

**JOHNSTON & AHLSCHEWEDE, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26**

**FINANCIAL STATEMENTS**  
**with**  
**AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26  
FINANCIAL STATEMENTS

JUNE 30, 2012

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Board of Education  
Chisholm Trail Technology Center District No. V-26  
Omega, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Chisholm Trail Technology Center District No. V-26 as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

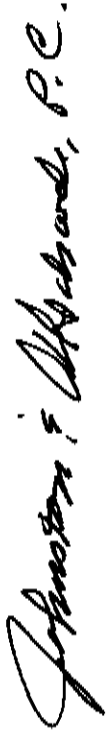
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Chisholm Trail Technology Center District No. V-26, as of June 30, 2012, and the respective changes in financial position thereof 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 our report dated November 9, 2012, on our consideration of the District's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chisholm Trail Technology Center District No.V-26's financial statements as a whole. The schedules of expenditures of federal awards and school activity funds are presented for purposes of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Oklahoma City, Oklahoma  
November 9, 2012

Management's Discussion and Analysis  
Chisholm Trail Technology Center  
Unaudited

Chisholm Trail Technology Center is part of the public Career Tech system of Oklahoma, under the direction and control of the Oklahoma State Board of Career and Technology Education. The District is located in Omega, Oklahoma serving one main campus. The districts served are the former Hitchcock School District, Kingfisher, Lomega, and Watonga school districts. The District encompasses parts of Blaine and Kingfisher counties. The major instructional program areas are Health, Information Technology, Networking, Automotive, and Cosmetology.

This section of Chisholm Trail Technology Center No.V-26 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the District's financial statements that immediately follow this section.

**FINANCIAL HIGHLIGHTS**

The District complies with reporting requirements under Governmental Accounting Standards Board (GASB) Statements 34, changing the format on the basic financial statements presented. Financial statements may be provided on an accrual, modified accrual, and budgetary basis.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction of the Chisholm Trail Technology Center No.V-26 basic financial statements. The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. These statements are organized so the reader can understand Chisholm Trail Technology Center as a financial whole; an entire operating entity.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. While this document contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011-12?"

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, its financial position has improved or diminished. The causes of this change may be the result of many factors; some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Oklahoma

restricting revenue growth, facility conditions, required educational programs, and other factors.

The government-wide financial statements can be found on pages 7 and 8.

***Fund Financial Statements.*** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds.

Government Funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spending resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. All of the District's services are included here.

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

The District maintains three governmental funds; (1) general fund, (2) building fund and (3) activity fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, building fund and activity fund. The basic governmental fund financial statements can be found on pages 9 and 10 of this report.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements begin on page 12.

***Other information.*** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information of the District.

#### **Government-Wide Financial Analysis**

***Net assets.*** Recall that the Statement of Net Assets provides the perspective of the District as a whole. See the following schedule of Net assets.

**Chisholm Trail Technology Center's Net Assets**  
(Millions of Dollars)

	<u>2012</u>
Current and other assets	\$ 2.32
Capital assets	<u>1.84</u>
Total assets	<u>4.16</u>
Long-term debt outstanding	.00
Other liabilities	<u>.02</u>
Total liabilities	<u>.02</u>
Net assets:	
Invested in capital assets, net of debt	1.84
Restricted	.55
Unrestricted	<u>1.75</u>
Total net assets	<u>\$ 4.14</u>

**Change in Net Assets.** In the current fiscal year the District's net assets for governmental activities increased by \$.48 million.

**Changes in Chisholm Trail Technology Center's Net Assets**  
(Millions of Dollars)

	<u>2012</u>
Revenues	
Program revenues	\$ .50
Charges for services	.35
Grants and reimbursements	
General revenues	
Property taxes	1.29
State entitlement	1.19
Investment earning	<u>.01</u>
Total revenues	<u>3.34</u>
Expenses	
Program expenses	
Instruction	.76
Support services	1.41
Non-instruction services	.05
Facilities acquisitions	.20
Other outlays	.31
Depreciation-unallocated	<u>.13</u>
Total expenses	<u>2.86</u>
Decrease in net assets	<u>\$ .48</u>

*Activity Funds.* FY12 closed activity funds with a balance of \$45,572 while FY11 yielded a fund balance of \$45,377. All activity accounts within this fund are closed at the end of each fiscal year and re-established at the beginning of the new fiscal year; with such actions, plans, and changes for funds' use coming before the Board of Education for review and approval.

#### **Long Term Debt**

At year-end the District had no long-term debt outstanding through the bond issuance process.

#### **Factors Bearing on the District's Future**

The District has consistently maintained a strong year-end fund balance. The Board of Education and administration of Chisholm Trail Technology Center is confident that with careful financial planning and prudent fiscal management, we can continue to provide a quality education for our students and a secure financial future for the Chisholm Trail Technology Center.

#### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions about this report or additional information may be received by contacting the Administrative Office, Chisholm Trail Technology Center, Rt. 1, Box 60, Omega, Oklahoma 73764.

Mr. Max K. Thomas, Jr.  
Superintendent  
Chisholm Trail Technology Center  
Omega, Oklahoma 73764



CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,261,400
Property taxes receivable (net)	3,048
Accounts receivable, other	29,394
Due from other governments	21,380
Accrued interest receivable	1,687
Depreciated capital assets, Net of Depreciation	<u>1,844,395</u>
Total Assets	<u>4,161,304</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	16,820
Due beyond one year	2,731
Total Liabilities	<u>19,551</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,844,395
Restricted for:	
Building	499,409
School-based activities	45,572
Unrestricted	<u>1,752,377</u>
Total Net Assets	<u>\$ 4,141,753</u>

The accompanying notes are an integral part of these financial statements.

CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2012

Net (Expense) Revenue and Changes in Net Assets	Program Revenues				Total Governmental Activities
	Capital Grants and Contributions	Operating Grants and Contributions	Charges for Services	Expenses	
\$ (504,246)	\$ -	\$ 86,010	\$ 165,780	\$ (756,036)	Instruction
(1,387,713)	-	-	26,220	(1,413,933)	Support Services
256,667	-	-	303,737	(47,070)	Non-instruction services
56,282	-	251,559	-	(195,277)	Facilities acquisition
(298,787)	-	13,591	-	(312,378)	Other outlays
(131,085)	-	-	-	(131,085)	Repayments
(2,008,882)	\$ -	\$ 351,160	\$ 495,737	\$ (2,855,779)	Depreciation - unallocated
					Total school district

General Revenues:	
Taxes	1,075,123
Property taxes, levied for general purposes	208,969
Property taxes, levied for building purposes	4,640
General taxes	1,191,477
State aid - formula grants	-
Federal aid - formula grants	4,171
Investment earnings	2,484,380
Total General Revenues	4,75,498
Change in net assets	3,666,255
Net assets - beginning	4,141,753
Net assets - ending	\$ 4,141,753

CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Building Fund	Activity Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,716,469	\$ 499,360	\$ 45,572	\$ 2,261,401
Receivables:				
Property taxes, delinquent - net	2,548	499	-	3,047
Due from other governments	21,380	-	-	21,380
Other accounts receivables	29,394	-	-	29,394
Accrued interest receivable	1,687	-	-	1,687
Total assets	\$ 1,771,478	\$ 499,859	\$ 45,572	\$ 2,316,909
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable and accrued liabilities	\$ 16,370	\$ 450	\$ -	\$ 16,820
Deferred revenue	-	-	-	-
Total liabilities	16,370	450	-	16,820
Fund balances:				
Reserved for:				
Building	-	499,409	-	499,409
School based activities	-	-	45,572	45,572
Unreserved	1,755,108	-	-	1,755,108
Total fund balances	1,755,108	499,409	45,572	2,300,089
Total liabilities and fund balances	\$ 1,771,478	\$ 499,859	\$ 45,572	\$ 2,316,909
Amounts reported for governmental activities in the statement of net assets are different because				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.				
Cost of capital assets	\$ 3,773,797			\$ 3,773,797
Accumulated depreciation	(1,929,402)			(1,929,402)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.				
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities consist of -				
Capital lease obligations	\$ -			\$ -
Accrued interest on long-term liabilities	-			-
Compensated absences	(2,731)			(2,731)
Total net assets of governmental activities	\$ 4,141,753			\$ 4,141,753

The accompanying notes are an integral part of these financial statements.

CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26  
 STATEMENT OF REVENUES EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Building Fund	Activity Fund	Total Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 1,320,902	\$ 431,135	\$ 297,115	\$ 2,049,152
Intermediate sources	-	-	-	-
State sources	1,209,735	768	-	1,210,503
Federal sources	71,623	-	-	71,623
Total revenues	<u>2,602,260</u>	<u>431,903</u>	<u>297,115</u>	<u>3,331,278</u>
<b>EXPENDITURES</b>				
Instruction	\$ 753,305	-	-	753,305
Support services	1,481,741	32,167	-	1,513,908
Non-instruction services	47,070	-	-	47,070
Facilities acquisition	-	194,288	-	194,288
Other outlays	15,458	-	296,920	312,378
Repayments	-	-	-	-
Total expenditures	<u>2,297,574</u>	<u>226,455</u>	<u>296,920</u>	<u>2,820,949</u>
Excess (deficiency) of revenues over (under) expenditures	304,686	205,448	195	510,329
FUND BALANCES, beginning	1,450,422	293,961	45,377	1,789,760
FUND BALANCES, ending	<u>\$ 1,755,108</u>	<u>\$ 499,409</u>	<u>\$ 45,572</u>	<u>\$ 2,300,089</u>

The accompanying notes are an integral part of these financial statements.

CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26  
 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, 2012

Net change in fund balances – total governmental funds \$ 510,329

Amounts reported for governmental activities in the  
 statement of activities 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 assets and allocated over their estimated  
 useful lives as annual depreciation expense in the  
 statement of activities. This is the amount by which  
 depreciation exceeds capital outlays in the period. Also  
 contributions received or expended for fixed assets are  
 recorded as revenue or expense in the statement of  
 activities but not in the governmental funds.

Depreciation expense \$ (131,085)  
 Capital outlays 98,985

(32,100)

Because some property taxes will not be collected for several  
 months after the fiscal year ends for the Chisholm Trail  
 Technology Center District No. V-26, they are not  
 considered as “available” revenues in the governmental  
 funds, and are instead counted as deferred tax revenues.  
 Changes in deferred tax as revenues are recorded in the  
 statement of activities.

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.

(2,731)

Change in net assets of governmental funds

\$ 475,498

The accompanying notes are an integral part of these financial statements.

CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 — Organization

Chisholm Trail Technology Center District No. V-26, Kingfisher County, Oklahoma (the District) is a corporate body for public purposes created under Title 70 of Oklahoma Statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the Oklahoma State Board of Career and Technology 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 District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

NOTE 2 — Summary of Significant Accounting Policies

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

The District's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to local government units.

The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments including special purpose governments such as school districts. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) which do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District to prepare its financial statements are discussed below.

In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management's Discussion for State and Local Governments*. This statement established new financial reporting requirements for state and local governments throughout the United States. This standard requires new information and restructures much of the information that governments have presented in the past.

Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of its operations.

Financial statements prepared using full accrual accounting for all of the District's activities.

A change in the fund financial statements to focus on the major funds.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 — Summary of Significant Accounting Policies (continued)

Reporting Entity – In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by Governmental Accounting Standards Board (GASB) Statement no. 14, The Financial Reporting Entity. The basic, but not 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 selection of governing authority, designation of management, 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.

Government-wide and Fund Financial Statements – The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 — Summary of Significant Accounting Policies (continued)

available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, interest, and grant revenue 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 the District receives cash.

For the year ended June 30, 2012 the District reports the following:

Major Governmental Funds:

The general fund is the government's primary operating 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 Vocational Program. Expenditures include all costs associated with the daily operations of the schools.

The building fund consists of monies derived from property taxes levied for the following purposes: erecting, remodeling, repairing, or maintaining school buildings; purchasing furniture, equipment and computer software to be used on or for school district property; paying energy and utility costs; purchasing telecommunications services; paying fire and casualty insurance premiums for school facilities; purchasing security systems; and paying salaries of security personnel.

The school activity fund is used to account for monies collected principally through fund raising efforts of students and District-sponsored groups. The District's administrative staff is responsible, under the authority of the Board of Education, for collecting, disbursing, and accounting for these activity funds.

Inventories – Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories are accounted for using the purchases method where materials and supplies are recorded as an expenditure immediately when purchased. There were no significant amounts of inventory on hand at year-end.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 — Summary of Significant Accounting Policies (continued)

Capital Assets: Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	25-40 years
Improvements	7-40 years
Machinery and Equipment	7-25 years

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

Budgets and Budgetary Accounting – The District is required by state law to prepare an annual budget. The District by resolution of the Board of Education has adopted the School District Budget Act. This act requires that within the thirty-day period preceding the beginning of each fiscal year, the governing body shall approve a budget for the district. The original budget is to be amended after the June financial activity has been recorded, the State allocations have been released, and the property tax valuations have been certified for all affected counties within the district.

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

Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded as expenditures of the applicable funds, is used.

Cash and Cash Equivalents – The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 — Summary of Significant Accounting Policies (continued)

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 1. Second half taxes become 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.

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2011 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements. No provision has been made for uncollectible amounts because uncollectible amounts are considered insignificant.

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Oklahoma Statutes. Oklahoma Department of Career and Technology Education administers the formula allocations for state funds based on information accumulated from the technology districts.

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

The District receives revenue from the state to administer certain categorical educational programs. Oklahoma Department of Career and Technology Education rules require that revenue earmarked for these programs be expended only for the programs 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 Oklahoma Department of Career and Technology Education requires that categorical educational program revenues be accounted for in the general fund.

CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 — Summary of Significant Accounting Policies (continued)

Interfund Transfers – During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide services, purchases assets and service debt. Transactions that are normal and recurring between funds are recorded as operating transfers.

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.

Governmental Fund Balance Reserves – The District records reservations for portions of governmental fund balances which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation in future periods.

Restricted and Unrestricted Resources – When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first.

NOTE 3 – Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or saving certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

The District's cash and cash equivalents include certificates of deposit at June 30, 2012.

The District's does not have a written management and investment policy.

Deposits and Investments – The District's cash deposits and investments at June 30, 2012, were completely insured or collateralized by federal deposit insurance and securities held by its agent in the District's name.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 4 — Employee Retirement System

The District participates in the state-administered Teachers' Retirement System of Oklahoma (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, the District, the State of Oklahoma, and the participating employees make contributions. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees, which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues an independent financial report, financial statements, and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, Post Office Box 53524, Oklahoma City, OK 73152 or by calling 405-521-2387.

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. 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 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 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 District, 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 District is required to contribute 9.50% of applicable compensation for the year ended June 30, 2012. As a fringe benefit for participating members the District contributes 7.0% on all applicable compensation. For non-participating employees this benefit is paid as taxable compensation. Participating members are required to contribute 7.0% on all non-contract compensation. The District pays the employers' share and the federal match.

The District's contributions to the System for the years ending June 30, 2012 and 2011 were \$209,681 and \$201,922 respectively.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 4 — Employee Retirement System (continued)

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, dollar amounts in millions, dated June 30, 2011, is as follows:

Actuarial value of assets	\$ 9,960.6
Actuarial accrued liability - entry age method	<u>17,560.8</u>
Nonfunded actuarial accrued liability	<u>\$ 7,600.2</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teachers' Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

NOTE 5 - Capital Assets

Capital assets consisted of the following at June 30, 2012:

Capital assets not being depreciated:

Land	\$ 76,000
------	-----------

Capital assets (being depreciated unless otherwise noted):

Buildings	3,250,059
Furniture and fixtures	118,084
Vehicles	<u>329,654</u>
Total capital assets	<u>3,773,797</u>

Less accumulated depreciation

	<u>(1,929,402)</u>
--	--------------------

Capital assets, net

	<u>\$ 1,844,395</u>
--	---------------------

Depreciation expense of \$131,085 for the year ended June 30, 2012 was unallocated.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 6 - Long-Term Liabilities

Long-term liabilities of the District at June 30, 2012, consist of \$2,731 for compensated absences.

NOTE 7 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance.

NOTE 8 - Contingencies and Commitments

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.

As of June 30, 2012, the District had outstanding commitments of approximately \$389,886 for purchases.

NOTE 9 – Surety Bonds

The District treasurer is bonded with the Old Republic Surety Company, number 2047792, continuous in the amount of \$50,000. The District also maintains a public official position schedule bond with the Old Republic Surety Company, bond number LP01055038, for a term ending April 25 of each year. As of June 30, 2012 the following positions were insured each for \$10,000: business manager, financial aid officer, adult education secretary, school secretary, superintendent, board clerk, board president, activity fund custodian, and welfare to work coordinator.

NOTE 10 — Subsequent Events

Management has evaluated all subsequent events through November 9, 2012, the date the financial statements were available to be issued.

NOTE 11 — Prior Year Audit Finding

Prior year audit finding reported a significant deficiency in internal control over financial reporting. No significant deficiencies were reported in the current year.

CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
 BUDGETED GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2012  
 UNAUDITED

	General Fund		Building Fund	
	Hudget Original Actual	Variance	Hudget Original and Final	Actual Variance
Beginning fund balances, budgetary basis	\$ 1,091,135	\$ 1,091,135	\$ 283,609	\$ 283,609
Revenues				
Local sources	1,074,586	1,291,473	198,423	430,750
Intermediate sources	-	-	-	-
State sources	1,200,000	1,212,948	-	768
Federal sources	40,000	156,694	-	-
Total revenues, budgetary basis	2,314,586	2,661,115	198,423	431,518
Expenditures				
Instruction	930,925	852,226	78,699	-
Support Services	1,641,535	1,518,940	122,595	97,857
Non-Instructional services	66,286	60,124	6,162	-
Facilities acquisition and construction	-	-	204,057	195,277
Other outlays	16,272	15,146	1,126	-
Other uses	750,703	750,703	180,118	180,118
Total expenditures, budgetary basis	3,405,721	2,446,436	482,032	252,633
Excess of revenues and beginning fund over expenditures - budgetary basis	\$ -	\$ 1,305,814	\$ -	\$ 462,494
Cancelled encumbrances	39,799	25	991	-
Expired warrants	-	-	-	-
Encumbrances and beginning fund over expenditures	1,345,638	1,345,638	463,485	463,485
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balances				
Add:				
Ad valorem taxes receivable	2,548	-	499	-
Due from other governments	21,380	-	-	-
Other accounts receivables	29,394	-	-	-
Accrued interest receivable	1,687	-	-	-
Encumbrances reclassified as commitments	354,461	-	38,425	-
Deferred revenue	-	-	-	-
Ending fund balances	\$ 1,755,108	\$ 1,755,108	\$ 499,409	\$ 499,409

CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CPDA Number	Pass-Through Grantor's Number	Revenue Recognized	Expenditures
U.S. Department of Education				
Passed through State Department of Education				
ARRA Youth Grant from Local Workforce Investment Board	17,259	73-6017987*	\$ 800	\$ 800
Passed through Kingfisher Public Schools				
Carl D. Perkins - Vocational Education	84,048	Not Provided	7,160	7,160
Passed through OK Department of Vocational & Technical Edu				
Tech Prep				
TANF	84,243	Not Provided	23,927	23,927
Direct Programs				
Pell Grant	84,063	N/A	300	300
U.S. Department of Veterans Affairs				
Direct Programs				
At Risk Youth	64,000	N/A	14	14
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 71,623</b>	<b>\$ 71,623</b>

\* Provided by State Agency



CHISHOLM TRAIL TECHNOLOGY CENTER DISTRICT NO. V-26  
 SCHEDULE OF SCHOOL ACTIVITY FUNDS  
 JULY 1, 2011 TO JUNE 30, 2012

	Balance 7/1/11	Receipts	Disbursements	Balance 6/30/12
	\$	\$	\$	\$
Petty cash	-	402	402	-
Concession	5,346	13,274	15,363	3,257
Cosmetology live work	-	3,035	3,035	-
Health careers HOSA	941	1,874	1,474	1,341
Automotive Skills USA	1,631	2,136	1,613	2,154
TANF	9	-	-	9
PN tuition	-	41,717	41,717	-
PN mat/fees	2,981	13,116	12,777	3,320
PN HOSA	2,496	5,991	4,156	4,331
Miscellaneous	-	300	300	-
Enrollment fees	8,029	2,880	1,742	9,167
BIS tuition	-	36,401	36,401	-
BIS textbooks	-	1,167	1,167	-
BIS mat/fees	300	855	855	300
PN textbooks	-	12,922	12,922	-
Cosmetology tuition	-	15,512	15,512	-
Cosmetology textbooks	0	400	400	-
Cosmetology mat/fees	0	4,240	4,240	-
Howell-Legako-Hayes B/S fund	7,776	6,315	9,319	4,772
Health testing	2,213	1,340	1,185	2,368
Auto repairs	2,405	4,132	3,616	2,921
Cosmetology skills USA	3,560	3,248	2,364	4,444
Full-time tuition	0	61,902	61,902	-
Full-time textbooks	0	12,725	12,725	-
Full-time mat/fees	0	9,151	9,151	-
PN scholarship	15	65	0	80
Computer/networking skills USA	2,273	125	852	1,546
BPA-business prof of America	1,565	2,902	3,042	1,425
Student financial aid	635	36,697	36,397	935
Student emergency assist fund	3,161	-	-	3,161
NTHS miscellaneous	41	-	-	41
General fund refund	-	2,291	2,291	-
<b>Total</b>	<b>\$ 45,377</b>	<b>\$ 297,115</b>	<b>\$ 296,920</b>	<b>\$ 45,572</b>

**JOHNSTON & AHLSCHEWEDE, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

3545 NW 58<sup>TH</sup> STREET, SUITE 325C – OKLAHOMA CITY, OKLAHOMA 73112 – VOICE & FAX (405) 917-7272

**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*

Board of Education  
Chisholm Trail Technology Center District No. V-26  
Omega, Oklahoma

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Chisholm Trail Technology Center District No. V-26 as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2012. 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

Management of Chisholm Trail Technology Center District No. V-26 is responsible for establishing and maintaining effective 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 a combination of deficiencies, in internal control such that there is 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

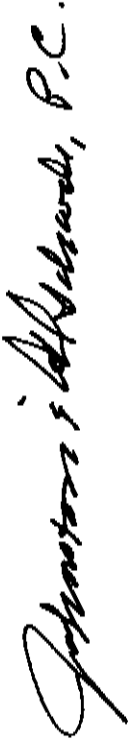
Compliance and Other Matters

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 Chisholm Trail Technology Center District No. V-26 in a separate letter dated November 9, 2012.

This report is intended solely for the information of the District's Board of Education, management 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.



Jonathan J. Edwards, P.C.  
Oklahoma City, Oklahoma  
November 9, 2012

SCHEDULE OF ACCOUNTANTS'  
PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

JUNE 30, 2012

STATE OF OKLAHOMA                    )  
  ) SS:  
COUNTY OF KINGFISHER            )

BEFORE ME, the undersigned auditing firm, Johnston & Ahlschwede, P.C., whose authorized agent, Linda Ahlschwede, is of lawful age, being first duly sworn on her 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* during the entire audit engagement with Chisholm Trail Technology Center District No. V-26 for the audit year ended June 30, 2012.

JOHNSTON & AHLSCHEWDE, P.C.  
Auditing Firm

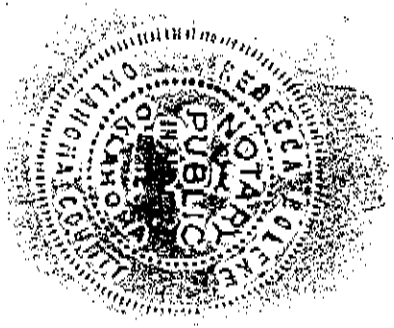
*Linda Ahlschwede*  
Linda Ahlschwede, Authorized Agent

Subscribed and sworn to before me on this 12<sup>th</sup> day of November, 2012.

My commission expires on the 29<sup>th</sup> day of October, 2015.

Notary Public *Shirley Poline*

(SEAL)



**Notary # 07010410**  
**Commission Expires October 29, 2015**

SCHEDULE OF STATUTORY, FIDELITY AND HONESTY BONDS

FOR THE YEAR ENDED JUNE 30, 2012

The District treasurer is bonded with the Old Republic Surety Company, number 2047792, continuous in the amount of \$50,000. The District also maintains a public official position schedule bond with the Old Republic Surety Company, bond number LP01055038, for a term ending April 25 of each year. As of June 30, 2012 the following positions were insured each for \$10,000: business manager, financial aid officer, adult education secretary, school secretary, superintendent, board clerk, board president, activity fund custodian, and welfare to work coordinator.

Dr. Phil Berkenbile, State Director  
Oklahoma Department of Career and Technology Education  
1500 W. 7<sup>th</sup> Avenue, Stillwater, Oklahoma 74074

AUDIT ACKNOWLEDGEMENT

Chisholm Trail Technology Center District No. V-26  
Kingfisher County, Oklahoma  
July 1, 2011 through June 30, 2012

The annual independent audit, for the Chisholm Trail Technology Center District No. V-26, was presented to the Board of Education in an Open Board Meeting on November 12, 2012, by Johnston & Ahlschwede, P.C.

A copy of the audit, including this acknowledgment form, will be sent to the Oklahoma Department of Career and Technology Education within 30 days from its presentation as state in 70 OS.22-108:

“The local board of education shall forward a copy of the audit report to the State Department of Career and Technology Education within thirty (30) days after receipt of said audit.”

\_\_\_\_\_  
Superintendent of Schools

\_\_\_\_\_  
Board of Education Vice President

\_\_\_\_\_  
Board of Education President

\_\_\_\_\_  
Board of Education Member

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Board of Education Member

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Board of Education Member

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Board of Education Member

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Board of Education Member

Subscribed and sworn to before me on this \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

My commission expires on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

Notary Public \_\_\_\_\_

(SEAL)