

**ANNUAL FINANCIAL REPORT
CADDO KIOWA TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2014**

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2014**

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**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2014**

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PUTNAM & COMPANY, PLLC

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Caddo/Kiowa Technology Center School District No. 2
Caddo County, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Caddo/Kiowa Technology Center School District No. 2, Caddo County, Oklahoma as of and for the year ended June 30, 2014, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Caddo/Kiowa Technology Center School District No. 2, at June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The fund financial statements-statutory basis and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The fund financial statements-statutory basis and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements-statutory basis and schedules 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014 on our consideration of the Caddo/Kiowa Technology Center School District No. 2, Caddo County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caddo/Kiowa Technology Center School District No. 2, Caddo County, Oklahoma's internal control over financial reporting and compliance.



Putnam & Company, PLLC

Edmond, Oklahoma
December 18, 2014



CADDO KIOWA TECHNOLOGY CENTER

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
FORT COBB, OKLAHOMA
Management's Discussion and Analysis
Fiscal Year ending June 30, 2014

Caddo Kiowa Technology Center provides this discussion and analysis of the District's financial activities for the fiscal year ending June 30, 2014. The intent of this narrative overview is to look at the District's financial performance as a whole, and readers are encouraged to consider the notes to the basic financial statements and the financial statements to enhance their understanding of Caddo Kiowa Technology Center's financial performance.

FUND FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide statements include the Statement of Net Assets and Statement of Activities, which provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. The District uses three funds to account for its financial transactions. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to insure and demonstrate compliance with financial-related legal requirements. The fund financial statements focus on the individual parts of the District's operations in more detail than government-wide financial statements. Because the focus of District funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for District funds with similar information presented for District activities in the government-wide financial statements. Both the District's fund balance statement and the District's fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between funds and activities of each.

Funds are classified into two categories: governmental and fiduciary, with each category divided into separate "fund types". Governmental funds include the General Fund and the Building Fund. Fiduciary funds are used to account for assets held on behalf of outside parties, or on behalf of other funds within the District and include, but are not limited to, the school activity fund.

GENERAL FUND HIGHLIGHTS

The General Fund represents the District's major or significant fund. At the close of fiscal year 2014, the District is able to report positive cash balance in all funds, with the General Fund balance being \$1,520,396. Because of some continual decline in the economic indicators in the State and nation, the District is making appropriate adjustments to reflect this decline and expects to maintain an adequate and appropriate fund balance at the end of the 2015 fiscal year.

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CADDO KIOWA TECHNOLOGY CENTER
CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
FORT COBB, OKLAHOMA

Management's Discussion and Analysis
Fiscal Year ending June 30, 2014

FUND BALANCES

As of the close of fiscal year 2014, the District funds reported a government-wide ending cash fund balance of \$2,639,073, a decrease of \$323,449 in comparison with the prior year.

Table with 5 columns: Fund type, 2013 Fund Balance, 2014 Fund Balance, Change, Percent. Rows include General, Building, and Total.

FISCAL YEAR 2014

Revenue collection amounts for the fiscal year ending 2014 exceeded the original (estimated) General Fund budget in the amount of \$704,373.

CAPITAL AND FIXED ASSETS

The District is in its eleventh year of tracking all assets of significant value. Building structures and improvements are added to the inventory as projects are completed and space is occupied. For the year ending June 30, 2014, capital assets are as follows:

Table with 5 columns: Description, Beginning Balance, Increases, Decreases, Ending Balance. Rows include Capital Assets, Accumulated Depreciation, and Net Capital Assets.

During the past year, expenditures of \$79,211 were incurred for the purchase of capital assets.

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**CADDO KIOWA TECHNOLOGY CENTER
CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2**

CADDO COUNTY, OKLAHOMA

FORT COBB, OKLAHOMA

Management's Discussion and Analysis

Fiscal Year ending June 30, 2014

FUTURE ECONOMIC FACTORS

Caddo Kiowa Technology Center remains in a very good financial condition. However, future finances are not without challenges, and they will be impacted significantly by both State and local economic conditions. On a positive side, the District's local ad valorem assessed valuation should increase along with future residential and commercial growth.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide patrons, taxpayers, and creditors with a general overview of Caddo Kiowa Technology Center's finances and to show the District's accountability for the money it receives. If you have further questions or comments about this report or need additional financial information, please contact the Business Office at Caddo Kiowa Technology Center School District No 2, located at 1415 N 7th Street, Fort Cobb, Oklahoma, 73038.

Dennis Ruttman
Superintendent

PUTNAM & COMPANY, PLLC

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

The Honorable Board of Education
Caddo/Kiowa Technology Center School District No. 2
Caddo County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General for the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Caddo/Kiowa Technology Center School District No. 2, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2014.

Internal Control Over Financial Reporting

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

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

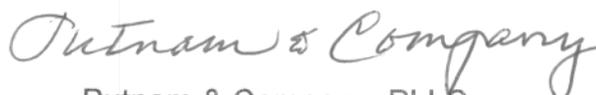
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during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

Compliance and Other Matters

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

Purpose of This Report

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


Putnam & Company, PLLC

Edmond, Oklahoma
December 18, 2014

PUTNAM & COMPANY, PLLC

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

The Honorable Board of Education
Caddo/Kiowa Technology Center, School District No. 2
Caddo County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Caddo/Kiowa Technology Center School District No. 2, Caddo County, Oklahoma's, 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 Caddo/Kiowa Technology Center School District No. 2's major federal programs for the year ended June 30, 2014. Caddo/Kiowa Technology Center School District No. 2'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

Our responsibility is to express an opinion on compliance for each of Caddo/Kiowa Technology Center School District No. 2's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Caddo/Kiowa Technology Center School District No. 2's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Caddo/Kiowa Technology Center School District No. 2's compliance.

Opinion on Each Major Federal Program

In our opinion, Caddo/Kiowa Technology Center School District No. 2 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, 2014.

Report on Internal Control Over Compliance

Management of Caddo/Kiowa Technology Center School District No. 2 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Caddo/Kiowa Technology Center School District No. 2'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 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, we do not express an opinion on the effectiveness of Caddo/Kiowa Technology Center School District No. 2's internal control over compliance.

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

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

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


Putnam & Company, PLLC

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
Caddo County, Oklahoma
Statement of Net Position
JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets -			
Cash and Cash Equivalents	\$3,299,479		3,299,479
Property Taxes Receivable	247,134		247,134
Receivables from Other Governments	228,100		228,100
	<u>3,774,713</u>	<u>0</u>	<u>3,774,713</u>
Total Current Assets			
Non-Current Assets -			
Capital Assets			
Land	150,900		150,900
Equipment	1,688,167		1,688,167
Vehicle	1,515,005		1,515,005
Building	7,517,710		7,517,710
Furniture & Fixtures	38,298		38,298
Less Accumulated Depreciation	(7,070,715)		(7,070,715)
	<u>3,839,365</u>	<u>0</u>	<u>3,839,365</u>
Total Non-Current Assets			
Total Assets	<u>\$7,614,078</u>	<u>0</u>	<u>7,614,078</u>
LIABILITIES			
Current Liabilities -			
Accounts Payable	\$155,371		155,371
Other Payables	382,186		382,186
Compensated Leave	70,736		70,736
	<u>608,293</u>	<u>0</u>	<u>608,293</u>
Total Current Liabilities			
Total Liabilities	<u>608,293</u>	<u>0</u>	<u>608,293</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,839,365		3,839,365
Unrestricted	3,166,420		3,166,420
	<u>\$7,005,785</u>	<u>0</u>	<u>7,005,785</u>
Total Net Position			

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
Caddo County, Oklahoma
Statement of Activities
July 1, 2013 to June 30, 2014

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net</u>
		<u>Charges for</u>	<u>Operating</u>	<u>(Expense)</u>
		<u>Services</u>	<u>Grants and</u>	<u>Revenue</u>
			<u>Contributions</u>	
Governmental Activities:				
Instruction	\$4,000,158	850,824	45,576	3,103,758
Support Services - Instructional	335,559			335,559
Support Services - Operational	4,131,434			4,131,434
Operation of Non-Instruction Services	799,123	274,994		524,129
Facilities Acquisition & Construction Services	22,031			22,031
Other Outlays	70			70
Other Uses	179,640			179,640
Repayments and Financial Aid			765	(765)
Compensated Absences	70,736			70,736
Compensated Absences - Prior Year	(63,107)			(63,107)
Depreciation	393,922			393,922
Total Governmental Activities	<u>9,869,566</u>	<u>1,125,818</u>	<u>46,341</u>	<u>8,697,407</u>
General Revenues:				
Taxes -				
Property Taxes, Levied for Building Purposes				236,948
Property Taxes, Levied for General Purposes				2,448,864
Federal Aid				577,022
State Aid - Formula				4,517,678
Other Local Sources				223,119
Intermediate Sources				
Other State Sources				111,386
Interest				24,927
Special Items -				
Increase in Capital Assets				(249,815)
Return of Assets				2,147
Estopped Warrants				
Adjustments to Prior Year's Encumbrances				23,660
Total General Revenues and Special Items				<u>7,915,936</u>
Change in Net Position				(781,471)
Net Position, beginning				<u>7,787,256</u>
Net Position, ending				<u>\$7,005,785</u>

See Independent Auditor's Report

See Accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	Building	Totals (Memorandum Only)
ASSETS			
Cash and Cash Equivalents	\$2,168,603	1,130,876	3,299,479
Property Taxes Receivable	237,699	9,435	247,134
Receivable From Other Governments	228,100		228,100
Total Assets	<u>\$2,634,402</u>	<u>1,140,311</u>	<u>3,774,713</u>
LIABILITIES			
Warrants Payable	\$380,177	2,009	382,186
Compensated Absences	70,736		70,736
Total Liabilities	450,913	2,009	452,922
NET ASSETS			
Fund Balances:			
Reserved for Encumbrances	148,486	6,885	155,371
Unreserved			
Undesignated	2,035,003	1,131,417	3,166,420
Total Fund Balance	2,183,489	1,138,302	3,321,791
Total Liabilities and Fund Balance	<u>\$2,634,402</u>	<u>1,140,311</u>	<u>3,774,713</u>

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$10,910,080, and the accumulated depreciation is \$(7,070,715).

3,839,365

Net Position of Governmental Activities

7,005,785

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
REVENUES:			
Property Taxes	\$2,448,864	236,948	2,685,812
Tuition & Fees	850,824		850,824
Miscellaneous	498,113		498,113
Investment Income	5,719	19,208	24,927
State Sources	4,674,634	6	4,674,640
Federal Sources	577,787		577,787
Total Revenues Collected	9,055,941	256,162	9,312,103
EXPENDITURES:			
Instruction	4,000,158		4,000,158
Support Services	4,316,610	150,383	4,466,993
Non-Instructional Services	799,123		799,123
Facilities Acquisition & Construction Services		22,031	22,031
Other Outlays	70		70
Other Uses	179,640		179,640
Total Expenditures	9,295,601	172,414	9,468,015
Revenues Over (Under) Expenditures	(239,660)	83,748	(155,912)
OTHER FINANCING SOURCES (USES):			
Return of Assets	2,147		2,147
Estopped Warrants			0
Deobligation of Prior Year Funds	23,660		23,660
Total Other Financing Sources (Uses):	25,807	0	25,807
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(213,853)	83,748	(130,105)
Fund Balance Unreserved, Beginning of Year	2,284,176	1,047,688	3,331,864
Fund Balance Unreserved, End of Year	\$2,070,323	1,131,436	3,201,759
 Net change in fund balances-governmental funds			 (\$130,105)
 Governmental funds do not report change in noncurrent compensated absences as expenditures, while government activities report the change as an expense of the current period:			
Change in Compensated absences			(7,629)
 Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of revenues, expenditures, and changes in net position. This is the amount by which depreciation exceeds capital outlays in the period.			
Capital asset purchases capitalized			79,211
Disposition of capital assets			(329,026)
Depreciation			(393,922)
 Changes in net position of governmental activities			 (\$781,471)

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

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 STATEMENT OF NET POSITION
 TRUST AND AGENCY FUNDS
 JUNE 30, 2014**

	<u>INSURANCE FUND</u>	<u>ACTIVITY FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$900,000</u>	<u>123,765</u>	<u>1,023,765</u>
Total Assets	<u><u>\$900,000</u></u>	<u><u>123,765</u></u>	<u><u>1,023,765</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	<u>\$0</u>	<u>101,175</u>	<u>101,175</u>
Total Liabilities	<u>0</u>	<u>101,175</u>	<u>101,175</u>
Fund Equity:			
Reserved for Student Activities		7,971	7,971
Reserved for Administrative Activities		14,619	14,619
Fund Balance	<u>900,000</u>		<u>900,000</u>
Total Fund Equity	<u>900,000</u>	<u>22,590</u>	<u>922,590</u>
Total Liabilities and Fund Equity	<u><u>\$900,000</u></u>	<u><u>123,765</u></u>	<u><u>1,023,765</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Significant Accounting Policies

The government-wide financial statements of the Caddo Kiowa Technology Center School District No. 2 (the "District") have been prepared in accordance with generally accepted accounting principles. However, the other supplementary information has prepared in accordance with a statutory basis prescribed by the State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on support from the State of Oklahoma. 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 composed of elected members. The appointed superintendent is the executive officer of the District.

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

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Significant Accounting policies - continued

B. Basic Financial Statements

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

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

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

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

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

Special Revenue Funds - The special revenue funds include the District's Building Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling or repairing buildings and for purchasing furniture and equipment.

Insurance Fund - The self-insurance fund provides self-insurance against any liability incurred for death, injury or disability of any person, or for damage to property or other forms of insurance provided for in Oklahoma Statutes.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Significant Accounting Policies - continued

B. Basic Financial Statements - continued

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District did not maintain any proprietary funds during the year under review.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Trust and Agency Funds - The trust and agency funds group includes the School Activities Funds which are maintained at various sites throughout the District. The School Activities Funds are used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Account Groups

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

Memorandum Only - Total Column

The total column on the general purpose financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

C. **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

In the other supplemental information section, all governmental and expendable trust funds are accounted for using the Statutory basis of accounting. Revenues are recognized when they are received rather than earned under this method of accounting. Also, under the Statutory basis of accounting, expenditures are generally recognized when encumbered or reserved rather than at the time the related fund liability is incurred.

D. **Budgets and Budgetary Accounting**

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Funds that includes revenues and expenditures. The budget is prepared on the same basis of accounting as the financial statements. All appropriations lapse at the end of each fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund, is utilized in all governmental funds of the District.

E. **Assets, Liabilities and Fund Balance**

Cash and Cash Equivalents - For the purpose of the financial statements, the District considers all cash on hand, demand deposits and highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Balance (continued)

Investments - Investments consist of direct obligations of the United States Government and Agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of the taxes becomes 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 the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

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

Fixed Assets and Property, Plant and Equipment The capital assets for the year ended June 30, 2014 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets	\$11,159,896.	79,211.	(329,026)	10,910,080.
Less accumulated Depreciation	(6,676,794.)	(393,922.)	_____	(7,070,715.)
	<u>\$ 4,483,102.</u>	<u>(314,711.)</u>	<u>(329,026)</u>	<u>3,839,365.</u>

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Fund Balance (continued)

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Balance - Fund Balance represents the funds not encumbered by purchase order, legal contracts or outstanding warrants.

F. Revenue, Expenses and Expenditures

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 State Board of Education 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 State Department of Education may adjust subsequent fiscal period allocations of money for prior years' errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment was made.

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

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2014.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

2. **Deposits and Investment Risks**

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

At June 30, 2014, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The District's investment policy limits investments to those allowed in state law applicable to school districts as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with instate financial institutions, and fully insured certificates of deposit or savings accounts in outofstate financial institutions.

Investment Credit Risk (continued) - Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits investments to those with a short-term maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District's investment policy requires diversification of investments.

At June 30, 2014, the District had no concentration of credit risk as defined above.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

3. General Long-Term Debt

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 long-term debt of the District consists of bonds payable and related interest. The District had no other long-term debt for the year ended June 30, 2014 other than obligations which existed under lease purchase contracts. In accordance with Oklahoma law, lease purchase agreements and other contracts must be affirmed in each subsequent fiscal year in order to remain in effect.

4. Employee Retirement System

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS), which is a defined benefit pension plan covering all employees of the public school system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma state Statutes establish benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained in writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34.

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

4. Employee Retirement System (continued)

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. Actuarial valuations are not performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation indicates a significant unfunded pension benefit obligation.

Funding Policy

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his/her accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. Employers' contribution of applicable employee earnings was 9.5% for the year ended June 30, 2014.

Annual Pension Cost

	Total Payroll	District Contribution
2013-14	\$4,996,762	\$ 474,693
2012-13	\$4,825,110	\$ 458,358
2011-12	\$4,565,021	\$ 433,677
2010-11	\$4,578,733	\$ 435,925

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

5. **Risk Management and Litigation**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Therefore, insurance coverage is obtained from various insurance carriers.

Management estimates that the amount of actual or potential claims against the District as of June 30, 2014, will not materially affect the financial condition of the District. Therefore, none of the Districts funds contain any provisions for these types of losses.

6. **Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

7. **Self Insurance**

The Technology Center has designated \$900,000.00 of general fund equity as a reserve for loss contingencies. The self-insurance amount provides self-insurance against any liability the Center may incur for death, injury or disability of any person, or for damage to property or other forms of insurance provided for in Oklahoma Statutes. The self-insurance is funded by appropriations made to establish and maintain reserves for self-insurance purposes. The self-insurance reserve fund is non-fiscal and is not considered in computing school levies. For reporting purposes the self-insurance reserve amount has been considered a Trust and Agency Fund and is reflected as such in these financial statements.

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

8. **Early Retirement Program**

The Center has established an early retirement program for employees who meet certain eligibility requirements. Benefits under the plan terminate on the 65th birthday, death, acceptance of employment with another school in Oklahoma, or after a five-year period, whichever comes first. Employees qualifying for the benefits receive an annual amount of 15% of their salary at the time of retirement, not to exceed \$4,000.00.

9. **Surety Bonds**

The District treasurer is bonded by The Ohio Casualty Insurance Company, bond number is 1597033 for the penal sum is \$100,000.00. This bond also covers the superintendent, assistant superintendent, the financial aid director, the encumbrance clerk and minutes clerk, and also certain other individuals listed. The total of the bond is \$430,000.00.

10. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

11. **Subsequent Events**

Subsequent events have been evaluated through December 18, 2014, which is the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CADDO KIOWA TECHNOLOGY CENTER
 CADDO COUNTY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 STATUTORY BASIS - BUDGET AND ACTUAL - GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund			Special Revenue Funds		
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Local Sources	\$3,300,765	3,769,136	468,371	269,437	254,125	(15,312)
State Sources	4,619,833	4,674,634	54,801		6	6
Federal Sources	362,507	543,708	181,201			0
Total Revenues	8,283,105	8,987,478	704,373	269,437	254,131	(15,306)
EXPENDITURES :						
Instruction	4,387,262	4,015,784	371,478	927,739		927,739
Support Services	4,429,965	4,414,288	15,677	312,455	153,689	158,766
Non-Instructional Services	1,223,365	805,906	417,459			0
Facilities Acquisition & Constr. Services			0	78,744	22,031	56,713
Other Outlays	70	70	0			0
Other Uses	257,136	179,098	78,038			0
Total Expenditures	10,297,798	9,415,146	882,652	1,318,938	175,720	1,143,218
Revenues Over (Under) Expenditures	(2,014,693)	(427,668)	1,587,025	(1,049,501)	78,411	1,127,912
OTHER FINANCING SOURCES (USES):						
Return of Assets	92,437	2,148	(90,289)	9,235		(9,235)
Deobligation of Prior Year Funds		23,660	23,660			0
Total Other Financing Sources (Uses)	92,437	25,808	(66,629)	9,235	0	(9,235)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(1,922,256)	(401,860)	1,520,396	(1,040,266)	78,411	1,118,677
Fund Balance, Beginning of Year	1,922,256	1,922,256	0	1,040,266	1,040,266	0
Fund Balance, End of Year	\$0	1,520,396	1,520,396	0	1,118,677	1,118,677

See Independent Auditors' Report

CADDO KIOWA TECHNOLOGY CENTER DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014

Project Number	Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2013	Federal Receipts	Federal Expenditures	Refunded	Cash/ Ending Balance at June 30, 2014		
<u>Passed Through Department of Vocational and Technical Education</u>									
Carl D. Perkins									
	Secondary	421	84 048	\$71,635.00	49,242.60	71,517.28	(22,274.68)		
	Secondary - Prior Year	799	84 048	(23,864.84)	23,864.84		0.00		
	Post Secondary	422	84 048	123,618.00	8,581.35	117,856.00	(109,274.65)		
	Post Secondary - Prior Year	799	84 048	(75,159.43)	75,159.43		0.00		
	Tech Centers That Work	429	84 048	12,000.00	4,625.00	10,134.66	(5,509.66)		
	Tech Centers That Work - Prior Year	799	84 048	(2,506.50)	2,506.50		0.00		
	High Growth & Emerging Technologies	424	84 048	20,000.00	19,950.32	19,950.32	0.00		
	High Growth & Emerging Technologies - Prior Year	799	84 048	(328.85)	328.85		0.00		
	Bid Assistance	436	12 002	12,974.25	10,924.00	10,924.00	0.00		
	Bid Assistance - Prior Year	799	12 002	(2,727.00)	2,727.00		0.00		
	TANF	452	93 558	138,739.33	66,340.03	137,202.89	(70,862.86)		
	TANF - Prior Year	799	93 558	(36,958.25)	36,958.25		0.00		
	Total			378,966.58	(141,544.87)	301,208.17	367,585.15	0.00	(207,921.85)
<u>U.S. Department of Education</u>									
Direct Programs									
	FSEOG		84 007	6,344.20	6,287.94	6,344.20	(56.26)		
	Pell Grants	474	84 063	551,181.46	551,181.46	550,566.37	615.09	(0.00)	
	Pell Grants - Administrative Fee	474	84 063	740.00	740.00	740.00		0.00	
	Pell Grants - Administrative Fee - Prior Year	799	84 063	(25.00)	25.00			0.00	
	Total			558,265.66	(25.00)	558,234.40	557,650.57	615.09	(56.26)
<u>Passed Through State Department of Education</u>									
U.S. Department of Agriculture									
	Food Service Program		10 558	42,438.77	38,312.12	42,438.77	(4,126.65)		
	Food Service Program - Prior Year		10 558	(5,710.36)	5,710.36		0.00		
	Total			42,438.77	(5,710.36)	44,022.48	42,438.77	0.00	(4,126.65)
<u>Passed Through State Department of Human Services</u>									
	Child Care Services	775	93 667	64,635.51	56,897.51	64,635.51	(7,738.00)		
	Child Care Services - Prior Year	799	93 667	(4,737.68)	4,737.68		0.00		
	Total			64,635.51	(4,737.68)	61,635.19	64,635.51	0.00	(7,738.00)
Other Federal Assistance									
	VA Fees		15 000	144.00	144.00	144.00	0.00		
	Washita Valley Head Start	777	93 709	9,466.94	9,466.94	9,466.94	0.00		
	Washita Valley Head Start	779	93 709	139,583.66	87,698.95	95,956.37	(8,257.42)		
	Washita Valley Head Start - Prior Year	799	93 709	(32,479.71)	32,479.71		0.00		
	Total			149,194.60	(32,479.71)	129,789.60	105,567.31	0.00	(8,257.42)
	Total Federal Assistance			\$1,193,501.12	(184,497.62)	1,094,889.84	1,137,877.31	615.09	(228,100.18)

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

OTHER SUPPLEMENTARY INFORMATION

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES - STATUTORY BASIS
(ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS)
JUNE 30, 2014**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Trust and Agency</u>	<u>(Memorandum Only)</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$2,168,603	1,130,876	1,023,765	4,323,244
Total Assets	<u>\$2,168,603</u>	<u>1,130,876</u>	<u>1,023,765</u>	<u>4,323,244</u>
<u>LIABILITIES</u>				
Warrants Payable	\$380,177	2,009	101,175	483,361
Total Liabilities	<u>380,177</u>	<u>2,009</u>	<u>101,175</u>	<u>483,361</u>
<u>FUND EQUITY</u>				
Fund Balances:				
Reserved for Encumbrances	268,030	10,191		278,221
Unreserved Undesignated	<u>1,520,396</u>	<u>1,118,676</u>	<u>922,590</u>	<u>3,561,662</u>
Total Fund Balance	<u>1,788,426</u>	<u>1,128,867</u>	<u>922,590</u>	<u>3,839,883</u>
Total Liabilities and Fund Equity	<u>\$2,168,603</u>	<u>1,130,876</u>	<u>1,023,765</u>	<u>4,323,244</u>

See Independent Auditors' Report

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
CADDO COUNTY, OKLAHOMA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
STATUTORY BASIS - ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Governmental Fund Types		Fiduciary Fund Types	Totals
	General	Special Revenue	Trust and Agency	(Memorandum Only)
REVENUES:				
Local Sources	\$3,769,136	254,125	1,436,435	5,459,696
State Sources	4,674,634	6		4,674,640
Federal Sources	543,709		590,896	1,134,605
Total Revenues Collected	8,987,479	254,131	2,027,331	11,268,941
EXPENDITURES:				
Instruction	4,015,784		590,896	4,606,680
Support Services	4,414,288	153,689		4,567,977
Non-Instructional Services	805,906		1,436,178	2,242,084
Facilities Acquisition & Construction Services		22,031		22,031
Other Outlays	70			70
Other Uses	179,098			179,098
Total Expenditures	9,415,146	175,720	2,027,074	11,617,940
Revenues Over (Under) Expenditures	(427,667)	78,411	257	(348,999)
OTHER FINANCING SOURCES (USES):				
Return of Assets	2,147			2,147
Deobligation of Prior Year Funds	23,660			23,660
Total Other Financing Sources (Uses):	25,807	0	0	25,807
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(401,860)	78,411	257	(323,192)
Fund Balance Unreserved, Beginning of Year	1,922,256	1,040,266	922,333	3,884,855
Fund Balance Unreserved, End of Year	\$1,520,396	1,118,677	922,590	3,561,663

See Independent Auditors' Report

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
 TRUST AND AGENCY FUNDS
 JUNE 30, 2014**

	<u>INSURANCE FUND</u>	<u>ACTIVITY FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$900,000</u>	<u>123,765</u>	<u>1,023,765</u>
 Total Assets	 <u><u>\$900,000</u></u>	 <u><u>123,765</u></u>	 <u><u>1,023,765</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	<u>\$0</u>	<u>101,175</u>	<u>101,175</u>
 Total Liabilities	 <u>0</u>	 <u>101,175</u>	 <u>101,175</u>
 Fund Equity:			
Reserved for Encumbrances			0
Fund Balance	<u>900,000</u>	<u>22,590</u>	<u>922,590</u>
 Total Fund Equity	 <u>900,000</u>	 <u>22,590</u>	 <u>922,590</u>
 Total Liabilities and Fund Equity	 <u><u>\$900,000</u></u>	 <u><u>123,765</u></u>	 <u><u>1,023,765</u></u>

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

**CADDO KIOWA TECHNOLOGY CENTER NO. 2
 CADDO COUNTY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - REGULATORY BASIS
 TRUST AND AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>INSURANCE FUND</u>	<u>ACTIVITY FUND</u>	<u>TOTALS (Memorandum Only)</u>
Revenues:			
Local Sources	\$0	1,436,435	1,436,435
Federal Sources		590,896	590,896
	<u>0</u>	<u>2,027,331</u>	<u>2,027,331</u>
Total Revenues Collected			
Expenditures:			
Instruction		590,896	590,896
Non-Instructional Services		1,436,178	1,436,178
	<u>0</u>	<u>2,027,074</u>	<u>2,027,074</u>
Total Expenditures			
Excess of Revenues Over Expenditures	0	257	257
Other Financing Sources (Uses):			
Return of Assets			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses):			
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	0	257	257
Fund Balance, Beginning of Year	<u>900,000</u>	<u>22,333</u>	<u>922,333</u>
Fund Balance, End of Year	<u><u>\$900,000</u></u>	<u><u>22,590</u></u>	<u><u>922,590</u></u>

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

**CADDO KIOWA TECH CENTER
 CADDO COUNTY, OKLAHOMA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 REGULATORY BASIS - ACTIVITY FUND - CADDO KIOWA TECH CENTER
 JULY 1, 2013 TO JUNE 30, 2014**

	<u>Balance</u> 7/01/13	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> 6/30/14
Vending	\$12,738.97	31,422.29	0.00	29,542.40	14,618.86
Interest Account	0.00	470.84	0.00	445.47	25.37
Tuitions/Refund Acct	0.00	826,065.83	1,060.00	824,125.83	3,000.00
Accts Collection Specialists	0.00	1,485.85	0.00	1,366.82	119.03
WVLP	0.00	150.00	(150.00)	0.00	0.00
Bookstore Resale/Live Work	0.00	250,748.90	0.00	250,748.90	0.00
Misc Tuition	0.00	110.00	(110.00)	0.00	0.00
Student Fees	5,000.00	83,987.47	0.00	88,297.60	689.87
Ckall Service Project	0.00	5,397.85	0.00	5,397.85	0.00
Robotics/Pre-Engineer	3,136.96	758.00	0.00	758.00	3,136.96
Otha Grimes	0.00	3,900.00	(800.00)	3,100.00	0.00
Public Surplus.Com	0.00	25,248.65	0.00	25,248.65	0.00
Petty Cash	0.00	1,553.25	0.00	1,553.25	0.00
Practical Nursing Serv. Proj	0.00	2,874.00	0.00	2,874.00	0.00
TOTAL	<u>\$20,875.93</u>	<u>1,234,172.93</u>	<u>0.00</u>	<u>1,233,458.77</u>	<u>21,590.09</u>

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

CADDO KIOWA TECH CENTER
CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND - CADDO KIOWA TECH CENTER
JULY 1, 2013 TO JUNE 30, 2014

	<u>Balance</u> <u>7/01/13</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>6/30/14</u>
Pell Grants	\$0.00	590,896.09	0.00	590,896.09	0.00
Federal Work Study	0.00	3,448.21	0.00	3,448.21	0.00
Otha Grimes Scholarship	0.00	3,100.00	0.00	3,100.00	0.00
OTAG Scholarship	<u>0.00</u>	<u>28,500.00</u>	<u>0.00</u>	<u>28,500.00</u>	<u>0.00</u>
 TOTAL	 <u>\$0.00</u>	 <u>625,944.30</u>	 <u>0.00</u>	 <u>625,944.30</u>	 <u>0.00</u>

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

CADDO KIOWA TECH CENTER
CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND - CADDO KIOWA TECH CENTER
JULY 1, 2013 TO JUNE 30, 2014

	<u>Balance</u> <u>7/01/13</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>6/30/14</u>
CR CD All Tuitions/Refund Acct	\$1,407.50	116,320.84	0.00	116,728.34	1,000.00
ACCTS Collections Specialist	0.00	1,670.00	0.00	1,670.00	0.00
CR CD Bks, Kits, Fees, Live Wk	25.00	21,570.19	0.00	21,595.19	0.00
CR CD Drivers Ed	0.00	30.00	0.00	30.00	0.00
CR CD Student Fees	25.00	9,927.31	0.00	9,952.31	0.00
CR CD Public Surplus	0.00	13,385.09	0.00	13,385.09	0.00
TOTAL	<u>\$1,457.50</u>	<u>162,903.43</u>	<u>0.00</u>	<u>163,360.93</u>	<u>1,000.00</u>

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
 CADDO COUNTY, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2014**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified? _____ Yes X No

* Significant Deficiency(ies) identified
 not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statement noted? _____ Yes X No

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ Yes X No

* Significant Deficiency(ies) identified
 not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditors’ report issued on compliance for
 Major programs: Unqualified

Any audit findings disclosed that are required to
 be reported in accordance with section 510 (a)
 of OMB Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.063	Pell Grants
84.048	Carl Perkins

Dollar threshold used to distinguish between type
 A and type B programs \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section II – Findings Relating to the Financial Statements

None

Section III – Findings and Questioned Costs for Federal Awards

N/A

Section IV – Status of Prior Year Audit Findings

None related to the financial statements or questioned costs for federal awards.

Section V – Management’s Corrective Action Plan

N/A

**ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT**

CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
FOR THE YEAR ENDED JUNE 30, 2014

State of Oklahoma)

County of Oklahoma)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Caddo Kiowa Technology Center School District No. 2 for the audit year 2013-2014.

PUTNAM & COMPANY, PLLC



Jerry W. Putnam

Subscribed and sworn to before me this
18th day of December, 2014.



Amy Ziemba, Notary Public
Commission # 03003504
My commission expires
June 4, 2015.

MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
169 S.E. 32ND
EDMOND, OKLAHOMA 73103
(405) 348-3800
Fax (405) 348-3846

December 18, 2014

The Honorable Board of Education
Caddo Kiowa Technology Center School District No. 2
Caddo County, Oklahoma

We have audited the financial statements of Caddo/Kiowa Technology Center School District No. 2, Caddo County, Oklahoma, as of and for the year ended June 30, 2014, as listed in the table of contents, and have issued our report thereon dated December 18, 2014. As a part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 18, 2014 on the financial statements of Caddo Kiowa Technology Center School District No. 2.

We will review the status of these comments during our next audit engagement. We would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We also wish to express our appreciation of the courteous attention and cooperation which we received from staff members during our engagement.

Sincerely,



Jerry W. Putnam

PUTNAM & COMPANY, PLLC

**CADDO KIOWA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 2
CADDO COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS

The prior year's comments were addressed and resolved. (Those not resolved are repeated below, if applicable.)

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS:

REVIEW OF APPROPRIATED FUND TRANSACTIONS

We reviewed a significant sample of purchase orders and payment documentation. Our review indicated that the District was doing an excellent job of establishing, obtaining, and maintaining supporting documentation for its payments. We were satisfied with the results of our sampling and felt that our test sample was representative of all appropriated fund payment transactions which occurred during the year.

REVIEW OF ACTIVITY FUND TRANSACTIONS

We reviewed a significant sample of purchase orders and payment documentation. Our review indicated that the District was doing an excellent job of establishing, obtaining, and maintaining supporting documentation for its payments. We were satisfied with the results of our sampling and felt that our test sample was representative of all activity fund payment transactions which occurred during the year.

DISTRICT'S RESPONSE TO AUDIT COMMENTS AND RECOMMENDATIONS

The District has received the findings and recommendations and will review current procedures in order to implement any necessary changes.