

**ANNUAL FINANCIAL REPORT  
PONTOTOC TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA  
FOR THE YEAR ENDED JUNE 30, 2011**

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA  
FOR THE YEAR ENDED JUNE 30, 2011**

**TABLE OF CONTENTS**

**Report of Independent Public Accountants:**

Independent Auditor's Report

Management's Discussion and Analysis

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

Report on Compliance with Requirements Applicable to Each Major  
Program And Internal Control Over Compliance in Accordance with  
OMB Circular A-133

**Government-Wide Financial Statements:**

Statement of Net Assets

Statement of Activities

**Fund Financial Statements:**

Balance Sheet - Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Government Funds

Statement of Net Assets – Trust & Agency Funds

**Notes to Financial Statements**

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA  
FOR THE YEAR ENDED JUNE 30, 2011**

**Supporting Schedules and Reports Required by Government Auditing Standards:**

Budgetary Comparison Schedule - Statutory Basis

Schedule of Federal Financial Assistance

**Other Supplementary Information - Statutory Basis:**

Combining Statement of Assets and Liabilities - All Governmental Fund Types  
and Similar Trust Funds - Statutory Basis

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balance - All Governmental Fund Types and  
Similar Trust Funds - Statutory Basis

School Activity Funds-Receipts, Transfers, Disbursements and  
Subaccount Balances - Statutory Basis

**Schedule of Findings and Questioned Costs**

**Accountant's Professional Liability Insurance Affidavit**

**Management Letter and Comments**

# PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS  
169 S.E. 32ND  
EDMOND, OKLAHOMA 73103  
(405) 348-3800  
Fax (405) 348-7965

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Pontotoc Technology Center School District No. 14  
Pontotoc County, Oklahoma

We have audited the accompanying government-wide financial statements of Pontotoc Technology Center School District No. 14, Pontotoc County, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the government-wide financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of Pontotoc Technology Center School District No. 14, at June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

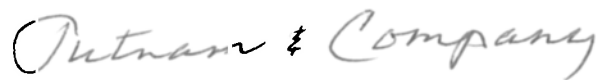
In accordance with *Government Auditing Standards*, we have also issued reports dated December 14, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Pontotoc Technology Center School District No. 14, taken as a whole. The combining financial statements and schedules and the other supplemental information listed in the table of contents are 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 are not a required part of the basic financial statements. As described in Note 1, this supplementary

information is presented in accordance with a prescribed statutory basis of accounting which is a comprehensive basis other than generally accepted accounting principles.

However, in our opinion, this other supplemental information referred to above presents fairly, in all material respects, the assets, liabilities, and fund balances of Pontotoc Technology Center School District No. 14, as of June 30, 2011, and the revenues collected and expenditures paid and encumbered for the year then ended, in conformity with the statutory basis of accounting which is described in Note 1.

The Management's Discussion and Analysis information is not a required part of the basic financial statements but is supplementary information which is required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Putnam & Company".

Putnam & Company, PLLC

Edmond, Oklahoma  
December 14, 2011



# **Pontotoc Technology Center**

Superintendent, Greg Pierce

www.pontotoc.com

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**

**PONTOTOC COUNTY**

**ADA, OKLAHOMA**

Management's Discussion and Analysis

Fiscal Year ending June 30, 2011

Pontotoc Technology Center provides this discussion and analysis of the District's financial activities for the fiscal year ending June 30, 2011. 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 Pontotoc 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 2011 the District is able to report positive cash balance in all funds, with the General Fund balance being \$1,153,240. 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 2012 fiscal year.

***"Training to Succeed"***

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY  
ADA, OKLAHOMA**

Management's Discussion and Analysis  
Fiscal Year ending June 30, 2011

**FUND BALANCES**

As of the close of fiscal year 2011, the District funds reported a government-wide ending cash fund balance of \$2,200,044 an increase of \$390,145 in comparison with the prior year.

<u>Fund type</u>	<u>2010 Fund Balance</u>	<u>2011 Fund Balance</u>	<u>Change</u>	<u>Percent</u>
General	\$1,141,875	1,153,240	11,365	0.10%
Building	<u>668,024</u>	<u>1,046,804</u>	<u>378,780</u>	<u>56.70%</u>
Total	<u>\$1,809,899</u>	<u>2,200,044</u>	<u>390,145</u>	<u>21.56%</u>

**FISCAL YEAR 2011**

Revenue collection amounts for the fiscal year ending 2011 exceeded the original (estimated) General Fund budget in the amount of \$565,390.

**CAPITAL AND FIXED ASSETS**

The District is in its eighth 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, 2011, capital assets are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets	\$9,287,317.	278,854		9,566,171.
Accumulated Depreciation	<u>(3,816,808.)</u>	<u>(626,565)</u>		<u>(4,443,373.)</u>
Net Capital Assets	<u>\$ 5,470,509.</u>	<u>( 347,711.)</u>		<u>5,122,798.</u>

During the past year, expenditures of \$278,854 were incurred for the purchase of capital assets.

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY  
ADA, OKLAHOMA**

Management's Discussion and Analysis  
Fiscal Year ending June 30, 2011

**FUTURE ECONOMIC FACTORS**

Pontotoc Vocational-Technical School District 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 Pontotoc Vocational-Technical School District'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 Pontotoc Technology Center School District No 14, located at 601 W. 33rd Street, Ada, Oklahoma, 74820.



Greg Pierce  
Superintendent



# **PUTNAM & COMPANY, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS  
169 S.E. 32ND  
EDMOND, OKLAHOMA 73103  
(405) 348-3800  
Fax (405) 348-7965

## **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  
Pontotoc Technology Center School District No. 14  
Pontotoc County, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pontotoc Technology Center School District No. 14, as of and for the year ended June 30, 2011, which collectively comprise the District's financial statements and have issued our report thereon dated December 14, 2011. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. 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.

Our consideration of internal control over financial reporting was for the limited purpose prescribed in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## 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.

We noted certain matters that we reported to management of Pontotoc Technology Center School District No. 14 in a separate letter dated December 14, 2011.

This report is intended solely for the information and use of management, the audit committee and others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, though restricted in use, this report is a matter of public record, and its distribution is not limited.



Putnam & Company, PLLC

Edmond, Oklahoma  
December 14, 2011

# **PUTNAM & COMPANY, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS  
169 S.E. 32ND  
EDMOND, OKLAHOMA 73013  
(405) 348-3800  
fax (405) 348-7965

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Board of Education  
Pontotoc Technology Center School District No. 14  
Pontotoc County, Oklahoma

### Compliance

We have audited the compliance of Pontotoc Technology Center School District No. 14, Pontotoc County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questions costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 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 the District'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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Pontotoc Technology Center School District No. 14 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The management of Pontotoc Technology Center School District No. 14 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the use of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

  
Putnam & Company, PLLC

Edmond, Oklahoma  
December 14, 2011

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**Pontotoc County, Oklahoma**  
**Statement of Net Assets**  
**June 30, 2011**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets -			
Cash and Cash Equivalents	\$2,766,691		2,766,691
Property Taxes Receivable	62,212		62,212
Receivables from Other Governments	114,521		114,521
Consumable Inventories	<u>37,340</u>		<u>37,340</u>
Total Current Assets	<u>2,980,764</u>	<u>0</u>	<u>2,980,764</u>
Non-Current Assets -			
Capital Assets			
Land	504,400		504,400
Equipment	1,316,074		1,316,074
Vehicle	724,057		724,057
Building	7,021,641		7,021,641
Less Accumulated Depreciation	<u>(4,443,374)</u>		<u>(4,443,374)</u>
Total Non-Current Assets	<u>5,122,798</u>	<u>0</u>	<u>5,122,798</u>
Total Assets	<u>\$8,103,562</u>	<u>0</u>	<u>8,103,562</u>
<b>LIABILITIES</b>			
Current Liabilities -			
Accounts Payable	\$181,207		181,207
Other Payables	385,440		385,440
Compensated Leave	<u>0</u>		<u>0</u>
Total Current Liabilities	<u>566,647</u>	<u>0</u>	<u>566,647</u>
Total Liabilities	<u>\$566,647</u>	<u>0</u>	<u>566,647</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$5,122,798		5,122,798
Unrestricted	<u>2,414,117</u>		<u>2,414,117</u>
Total Net Assets	<u>\$7,536,915</u>	<u>0</u>	<u>7,536,915</u>

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**Pontotoc County, Oklahoma**  
**Statement of Activities**  
**July 1, 2010 to June 30, 2011**

Function/Programs	Governmental Activities	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Governmental Activities:</b>			
Instruction	\$1,876,183	480,579	83,493
Support Services - Instructional	210,438		
Support Services - Operational	2,276,566		
Operation of Non-Instruction Services	50,829	2,096	
Facilities Acquisition and Construction Services			
Other Outlays	7,200		
Repayments and Financial Aid			415
Compensated Absences	0		
Compensated Absences - Prior Year	(14,136)		
Depreciation	626,566		
	5,033,646	482,675	83,908
<b>Total Governmental Activities</b>	<b>5,033,646</b>	<b>482,675</b>	<b>83,908</b>
 <b>General Revenues:</b>			
<b>Taxes -</b>			
Property Taxes, Levied for Building Purposes			418,362
Property Taxes, Levied for General Purposes			2,129,771
Federal Aid			56,721
State Aid - Formula			1,436,363
Other Local Sources			90,786
Other State Sources			125,018
Interest			10,244
Other Receivables			
<b>Special Items -</b>			
Increase in Capital Assets			278,854
Consumable Inventories			37,340
Consumable Inventories - Prior Year			(41,629)
Return of Assets			460
Adjustments to Prior Year's Encumbrances			16,966
			4,559,256
<b>Total General Revenues and Special Items</b>			<b>4,559,256</b>
<b>Change in Net Assets</b>			<b>92,193</b>
<b>Net Assets, beginning</b>			<b>7,444,722</b>
<b>Net Assets, ending</b>			<b>7,536,915</b>

See Independent Auditor's Report

See Accompanying Notes to Financial Statements

## **FUND FINANCIAL STATEMENTS**



**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General	Special Revenue Fund Building	Totals (Memorandum Only)
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$1,719,796	1,046,895	2,766,691
Property Tax Receivable	52,065	10,147	62,212
Receivable From Other Governments	114,521		114,521
Consumable Inventories	37,340		37,340
Total Assets	\$1,923,722	1,057,042	2,980,764
<b><u>LIABILITIES</u></b>			
Warrants Payable	\$385,349	91	385,440
Reserved for encumbrances	181,207		181,207
Compensated Abscences	0		0
Total Liabilities	566,556	91	566,647
<b><u>NET ASSETS</u></b>			
Fund Balances:			
Unreserved			
Undesignated	1,357,166	1,056,951	2,414,117
Designated for Student Activities			0
Total Fund Balance	1,357,166	1,056,951	2,414,117
Total Liabilities and Fund Balance	\$1,923,722	1,057,042	2,980,764

Amounts reported for governmental activities in the statement of assets, liabilities, and net assets 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 \$9,566,172, and the accumulated depreciation is \$(4,443,374). 5,122,798

Net Assets of Governmental Activities 7,536,915

See Independent Auditors' Report

See Accompanying Notes to Financial Statements

PONTOTOC TECHNOLOGY CENTER NO. 14  
PONTOTOC COUNTY, OKLAHOMA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<b>REVENUES:</b>			
Property Taxes	\$2,129,772	418,363	2,548,135
Tuition & Fees	480,579		480,579
Miscellaneous	92,882		92,882
Investment Income	6,445	3,799	10,244
State Sources	1,644,873		1,644,873
Federal Sources	57,135		57,135
<b>Total Revenues Collected</b>	<b>4,411,686</b>	<b>422,162</b>	<b>4,833,848</b>
<b>EXPENDITURES</b>			
Instruction	1,876,183		1,876,183
Support Services	2,445,784	41,220	2,487,004
Non-Instructional Services	50,829		50,829
Facilities Aquisition & Construction Services	0		0
Other Outlays	7,200		7,200
Other Uses			0
Repayments			0
<b>Total Expenditures</b>	<b>4,379,996</b>	<b>41,220</b>	<b>4,421,216</b>
<b>Revenues Over (Under) Expenditures</b>	<b>31,690</b>	<b>380,942</b>	<b>412,632</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Return of Assets	460		460
Estopped Warrants			0
Deobligation of Prior Year Funds	16,966		16,966
<b>Total Other Financing Sources (Uses):</b>	<b>17,426</b>	<b>0</b>	<b>17,426</b>
<b>Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>49,116</b>	<b>380,942</b>	<b>430,058</b>
<b>Fund Balance Unreserved, Beginning of Year</b>	<b>1,141,875</b>	<b>668,024</b>	<b>1,809,899</b>
<b>Fund Balance Unreserved, End of Year</b>	<b>\$1,190,991</b>	<b>1,048,966</b>	<b>2,239,957</b>
 <b>Net change in fund balances-governmental funds</b>			<b>\$430,058</b>
 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			14,136
Change in Consumable inventories			(4,289)
 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 assets. This is the amount by which depreciation exceeds capital outlays in the period			
Capital asset purchases capitalized			278,854
Depreciation			(626,566)
<b>Changes in net assets of governmental activities</b>			<b>\$92,193</b>

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

**PONTOTOC TECHNOLOGY CENTER NO. 14  
PONTOTOC COUNTY, OKLAHOMA  
STATEMENT OF NET ASSETS  
TRUST AND AGENCY FUNDS  
JUNE 30, 2011**

	<u>ACTIVITY FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	<u>189,494</u>	<u>189,494</u>
 Total Assets	 <u><u>189,494</u></u>	 <u><u>189,494</u></u>
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Reserves	<u>                    </u>	<u>                    0</u>
 Total Liabilities	 <u>                    0</u>	 <u>                    0</u>
 Fund Equity:		
Reserved for Student Activities	184,527	184,527
Reserved for Administrative Activities	<u>4,967</u>	<u>4,967</u>
 Total Fund Equity	 <u>189,494</u>	 <u>189,494</u>
 Total Liabilities and Fund Equity	 <u><u>189,494</u></u>	 <u><u>189,494</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies**

The government-wide financial statements of the Pontotoc Technology Center School District No. 14 (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.

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting policies - continued**

**B. Basic Financial Statements**

New Reporting Standard

In June 1999, the GASB issued Statement No.34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Government." This statement establishes new financial reporting requirements for state and local governments throughout the United States. It creates new information and restructures much of the information that governments have presented in the past. Comparability with reports issued in all prior years is affected. The District is required to implement this standard for the fiscal year ending June 30, 2011.

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.

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies - continued**

B. Basic Financial Statements - continued

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.

Debt Service Fund - The debt service fund is normally the District's Sinking Fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Funds - The capital projects funds are normally the District's Bond Funds and are used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment.

**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.

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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

B. **Basic Financial Statements (continued)**

**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.

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.



**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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

D. **Budgets and Budgetary Accounting (continued)**

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.

**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.

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

E. **Assets, Liabilities and Fund Balance (continued)**

Inventories - Supply inventories are not presented in the financial statements and are not included in determining the District's fund balances in accordance with the Statutory basis of accounting.

Fixed Assets and Property, Plant and Equipment The capital assets for the year ended June 30, 2011 are as follows:

	Beginning <b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	Ending <b>Balance</b>
Capital Assets	\$ 9,287,317.	278,854.		9,566,171.
Less accumulated Depreciation	<u>( 3,816,808.)</u>	<u>( 626,565)</u>	<u>                    </u>	<u>( 4,443,373.)</u>
	<u>\$ 5,470,509.</u>	<u>( 347,711)</u>	<u>                    </u>	<u>5,122,798</u>

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.

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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

F. **Revenue, Expenses and Expenditures (continued)**

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 2011.

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, 2011, 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.

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

2. **Deposits and Investment Risks (continued)**

***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, 2011, the District had no concentration of credit risk as defined above.

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, 2011 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.

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**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.

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.

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

4. **Employee Retirement System (continued)**

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, 2011.

Annual Pension Cost

The District's contribution to the System for the year ending June 30, 2011, was \$233,902. The District's total payroll for fiscal year 2010-11 was \$2,445,549.

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, 2011, 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.

PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

7. **Subsequent Events**

Subsequent events have been evaluated through December 14, 2011, which is the date the financial statements were issued.

**REQUIRED SUPPLEMENTARY INFORMATION**



**PONTOTOC TECHNOLOGY CENTER NO. 14  
PONTOTOC 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, 2011**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Local Sources	\$2,144,204	2,712,183	567,979	376,545	420,000	43,455
State Sources	1,587,261	1,644,873	57,612			0
Federal Sources	77,080	16,879	(60,201)			0
<b>Total Revenues</b>	<u>3,808,545</u>	<u>4,373,935</u>	<u>565,390</u>	<u>376,545</u>	<u>420,000</u>	<u>43,455</u>
<b>EXPENDITURES :</b>						
Instruction	2,450,530	1,876,183	574,347			0
Support Services	2,441,861	2,445,784	(3,923)	1,046,700	41,220	1,005,480
Non-Instructional Services	50,829	50,829	0			0
Facilities Acquisition & Constr. Services			0			0
Other Outlays	7,200	7,200	0			0
<b>Total Expenditures</b>	<u>4,950,420</u>	<u>4,379,996</u>	<u>570,424</u>	<u>1,046,700</u>	<u>41,220</u>	<u>1,005,480</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(1,141,875)</u>	<u>(6,061)</u>	<u>1,135,814</u>	<u>(670,155)</u>	<u>378,780</u>	<u>1,048,935</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Return of Assets		460	460	2,131		(2,131)
Deobligation of Prior Year Funds		16,966	16,966			0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>17,426</u>	<u>17,426</u>	<u>2,131</u>	<u>0</u>	<u>(2,131)</u>
<b>Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>(1,141,875)</u>	<u>11,365</u>	<u>1,153,240</u>	<u>(668,024)</u>	<u>378,780</u>	<u>1,046,804</u>
<b>Fund Balance, Beginning of Year</b>	<u>1,141,875</u>	<u>1,141,875</u>	<u>0</u>	<u>668,024</u>	<u>668,024</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$0</u>	<u>1,153,240</u>	<u>1,153,240</u>	<u>\$0</u>	<u>1,046,804</u>	<u>1,046,804</u>

See Independent Auditors' Report

**PONTOTOC AREA VOCATIONAL-TECHNICAL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Project Number</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Cash/ Beginning Balance at July 1, 2010</u>	<u>Federal Receipts</u>	<u>Federal Expenditures</u>	<u>Cash/ Ending Balance at June 30, 2011</u>
<u>Passed Through Department of Vocational and Technical Education:</u>						
Tech Prep	428	84.243	\$45,000.00		38,099.77	(38,099.77)
Tech Prep - Prior Year	799	84.243		(15,939.45)	15,939.45	0.00
Coop Alliance Tuition Waivers	693	84.243	504.00	504.00	504.00	0.00
Carl D. Perkins	421	84.048	15,069.00		15,069.00	(15,069.00)
Carl D. Perkins Post Secondary	422	84.048	17,011.00		3,027.00	(3,027.00)
Total			<u>77,584.00</u>	<u>(15,939.45)</u>	<u>16,443.45</u>	<u>56,699.77</u>
<u>U.S. Department of Education:</u>						
<u>Direct Programs:</u>						
Pell Grants - Administrative Fee	474	84.063	415.00	415.00	415.00	0.00
Pell Grants	474	84.063	517,518.00	459,193.00	517,518.00	(58,325.00)
Pell Grants - Prior Year	799	84.063		(15,444.00)	15,444.00	0.00
FSEOG	477	84.007	11,268.00	11,268.00	11,268.00	0.00
Total			<u>529,201.00</u>	<u>(15,444.00)</u>	<u>486,320.00</u>	<u>529,201.00</u>
Other Federal Assistance VA Fees		15.000	21.00	21.00	21.00	0.00
Total Federal Assistance			<u>\$606,806.00</u>	<u>(31,383.45)</u>	<u>502,784.45</u>	<u>585,921.77</u>

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

**OTHER SUPPLEMENTARY INFORMATION**

**PONTOTOC TECHNOLOGY CENTER NO. 14  
PONTOTOC COUNTY, OKLAHOMA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES - STATUTORY BASIS  
(ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS)  
JUNE 30, 2011**

	<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	\$1,719,796	1,046,895	214,327	2,981,018
Total Assets	<u>\$1,719,796</u>	<u>1,046,895</u>	<u>214,327</u>	<u>2,981,018</u>
<u>LIABILITIES</u>				
Warrants Payable	\$385,349	91	24,833	410,273
Reserved for Encumbrances	181,207			181,207
Total Liabilities	<u>566,556</u>	<u>91</u>	<u>24,833</u>	<u>591,480</u>
<u>FUND EQUITY</u>				
Fund Balances:				
Unreserved				
Undesignated	1,153,240	1,046,804	189,494	2,389,538
Total Fund Balance	<u>1,153,240</u>	<u>1,046,804</u>	<u>189,494</u>	<u>2,389,538</u>
Total Liabilities and Fund Equity	<u>\$1,719,796</u>	<u>1,046,895</u>	<u>214,327</u>	<u>2,981,018</u>

See Independent Auditors' Report

**PONTOTOC TECHNOLOGY CENTER NO. 14  
PONTOTOC 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, 2011**

	Governmental Fund Types		Fiduciary Fund Types	Totals
	General	Special Revenue	Trust and Agency	(Memorandum Only)
<b>REVENUES:</b>				
Local Sources	\$2,712,183	420,000	821,309	3,953,492
State Sources	1,644,873			1,644,873
Federal Sources	16,879		485,905	502,784
<b>Total Revenues Collected</b>	<u>4,373,935</u>	<u>420,000</u>	<u>1,307,214</u>	<u>6,101,149</u>
<b>EXPENDITURES:</b>				
Instruction	1,876,183		485,905	2,362,088
Support Services	2,445,784	41,220		2,487,004
Non-Instructional Services	50,829		827,781	878,610
Facilities Aquisition & Construction Services	0			0
Other Outlays	7,200			7,200
<b>Total Expenditures</b>	<u>4,379,996</u>	<u>41,220</u>	<u>1,313,686</u>	<u>5,734,902</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(6,061)</u>	<u>378,780</u>	<u>(6,472)</u>	<u>366,247</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Return of Assets	460			460
Deobligation of Prior Year Funds	16,966			16,966
<b>Total Other Financing Sources (Uses):</b>	<u>17,426</u>	<u>0</u>	<u>0</u>	<u>17,426</u>
<b>Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	11,365	378,780	(6,472)	383,673
<b>Fund Balance Unreserved, Beginning of Year</b>	<u>1,141,875</u>	<u>668,024</u>	<u>195,966</u>	<u>2,005,865</u>
<b>Fund Balance Unreserved, End of Year</b>	<u>\$1,153,240</u>	<u>1,046,804</u>	<u>189,494</u>	<u>2,389,538</u>

See Independent Auditors' Report

**PONTOTOC AREA VOCATIONAL-TECHNICAL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA**

**SCHOOL ACTIVITY FUNDS--RECEIPTS, TRANSFERS,  
DISBURSEMENTS AND SUBACCOUNT BALANCES - STATUTORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance 07/01/10	Deposits	Transfers	Disbursements	Balance 06/30/11
Federal Financial Aid	\$0.50	474,637.00	0.00	474,637.00	0.50
FSEOG	0.00	11,268.00	0.00	11,268.00	0.00
OTAG	0.00	23,476.00	0.00	23,476.00	0.00
Otha Grimes Scholarship	2,269.00	5,750.00	(700.00)	4,518.96	2,800.04
Health Career Certification Tuition	0.00	12,650.00	0.00	12,650.00	0.00
Automotive Technology Tuition	0.00	10,187.00	0.00	10,187.00	0.00
Business/Industry Tuition	0.00	107,137.50	0.00	107,137.50	0.00
Business/Information Technology Tuitic	0.00	38,005.00	0.00	38,005.00	0.00
Business Development Center	0.00	25,613.27	0.00	25,613.27	0.00
Heavy Equipment Operation Tuition	0.00	31,708.39	0.00	31,708.39	0.00
SO Leadership	9,941.10	6,345.88	0.00	6,267.13	10,019.85
Computer Information Systems Tuition	0.00	16,000.00	0.00	16,000.00	0.00
Facility Use	0.00	7,400.00	0.00	7,400.00	0.00
Cosmetology Tuitioin	0.00	4,523.00	0.00	4,523.00	0.00
Practical Nursing Tuition	0.00	113,709.72	500.00	114,209.72	0.00
Short Term Tuititon	0.00	167,742.50	200.00	167,942.50	0.00
Interest	0.00	2,103.23	0.00	0.00	2,103.23
Miscellaneous	0.00	211.31	0.00	211.31	0.00
Surplus Property	0.00	3,759.63	0.00	3,759.63	0.00
Petty Cash	0.00	200.00	0.00	200.00	0.00
Resale	141,845.62	174,872.67	0.00	170,011.29	146,707.00
Test Fees Clearing	0.00	15,097.00	0.00	15,097.00	0.00
Conference Account	11,909.47	1,538.00	0.00	10,583.94	2,863.53
Concessions	30,000.00	49,957.93	0.00	54,957.93	25,000.00
Livework	0.00	3,321.50	0.00	3,321.50	0.00
	<u>\$195,965.69</u>	<u>1,307,214.53</u>	<u>(0.00)</u>	<u>1,313,686.07</u>	<u>189,494.15</u>

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

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**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

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No



**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**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**

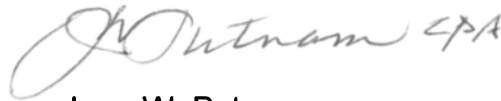
PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA  
ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
FOR THE YEAR ENDED JUNE 30, 2011

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 Pontotoc Technology Center School District No. 14 for the audit year 2010-2011.

PUTNAM & COMPANY, PLLC



Jerry W. Putnam

Subscribed and sworn to before me this  
14th day of December, 2011.



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) 348-7965

December 14, 2011

The Honorable Board of Education  
Pontotoc Technology Center School District No. 14  
Pontotoc County, Oklahoma

We have audited the financial statements of Pontotoc Technology Center School District No. 14, Pontotoc County, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents, and have issued our report thereon dated December 14, 2011. 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 14, 2011 on the financial statements of Pontotoc Technology Center School District No. 14.

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

**PONTOTOC TECHNOLOGY CENTER SCHOOL DISTRICT NO. 14  
PONTOTOC COUNTY, OKLAHOMA  
MANAGEMENT LETTER COMMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS:**

**REVIEW OF APPROPRIATED FUND TRANSACTIONS**

Our review of purchase orders and payment documentation indicated that the District was doing an excellent job of obtaining and maintaining supporting documentation for its payments.

**REVIEW OF ACTIVITY FUND TRANSACTIONS**

Our review of purchase orders and payment documentation indicated that the District was doing an excellent job of obtaining and maintaining supporting documentation for its payments. However, we did note the following items during our review:

<b><u>Findings</u></b>	<b><u>No. of Instances</u></b>
Incomplete Documentation	1

**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 necessary changes.