

**ANNUAL FINANCIAL REPORT  
CENTRAL TECHNOLOGY CENTER NO. 3  
CREEK COUNTY, OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014**

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

**CENTRAL TECHNOLOGY CENTER NO. 3  
CREEK COUNTY, OKLAHOMA  
SCHOOL CENTER OFFICIALS  
JUNE 30, 2014**

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**CENTRAL TECHNOLOGY CENTER NO. 3  
CREEK COUNTY, OKLAHOMA  
JUNE 30, 2014**

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CREEK COUNTY, OKLAHOMA  
JUNE 30, 2014**

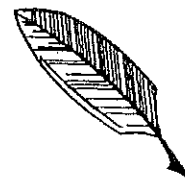
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# KERRY JOHN PATTEN, C.P.A.

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

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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Central Technology Center No. 3  
Drumright, Oklahoma

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Technology Center No. 3, Creek County, Oklahoma, as of and for the year ended June 30, 2014, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Technology Center as of June 30, 2014, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

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

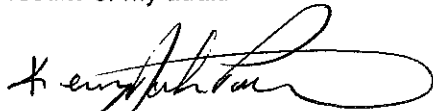
### Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basis financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information including the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 23, 2015, on my consideration of Central Technology Center No. 3, Creek County, Oklahoma's, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.  
Broken Arrow, OK  
February 23, 2015

## **MANAGEMENT DISCUSSION AND ANALYSIS**

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, Basic Financial Statements for State and Local Governments, issued June 1999. Our discussion and analysis of Central Tech's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which begin on page 10.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which Central Tech acts solely as a trustee or agent for the benefit of those outside the government.

#### REPORTING THE DISTRICT AS A WHOLE

Our analysis of the District as a whole begins on page 7. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about Central Tech as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net assets and changes in them. You can think of the District's net assets-the difference between assets and liabilities-as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base and the condition of the District's facilities, to assess the overall health of the District.



CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Analysis of the District's major funds begins on page 12. The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain money (like VSO monies). The District's two kinds of funds, governmental and fiduciary, use different accounting approaches.

\*Governmental funds-Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements on page 12 of this document.

THE DISTRICT AS TRUSTEE

The district is the trustee, or fiduciary, for certain assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Balance Sheet Fiduciary Fund on page 26. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

These assets include Vocational Student Organization Accounts, (Skills USA, Business Professionals of America and Health Occupations Students of America), these funds are raised by these student organizations and used for purposes designated by those organizations and approved by the district's Board of Education.

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

THE DISTRICT AS A WHOLE

During the 2014 fiscal year the District's net assets increased from \$21,400,390 to \$25,048,735 an increase of \$3,648,345 or 18% over FY 13. A more detailed breakdown of net assets is available on page 12.

Comparison of Net Assets by Fiscal Year

	Governmental Activities	
	FY 13	FY 14
<u>ASSETS</u>		
Current Assets		
Cash and equivalents	6,490,422	5,771,242
Investments	5,744,000	5,994,033
Property tax receivable	434,689	498,976
Due from other governments	490,933	466,091
Miscellaneous receivable	233,228	252,210
Prepaid expenses	14,681	14,653
Non-Current Assets		
Land	331,980	874,276
Construction in progress	629,018	
Capital assets, net of accumulated depreciation	7,795,023	11,669,522
Total Assets	22,163,974	25,541,003
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	506,719	210,411
Compensated Absences	149,735	163,430
Total Current Liabilities	656,454	373,841
Non-Current Liabilities		
Compensated absences	107,130	118,427
Total Liabilities	763,584	492,268
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	8,756,021	12,543,797
Unrestricted	12,644,369	12,504,938
Total Net Assets	21,400,390	25,048,735
Change in Net Assets		3,648,345

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

Further comparison of the changes in net assets reveals a \$719,180 decrease in cash and equivalents. "Capital assets, net of accumulated depreciation" in 2014 represents the completion and final change orders for the BIS Training Center/HVAC at the Sapulpa campus and purchase of surrounding property at the Sapulpa campus. Investments increased by \$250,033 over the period.

Total liabilities were decreased slightly by \$271,316. This represents a decrease in accounts payable from last year and a minor increase in both short and long term compensated absence liability.

The district will continue to build reserves in cash and investments in anticipation of the next major items on the capital improvement plan. The district will continue to target a carryover amount close to the limit to ensure that there are funds to fill any gaps in state funding which is still under great pressure due to proposed state income tax and ad valorem tax legislation.

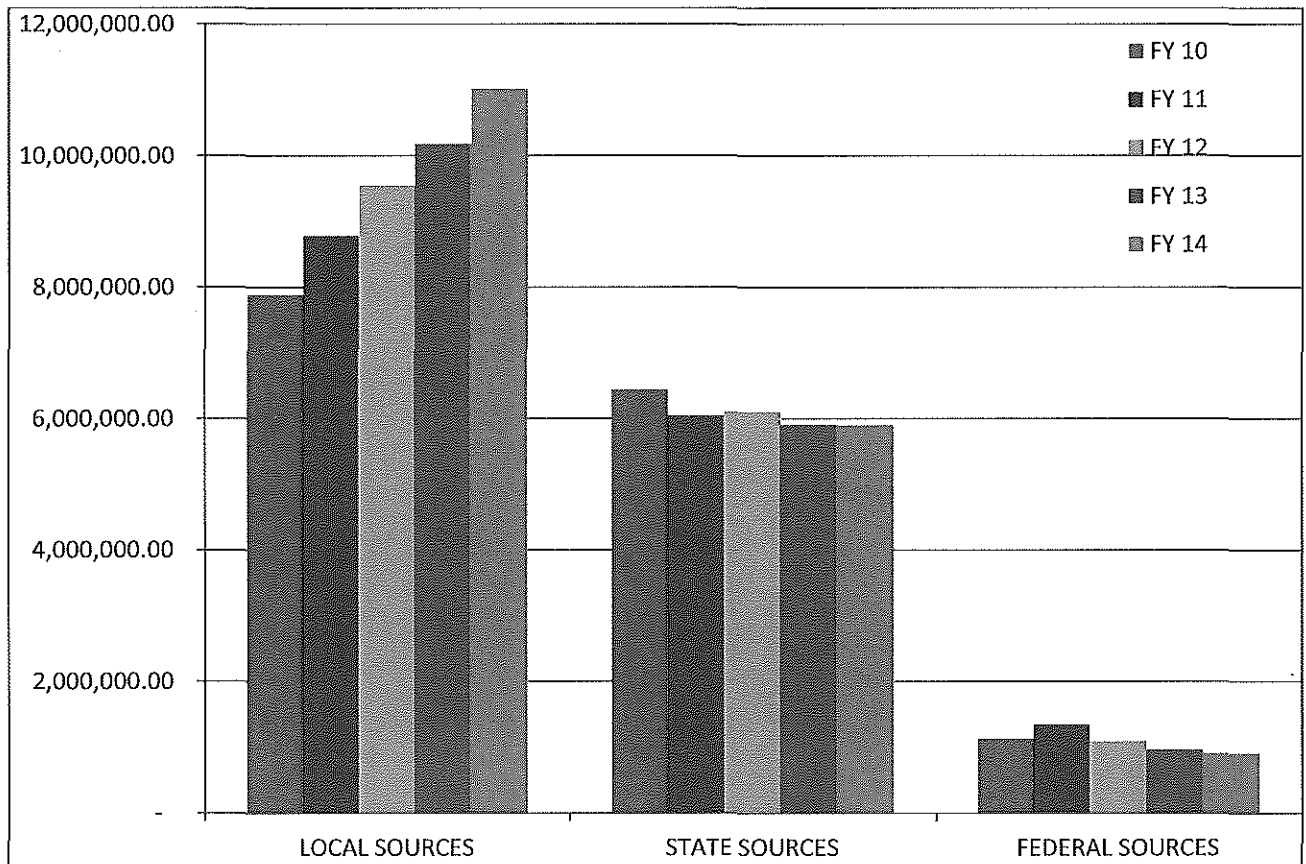
Central Tech  
Changes in Net Assets

	Governmental Activities	
	FY 13	FY 14
<b>Revenues</b>		
Property taxes	10,577,441	11,249,966
State aid	5,860,847	5,827,907
Other General Revenues		
Program Revenues	2,952,546	3,214,191
Investment earnings	33,080	38,220
Special items/Misc	24,760	231,995
Adjustments and estopped warrants		
Total revenue and special items	19,448,674	20,562,279
<b>Expenses</b>		
Instruction	7,532,880	7,090,184
Support services	7,696,596	7,565,033
Non-instruction services	555,507	507,804
Other Outlays(includes depr.,repayments, loss on asset dispositions & bank charges)	1,449,629	1,750,913
Total activities	17,234,612	16,913,934
Increase(decrease) in net assets	2,214,062	3,648,345

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

THE DISTRICTS FUNDS

As the district completed the year, governmental funds reported a combined fund balance of \$12,556,042. This represents a decrease of \$11,498 from last year's figure of \$12,567,540. This figure represents an increase in the General fund and a decrease in the Building fund over FY 13. It should be noted that "fund balance" as it is used in modified accrual basis, and the Governmental Funds Balance sheet is not the same as the term "carryover" used in regulatory basis (school) accounting. A reconciliation from modified accrual basis to accrual basis accounting is available on page 14 of the accompanying document.



GENERAL FUND

General fund revenues increased from FY 13 to FY 14 by \$765,966. Revenue from local sources increased by \$831,337 due to increased Ad valorem and tuition. Revenue from federal sources decreased \$59,972 from prior year. Revenue from state sources decreased by \$5,477.

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

**BUILDING FUND**

Revenue in the building fund is the result of the recurring 3 mil building fund levy and a very small amount of interest revenue. Revenue increased by \$377,827 over the prior year due entirely to increased valuation in the District. Expenditures exceeded revenues by \$1,289,003, decreasing the fund balance by this amount. With the completion of the new BIS Training/HVAC Center at Sapulpa and purchase of property surrounding the Sapulpa campus in FY 14, other projects from the capital planning list will be funded in the coming year including construction of the new Pipeline Training Simulator and continuing to invest in technology for the classrooms.

**BUDGETARY ISSUES**

Central Tech began FY 14 with a general fund budget of \$21,961,491. Of that figure \$3,000,000 was budgeted as special contingency. This "special contingency" line item is made up of monies that will be held in reserve to make up for any state funding shortfalls and also provides an early target for general fund carryover. Under this scenario the district entered the year with \$18,961,491 budgeted to spend with actual expenditures of \$18,187,696.

Building Fund for FY 2014 was budgeted at \$4,282,777. Actual expenditures in the Building Fund for FY 14 were \$1,781,926.

**CAPITAL ASSETS**

At the end of 2014, the District had \$12,543,796 invested in capital assets including, land, buildings, construction in progress, equipment, infrastructure, and vehicles. This represents a \$3,787,776 increase from the prior year. This increase is mainly due to the purchase of new equipment, completion of major construction projects and purchase of land in Sapulpa.

Capital Asset at Year-end  
(Net of Depreciation)

	Capital net of Depreciation	
	FY 13	FY 14
Land	331,980	874,276
Construction in Progress	629,018	
Buildings and improvement	5,245,901	8,450,502
Equipment	1,063,153	1,187,708
Vehicles	1,485,968	2,031,310
Total	<u>8,756,021</u>	<u>12,543,797</u>

CENTRAL TECHNOLOGY CENTER SCHOOL DISTRICT NO. 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

DEBT

The district's only long term debt is accrued non-current compensated absences of \$118,427, this liability is recorded in the Statement of Net Assets; the current portion is expensed in the fund financial statements.

NEXT YEAR

The District will continue to monitor projected funding levels and adjust staffing levels accordingly while maintaining its equipment and facilities to stay on the cutting edge of technology training. Plans for FY 15 include construction of a new Pipeline Simulator at the Drumright campus and continue to focus on energy efficiency in the infrastructure.

CONTACTING THE SCHOOLS FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Central Technology's Center financial position to show accountability for the money it receives. Additional details can be requested at Central Technology Center, 3CT Circle Drumright, Oklahoma 74030.

Respectfully submitted,

Kent Burris, CFO

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CENTRAL TECHNOLOGY CENTER NO. 3**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current Assets	
Cash and Investments	\$ 11,765,275
Property tax receivable	498,976
Due from other governments	468,092
Miscellaneous receivables	250,210
Prepaid expenses	14,653
Noncurrent Assets	
Land	874,276
Other capital assets, net of accumulated depreciation	<u>11,669,521</u>
 Total Assets	 \$ <u>25,541,003</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Accounts payable	\$ 210,411
Compensated absences	<u>163,430</u>
 Total Current Liabilities	 \$ <u>373,841</u>
Non-Current Liabilities	
Compensated absences	<u>118,427</u>
 Total Liabilities	 \$ <u>492,268</u>
<b><u>NET POSITION</u></b>	
Invested in Capital Assets, net of related debt	\$ 12,543,797
Unrestricted	<u>12,504,938</u>
 Total Net Position	 \$ <u><u>25,048,735</u></u>

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



**CENTRAL TECHNOLOGY CENTER NO. 3**  
**STATEMENT OF ACTIVITIES**  
**FOR YEAR ENDING JUNE 30, 2014**

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>
Governmental Activities			
Instruction	\$ (7,090,184)	\$ 2,212,381	\$ 985,810
Support services	(7,565,033)	16,000	
Non-instruction	(507,804)		
Capital outlay	(338,618)		
Other outlays	(540)		
Other uses	(6,393)		
Repayments	(409,536)		
Depreciation - unallocated	(941,557)		
Total governmental activities	\$ (16,859,665)	\$ 2,228,381	\$ 985,810

**General revenues**

Taxes:

Property taxes, levied for general purposes

Other Taxes

State aid not restricted to specific purposes

Other general revenues

Interest and investment earnings

Miscellaneous

Total general revenues

Loss on asset disposition

Changes in net position

Net position - beginning

Net position - ending

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

		Net (Expenses) Revenue and Changes in Net Assets	
<u>Capital Grants &amp; Contributions</u>		<u>Government Activities</u>	
\$	-	\$	(3,891,993)
			(7,549,033)
			(507,804)
			(338,618)
			(540)
			(6,393)
			(409,536)
			(941,557)
\$	-	\$	(13,645,474)

\$	11,249,966
	-
	5,827,907
	38,220
	231,995
	<u>17,348,088</u>
	<u>(54,269)</u>
	3,648,345
	<u>21,400,390</u>
\$	<u>25,048,735</u>

## **FUND FINANCIAL STATEMENTS**

**CENTRAL TECHNOLOGY CENTER NO. 3  
BALANCE SHEET  
GOVERNMENTAL FUND TYPES  
JUNE 30, 2014**

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
<u>ASSETS</u>			
Cash	\$ 3,825,987	\$ 1,945,255	\$ 5,771,242
Investments	3,744,000	2,250,033	5,994,033
Property tax receivable	397,245	101,731	498,976
Due from other governments	466,091	-	466,091
Miscellaneous receivable	252,210	-	252,210
Prepaid Insurance	14,653	-	14,653
Total assets	<u>\$ 8,700,186</u>	<u>\$ 4,297,019</u>	<u>\$ 12,997,205</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 129,912	\$ 80,499	\$ 210,411
Deferred revenue	<u>187,236</u>	<u>43,516</u>	<u>230,752</u>
Total liabilities	<u>\$ 317,148</u>	<u>\$ 124,015</u>	<u>\$ 441,163</u>
Fund Balances:			
Nonspendable Fund Balances			
<i>Prepaid items</i>	\$ 14,653	\$ -	\$ 14,653
Restricted Fund Balances:			
<i>Restricted by Statute</i>	-	-	-
Committed Fund Balances:			
<i>Other Committed Fund Balances</i>	-	3,335,684	3,335,684
Assigned Fund Balances:			
<i>Encumbrances</i>	2,188,061	837,320	3,025,381
Unassigned	<u>6,180,324</u>	<u>-</u>	<u>6,180,324</u>
Total fund balances	<u>\$ 8,383,038</u>	<u>\$ 4,173,004</u>	<u>\$ 12,556,042</u>
Total liabilities and fund balances	<u>\$ 8,700,186</u>	<u>\$ 4,297,019</u>	

**Amounts reported for governmental activities in the statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$24,548,497 and accumulated depreciation is \$12,004,699.

12,543,797

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

230,753

Compensated absences are not reported as liabilities in the funds.

(281,857)

Total net position of governmental activities

\$ 25,048,735

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

**CENTRAL TECHNOLOGY CENTER NO. 3  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Revenues			
Local sources	\$ 11,011,093	\$ 2,842,412	\$ 13,853,505
Intermediate sources	-	-	-
State sources	5,901,657	-	5,901,657
Federal sources	910,058	-	910,058
Total revenues	<u>\$ 17,822,808</u>	<u>\$ 2,842,412</u>	<u>\$ 20,665,220</u>
Expenditures			
Instruction	\$ 7,943,457	\$ 98,919	\$ 8,042,376
Support services	7,677,573	161,024	7,838,597
Non-instructional services	507,804	-	507,804
Capital outlay	-	3,871,472	3,871,472
Other outlays	540	-	540
Other uses	6,393	-	6,393
Repayments	409,536	-	409,536
Total expenditures	<u>\$ 16,545,303</u>	<u>\$ 4,131,415</u>	<u>\$ 20,676,718</u>
Excess of revenues over (under) expenses before adjustments to prior year encumbrances	<u>\$ 1,277,505</u>	<u>\$ (1,289,003)</u>	<u>\$ (11,498)</u>
Other financing sources (uses):			
Bond sale proceeds	\$ -	\$ -	\$ -
Operating transfers in/(out)	-	-	-
Bank charges	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenue over (under) expenditures and other financing sources (uses)	<u>\$ 1,277,505</u>	<u>\$ (1,289,003)</u>	<u>\$ (11,498)</u>
Fund balances, beginning of year	<u>\$ 7,105,533</u>	<u>\$ 5,462,007</u>	<u>\$ 12,567,540</u>
Fund balances, end of year	<u>\$ 8,383,038</u>	<u>\$ 4,173,004</u>	<u>\$ 12,556,042</u>

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

**CENTRAL TECHNOLOGY CENTER NO. 3  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Net change in fund balances-governmental funds \$ (11,498)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of Net Position as noncurrent assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlay expenditures	\$ 4,783,605	
Loss on disposal of assets	(54,271)	
Depreciation expense	<u>(941,557)</u>	3,787,777

Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds. This is the amount of change in the deferred taxes. (102,942)

Some expenses (compensated absences) reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of change in the compensated absences liability. (24,992)

Changes in net assets of governmental activities \$ 3,648,345

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**CENTRAL TECHNOLOGY CENTER NO. 3  
CREEK COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**1. Summary of Significant Accounting Policies**

The financial statements of the Central Technology Center No. 3 (the "Center") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Center's accounting policies are described below.

**A. Reporting Entity**

In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the Center has presented the entities, which comprise the primary government in the fiscal year 2014 basic financial statements.

The Center is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The Center is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the Center is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the Center.

As required by accounting principles generally accepted in the United States of America, the basic financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Center's basic financial statements to be misleading or incomplete.

The Central Tech Foundation is not included in the reporting entity. This 501(c)(3) organization consists of five volunteer members. The Foundation is not financially dependent on the center.

**B. Basis of Presentation**

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

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

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

**Fund Financial Statements**

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

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



**CENTRAL TECHNOLOGY CENTER NO. 3  
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**Summary of Significant Accounting Policies (continued)**

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 local property taxes and state funding under the State Career Technology Formula Operations Allocation Program.

Expenditures include all costs associated with the daily operations of the center except for programs funded for building repairs and maintenance, and school construction funded through the Special Revenue Fund.

Special Revenue Fund – The Center's Building Fund is a Special Revenue Fund and consists of monies derived from property taxes levied for the purpose of creating, remodeling or repairing buildings and for purchasing furniture and equipment.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Center. When these assets are held under the terms of a formula trust agreement, either a private purpose trust fund or a permanent fund is used.

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

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

Agency Fund – The Center's Agency Fund consists of the Activity fund. The Center's Activity fund is used to account for monies collected that are held on behalf of vocational student organization accounts as their agent and do not involve the measurement of results of operations.

**Account Groups**

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

**C. Basis of Accounting**

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

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

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

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

**D. Budgets and Budgetary Accounting**

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund that includes revenues and expenditures.

These budgets are prepared on a budgetary basis of accounting. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriations at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

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

**E. Net Position and Fund Balances**

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

Investment in Fixed Assets (net of related debt) – is intended to reflect the portion of net position, which is associated with non-liquid capital related debt. The net related debt is debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position – are liquid assets generated from revenues and not bond proceeds, which have third party (statutory bond covenant or granting agency) limitations on their use. The Center would typically use restricted net assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted Net Position – represent unrestricted liquid assets.

Governmental Fund Financial Statements – The Center has adopted Governmental Accounting Standards Board Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Center is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available in the governmental fund financial statements are as follows:

Nonspendable – Amounts that are not in a spendable form such as prepaid expenses, inventory, or required to be maintained intact such as the corpus of permanent fund.

Restricted – Amounts that are designated for specific purposes by their providers such as bondholders, grantors, or imposed by law through constitutional provisions or enabling legislation. The Building Fund is restricted by statute to certain capital related costs.

Committed – Amounts designated for specific purposes by the Center's highest level of decision making authority (Board of Education) and cannot be used for any other purposes unless the same highest level (Board of Education) takes action to remove or change the designation.

The Center commits a portion of the fund balance to honor the commitments made by the Center for encumbrances (purchase orders) for which goods or services have not yet been received. The fund balance committed to encumbrances will be equivalent to the purchase orders rolled forward from one fiscal year to the next fiscal year

Assigned – Amount the Center intends to use for specific purposes; intent can be expressed by the governing body or by an official to which the governing body delegates the authority.

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

The Center assigns a portion of the fund balance in both the general fund and building fund for funding the cash flow needs during the first half of each fiscal year. The superintendent and the chief financial officer will determine the amount of assigned fund balance at the end of each fiscal year.

Unassigned – Amounts that are available for any purposes; reported only in the general fund. Fund balance represents the funds not restricted in use by statute nor encumbered by purchase order or legal contract.

**F. Assets, Liabilities and Cash Fund Balances**

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

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of taxes becomes delinquent on April 1 of the year following the year of assessment. If taxes are delinquent and unpaid for a period of three years or more the real estate may be sold for such taxes.

Uncollected taxes assessed on valuations made each year are recorded in the Center's combined financial statements. Uncollectible personal and real property taxes are deemed to be immaterial because the property can be sold for the amount of taxes due.

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

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements.

All purchased capital assets are valued at cost when historical records exist and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets capitalized have an original cost of \$2,500 or more. Depreciation has been calculated using the straight-line method. Estimated useful lives are as follows:

Buildings and structures	15-40 years
Equipment	5-15 years
Vehicles	5-10 years

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

Compensated Absences – The Center's policy regarding vacation time permits employees to accumulate earned, but unused vacation leave. Unused vacation leave may be carried over at the end of a fiscal year, but not to exceed sixty (60) days. Upon separation of employment, an employee can be paid all accumulated vacation days at the employees current daily rate of pay. The liability for these compensated absences is recorded as noncurrent debt in the government wide financial statements. The current portion of this debt is based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

**G. Revenue, Expenses and Expenditures**

Revenues are classified by source as follows:

Local – Revenue from local sources is revenue produced within the Center, which includes ad valorem taxes. It is available for current educational expenses and for other purposes authorized by the Technology Center.

Intermediate – Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit or political sub-division, like a county or municipality, and redistributed to the Technology Center.

State – Those revenues received from the State, which are dedicated or are appropriated by the State legislature. Some of this aid is restricted for specific purposes.

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

Federal – Revenue from Federal sources is money originating from the Federal government and made available to the Technology Center either as direct grants or under various programs passed-through the State Department of Career & Technology Education.

Expenditures are classified by function as follows:

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence.

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

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

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NOTES TO THE FINANCIAL STATEMENTS  
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**Summary of Significant Accounting Policies (continued)**

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

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the Center or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayments, non-qualified expenditures, and other refunds to be repaid from Center funds.

**2. Use of Estimates**

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

**3. Deposit Categories of Credit Risk**

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

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or technology center direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.

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

7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

**Custodial Credit Risk:**

Deposits and Investments - The Center's demand deposits are required by law to be collateralized by the amount that is not federally insured. The District has a written investment policy, which permits investments as authorized by State Statute.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2014, the District had no deposits exposed to custodial credit risk.

**Interest Rate Risk:**

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the Center has no formal written policy addressing interest rate risk.

**Credit Risk:**

The Center has no formal written policy addressing credit risk.

**4. Accounts Receivable**

Receivables consist of all revenues earned at year end and not yet received. Ad valorem tax collectable, but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but included in the government-wide financial statements in accordance with the accrual basis of accounting. The technology center had the following receivables at June 30, 2014:

	General Fund	Building Fund	Total
Ad Valorem Tax	\$ 397,245	\$ 101,731	\$ 498,976
Local Tuition	250,210	-	250,210
State Grants	15,268	-	15,268
Local Grants	2,000	-	2,000
Federal Grants	450,823	-	450,823
Total - Accrual Basis	1,115,546	101,731	1,217,277
Less: Deferred Revenue	(187,236)	(43,516)	(230,752)
Total - Receivables - net	\$ 928,310	\$ 58,215	\$ 986,525

**CENTRAL TECHNOLOGY CENTER NO. 3  
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**5. Capital Assets**

A summary of changes in general fixed assets for the year ended June 30, 2014, follows:

	Balance June 30, 2013	Additions	Retirements	Balance July 1, 2014
Land	\$ 331,980	\$ 542,296	\$ -	\$ 874,276
Construction in progress	629,018	-	629,018	-
Total Assets Not Being Depreciated	\$ 960,998	\$ 542,296	\$ 629,018	\$ 874,276
Building & Improvements	13,031,204	3,619,577	-	16,650,781
Machinery & Equipment	2,697,651	396,717	154,391	2,939,977
Vehicles	4,145,847	854,031	916,415	4,083,463
Total Capital Assets Being Depreciated	19,874,702	4,870,325	1,070,806	23,674,221
Less: Accumulated Depreciation	12,079,679	941,557	1,016,537	12,004,699
Total Capital Assets Being Depreciated - Net	\$ 7,795,023	\$ 3,928,769	\$ 54,269	\$ 11,669,522
Total Capital Assets - Net	\$ 8,756,021	\$ 4,471,065	\$ 683,289	\$ 12,543,797

**6. Interfund Transactions**

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund, or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**7. Employee Retirement System**

Description of Plan

The System is a qualified governmental defined benefit retirement plan. For GASB purposes it is a cost-sharing multiple-employer Public Employee Retirement System. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

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

**CENTRAL TECHNOLOGY CENTER NO. 3  
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NOTES TO THE FINANCIAL STATEMENTS  
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**Employee Retirement System (continued)**

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

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2014, is as follows:

	<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$ 19,576
Actuarial Value of Assets	<u>12,369</u>
Unfunded Actuarial Accrued Liability	\$ <u>7,207</u>

**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. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. A participant leaving employment before attaining retirement age, but completing five years of service, may elect to vest his 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. The employers' contribution rate is 9.5%. Employees contribute 7.0% of covered compensation.

**Annual Pension Cost**

The District's total contribution for 2014, 2013, and 2012 were \$1,379,813, \$1,324,057, and \$1,247,484 respectively, total payroll for fiscal year 2014 was \$8,821,874.

**On Behalf Contributions**

The State of Oklahoma makes retirement contributions each year for teachers employed by Oklahoma School Districts. The contribution amounts are based on the teacher's years of service and amounts paid are prescribed by O.S. 70 Section 17-108.2 subsection A. During fiscal year 2013-14, the State of Oklahoma's contribution was \$52,954. The District recognized revenue and expenditures of this amount during the year.



**CENTRAL TECHNOLOGY CENTER NO. 3  
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**8. Noncurrent Debt**

The Center's noncurrent debt consisted of compensated absences. Compensated absences represent the estimated liability for employees' accrued vacation for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund or Building Fund based upon the assignment of the employee at termination. The government wide statements reflect the total estimated liability of the compensated absences in the Statement of Net Position. In the Statement of Activities, the compensated absences are recognized as expenses when earned.

Noncurrent liabilities consist of compensated absences that are due in more than a year. A summary of changes in noncurrent liabilities follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Compensated Absences	\$ 256,865	\$ 24,992	\$ -	\$ 281,857
Less: Amounts Due Within One Year				163,430
Total liabilities due in more than one year				\$ 118,427

**9. Lease Commitments**

The Center had no capital lease commitments at June 30, 2014.

**10. Litigation**

The Center is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the Center at June 30, 2014.

**11. Contingent Liabilities**

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

**12. Risk Management**

Insurance Coverage

The Center purchases commercial insurance policies covering property casualty loss, public liability, school board member, and administrator liability.

The Center participates in the Oklahoma Public Schools Unemployment Compensation Account under the sponsorship of the Oklahoma State School Boards Association and the cooperative council for Oklahoma School Administration. The account was established to let school districts self-insure unemployment benefits for school employees. The funds are held in the name of each school district as reserves to pay unemployment claims. Each school district is individually liable for that portion of the benefits paid from the fund attributable to wages paid by the school district in the same manner as if no group account had been established. The reserve funds may be withdrawn from the account upon request of the school district. At June 30, 2014, the Central Technology Center had reserves on deposit with the Oklahoma Public Schools Unemployment Compensation Accounting totaling \$14,653. This amount has been shown as prepaid insurance on the financial statements.

**CENTRAL TECHNOLOGY CENTER NO. 3  
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**13. Surety Bonds**

The superintendent is bonded by Old Republic, bond number W150158404 for the penal sum of \$100,000 for the term of May 2, 2013, to May 2, 2014.

The chief financial officer, treasurer, encumbrance clerk, minutes clerk, and bursar are covered by policy CL 11111020242 with Travelers. The coverage is for \$500,000 with a \$5,000 deductible. The policy runs for the term of July 1, 2013, to July 1, 2014.

**14. Related Parties**

The Center annually agrees with the Central Tech Foundation, Inc. (Foundation) to allow operation of the Foundation's principal office within the Center's administrative offices and allows selected Center employees to perform the duties required of the Foundation, such as clerical and administrative services. The Center also allows the Foundation to utilize Center equipment and space as needed. In exchange the Foundation agrees to present to the Center an annual report including information about available grants and fundraising. No public funds of the Center are allowed to be deposited in any account owned or controlled by the Foundation. The Foundation is separately constituted and accordingly, their financial position and results of operations have not been presented in the accompanying financial statements.

**15. Operating Lease Agreements**

The Center leases office space to the Creek County Industrial Authority for purposes of enhancing economic development throughout Creek County. The lease is renewable on a fiscal year basis and the established lease rate is \$1.

The Center leases office and classroom space from Central Oklahoma Business and Job Development Corporation within a facility called the Center for Business Technology Research & Development located in Drumright, Oklahoma. The Center pays \$2,575 per month for use of the premises.

The center also leases property in Sapulpa, Oklahoma to the Oklahoma Employment Security Commission. The multi-year agreement is renewable through June 30, 2015 for an annual amount of \$15,999.96.

**16. Cooperative Agreement**

The Center entered into an agreement with other Technology Centers in the state of Oklahoma to form a cooperative to jointly pursue a marketing and informational design to utilize a broad range of media services to deliver information to the public regarding programs and training opportunities available through the Technology Centers. Financial arrangements of the cooperative districts include allocating the fees and associated expenses among themselves bases on assessed valuations in each district. The total amount of fees and related expenses paid from the joint contributions of the cooperative districts cannot exceed \$415,000. The term of the agreement runs for one year and may be renewed for successive one year terms.

## **COMBINING FINANCIAL STATEMENTS**

**CENTRAL TECHNOLOGY CENTER NO. 3  
BALANCE SHEET - FIDUCIARY FUND  
JUNE 30, 2014**

	<u>Agency Fund</u>
	<u>Activity Fund</u>
<b>ASSETS</b>	
Cash	\$ 55,639
Miscellaneous receivables	<u>250,210</u>
Total assets	<u>\$ 305,849</u>
<b>LIABILITIES AND FUND EQUITY</b>	
Liabilities:	
Due to student organizations	\$ 55,639
Due to other funds	<u>250,210</u>
Total liabilities	<u>\$ 305,849</u>
Fund equity:	<u>\$ -</u>
Total liabilities and fund equity	<u>\$ 305,849</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CENTRAL TECHNOLOGY CENTER NO. 3**  
**BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Fund balances, beginning of year	\$ 5,118,654	\$ 5,118,654	\$ 5,118,654	\$ -
Revenues collected:				
Local sources	\$ 9,949,610	\$ 9,949,610	\$ 10,848,082	\$ 898,472
Intermediate sources	-	-	-	-
State sources	5,990,110	5,990,110	5,797,635	(192,475)
Federal sources	903,117	903,117	985,970	82,853
Total revenues collected	<u>\$ 16,842,837</u>	<u>\$ 16,842,837</u>	<u>\$ 17,631,687</u>	<u>\$ 788,850</u>
Expenditures paid:				
Instruction	\$ 9,049,276	\$ 9,049,276	\$ 8,710,215	\$ 339,061
Support services	8,447,478	8,447,478	8,401,472	46,006
Non-instructional services	938,275	938,275	651,692	286,583
Other outlays	600	600	492	108
Other uses	3,525,862	3,525,862	423,825	3,102,037
Total expenditures paid	<u>\$ 21,961,491</u>	<u>\$ 21,961,491</u>	<u>\$ 18,187,696</u>	<u>\$ 3,773,795</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,562,645</u>	<u>\$ 4,562,645</u>
Adjustments to prior year encumbrances			<u>819,281</u>	
Other financing sources (uses):				
Operating transfers in/out			-	
Bank charges			-	
Total other financing sources (uses)			<u>-</u>	
Cash fund balance, end of year			<u>\$ 5,381,926</u>	
Reconciliation of budgetary fund basis fund balance with GAAP fund balance:				
Cash Fund Balance, end of year			\$ 5,381,926	
Accounts receivable not recognized as revenue			928,311	
Prepaid insurance			14,652	
Expenses not recognized in budgetary basis			(129,912)	
Expenses not recognized in GAAP basis			2,188,061	
GAAP fund balance, end of year			<u>\$ 8,383,038</u>	

**CENTRAL TECHNOLOGY CENTER NO. 3**  
**BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)**  
**BUILDING FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 1,915,268	\$ 1,915,268	\$ 1,915,268	\$ -
Revenues collected:				
Local sources	\$ 2,367,509	\$ 2,367,509	\$ 2,807,455	\$ 439,946
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues collected	\$ 2,367,509	\$ 2,367,509	\$ 2,807,455	\$ 439,946
Expenditures paid:				
Instruction	\$ 392,379	\$ 392,379	\$ 171,914	\$ 220,465
Support services	402,037	402,037	205,916	196,121
Non-instructional services	-	-	-	-
Capital outlay	3,488,361	3,488,361	1,404,096	2,084,265
Other outlays	-	-	-	-
Other uses	-	-	-	-
Total expenditures paid	\$ 4,282,777	\$ 4,282,777	\$ 1,781,926	\$ 2,500,851
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 2,940,797	\$ 2,940,797
Adjustments to prior year encumbrances			417,172	
Cash fund balance, end of year			\$ 3,357,969	
Reconciliation of budgetary basis fund balance with GAAP fund balance:				
Cash fund balance, end of year			\$ 3,357,969	
Accounts receivable not recognized as revenue			58,215	
Expenses not recognized in budgetary basis			(80,499)	
Expenses not recognized in GAAP basis (reserves)			837,319	
GAAP fund balance, end of year			\$ 4,173,004	

## **SUPPORTING SCHEDULES**



**CENTRAL TECHNOLOGY CENTER NO. 3  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
<u>U.S. Department of Education</u>		
Direct Programs:		
<u>2012-2013 Programs</u>		
Pell Grant	84.063	P06039125405
Sub-Total		
<u>2013-2014 Programs</u>		
* Pell Grant	84.063	P06039135405
* College Work Study	84.033	P033A113407
* S.E.O.G.	84.007	P007A113407
Sub-Total		
Passed-Through State Department of Career and Technology Education		
<u>2013-2014 Programs</u>		
Tech Centers That Work	84.243	N/A
Carl Perkins Secondary	84.048	N/A
Rehabilitation Services	84.126	N/A
Sub-Total		
<u>US Department of Health &amp; Human Services</u>		
Passed-Through Oklahoma Health Care Authority		
<u>2013-2014 Programs</u>		
Medicaid	93.778	N/A
Sub-Total		
Passed-Through State Department of Career and Technology Education		
<u>2013-2014 Programs</u>		
Temporary Assistance for Needy Families	93.558	N/A
Sub-Total		

(continued)

The accompanying notes are an integral part of this schedule.

Balance at July 1, 2013	Revenue	Expenditures	Balance at June 30, 2014
\$ (5,350)	\$ 5,350	\$ -	\$ -
\$ (5,350)	\$ 5,350	\$ -	\$ -
\$ -	\$ 367,854	\$ 367,854	\$ -
-	5,703	5,703	-
-	3,074	3,074	-
\$ -	\$ 376,631	\$ 376,631	\$ -
\$ -	\$ 10,488	\$ 10,488	\$ -
-	163,618	163,618	-
-	290,026	290,026	-
\$ -	\$ 464,132	\$ 464,132	\$ -
\$ -	\$ 5,828	\$ 3,139	\$ 2,689
\$ -	\$ 5,828	\$ 3,139	\$ 2,689
\$ -	\$ 55,820	\$ 55,820	\$ -
\$ -	\$ 55,820	\$ 55,820	\$ -

CENTRAL TECHNOLOGY CENTER NO. 3  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
<u>National Science Foundation</u>		
Passed-Through State Department of Career and Technology Education		
<u>2013-2014 Programs</u>		
Computer Security Grant	47.076	N/A
Sub-Total		
<u>U.S. Department of Veterans Affairs</u>		
<u>Direct Program</u>		
VA Report Fees	64.115	N/A
Sub-Total		
TOTAL FEDERAL ASSISTANCE		

\* Major program

The accompanying notes are an integral part of this schedule.

<u>Balance at July 1, 2013</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Balance at June 30, 2014</u>
\$ -	\$ 2,152	\$ 2,152	\$ -
\$ -	\$ 2,152	\$ 2,152	\$ -
\$ -	\$ 144	\$ 144	\$ -
\$ -	\$ 144	\$ 144	\$ -
\$ (5,350)	\$ 910,057	\$ 902,018	\$ 2,689

**CENTRAL TECHNOLOGY CENTER NO. 3  
CREEK COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

1. For all federal programs, the Center uses the fund types prescribed by the Oklahoma State Department of Career and Technology Education and conforms to the system of accounting authorized by the State of Oklahoma. General and Building Funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General Fund and Building Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its' measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All Federal grant funds were accounted for in the General and Agency Funds. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and accrual basis for Agency Funds. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. Positive amounts listed in the either "Balance at July 1, 2013" or "Balance at June 30, 2014" column represent funds received by the center and not yet expended or coded to the program.

**CENTRAL TECHNOLOGY CENTER NO. 3  
SCHOOL ACTIVITY FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

Activities	Balance 7-1-12	Revenue	Net Transfers/ Adjustments	Expenditures	Balance 6-30-13
Clearing	\$ -	\$ 1,574,510	\$ (18,208)	\$ 1,556,302	\$ -
Drumright Club	18,057	47,673	(3,290)	44,383	18,058
Vending	21,063	29,823	-	28,934	21,952
OSSM	39	1,477	-	1,446	70
TDT	-	746,343	(6,850)	739,494	-
Sapulpa Club	14,771	9,733	285	11,363	13,426
School to Work	2,450	6,824	485	7,627	2,132
Total Activities	<u>\$ 56,380</u>	<u>\$ 2,416,384</u>	<u>\$ (27,577)</u>	<u>\$ 2,389,548</u>	<u>\$ 55,639</u>

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

# KERRY JOHN PATTEN, C.P.A.

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

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

The Honorable Board of Education  
Central Technology Center No. 3  
Creek County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Technology Center No. 3, Creek County, Oklahoma (Center), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Center's financial statements, and have issued my report thereon dated February 23, 2015.

### **Internal Control over Financial Reporting**

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

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

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

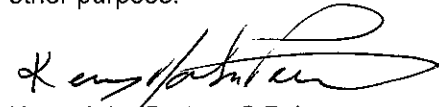


### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Kerry John Patten, C.P.A.  
Broken Arrow, OK  
February 23, 2015

# KERRY JOHN PATTEN, C.P.A.

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



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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

The Honorable Board of Education  
Central Technology Center No. 3  
Creek County, Oklahoma

### Report on Compliance for Each Major Federal Program

I have audited the compliance of Central Technology Center No. 3, Creek County, Oklahoma (Center's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2014. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

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

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

### Opinion on Each Major Federal Program

In my opinion, Central Technology Center, No. 3, Creek County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.


## Report on Internal Control Over Compliance

Management of Central Technology Center No. 3, Creek County, Oklahoma (Center), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

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



Kerry John Patten, C.P.A.  
Broken Arrow, OK  
February 23, 2015

**CENTRAL TECHNOLOGY CENTER NO. 3  
CREEK COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Central Technology Center.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Central Technology Center which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Central Technology Center expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with OMB Circular A-133 relative to major federal award programs for Central Technology Center.
7. The programs tested as major programs included: Student Financial Assistance Cluster (84.063, 84.033, and 84.007).
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Central Technology Center did qualify as a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

1. No matters were reported.

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

1. No matters were reported.

**CENTRAL TECHNOLOGY CENTER NO. 3  
CREEK COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
JULY 1, 2013 TO JUNE 30, 2014**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The Center had no prior year audit findings relative to federal award programs.

**CENTRAL TECHNOLOGY CENTER NO. 3  
CREEK COUNTY, OKLAHOMA  
SCHEDULE OF COMMENTS  
JULY 1, 2013 TO JUNE 30, 2014**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Central Technology Center No. 3 had not complied with significant compliance rules and regulations of the Oklahoma State Department of Career and Technology Education.

**Previous Year's Audit Comments**

There were no items in the school's 2012-13 audit report, which required resolution during the year ended June 30, 2014.

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

CENTRAL TECHNOLOGY CENTER NO. 3  
CREEK COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2013 TO JUNE 30, 2014

State of Oklahoma }  
County of Tulsa }

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

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

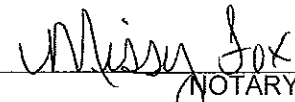
BY

  
AUTHORIZED AGENT



Subscribed and sworn to before me on this

23<sup>rd</sup> day of February, 2015

  
NOTARY PUBLIC

My commission expires on:

3<sup>rd</sup> day of June, 2018