

Retirement Age – Experience-based table of rates based on age, service, and gender.

Mortality – RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

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

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

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

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
 June 30, 2015

VII. Employee pension plans -continued

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's Proportionate share of the net pension liability	\$ 9,517,274	\$ 6,727,882	\$ 6,960,625

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/>.

Early Retirement Incentive Program

Program Description - The purpose of the Early Retirement Incentive Program (“ERIP”) is (1) to serve the needs of the District as they may be related to productivity, salary expenditures, and staff reductions and (2) to afford longtime District employees the opportunity to retire before they would ordinarily be able to do so.

In accordance with the year-by-year approval of the board of education, the District may or may not offer the Early Retirement Incentive. The board sets forth the conditions for participation in the early retirement incentive program in those years that it is offered. The program will include full-time certified and full-time non-certified employees, who actually retire under the Oklahoma Teacher’s Retirement System directly from full-time employment at the District.

Total amount outstanding for the ERIP as of June 30, 2015 was \$28,200 with the \$26,400 due during fiscal year 2016.

VIII. Commitments and contingencies

The District receives grant funds from various federal and state grantor agencies. Under the terms of the grants, periodic audits are required and certain costs may be questioned as not being allowable expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. The District management believes disallowances, if any, would be immaterial to the accompanying financial statements.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2015, the District managed its risks by maintaining insurance from a commercial carriers including health insurance for its employees; liability insurance for risks related to torts, theft or damage of property, errors and omissions of public officials; and liability insurance for workmen’s compensation. The District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the Oklahoma Employment Security Commission.

The District utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order is issued and accordingly, encumbrances outstanding at year end are report as expenditures in the year

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

VIII. Commitments and contingencies

issued for budgetary purposes. Significant encumbrances included in the governmental fund balances as committed are as follows:

General Fund	\$ 505,911
Capital Project Fund	603
Building Fund	36,768
	\$ 543,282

IX. Fund Balances – Governmental Funds

As of June 30, 2015, fund balances, other than unassigned are composed of the following:

	General	Building Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds
Nonspendable					
Green Endowment	\$ -	\$ -	\$ -	\$ -	\$ 85,075
Restricted					
Buildings	-	2,112,502	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	9,893	-
Student Activities	-	-	-	-	120,129
Committed					
Catastrophic Loss	1,022,868	-	-	-	-
Sturm Fund	1,000,000	-	-	-	-
Capital Projects	-	-	603	-	-
Buildings	-	260,813	-	-	-
Assigned					
Buildings	-	36,769	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	8,172	-
Student Activities	-	-	-	-	95,640
Cash Flow	1,534,302	-	-	-	-
District Programs	523,301	-	-	-	91,441
Unassigned	1,628,741	-	-	-	-
	\$ 5,709,212	\$ 2,410,084	\$ 603	\$ 18,065	\$ 392,285

X Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between Governmental Fund Balance Sheet and the Statement of Net Position – Governmental Activities

Capital Assets used in governmental funds are not financial and, therefore, are not reported in the funds

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2015

X Reconciliation of Government-Wide and Fund Financial Statements continued

Capital assets not being depreciated	
Land	\$ 286,301
Construction in progress	-
Total capital assets not depreciated	\$ 286,301
Capital assets being depreciated	
Buildings	\$ 19,541,026
Computers and printers	1,004,789
Furniture and small equipment	1,465,521
Tools and large equipment	2,111,251
Vehicles	578,311
Mineral interests	82,063
Total assets	\$ 24,782,961
Less Accumulated depreciation	(9,308,307)
Total Capital assets being depreciated, net	\$ 15,474,654
Capital assets, net	\$ 15,760,955

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

Capital Outlay	\$ 491,420
Depreciation Expense	(876,486)
	\$ (385,066)
Debt Principal Payment	\$ 1,700,000
	\$ 1,700,000
District pension contributions	\$ 478,855
Cost of benefits earned net of employee contribution	(393,956)
	\$ 84,899

XI New GASB Standard

The District implemented GASB Statement 68, *Accounting and Financial reporting for Pensions* (GASB 68). GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50 as they related to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and RSI.

As a result of implementing GASB 68, the District restated previously reported net position by decreasing it \$8,443,008.

Southern Oklahoma Technology Center, District No. 20
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Budget Basis) – General Fund (Unaudited)
For the Year Ended June 30, 2015

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES COLLECTED				
Local sources	\$ 5,687,616	\$ 5,941,522	\$ 6,237,471	\$ 295,949
State sources	2,025,356	2,216,317	2,191,600	(24,717)
Federal sources	203,934	239,354	480,112	240,758
Total revenues collected	<u>7,916,906</u>	<u>8,397,193</u>	<u>8,909,183</u>	<u>511,990</u>
EXPENDITURES PAID				
Instruction	3,569,699	4,047,488	3,780,500	266,988
Support services	4,241,245	4,639,452	4,409,099	230,353
Operation of noninstruction	-	165,602	159,595	6,007
Other outlays	2,878,472	2,379,873	292,517	2,087,356
Total expenditures paid	<u>10,689,416</u>	<u>11,232,415</u>	<u>8,641,711</u>	<u>2,590,704</u>
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	(2,772,510)	(2,835,222)	267,472	3,102,694
Adjustments to prior year encumbrances	-	118,637	118,656	19
Excess of revenues collected over (under) expenditures paid	(2,772,510)	(2,716,585)	386,128	3,102,713
FUND BALANCES, beginning	<u>2,772,510</u>	<u>2,716,585</u>	<u>2,716,583</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,102,711</u>	<u>\$ 3,102,713</u>

Adjustments to reconcile the ending statutory fund balance to the fund balance reported on the governmental funds balance sheet:

Accounts receivable not recorded on statutory budget basis	1,563,073
Tuition revenue not transferred from activity accounts	34,009
Deferred revenue not recorded on statutory budget basis	(1,287,081)
Compensated absences not recorded on statutory budget basis	(59,800)
Encumbrances expensed on the statutory budget basis	<u>201,526</u>
	<u>\$ 3,554,438</u>

Southern Oklahoma Technology Center, District No. 20
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Budget Basis) – Building Fund (Unaudited)
For the Year Ended June 30, 2015

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES COLLECTED				
Local sources	\$ 1,053,618	\$ 1,081,247	\$ 1,171,419	\$ 90,172
State sources	-	-	567	567
Total revenues collected	<u>1,053,618</u>	<u>1,081,247</u>	<u>1,171,986</u>	<u>90,739</u>
EXPENDITURES PAID				
Support services	1,135,034	1,135,034	729,440	405,594
Facilities acquisition and construction services	-	512,150	213,052	299,098
Other Outlay	1,957,124	1,545,677	-	1,545,677
Total expenditures paid	<u>3,092,158</u>	<u>3,192,861</u>	<u>942,492</u>	<u>2,250,369</u>
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	(2,038,540)	(2,111,614)	229,494	2,341,108
Adjustments to prior year encumbrances	-	61,093	61,093	-
Excess of revenues collected over (under) expenditures paid	(2,038,540)	(2,050,521)	290,587	2,341,108
FUND BALANCES, beginning	<u>2,038,540</u>	<u>2,050,521</u>	<u>2,050,521</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	\$ 2,341,108	<u>\$ 2,341,108</u>

Adjustments to reconcile the ending statutory fund balance to the fund balance reported on the governmental funds balance sheet:

Accounts receivable not recorded on statutory budget basis	227,106
Deferred revenue not recorded on statutory budget basis	(214,206)
Encumbrances expensed on statutory budget basis	<u>56,076</u>
	<u>\$ 2,410,084</u>

Southern Oklahoma Technology Center, District No. 20
Schedule of District's Proportionate Share of Net Pension Liability
Teachers' Retirement Plan
Las 10 Fiscal Years
For the Year Ended June 30, 2015

	<u>2014</u>	<u>2013</u>
District's portion of the net pension liability (asset)	0.12505688%	0.12505688%
District's proportionate share of the net pension liability (asset)	6,727,882	9,000,754
District's covered employee payroll	4,936,983	4,680,018
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	136.28%	192.32%
Plan fiduciary net position as a percentage of the total pension liability	72.43%	62.18%

Note that only years since implementation of GASB 68 are included.

Southern Oklahoma Technology Center, District No. 20
Schedule of District Contributions
Teachers' Retirement Plan
Las 10 Fiscal Years
For the Year Ended June 30, 2015

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 478,855	\$ 444,602
Contributions in relation to the contractually required contribution	478,855	444,602
Contribution deficiency (excess)	-	-
District's covered payroll	5,038,522	4,680,018
Contributions as a percentage of Covered employee Payroll	9.50%	9.50%

Note that only years since implementation of GASB 68 are included.

Southern Oklahoma Technology Center, District No. 20
Notes to Required Supplementary Information
For the Year Ended June 30, 2015

Note 1: Budgeting and Budgetary Control

Oklahoma statutes require the District to prepare an annual budget. The various county excise boards formally approve the annual budget for the general fund, building fund, sinking fund and gifts and endowment fund. The District adopts its budget at the fund level.

Note 2: Budgetary Basis of Accounting

Under the budgetary basis of accounting, revenues are recognized when they are received rather than earned. Purchases of materials, outside services and capital outlays are recognized as expenditures when the commitment to purchase is made (encumbered).

Note 3: Reconciliation of GAAP with Budgetary basis

The accompanying budget to actual financial statements are presented on the budget basis. The following provides reconciliation of the budget and generally accepted accounting principles (GAAP) basis financial statements

	<u>General Fund</u>	<u>Building Fund</u>
I. Sources/inflows of resources:		
Actual amounts (budget basis) available for appropriation from the budgetary comparison schedule	\$ 8,909,183	\$ 1,171,986
Differences – budget to GAAP:		
Sturm Fund Revenues not part of General fund on budgetary basis	195,893	-
Transfer shown as local source	(30,945)	-
Short-term accounts receivable is not considered a current year budgetary revenue.	<u>38,943</u>	<u>(495)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$ 9,144,442</u>	<u>\$ 1,171,491</u>
II. Uses/outflows of resources:		
Actual amounts (budget basis) total charges to appropriations from the budgetary comparison schedule	\$ 8,641,711	\$ 942,492
Differences – budget to GAAP:		
Early retirement incentive payments are not recorded as expenditures for budgetary purposes until paid	(5,295)	-
Expenditures from Sturm Fund not treated as General fund for budgetary purposes	134,331	-
Compensated absences are not recorded as expenditures for budgetary purposes until paid	(44,800)	-
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial report purposes	<u>185,726</u>	<u>(24,129)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$ 8,943,041</u>	<u>\$ 918,363</u>

Note 4: Changes of Assumptions

The actuarial assumptions used in the 2014 valuation were based upon 2009 Experience Investigation Study Report. The current actuarial assumptions were adopted by the TRS Board of Trustees in September 2010 and first utilized in June 30, 2010 actuarial valuation report. The retirement assumption was modified after the experience investigation study to incorporate the change in retirement eligibility for members hired on or after November 1, 2011

Southern Oklahoma Technology Center, District No. 20
Supplemental Schedule
Combining Balance Sheet – General Fund
June 30, 2015

	<u>General Fund</u>	<u>Sturm Fund</u>	<u>General Fund</u>
ASSETS			
Cash	\$ 3,859,609	\$ 2,154,774	\$ 6,014,383
Due from other funds	34,009	-	34,009
Accounts receivable	1,563,071	0	1,563,071
Total assets	<u>\$ 5,456,689</u>	<u>\$ 2,154,774</u>	<u>\$ 7,611,463</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Liabilities:			
Accounts payable	\$ 555,370	\$ -	\$ 555,370
Accrued employee benefits	59,800	-	59,800
Total Liabilities	<u>\$ 615,170</u>	<u>\$ -</u>	<u>\$ 615,170</u>
Deferred Inflows of resources:			
Deferred property taxes	1,287,081	-	1,287,081
Fund Balances:			
Committed	\$ 1,165,710	\$ 1,000,000	\$ 2,165,710
Assigned	1,950,091	1,650	1,951,741
Unassigned	438,637	1,153,124	1,591,761
Total fund balances	<u>3,554,438</u>	<u>2,154,774</u>	<u>5,709,212</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,456,689</u>	<u>\$ 2,154,774</u>	<u>\$ 7,611,463</u>

Southern Oklahoma Technology Center, District No. 20
Supplemental Schedule
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance – General Fund
For the Year Ended June 30, 2015

	General Fund	Sturm Fund	Total General Fund
REVENUES			
Local sources			
Property taxes	\$ 5,865,024	\$ -	\$ 5,865,024
Tuition and fees	244,191	-	244,191
Interest	1,001	1,274	2,275
Other local	103,738	194,620	298,358
State sources	2,218,536	-	2,218,536
Federal sources	516,059	-	516,059
	<u>8,948,549</u>	<u>195,894</u>	<u>9,144,443</u>
Total revenues			
EXPENSES			
Current:			
Instruction	3,713,217	-	3,713,217
Support services	4,658,700	134,331	4,793,031
Operation of noninstruction	159,595	-	159,595
Other outlays	277,199	-	277,199
	<u>8,808,711</u>	<u>134,331</u>	<u>8,943,042</u>
Total expenditures			
EXCESS OF REVENUES OVER EXPENDITURES	139,838	61,563	201,401
OTHER FINANCING SOURCES (USES):			
Transfer Out	30,945	-	30,945
	<u>170,783</u>	<u>61,563</u>	<u>232,346</u>
NET CHANGE IN FUND BALANCE			
FUND BALANCES, beginning	3,383,655	2,093,211	5,476,866
	<u>3,554,438</u>	<u>2,154,774</u>	<u>5,709,212</u>
FUND BALANCES, ending			

Southern Oklahoma Technology Center, District No. 20
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title U.S. Department of Education	Federal CFDA Number	Pass- through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/14	Federal Grant Receipts	Total Grant Expenditures	Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/15
Direct Programs-Student Financial Aid								
Federal Pell Grant Program	84.063	474	\$ -	\$ 285,518	\$ 286,061	\$ -	\$ 286,061	\$ (543)
Pell Admin Fee	84.063	n/a	(15)	415	425	-	425	(25)
Total Student Financial Aid Cluster			(15)	285,933	286,486	-	286,486	(568)
Carl Perkins Vocational Education Act								
Passed through Oklahoma Department of Career Technology Education								
Carl Perkins Secondary	84.048	421	(11,947)	110,623	123,283		123,283	(24,607)
Carl Perkins Supplemental	84.048	424	(3,471)	3,605	11,660		11,660	(11,526)
Tech Centers That Work	84.048	429	(4,539)	15,349	10,980		10,980	(170)
Career and Technical Education Total			(19,957)	129,577	145,923		145,923	(36,303)
Total Pass Through Programs			(19,957)	129,577	145,923		145,923	(36,303)
Total U.S. Department of Education			(19,972)	415,510	432,409		432,409	(36,871)
U.S. Department of Health and Human Services								
Passed through Oklahoma Department of Human Services and Oklahoma Department of Career Technology Education								
TANF/HIRE	93.558	452	(24,239)	64,603	113,200	28,998	84,202	(43,838)
Total U.S. Department of Health and Human Services			(24,239)	64,603	113,200	28,998	84,202	(43,838)
Total Expenditures of Federal Awards			\$ (44,211)	\$ 480,113	\$ 545,609	\$ 28,998	\$ 516,611	\$ (80,709)

Chas. W. Carroll, P.A.

Hiland Tower – Suite 406
302 N. Independence

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

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

Honorable Board of Education
Southern Oklahoma Technology Center #V-20
Carter 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 accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma, as listed in the Table of Contents, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated November 13, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

I noted certain matters that I reported to management of the District in a separate letter titled Current Year Audit Exceptions and Recommendations as items B-1 and B-2.


Response to Findings

The District's response to the findings identified in my audit is described in the accompanying school's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,


Chas. W. Carroll, P.A.
November 13, 2015

Chas. W. Carroll, P.A.

Hiland Tower - Suite 406
302 N. Independence

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Board of Education
Southern Oklahoma Technology Center #V-20
Carter County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, Southern Oklahoma Technology Center #V-20 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Sincerely,

A handwritten signature in cursive script, appearing to read "Chas. W. Carroll, P.A.", is written over a printed name.

Chas. W. Carroll, P.A.

November 13, 2015

SOUTHERN OKLAHOMA TECHNOLOGY CENTER NO. 20, CARTER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SECTION 1

Summary of Auditor's Results

Financial Statements

- | | |
|--|-------------|
| 1. Type of auditor's report issued | Unqualified |
| 2. Internal Control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be a material weakness? | None reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(A)? | No |
| 4. Identification of major programs: | |
| <u>Name of Federal Program</u> | |
| Pell Grant CFDA #84.063 | |
| Carl Perkins Cluster CFDA #84.048 | |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB A-133, Section 530? | No |

SECTION 2

Financial Statement Findings:

None Reported

Major Federal Award Programs Findings and Questioned Costs:

None Reported

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE – CARTER COUNTY - OKLAHOMA
JULY 1, 2014 TO JUNE 30, 2015

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2015

No reportable conditions were noted during the 2013-14 fiscal.

CURRENT YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

Specific Administrative Controls

Internal Control

B-1 Food Service Inventory

During my audit of the District's Food Service Program I found that inventory procedures were not in place to provide accuracy for use and replacement of supplies.

Inventories should be maintained for all consumable material and documentation should be recorded when items are used and when additional items are received.

School personnel did not follow school policy and procedures and, therefore, assets of the District were at risk and not properly accounted for.

I recommend all employees involved in the handling of food items used in daily preparations be informed as to the need to record quantities and sources as they are removed from storage. Also, all new supplies should be recorded to inventories as received. This will provide a perpetual inventory system as well as accuracy in accounting for District assets.

B-2 Food Sales/Revenues

During my audit of the procedures in place for reconciling food sales and income I found two (2) incidents where income exceeded sales records.

Food sales and revenue received should be reconciled daily. If variances occur an explanation of such variances should accompany the daily report.

School personnel did not document excess income when individuals declined receipt of change from the sales transaction which in turn created a difference in sales and income.

I recommend cashiers record the refusal of change in order to provide documentation to explain the sales and income variance.

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE – CARTER COUNTY - OKLAHOMA
JULY 1, 2014 TO JUNE 30, 2015

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous years audit report".

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
CARTER COUNTY – OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2014 TO JUNE 30, 2015

STATE OF OKLAHOMA)
)
COUNTY OF GARFIELD)

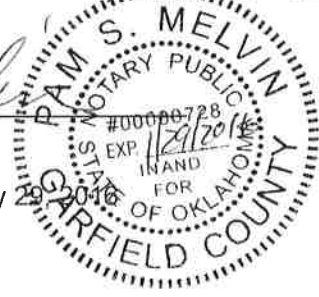
The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with the Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma, for the audit year 2013-14.

Chas. W. Carroll, P.A.
Auditing Firm

By: *Chas. W. Carroll*

Subscribed and sworn to before me this 13th day of November, 2015.

James S. Melvin
Notary Public



My Commission expires January 29, 2016



Phone (580) 223-2070 • Fax (580) 223-2120

2610 Sam Noble Pkwy. • Ardmore, OK 73401

December 3, 2015

Chas. W. Carroll, P.A.
Hiland Tower-Suite 406
302 N Independence
Enid OK 73701

Re: FY15 Audit Findings

Dear Sirs:

Internal Control

B-1 Food Service Inventory

We understand and agree with the finding regarding the District's Food Service Program that inventory procedures were not in place to provide accuracy for use and replacement of supplies.

Food service has purchased a barcode scanner and using it in tandem with an IPAD inventory and ordering app. This app will allow us to maintain a current inventory for all food and non-food products.

B-2 Food Sales/Revenues

We understand and agree with the finding regarding the District's Food Service Program that procedures were not in place for reconciling food sales and income.

School personnel did not document excess income when individuals declined receipt of change from the sales transaction which in turn created a difference in sales and income.

Food sales and revenue received are reconciled daily. The process that is now being used consists of double counting inventory that goes out for mobile purchases and revenue received. Revenue received through the cafeteria square is now also counted twice for reconciling sales and receipts. Since this system has been put in place there has been a consistent reconciliation.

Sincerely,

A handwritten signature in black ink, appearing to read "David Powell". The signature is written in a cursive style with a large initial "D".

David Powell, Ed. D
Superintendent