

**FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21
OKLAHOMA COUNTY, OKLAHOMA**

June 30, 2014

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO.21
OKLAHOMA COUNTY

June 30, 2014

SCHOOL DISTRICT OFFICIALS

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SCHOOL DISTRICT OFFICIALS

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2014

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Education
Francis Tuttle Technology Center School District No. 21
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Francis Tuttle Technology Center School District No. 21 (the "District"), Oklahoma County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, net position and fund balance as of July 1, 2013 have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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 budgetary comparison 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 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statement of changes in assets and liabilities – agency funds, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The statement of changes in assets and liabilities – agency funds has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of changes in assets and liabilities – agency funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2015, 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* in considering the District's internal control over financial reporting and compliance.

Cole & Reed P.C.

Oklahoma City, Oklahoma
January 8, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

FRANCIS TUTTLE TECHNOLOGY CENTER DISTRICT NO. 21
Management's Discussion and Analysis (MD&A)

June 30, 2014

This section of Francis Tuttle Technology Center's annual financial report presents discussion and analysis of Francis Tuttle's financial performance during the fiscal year ended June 30, 2014. To fully understand Francis Tuttle's financial performance read it in conjunction with the basic financial statements and the notes to the financial statements.

Organization

Francis Tuttle Technology Center School District 21 (Francis Tuttle) is part of the public school system of Oklahoma under the general direction and control of the State Board of Career and Technology Education. The Francis Tuttle Technology Center School District includes all of the public school districts: Cashion, Crescent, Deer Creek, Edmond, Millwood, Putnam City and Western Heights. The Francis Tuttle District includes portions of four counties: Oklahoma, Logan, Kingfisher and Canadian. Francis Tuttle provides educational opportunities to high school students and adults who reside or work in the District. Francis Tuttle operates three campuses; the Rockwell, Portland and Reno campuses. Each campus has a variety of services and programs to meet the needs of our customers.

Vision – to be the first choice for programs and services in career and technology education.

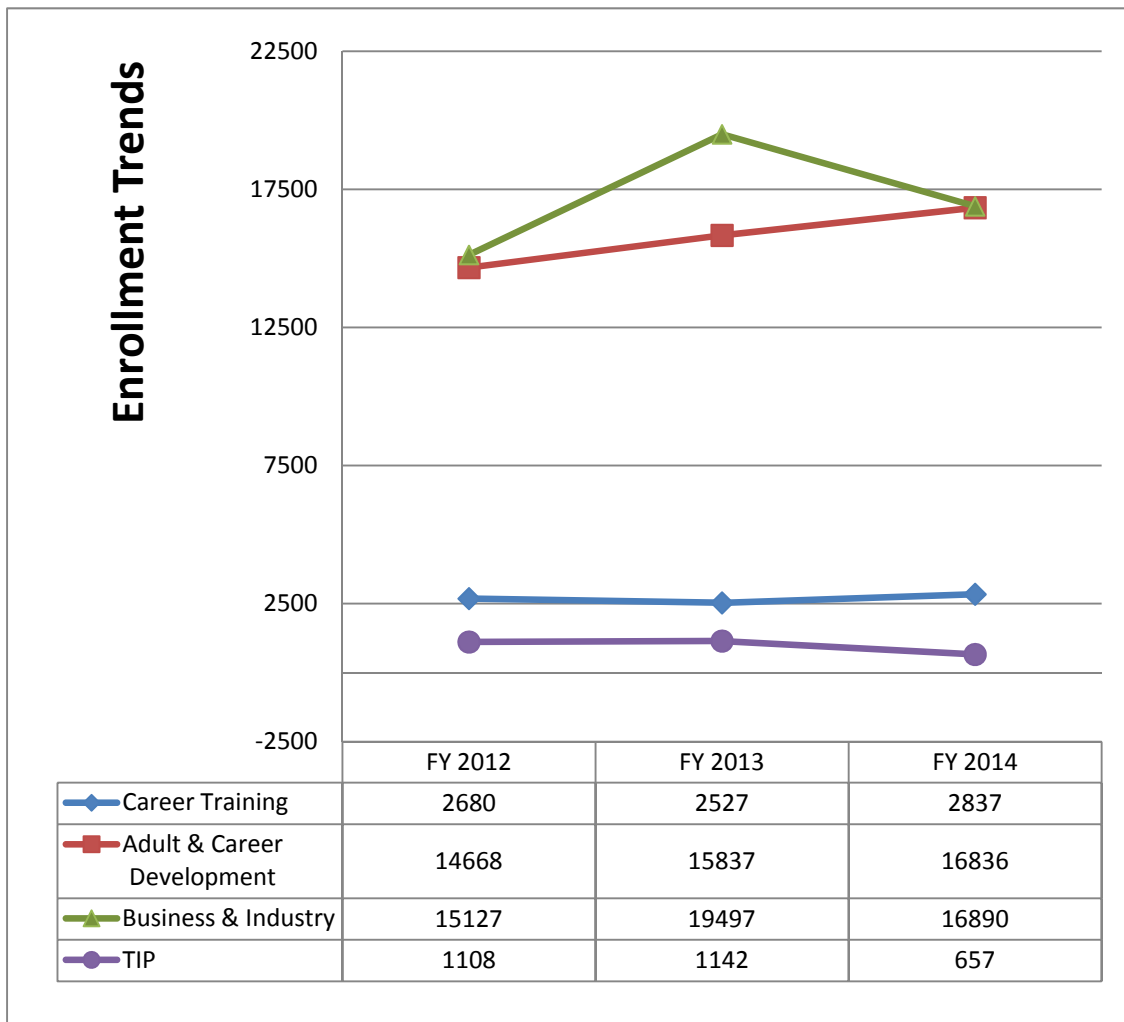
Mission – We prepare our customers for success in the workplace.

- **Career Training Programs:** Francis Tuttle offers forty different career training programs. These programs are designed to lead to industry certifications or licenses, employment or continuing education. These programs serve both high school students and adults. The career training programs fall into fifteen career clusters. Each career cluster is designed to offer students several choices of career major. Providing our students with many learning opportunities.
- **Adult and Career Development Classes:** Adult and Career Development (ACD) Classes are designed around specific curriculum and are designed to provide an introduction to or enhance knowledge of specific topics. Continuing education and licensing classes are offered in several areas including: real estate, insurance and health.
- **Business and Industry Services:** Francis Tuttle provides customized industry training to businesses and their employees in our District. This may include pre-employment, safety, skills based or management skills.

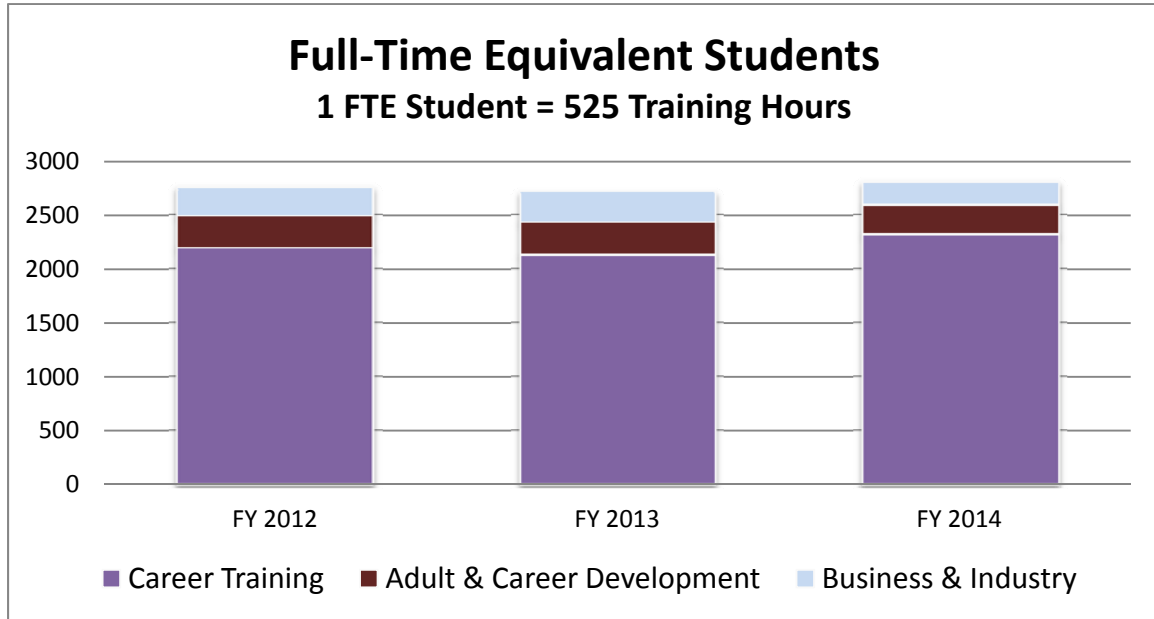
FINANCIAL HIGHLIGHTS

AdValorem property taxes are the largest source of revenue for Francis Tuttle. The growth rate in property valuations has a direct impact on the financial health of the District. Over the last five years the average growth in property valuation has been 5.5% per year. In FY 2014, the growth rate for property valuation was 5.9%. The District closely monitors property valuations, and adjusts spending accordingly.

Francis Tuttle measures activity in terms of students served. Important measures of students served include both the number of students enrolled and the number of full-time equivalent (FTE) students. Adult & Career Development and Business & Industry classes both have high enrollment in relatively short classes. Career Training classes have far fewer enrollments, but the classes last a full school year. Francis Tuttle contracts to provide special training for employers expanding their workforce through the Training for Industry Program (TIP).



All student training hours are converted into full-time equivalent (FTE) student counts. One FTE student is equal to the length of instruction for one high-school student for one school year (3 hours per day x 175 school days = 525 instructional hours).



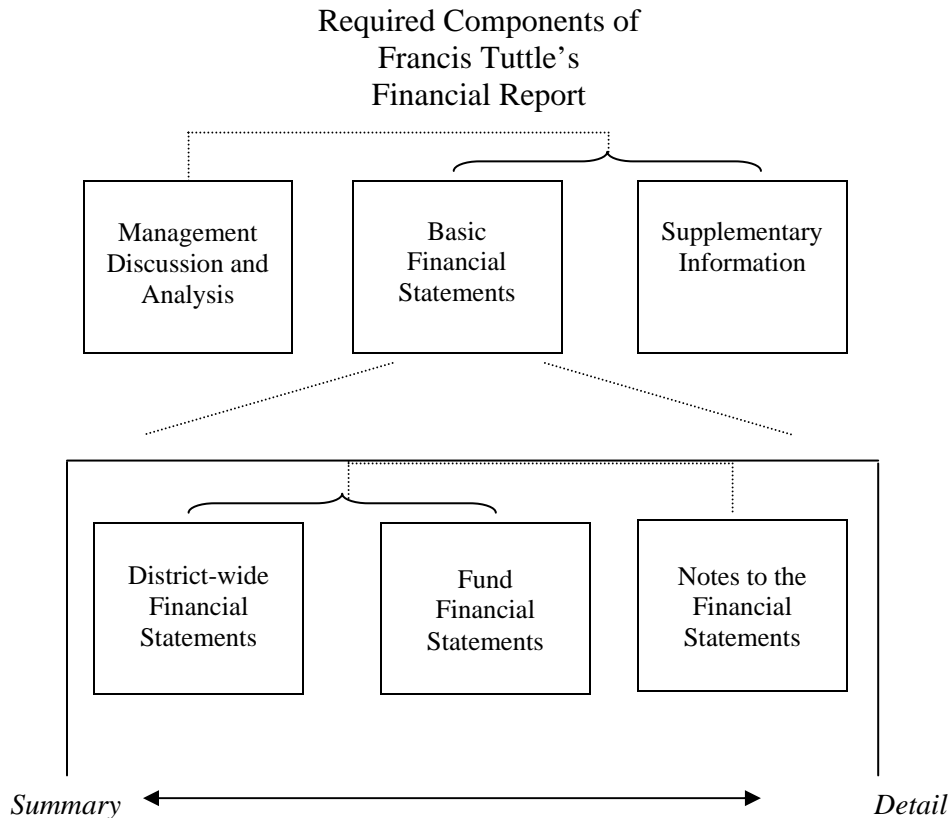
FINANCIAL STATEMENTS

The financial statements consist of three parts: management discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of Francis Tuttle. The first two statements are district-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about Francis Tuttle's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of Francis Tuttle's operations in more detail than the district-wide statements.

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending. The governmental funds are the General and Building Funds.
- Proprietary fund statements offer short- and long-term financial information about the activities that are operated like a business, including internal service funds. Francis Tuttle reports the self-funded Health and Dental Insurance in the Employee Benefits Fund.
- Fiduciary fund statements provide information about financial relationships where Francis Tuttle acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The fiduciary fund for Francis Tuttle is the Student Activity Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and reports the financial statements with the comparison of Francis Tuttle's budget for the year.



OVERVIEW OF FINANCIAL STATEMENTS

District-Wide Statements

The district-wide statements report information about Francis Tuttle as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets and liabilities, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report Francis Tuttle's net position and how they have changed. Net position, the difference between Francis Tuttle's assets and liabilities, is one way to measure Francis Tuttle's financial health or position.

Over time, increases or decreases in Francis Tuttle's net position are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall financial health of Francis Tuttle, you need to consider additional factors, such as changes in the Ad Valorem valuation and the projected student enrollment.

The district-wide financial statements of Francis Tuttle are all reported under governmental activities.

- **Governmental activities** – All of Francis Tuttle's basic services are included here, such as instruction, business and industry services, administration, and community services. Local property taxes, state appropriations, federal grants, tuition and fees finance most of these activities.

The district-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements

Francis Tuttle's fund financial statements provide detailed information about each fund – not Francis Tuttle as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs; state law requires certain funds.

- **Governmental funds** – Most of Francis Tuttle's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide 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 spendable resources available at the end of the fiscal year. The governmental fund statements provide a detailed short-term view of Francis Tuttle operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance Francis Tuttle's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The governmental financial statements can be found on pages 19-22 of this report.

- **Proprietary funds** – These funds are used to account for activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. Francis Tuttle accounts for the self-funded health and dental insurance program as an Internal Service fund reported in the proprietary funds statement. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions.

The proprietary financial statements can be found on pages 23-25 of this report.

- **Fiduciary funds** – Francis Tuttle is the trustee, or fiduciary, for assets that belong to others, in the student activity fund. Francis Tuttle is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Francis Tuttle excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The fiduciary financial statements can be found on page 26 of this report.

FINANCIAL ANALYSIS OF FRANCIS TUTTLE AS A WHOLE

Net Position: Francis Tuttle's total Net position was \$93,559,430 at June 30, 2014 and \$91,279,643 (restated) at June 30, 2013.

	Restated	
	<u>FY 2013</u>	<u>FY 2014</u>
Current and other assets	\$ 29,031,847	\$ 31,913,930
Net capital assets	92,273,512	90,022,911
Total assets	<u>121,305,359</u>	<u>121,936,841</u>
Current and other liabilities	6,927,868	6,733,878
Long-term liabilities	23,097,848	21,643,533
Total Liabilities	<u>30,025,716</u>	<u>28,377,411</u>
Net Position		
Net investment in Capital Assets	67,023,536	66,925,063
Restricted	10,882,395	13,110,086
Unrestricted	13,373,712	13,524,281
Total Net Position	<u>91,279,643</u>	<u>93,559,430</u>

The majority of Francis Tuttle's net position is net investment in capital assets (buildings, land, and equipment). These assets are not available for future spending. The restricted net position is limited in use due to statutory restrictions on the Building fund. The unrestricted net position includes amounts that the Francis Tuttle Board has committed to fund the cash flow needs during the first half of the fiscal year. The temporary cash flow deficit is the result of the timing of property tax payments. The District assigns a portion of fund balance to honor the commitments made by the District for encumbrances (purchase orders) for which goods or services have not yet been received. The detail of commitment and assigned fund balance can be seen in the fund financial statements.

The increase in Current and Other Assets during FY 2014 corresponds to the increase in Restricted Net Position. The District is updating the HVAC on the Rockwell campus. Planning and design for this project took place in FY 2014. Construction began in early FY 2015 and will continue through FY 2016.

Total revenue surpassed expenses, increasing Net position \$2,279,787 in FY 2014 and \$325,279 in FY 2013. During FY 2014, Cashion Public Schools joined the District, increase property taxes by approximately \$350,000. Planned expenditures from the Building fund, including the HVAC update, were delayed until FY 2015.

Statement of Activities

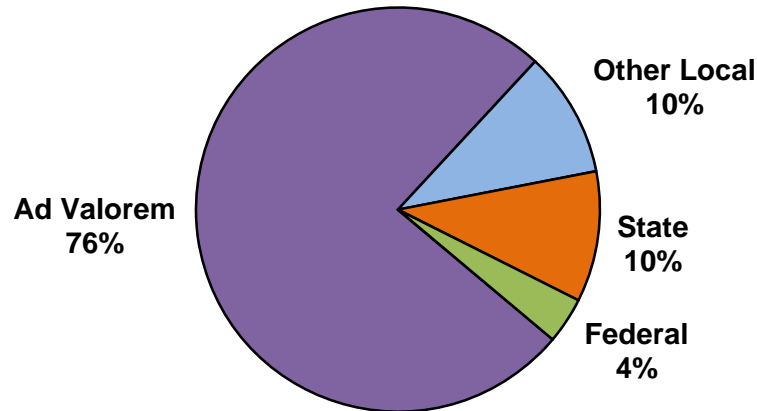
The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges for services, grants, revenues and subsidies that directly relate to specific expense categories are identified to determine the final amount of Francis Tuttle's activities that are supported by other general revenues. The largest general revenue category is Property (Ad Valorem) taxes.

The table below takes the information from that Statement of Activities, rearranges it slightly, so you can see our total revenues for the year.

Changes in Net Position Fiscal Year ended June 30

	<u>Governmental Activities</u>	
	Restated	
	<u>2013</u>	<u>2014</u>
Revenues		
<u>Program revenues</u>		
Charges for services	4,981,611	5,476,792
Operating grants and contributions	4,791,011	3,533,352
<u>General revenues</u>		
Property Taxes	44,847,584	46,913,506
State Formula Funding	3,482,250	3,527,701
State Funding – Retirement	1,914,500	2,000,000
Other	152,908	231,766
Earnings (loss) on investments	125,363	196,598
Insurance loss recoveries	0	28,625
Total revenues	60,295,227	61,908,340
Expenses		
Instruction	24,106,285	23,351,815
Instructional Support	7,503,985	8,093,690
Operational Support	20,139,313	20,679,657
Non-Instructional Services	4,040,359	4,430,898
Debt Service	1,213,384	1,107,644
Student Financial Aid and Other Uses	2,954,269	1,872,573
Repayments	12,352	92,276
Total expenses	59,969,947	59,628,553
Increase in Net Position	\$325,280	\$ 2,279,787

Revenue by Source



The following shows the District's largest functions - instructional programs, instructional support, operational support, and student financial aid as well as each program's net cost. The net cost is the total cost less revenues generated by the activities and other grants, subsidies and contributions to show the remaining financial needs supported by state and local taxes and other miscellaneous revenue.

Fiscal Years ended June 30, 2014 and 2013 **Net Cost of Governmental Activities**

<u>Functions/Programs</u>	<u>Restated</u> <u>FY 2013</u>		<u>FY 2014</u>	
	<u>Total Cost of</u> <u>Services</u>	<u>Net Cost of</u> <u>Services</u>	<u>Total Cost of</u> <u>Services</u>	<u>Net Cost of</u> <u>Services</u>
Instruction	\$24,106,285	\$20,568,802	\$23,351,815	\$19,840,056
Instructional Support	7,503,985	6,904,088	8,093,690	7,584,664
Operational Support	20,139,313	19,880,326	20,679,657	20,568,733
Non-Instructional Services	4,040,359	1,593,562	4,430,898	1,445,625
Debt Service	1,213,384	1,213,384	1,107,644	1,107,644
Financial Aid and Other Uses	2,954,269	37,163	1,872,573	71,687
Repayments	12,352	0	92,276	0
Total governmental activities	\$59,969,947	\$50,197,325	\$59,628,553	\$50,618,409

FINANCIAL ANALYSIS OF FRANCIS TUTTLE'S FUNDS

Francis Tuttle's governmental funds reported a total fund balance of \$25,447,981 at June 30, 2014 and \$23,083,067 (restated) at June 30, 2013. The increase in fund balance was due to setting aside funds in the Building Fund to address a large HVAC upgrade project. The primary source of revenue for the governmental funds is property tax. The property tax is not received evenly throughout the fiscal year. The majority of property tax revenues are received between December 15 and March 31st of each year. The governmental funds must carryforward a fund balance large enough to finance the negative cash flow during the first five months of each fiscal year.

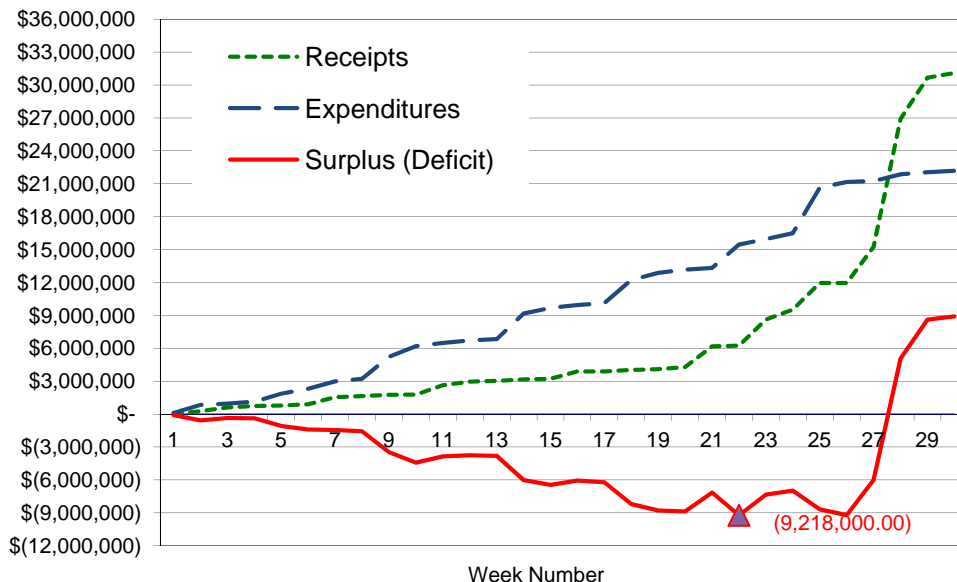
Francis Tuttle Technology Center offer Federal financial aid to adult students, which are accounted for in the General Fund. The primary types of Federal financial aid include PELL grants and student loans. In July 2012 the District decided to discontinue offering student loans. The phase out of loans took place during FY 2012-13 and FY 2013-14. This is reflected in the decrease of both revenue and expenditures for Financial Aid.

The Internal Service Fund reported total fund balance of \$371,173 on June 30, 2014 and \$715,929 (restated) on June 30, 2013. The Internal Service Fund receives premium income from Francis Tuttle, employees and retirees. Expenditures of the Internal Service fund are primarily for health and dental claims payments.

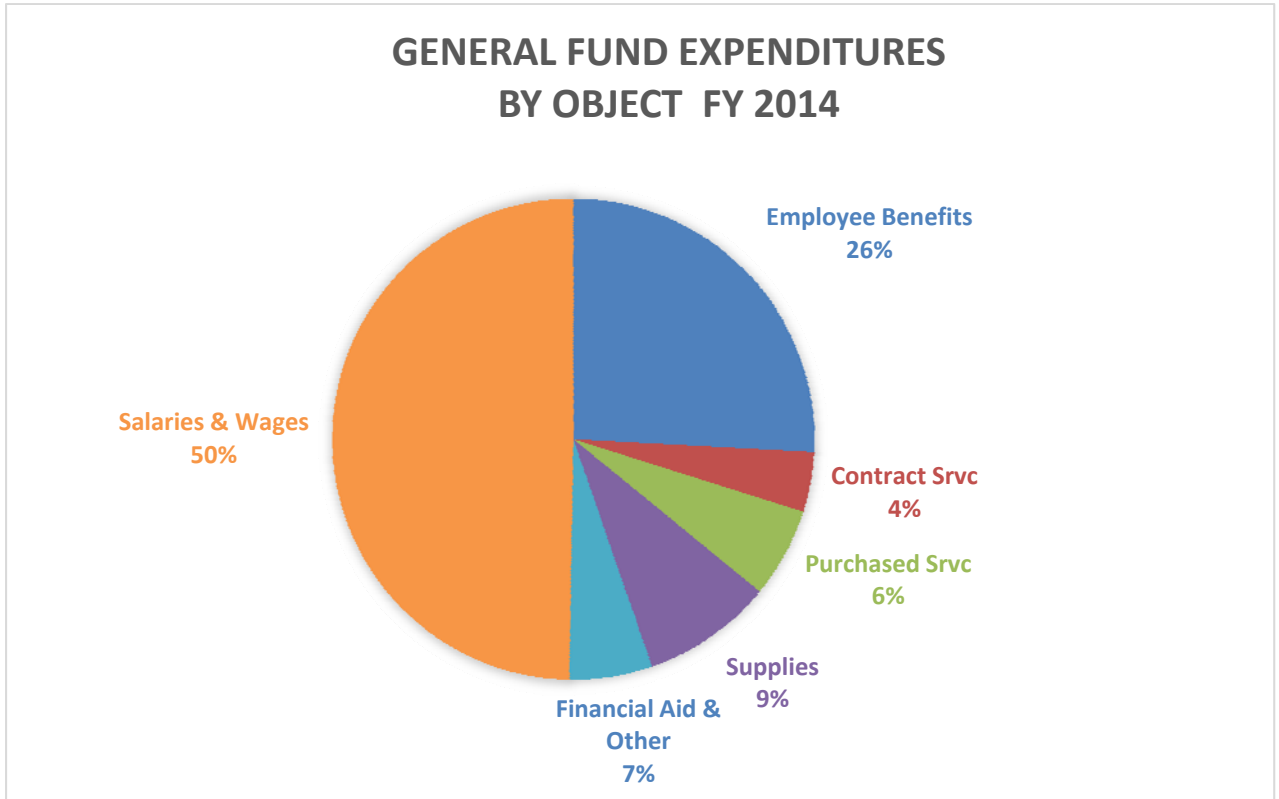
The Fiduciary Fund which holds balances on behalf of school organizations does not have a net fund balance on June 30, 2014 or on June 30, 2013.

General Fund: The General Fund balance is set at a level to fund the cash flow needs of the first half of the fiscal year. Expenditures are generally even throughout the year. Cash receipts lag behind expenditures during the first five months of the fiscal year. The collection of property taxes occurs mainly in December through March. This creates a cash flow deficit during the first part of each fiscal year. The committed fund balance is used to finance this cash flow deficit.

**Cumulative Cash Flow
 General Fund**



Francis Tuttle is a service entity and as such is labor intensive. Approximately 80% of general fund expenditures are for personnel costs (including salaries & wages, employee benefits and contract services).



Building Fund:

Francis Tuttle uses the building fund to purchase equipment; pay for utilities; maintain, remodel and build facilities and to support our instructional programs.

BUDGETARY HIGHLIGHTS

Francis Tuttle prepares budgets in compliance with Oklahoma statutes and in accordance with the School District Budget Act. The first operating budget is prepared prior to the beginning of the school year when certain factors are uncertain, such as the final net assessed property values. The Board approves budget amendments as needed. These budget amendments included the following changes:

- Certification of net assessed property values and the related effect on property tax budgets
- Changes in State formula and grant funding
- Additions to or adjustments of operating grants
- Changes in premiums for health and dental insurance

During the year, Francis Tuttle uses an accounting method prescribed by Oklahoma Statutes. This statutory method of accounting provides for recording income (revenue) when received, and encumbering expenditures when the purchase commitment is made (purchase order is issued). Budget variances are calculated based upon the statutory accounting method.

Budget variances are considered significant if revenues are under budget or expenditures are over budget. During FY 2014 the tuition revenue in the general fund was under budget by approximately 6.5%. This was primarily the result of the Discontinuing of Federal student loans.

In order to facilitate building projects that may extend over more than one fiscal year, construction and remodeling may be budgeted for more than is utilized during the year. During FY 2014 more funds were budgeted for the HVAC upgrade project than were encumbered.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Francis Tuttle had approximately \$90 million invested in a broad range of capital assets, including land, school buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$2.3 million from June 30, 2013, with depreciation expense exceeding new investments in capital assets.

Governmental Activities
Capital assets - net of depreciation

	2013	2014
	restated	
Land	\$ 4,392,954	\$ 4,392,954
Land Improvements	5,395,967	5,117,892
Buildings	70,850,061	68,318,512
Building Improvements	4,886,153	4,849,887
Equipment	5,577,145	5,875,569
Furniture & Fixtures	876,682	824,233
Vehicles	294,550	207,349
Construction In Progress	0	436,515
Total assets:	\$ 92,273,512	\$ 90,022,911

Additional information on capital assets can be found in note 5 to the financial statements.

Debt Administration

Bond Obligations –Francis Tuttle had no outstanding bond obligations as of June 30, 2014 and 2013.

Leases – Francis Tuttle has entered an operating lease for the Francis Tuttle Business Innovation Center.

Francis Tuttle has the following capital leases:

BOA Tranche I On November 28, 2008, Francis Tuttle entered into a ground lease of certain property at the Rockwell campus from Francis Tuttle to Bank of America. In addition, a lease purchase agreement from Bank of America to Francis Tuttle was executed. The lease purchase agreement provides construction financing for the Business and Industry Services Building being constructed on the Rockwell campus. The total amount financed under this agreement was \$10,000,000.

The lease-purchase calls for twenty-four semi-annual payments starting January 2010. The payments will be made out of the building fund. Francis Tuttle will gain ownership to the building incrementally as each payment is made.

BOA Tranche II On October 15, 2009, Francis Tuttle entered into a ground lease of certain property at the Rockwell campus from Francis Tuttle to Bank of America. In addition, a lease purchase agreement from Bank of America to Francis Tuttle was executed. The lease purchase agreement provides construction financing for the Culinary Arts Building on the Rockwell campus. The total amount financed under this agreement was \$20,000,000.

The lease-purchase calls for twenty-four semi-annual payments starting July 2011. The payments will be made out of the building fund. Francis Tuttle will gain ownership to the building incrementally as each payment is made.

Additional information on the lease purchase agreements and operating leases can be found in note 6 to the financial statements.

FACTORS BEARING ON FRANCIS TUTTLE TECHNOLOGY CENTER'S FUTURE

There are many factors that may have a positive or negative impact on Francis Tuttle financial status in the future. The District is not aware of any factors, that have a reasonable possibility of occurring, which will negatively impact the District's future operations.

CONTACTING FRANCIS TUTTLE FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students and creditors with a general overview of Francis Tuttle's finances and to show accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office, Francis Tuttle Technology Center, 12777 N Rockwell Ave, Oklahoma City, OK 73142.

Respectfully submitted,

Dr. Tom Friedemann
Superintendent

Carol Fadaiepour
Director of Finance

BASIC FINANCIAL STATEMENTS

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Current assets-	
Cash and cash equivalents	\$ 17,588,338
Investments	10,297,471
Interest receivable	38,100
Property taxes receivable, net	2,791,465
Receivables from other governments	496,939
Other receivables	452,358
Due from activity funds	54,219
Inventories	195,040
Total current assets	31,913,930
Capital assets-	
Land	4,392,954
Buildings and equipment	134,651,928
Construction in progress	436,515
Less accumulated depreciation	(49,458,486)
Total capital assets	90,022,911
Total assets	\$ 121,936,841
LIABILITIES	
Current liabilities-	
Accounts payable	\$ 1,105,827
Salaries & wages payable	1,782,141
Liability for incurred claims	650,861
Unearned revenue	47,608
Accrued interest payable	487,995
Current portion of long-term liabilities	2,659,446
Total current liabilities	6,733,878
Non-current liabilities-	
Compensated absences	798,411
Lease purchase agreement	20,845,122
Total non-current liabilities	21,643,533
Total liabilities	\$ 28,377,411
NET POSITION	
Net investment in capital assets	\$ 66,925,063
Restricted for capital related costs	13,110,086
Unrestricted	13,524,281
Total net position	\$ 93,559,430

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

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
Statement of Activities
Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 23,351,815	\$ 2,491,519	\$ 1,020,240	\$ (19,840,056)
Support services - instructional	8,093,690	-	509,026	(7,584,664)
Support services - operational	20,679,657	-	110,924	(20,568,733)
Operation of non-instruction services	4,430,898	2,985,273	-	(1,445,625)
Debt service	1,107,644	-	-	(1,107,644)
Financial aid and other uses	1,872,573	-	1,800,886	(71,687)
Repayments	92,276	-	92,276	-
Total governmental activities	<u>\$ 59,628,553</u>	<u>\$ 5,476,792</u>	<u>\$ 3,533,352</u>	(50,618,409)
GENERAL REVENUES:				
Taxes -				
Property taxes, levied for capital related costs				15,823,074
Property taxes, levied for general purposes				31,090,432
State aid - formula grants				3,527,701
State aid - retirement contributions				2,000,000
Other local				231,766
Earnings (loss) on investments				196,598
Insurance loss recoveries				28,625
Total general revenues and special items				<u>52,898,196</u>
Change in net position				2,279,787
NET POSITION, beginning				87,503,898
Prior period adjustments				<u>3,775,745</u>
NET POSITION, ending				<u>\$ 93,559,430</u>

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

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
Balance Sheet - Governmental Funds
June 30, 2014

	General Funds	Building Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,636,726	\$ 8,972,139	\$ 16,608,865
Investments	5,513,214	4,742,346	10,255,560
Interest receivable	18,050	19,400	37,450
Property taxes receivable, net	1,881,252	910,213	2,791,465
Receivables from other governments	496,939	-	496,939
Other receivables	452,358	-	452,358
Due from activity fund	54,219	-	54,219
Inventories	195,040	-	195,040
Total assets	16,247,798	14,644,098	30,891,896
LIABILITIES			
Accounts payable	351,321	754,506	1,105,827
Salaries & wages payable	1,770,469	11,672	1,782,141
Unearned revenue	47,608	-	47,608
Total liabilities	2,169,398	766,178	2,935,576
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue -- property taxes	1,583,277	767,834	2,351,111
Unavailable revenue -- tuition	157,228	-	157,228
Total deferred inflows of resources	1,740,505	767,834	2,508,339
FUND BALANCES			
Non-spendable			
Inventories	195,040	-	195,040
Equity interest in joint venture	229,943	-	229,943
Restricted for:			
Capital related costs	-	13,110,086	13,110,086
Committed to:			
Fund temporary cash flow deficit	9,825,000	-	9,825,000
Compensated leave	823,210	-	823,210
Assigned to:			
Compensated leave	381,922	-	381,922
Encumbrances	77,788	-	77,788
Unassigned	804,992	-	804,992
Total fund balances	12,337,895	13,110,086	25,447,981
Total liabilities, deferred inflows of resources and fund balances	\$ 16,247,798	\$ 14,644,098	\$ 30,891,896

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

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
 Reconciliation of Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2014

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

Total fund balance - governmental funds	\$ 25,447,981
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	139,481,397	
Less accumulated depreciation	<u>(49,458,486)</u>	90,022,911

Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.

Compensated absences	1,205,131	
Accrued interest payable	487,995	
Lease purchase agreement	<u>23,097,848</u>	(24,790,974)

Revenues that have been deferred in the governmental funds but are recognized as revenue in the government-wide financial statements.	2,508,339
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Internal service fund is used by the District to charge the costs of health and dental insurance benefits for the employees of the District. The assets and liabilities of the internal service fund is included in the governmental statements.	<u>371,173</u>
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Net position of governmental activities	<u>\$ 93,559,430</u>
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The notes to the financial statements are an integral part of this statement.

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2014

	General Funds	Building Fund	Total Governmental Funds
REVENUES:			
Property taxes	\$ 30,919,287	\$ 15,734,071	\$ 46,653,358
Tuition, fees and other local sources	4,019,960	-	4,019,960
State sources	6,476,853	-	6,476,853
Federal sources	2,292,777	-	2,292,777
Reimbursements	205,616	73,216	278,832
Earnings (loss) on investments	(25,891)	216,049	190,158
Total revenues	43,888,602	16,023,336	59,911,938
EXPENDITURES:			
Instruction	19,190,481	2,036,703	21,227,184
Support services- instructional	7,131,937	221,363	7,353,300
Support services- operational	13,340,843	4,696,751	18,037,594
Non-instructional services	2,123,318	13,953	2,137,271
Capital outlay	-	3,550,451	3,550,451
Debt service	-	3,305,000	3,305,000
Financial Aid and other uses	1,872,573	-	1,872,573
Repayments	92,227	49	92,276
Total expenditures	43,751,379	13,824,270	57,575,649
Excess (deficiency) of revenues over expenditures	137,223	2,199,066	2,336,289
OTHER FINANCING SOURCES (USES):			
Insurance loss recoveries	-	28,625	28,625
Total other financing sources (uses)	-	28,625	28,625
NET CHANGE IN FUND BALANCES	137,223	2,227,691	2,364,914
FUND BALANCES, beginning	10,460,200	9,797,363	20,257,563
Prior period adjustments	1,740,472	1,085,032	2,825,504
FUND BALANCES, ending	\$ 12,337,895	\$ 13,110,086	\$ 25,447,981

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

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2014

Net change in fund balances - governmental funds	\$ 2,364,914
<p>Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in net assets are different because:</p>	
<p>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 and are 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.</p>	
Capital outlay expenditures	2,685,321
Depreciation expense	(4,875,502)
Retirements and adjustments	(60,420)
	(2,250,601)
<p>Revenues that have been deferred in the governmental funds but are recognized as revenue in the government wide statements</p>	
	364,418
<p>Repayment of principal on lease purchase agreements is an expenditure in government funds, but it reduces long-term liabilities in the statement of net position.</p>	
	2,152,128
<p>Interest on lease purchase agreements is recorded as an expenditure in government funds when paid, but interest expense in the statement of activities is accrued for the reporting period, regardless of when it is paid.</p>	
	45,228
<p>Internal service fund is used by the District to charge the costs of health and dental insurance benefits for the employees of the District. The changes in net position of the internal service fund is included in the governmental activity.</p>	
	(344,756)
<p>Compensated absences payable do not require the use of current financial resources, and are therefore not reported as expenditures in governmental funds.</p>	
	(51,544)
Changes in net position of governmental activities	<u>\$ 2,279,787</u>

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

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
Statement of Net Position - Proprietary Funds
June 30, 2014

	<u>Governmental Activities - Internal Service Fund: Employee Benefits Fund</u>
ASSETS	
Current assets-	
Cash and cash equivalents	\$ 979,473
Investments	41,911
Interest receivable	<u>650</u>
Total current assets	<u>\$ 1,022,034</u>
LIABILITIES	
Current liabilities-	
Liability for incurred claims	<u>\$ 650,861</u>
Total current liabilities	<u>\$ 650,861</u>
NET POSITION	
Unrestricted	<u>\$ 371,173</u>
Total net position	<u>\$ 371,173</u>

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

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
Year Ended June 30, 2014

	<u>Governmental Activities - Internal Service Fund: Employee Benefits Fund</u>
OPERATING REVENUES:	
Insurance premium revenue	\$ 3,327,282
Insurance loss recoveries	505,818
Refunds	47,913
Total operating revenues	<u>3,881,013</u>
OPERATING EXPENSES:	
Support services	53,406
Medical & dental claims	3,823,205
Administrative costs	355,598
Total operating expenditures	<u>4,232,209</u>
Operating loss	<u>(351,196)</u>
NONOPERATING REVENUE (EXPENSES)	
Earnings (loss) on investments	<u>6,440</u>
Total nonoperating revenue (expense)	<u>6,440</u>
NET CHANGE IN NET POSITION	(344,756)
TOTAL NET POSITION, beginning	881,474
Prior period adjustment	<u>(165,545)</u>
TOTAL NET POSITION, ending	<u>\$ 371,173</u>

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

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
Statement of Cashflows - Proprietary Funds
Year Ended June 30, 2014

	<u>Governmental Activities - Internal Service Fund: Employee Benefits Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from user charges	\$ 3,344,508
Receipts from reinsurance recoveries	505,818
Payments for insurance claims	(3,702,156)
Payments to employees	(53,406)
Payments for support services & administration	<u>(355,598)</u>
NET CASH USED IN OPERATIONS	<u>(260,834)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales & maturities of investments	332,501
Purchases of investments	-
Investment Income	<u>5,379</u>
NET CASH PROVIDED BY INVESTMENT ACTIVITY	<u>337,880</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	77,046
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	902,427
CASH & CASH EQUIVALENTS AT END OF YEAR	979,473
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITY	
Operating loss	(351,196)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) Decrease in accounts receivable	17,226
(Decrease) Increase in accounts payable	<u>73,136</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (260,834)</u>

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

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2014

ASSETS

Current assets-

Cash and cash equivalents	\$ 174,684
Investments	<u>50,000</u>
Total current assets	<u>\$ 224,684</u>

LIABILITIES

Current liabilities-

Accounts payable	\$ 18,715
Due to general fund	54,219
Funds held for school organizations	<u>151,750</u>
Total current liabilities	<u>\$ 224,684</u>

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

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Francis Tuttle Technology Center School District No. 21, (the “District”) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Career and Technology Education. 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 five elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The District has not identified any component units that should be included in the District’s reporting entity. The Francis Tuttle Foundation Inc. is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the Foundation. The resources held by the Foundation for the benefit of the District are not significant to the financial position or activities of the District as a whole.

- B. Basic Financial Statements - 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 primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include tuition or fees paid by students or clients of the District and grants or 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 classified as program revenues are reported as general revenues.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements - cont'd

Funds

The District reports its financial activities through the use of fund accounting. This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements. Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.” In addition, the District’s funds are classified between major and non-major. The General Fund and Building Fund are major funds. A description of the activities of the various funds is provided below.

Governmental Fund Types

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

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes, various state appropriations including funding through the State Aid Formula approved by the State Board of Career and Technology Education, and tuition and fees. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds – Special revenue funds include the District’s building fund.

Building Fund – The building fund consists primarily of monies derived from property taxes levied for the specific purposes as defined by Oklahoma Statutes. The allowable purposes include: erecting or maintaining school buildings; purchasing furniture, equipment, computer software and telecommunications services, energy and utility costs, fire and casualty insurance premiums for school facilities, and student transportation.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements - cont'd

Proprietary Fund Types

Proprietary funds are used to account for activities that are designed to be run like a business. Services from such activities can be provided to either an outside party (enterprise funds) or to the District (internal service funds). Operating revenues and expense result from providing services in connection with the principal operation. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses. In a proprietary fund the fees charged are intended to cover the operating expenses. The Internal Services Fund is reported as a proprietary fund.

Internal Service Fund: Employee Benefits Fund – The employee benefits fund accounts for revenues and expenditures for the self-funded health and dental insurance coverage.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Agency Funds – Agency funds include the school district activity fund.

Activity Fund - The activity fund is used to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

C. Measurement Focus and Basis of Accounting

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

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Measurement Focus and Basis of Accounting - cont'd

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. Property taxes are considered to be available if collected within sixty (60) days of the fiscal year end.

For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual, to be available if they are collected within ninety (90) days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the payment is due.

Property taxes, interest, tuition and fees, and amounts due from other governments 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.

The general and building funds record purchases of equipment and supplies as expenditures rather than as assets to be expensed when used.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The District prepares its budget in accordance with the Oklahoma School District Budget Act. A budget is legally adopted by the Board of Education for all funds (with the exception of the agency funds) that includes revenues and expenditures. The approved budget creates an appropriation, which is the legal authority for the District to expend funds. In accordance with the School District Budget Act, the Board must adopt a budget by July 1 for the new fiscal year.

The original budget for FY 2013-14 was approved on June 27, 2013. The District amended the budget on September 9, 2013, February 10, 2014 and June 9, 2014.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Budgets and Budgetary Accounting - cont'd

Encumbrances represent obligations related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year.

Encumbrances are reported as an assignment of fund balances in the governmental fund statements, since the obligation will be honored through subsequent year's budget appropriations

E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – Cash consists of cash on hand, demand deposit accounts, interest bearing checking accounts, less outstanding checks. The District considers highly liquid investments with original maturity of three months or less when purchased to be cash equivalents.

Investments – The District is allowed to invest in various instruments which are directly or indirectly guaranteed or insured by the United States government or the State of Oklahoma and warrants, bonds or judgments of the District. Investments are recorded at fair value generally based on quoted market prices or estimated fair values provided by brokerage statements. The net change in fair value of investments is recognized and reported as earnings (loss) on investments.

Inventories – Inventories are carried at cost, using the first-in, first-out method, and are recorded as expense when used. Inventories include books and supplies held for resale.

The value of consumable inventories at June 30, 2014, is not material to the combined financial statements.

Capital Assets – Capital assets, which include land, building, building improvements, equipment and fixtures, vehicles and construction in progress are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment and fixtures is \$1,000. Donated capital assets are recorded at estimated fair market value at date of donation.

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

FRANCIS TUTTLE TECHNOLOGY CENTER
 SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS –
 FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity Assets, Liabilities and Fund Equity – cont’d

Building and building improvements, and equipment and fixtures are depreciated using the straight-line method beginning in the year they are placed into service. The District’s capital assets have the following estimated useful lives:

Assets	Years
Buildings and building improvements	20-50
Equipment and fixtures	4-15
Vehicles	8

Accounts Payable – Accounts payable represent amounts due to vendors for goods and services received by the District for which a check has not been issued.

Salaries & Wages Payable – Salaries and wages payable represent amounts due under employment contracts for which the services have been performed but payment has not yet been made.

Compensated Absences – A liability for compensated absences is recorded in the government-wide financial statement. The liability includes: Annual (Vacation) Leave; Annual Leave Bank, and 15 year Conditional Sick Leave.

Employees earn leave according to their classification and length of employment. Upon termination unused annual (vacation) leave is payable to the employee. Annual leave in excess of 90 days is transferred to “Annual Leave Bank” which is not available for current use, but is payable upon retirement or termination. Unused sick leave is not generally payable upon termination, and there is not a liability accrued for it.

The District has a Conditional Sick Leave payment for employee with over fifteen years of service. Accumulated unused sick leave, which is not reported to Oklahoma Teachers Retirement System for credit as a service year, is used for calculation of the Conditional Sick Leave payment upon retirement or termination.

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

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents the consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had not deferred outflows of resources as of June 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental fund balance sheet includes deferred inflows of resources related to unavailable property taxes and tuition receivables; such receivables will be recognized as revenues in the governmental funds when they become available.

Equity Classifications

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

- *Net investment in Capital Assets:* This consists of capital assets, net of accumulated depreciation plus deferred outflows of resources (if applicable) less outstanding balances of any bonds, notes, other borrowings, or deferred inflows of resources (if applicable) attributable to the acquisition, construction, or improvement of those assets.
- *Restricted Net Position:* Consists of net position that is legally restricted by outside parties or by law through constitutional provisions of enabling legislation.
- *Unrestricted Net Position:* This consists of net position that does not meet the definition of restricted net position or net investment in capital assets.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Equity Classifications – cont'd

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- *Nonspendable Fund Balance:* The nonspendable fund balance classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. This would include items not expected to be converted to cash including inventories and prepaid amounts. It may also include the long-term amount of loans and receivables, as well as property acquired for resale and the corpus (principal) of a permanent fund.
- *Restricted Fund Balance:* The restricted fund balance classification should be reported when constraints placed on the use of resources are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

The Building Fund is restricted by statute to certain capital related costs, its fund balance is shown as restricted.

- *Committed Fund Balance:* The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the District's Board of Education. Also, such constraints can only be removed or changed by the same form of formal action.

The District has committed a portion of fund balance in both the General and Building Fund for funding the cash flow needs during the first half of each fiscal year. The collection of property taxes occurs mainly in December through March. This creates a temporary cash flow deficit during the first part of each fiscal year. The committed fund balance is used to finance this temporary cash flow deficit.

- *Assigned Fund Balance:* The assigned fund balance classification reflects amounts that are constrained by the District's intent to be used for specific purposes, but meet neither the restricted or committed forms of constraint. Assigned fund balances cannot cause a deficit in unassigned fund balance. Board policy gives authority to the Director of Finance to assign fund balance for specific purposes.

The District assigns a portion of Fund Balance to honor the obligations made by the District for encumbrances (purchase orders) for which goods or services have not yet been received.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Equity Classifications – cont'd

- *Unassigned Fund Balance*: The unassigned fund balance classification is the residual classification for the General Fund only. It is also where negative residual amounts for all other governmental funds would be reported.

Fund balance represents the funds not restricted in use by Statute nor encumbered by purchase orders, legal contracts.

It is the District's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for the purposes for which both restricted and unrestricted fund balance are available. The District's policy for the use of unrestricted fund balance amounts require that the fund balance committed to cash flow cannot must be used last, other committed balances would be used first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for the purpose for this the amounts in any of those unrestricted fund balance classifications could be used.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls 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.

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, and Oklahoma Statutes. The State Board of Career and Technology Education administers the allocation of state aid funds to technology center districts. The state aid funding formula includes the following factors: enrollment, number of school sites in the district, number of approved programs, transportation and local resources.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

After review and verification of reports and supporting documentation, the State Department of Career and Technology Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. The failure of a program to meet minimum standards may result in an adjustment of funding. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Career and Technology 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 and Technology Education requires that categorical educational program revenues be accounted for in the general fund.

The aforementioned state revenues are apportioned to the District's general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass-through from another government, such as the state.

The majority of the federal revenues received by the District are apportioned to the general fund.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Reimbursements – Reimbursements are receipts deposited into a fund that are not new revenues to the District, but the return of assets.

FRANCIS TUTTLE TECHNOLOGY CENTER
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between instructors and students. Instruction may be provided for students in a classroom, in another location, such as a client's location, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as internet, television, and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Instructional Support Services Expenditures

Instructional support services expenditures provide technical and logistical support to facilitate and enhance instruction. These services include things such as counseling, library and media services, curriculum development, and student transportation. These services exist as adjuncts for fulfilling the objectives of instructional programs rather than as entities within themselves.

Support Services – Operational Expenditures - Operational support services expenditures provide administrative, technical, and logistical support to facilitate and enhance instruction. These services include things such as business office, management information services, human resources, facility maintenance, and administration. These services exist as adjuncts for fulfilling the objectives of instruction, community services, and enterprise programs rather than as entities within themselves.

Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community. These services are primarily resale operations.

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 improvements to sites.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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).

Financial Aid Expenditures and Repayments – 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 District or a third party administrator.

Repayment expenditures represent checks issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

G. District's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

H. New Accounting Pronouncements Adopted in Fiscal Year 2014

The District adopted two new accounting pronouncement during the year ended June 30, 2014 as follows:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*.
GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. The provisions of this Statement are effective for reporting periods beginning after December 15, 2012. The result of the adoption of GASB Statement No. 65 has not had a significant impact on the District's financial statement presentation.
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB No. 70").
GASB No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government is required to report the guaranteed obligation until it is legally released as an obligor, and when it is legally released, it should recognize revenue as a result of this release. The District will only be required to apply the provisions of GASB No. 70 if it enters into such guarantee agreements, and it currently has not entered into any such agreements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

I. New Accounting Pronouncements Issued Not Yet Adopted

The GASB has issued the following accounting pronouncement which will be effective in the year ended June 30, 2015:

- Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* (“GASB No. 68”)

GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012. Although the District has not yet quantified the impact that GASB No. 68 will have on its financial statements, it believes that adoption will result in a significant decrease in its Net Position.

- Statement No. 69, *Government Combinations and Disposals of Government Operations* (“GASB No. 69”)

GASB No. 69 was issued in January 2013 and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisitions and transfers of operations. A disposal of a government’s operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (“GASB No. 71”)

GASB No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that the beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

2. PRIOR PERIOD RESTATEMENT

For the year ended June 30, 2014, the District's financial statements have been restated to correct certain errors and to more accurately reflect the net position of the government as a whole. The restatement effects the beginning net position and fund balance as follows:

- a. Certain liabilities previously reported on the government funds statement were determined to be more accurately reported as a liability on the government-wide statement of net position.
- b. The activities of Center for Municipal Excellence (CME), which is a partnership with the City of Edmond (see note 11 below) had previously been reported in proprietary funds as a Business type activity in the government wide statement. The District's interest in CME is more accurately reported as a joint venture.
- c. The deferred benefits fund had previously been reported as a Fiduciary fund, it has been combined with the General Fund in Government Funds statement with the designation of Committed Fund balance.
- d. The employee benefits fund which accounts for the District's self-funded health and dental insurance plans was been moved from Fiduciary Funds to be reported as an Internal Services fund.
- e. Certain assets and expenditures were accrued in the 2013 financial statements, but related to fiscal year 2014.
- f. Certain receivables, inventories, and liabilities were not recorded as of June 30, 2013.

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SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

2. PRIOR PERIOD RESTATEMENT – cont'd

	Net Position/Fund Balance				
	As Originally Reported as of	Note			Restated as of
	June 30, 2013	#	Increase	(Decrease)	June 30, 2013
Government Wide:					
Governmental Activities	87,503,898	b.	248,623	-	
		d.	881,473	-	
		e.	329,011	-	
		f.	2,516,316	199,678	91,279,643
Business-type Activities	497,245	b.	-	(497,245)	-
Total	88,001,143				91,279,643
Governmental Funds:					
General Fund	10,460,200	a.	287,250	-	
		b.	248,623	-	
		c.	866,338	-	
		f.	372,394	34,133	12,200,672
Building Fund	9,797,363	a.	533,223	-	
		e.	551,809	-	10,882,395
Proprietary Funds:					
Internal Service Fund	881,474	f.	-	165,545	715,929

FRANCIS TUTTLE TECHNOLOGY CENTER
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NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

2. PRIOR PERIOD RESTATEMENT – cont'd

The changes discussed above impact the change in net position/fund balance as follows:

	Change in Net Position/Fund Balance				Restated as of June 30, 2013
	As Originally Reported as of June 30, 2013	Note #	Increase	(Decrease)	
Government Wide:					
Governmental Activities	159,951	b.	100,000	64,623	
		c.	4,262		
		d.	-	399,500	
		e.	329,011	-	
		f.	230,312	34,133	325,280
Business-type Activities	70,753	b	-	(70,753)	-
Total	230,704				325,280
Governmental Funds:					
General Fund	(192,046)	a.	27,150	-	
		b.	100,000	64,623	
		c.	4,262	-	
		f.	177,354	34,133	17,964
Building Fund	1,127,409	a.	-	25,152	
		e.	551,809	-	1,654,066
Proprietary Funds:					
Internal Service Fund	(233,955)	f.	-	165,545	(399,500)

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of failure of a counterparty, the District will not be able to recover its deposits. Deposits are exposed to credit risk if they are uninsured or uncollateralized. The District's policy requires that all deposits in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits. As of June 30, 2014, almost all of the District's deposits were federally insured by FDIC or NCUA. Amounts not insured or collateralized were not significant.

The District had cash deposits at financial institutions with a book balance of \$2,755,530 at June 30, 2014. The bank balance of these deposits was \$3,784,472. The difference between the bank balance and book balance are the outstanding checks.

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FOR THE YEAR ENDED JUNE 30, 2014

3. CASH, CASH EQUIVALENTS AND INVESTMENTS – cont'd

Custodial Credit Risk - Investments - For an investment, custodial credit risk is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the investments. As of June 30, 2014, all of the District's investments were either federally insured by FDIC or NCUA or are invested in Federal securities. Further, all of the District's investments are held by its agent in the District's name. Accordingly, no investments are subject to custodial credit risk.

The District's investments consist of U.S. agency and instrumentality bonds, State of Oklahoma bonds and certificates of deposit, money market mutual funds, and qualified investment pools. The District also has an investment in a joint venture which is further discussed in Note 11. The District's investment policies are governed by state statute. The District's investments are carried at fair value. As of June 30, 2014 there are no significant unrealized losses.

Credit Risk - Credit risk measures the ability of the issuer to meet its obligation. The District's investment policy is designed to minimize credit risk. The Oklahoma Bonds held by the District are rated Moodys Aaa or Standard & Poors AA. Other long-term investments are guaranteed by the US government or in certificates of deposits which do not have credit risk.

Concentration of Credit Risk - The district policy does not limit the amount the District may invest in any one issuer. As of June 30, 2014 the District's investments were spread among issuers with less than 10% invested in any one issuer.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rate will adversely affect the fair value on an investment. The length of an investment has an inverse relationship with interest rate risk. Short-term investments have very little interest rate risk. As the length of an investment increases, the interest rate risk also increases. The District strives to maintain a balance between the investment yield and acceptable interest rate risk.

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FOR THE YEAR ENDED JUNE 30, 2014

3. CASH, CASH EQUIVALENTS AND INVESTMENTS – cont'd

Category	Investment Maturities in Years with Average Yields				Total Fair Value
	Less than One	One to Three	Three to Five	More than Five	
<i>Cash & Cash Equivalents</i>					
Deposits	\$ 2,755,530	-	-	-	\$ 2,755,530
Money Market & Liquid Pooled Accounts	14,832,808	-	-	-	14,832,808
Yield	0.03%				
<i>Investments</i>					
Certificates of Deposit	2,737,000	866,430	832,175		4,435,605
Yield	0.6%	2.9%	2.2%		
Oklahoma Bond Funds (OHFA)	308,796	529,998	309,997	1,017,890	2,166,681
Yield	1.5%	1.5%	3.4%	4.4%	
US Government Agencies					
FHLB	-	-	648,116	1,604,313	2,252,429
FNMA	-	-	-	763,055	763,055
FHLMC	-	-	249,412	200,346	449,758
Yield			1.3%	3.2%	
Investment in joint venture	229,943	-	-	-	229,943
Total Book Balance	<u>\$ 20,864,077</u>	<u>\$ 1,396,428</u>	<u>\$ 2,039,700</u>	<u>\$ 3,585,604</u>	<u>\$ 27,885,809</u>

Yields were calculated based on yield to maturity and original cost. A portion of the investments are callable – exercise of the call by the issuer may change the actual yield.

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4. RECEIVABLES (NET OF ALLOWANCE FOR UNCOLLECTIBLES)

Below is the detail of receivables including the applicable allowances for uncollectible accounts.

	<u>Governmental Funds</u>		<u>Proprietary Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Building Fund</u>	<u>Internal Service Fund</u>	
Interest receivable	18,050	19,400	650	38,100
Property taxes	3,003,972	1,470,805	-	4,474,777
Receivables from other governments	496,939	-	-	496,939
Other	452,358	-	-	452,358
Due from activity fund	<u>54,219</u>	<u>-</u>	<u>-</u>	<u>54,219</u>
Total gross receivables	4,025,538	1,490,205	650	5,516,393
Less: allowance	<u>(1,122,720)</u>	<u>(560,592)</u>	<u>-</u>	<u>(1,683,312)</u>
Net receivables	<u>\$ 2,902,818</u>	<u>\$ 929,613</u>	<u>\$ 650</u>	<u>\$ 3,833,081</u>

At June 30, 2014, \$2.5 million of receivables were considered to be unavailable and were recorded as deferred inflows of resources.

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FOR THE YEAR ENDED JUNE 30, 2014

5. CAPITAL ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Capital assets activity for the year ended June 30, 2014, was as follows:

Class	Beginning Balance	Prior Period Adjustments	Increases	Decreases	Ending Balance
Governmental Activities:					
Land	\$ 4,392,954	\$ -	\$ -	\$ -	\$ 4,392,954
Land improvements	8,536,290	-	207,052	-	8,743,342
Buildings	98,735,742	-	-	-	98,735,742
Building improvements	8,144,158	(222,799)	385,785	(349,704)	7,957,440
Equipment & Fixtures	18,613,162	-	1,601,663	(2,253,504)	17,961,321
Vehicles	1,218,526	-	54,306	(18,749)	1,254,083
Construction in Progress	-	-	436,515	-	436,515
Totals	<u>139,640,832</u>	<u>(222,799)</u>	<u>2,685,321</u>	<u>(2,621,957)</u>	<u>139,481,397</u>
Less accumulated depreciation for:					
Land improvements	(3,140,323)	-	(485,127)	-	(3,625,450)
Buildings	(27,885,681)	-	(2,531,549)	-	(30,417,230)
Building improvements	(3,035,206)	-	(413,801)	341,454	(3,107,553)
Equipment & Fixtures	(12,159,335)	-	(1,303,518)	2,201,334	(11,261,519)
Vehicles	(923,976)	-	(141,507)	18,749	(1,046,734)
Totals	<u>(47,144,521)</u>	<u>-</u>	<u>(4,875,502)</u>	<u>2,561,537</u>	<u>(49,458,486)</u>
Capital Assets, Net	<u>\$ 92,496,311</u>	<u>\$ (222,799)</u>	<u>\$ (2,190,181)</u>	<u>\$ (60,420)</u>	<u>\$ 90,022,911</u>

Under the District's capitalization policy assets with a value of less than \$1,000, are not reported in the financial statements nor in depreciation calculations. As of June 30, 2014, the assets with a value of less than \$1,000, totaled \$12,888,743, which accounts for approximately 8% of total assets.

Depreciation expense for the year ended June 30, 2014, was charged to functions/programs of the District as follows:

Governmental Activities:	
Instruction	\$ 2,047,711
Support services - instructional	731,325
Support services - operational	1,755,181
Operation of non-instruction services	341,285
	<u>\$ 4,875,502</u>

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NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

6. INTERFUND RECEIVABLES AND PAYABLES

On June 30, 2014, the Activity Fund had a balance due to the General Fund of \$54,219. This is shown as due from activity funds on the statement of net position and General fund balance sheet and as due to general fund in the statement of fiduciary assets and liabilities – agency fund.

Certain revenues are collected in the Activity Fund on behalf of the General Fund. These include tuition payments and resale revenue. The revenue, net of refunds, is transferred to the General Fund upon approval of the Board of Education.

7. LONG-TERM LIABILITIES

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District’s voters. Bond issues can be approved by the voters and issued by the District for various capital improvements. These bonds are then required to be fully paid serially within 25 years of the date of issue.

General long-term debt of the District normally would consist of building bonds payable. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund. The District had no outstanding bonds as of June 30, 2014.

Long-term liabilities of the District consists of lease purchase agreements and obligations for compensated absences. The obligations for compensated absences include accrued annual leave and certain contingent leave balances payable only upon retirement or termination. Payments for accrued annual leave and contingent leave are generally paid out of the General Fund.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Compensated Absences:					
Annual Leave	\$ 287,250	\$ 491,760	\$ (472,290)	\$ 306,720	\$ 306,720
Contingent Leave	866,337	81,168	(49,094)	898,411	100,000
	<u>1,153,587</u>	<u>572,928</u>	<u>(521,384)</u>	<u>1,205,131</u>	<u>406,720</u>
Lease Purchase Agreements:					
Bank of America Tranche I	7,114,658	-	(702,770)	6,411,888	733,187
Bank of America Tranche II	18,135,318	-	(1,449,358)	16,685,960	1,519,539
	<u>25,249,976</u>	<u>-</u>	<u>(2,152,128)</u>	<u>23,097,848</u>	<u>2,252,726</u>
	<u>\$ 26,403,563</u>	<u>\$ 572,928</u>	<u>\$ (2,673,512)</u>	<u>\$ 24,302,979</u>	<u>\$ 2,659,446</u>

FRANCIS TUTTLE TECHNOLOGY CENTER
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FOR THE YEAR ENDED JUNE 30, 2014

8. LEASE PURCHASE AGREEMENTS AND OPERATING LEASES

Bank of America Tranche I - On November 28, 2008, Francis Tuttle entered into a ground lease of certain property at the Rockwell campus from Francis Tuttle to Bank of America. In addition, a lease purchase agreement from Bank of America to Francis Tuttle was executed. The lease purchase agreement provides construction financing for the Business and Industry Services Building being constructed on the Rockwell campus. The total amount financed under this agreement will be \$10,000,000. The lease purchase agreement matures on July 15, 2021.

The lease-purchase calls for twenty-four semi-annual payments starting January 2010 and ending in July 2021. The payments will be made out of the building fund. Francis Tuttle will gain ownership to the building incrementally as each payment is made.

Bank of America Tranche II - On November 15, 2009, Francis Tuttle entered into a ground lease of certain property at the Rockwell campus from Francis Tuttle to Bank of America. In addition, a lease purchase agreement from Bank of America to Francis Tuttle was executed. The lease purchase agreement provides construction financing for the Culinary Arts Building being constructed on the Rockwell campus. The total amount financed under this agreement will be \$20,000,000. The lease purchase agreement matures on January 15, 2023.

The lease-purchase calls for twenty-four semi-annual payments starting July 2011. The payments will be made out of the building fund. Francis Tuttle will gain ownership to the building incrementally as each payment is made.

The lease payments will be as follows:

<u>Fiscal Year</u>	<u>BOA</u> <u>Tranche I</u>	<u>BOA</u> <u>Tranche II</u>	<u>Total</u>
2014-15	\$1,000,000	\$ 2,300,000	\$ 3,300,000
2015-16	\$1,000,000	\$ 2,300,000	\$ 3,300,000
2016-17	\$1,000,000	\$ 2,300,000	\$ 3,300,000
2017-18	\$1,000,000	\$ 2,300,000	\$ 3,300,000
2018-19	\$1,000,000	\$ 2,300,000	\$ 3,300,000
2019-20	\$1,000,000	\$ 2,300,000	\$ 3,300,000
2020-21	\$1,000,000	\$ 2,300,000	\$ 3,300,000
2021-22	\$ 575,019	\$ 2,300,000	\$ 2,875,019
2022-23	\$ -	\$ 2,339,207	\$ 2,339,207
 Total Obligation	 \$7,575,019	 \$20,739,207	 \$28,314,226
 Less Amounts Representing Interest	 (1,163,131)	 (4,053,247)	 (6,364,249)
Lease Purchase Payable	<u>\$6,411,888</u>	<u>\$16,685,960</u>	<u>\$23,097,848</u>
 Current Portion of Lease Payable	 <u>\$ 733,187</u>	 <u>\$ 1,519,539</u>	 <u>\$ 2,252,726</u>

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

8. LEASE PURCHASE AGREEMENTS AND OPERATING LEASES– cont'd

The gross amount of buildings acquired under the Bank of America Tranche I and Bank of America Tranche II capital leases was \$9,700,000 and \$19,500,000, respectively.

Operating Lease

The District has entered into a Lease Agreement for the Business Innovation Center. The initial Lease Term begins in July 2013 and continues through June 2023, depending upon annual ratification. Lease payments during FY 2013-14 were \$468,897. The annual lease payments for FY 2014-15 will be \$502,298.

9. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System ("the System"). All full-time employees, teachers and certified employees of Francis Tuttle participate in the System. Other employees who work at least 20 hours per week may opt to participate.

The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes 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. That report may be access on the Oklahoma Teachers' Retirement website at www.ok.gov/TRS.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation; the District pays the employee contribution for full-time employees as allowed by Oklahoma Teachers' Retirement System. The District's contribution rate is 9.5% of total compensation. In addition, the District is required to match the State's contribution rate on salaries that are paid with federal funds.

FRANCIS TUTTLE TECHNOLOGY CENTER
 SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS –
 FOR THE YEAR ENDED JUNE 30, 2014

9. EMPLOYEE RETIREMENT SYSTEM– cont'd

Annual Pension Cost

The District's total contributions for 2014, 2013 and 2012, equal to the required contributions for each year and are shown below:

	2014	2013	2012
Required Employer Contribution	\$ 2,256,298	\$ 2,113,478	\$ 2,094,416
Additional Employer Contribution for grant funded employees	31,650	25,880	23,537
Employee contribution paid by the District	1,469,146	1,367,432	1,326,808
The District's Total Contribution	\$ 3,757,094	\$ 3,506,790	\$ 3,444,761

On Behalf Payments

The State makes a contribution on behalf of each teacher meeting minimum salary requirements (known as the TRS years of service credit). The credit amount is determined based on years of service and ranges from \$60.15 per year for 0 years of service to \$1,410.53 per year for 25 years or more of service. For the fiscal year ended June 30, 2014, the State paid approximately \$132 thousand on behalf of teachers employed at the District. In accordance with generally accepted accounting practices, the District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements.

The State of Oklahoma is also required to contribute to the System on behalf of the participating employers. For 2014, the State of Oklahoma contributed 5% of state revenues from sales and use taxes and individual income taxes, to the System on behalf of participating employers. The District has estimated the amounts contributed to the System by the State of Oklahoma on its behalf based on a contribution rate provided to the District. For the year ended June 30, 2014, the total amount contributed to the System by the State of Oklahoma on behalf of the District was approximately \$1.9 million. In accordance with generally accepted accounting practices, District recognized the on-behalf-of payments as revenue and expense/expenditure in the government wide and fund financial statements.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

10. EMPLOYER FUNDED 403(b) PLAN

The District adopted an employer paid 403(b) plan, under Internal Revenue Code Section 403(b), for the benefit of a special class of employees and the senior management team. The Legend Group administers the plan. Contributions to the plan are part of the total compensation package for the senior management team approved by the Board of Education each year. Members are fully vested in the contributions. The District contributed \$89,785 to the 403(b) plan during FY 2014.

11. JOINT VENTURE

The District participates in a partnership with the City of Edmond to operate the Center for Municipal Excellence (CME) to provide training to municipal workers.

The CME is governed by an Advisory Board with equal representation from the District and the City of Edmond. By agreement, each partner is required to make equal, ongoing, financial contributions, as well as provide in-kind support. The partners have equal interest in the assets of CME which consists of cash and cash equivalents and investments.

During Fiscal Year 2014, the District and the City of Edmond each contributed \$50,000 to the partnership. The District's share of CME's net loss was \$68,679 and is presented in earnings (loss) on investments in the accompanying financial statements. The District's equity interest in the partnership is \$229,943 at June 30, 2014.

Financial statements for CME are available upon request from the District's Finance office.

12. 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; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

FRANCIS TUTTLE TECHNOLOGY CENTER
 SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS –
 FOR THE YEAR ENDED JUNE 30, 2014

12. RISK MANAGEMENT – cont'd

The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to, and has, on deposit 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to, but must contribute if their deposits fall below 1.6%. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

The District operates a self-insured medical program for District employees, their eligible dependents and District retirees. This program is administered by an independent third party (TPA) and covers medical and dental expenses, as allowed under the plan definition. In order to mitigate the risk associated with this program, the District purchases individual “Stop Loss” insurance in the amount of \$85,000 with an aggregating specific “stop loss” of \$40,000 and aggregate “stop loss” insurance of approximately \$2.8 million.

The District estimates the liability for medical and dental claims that have been incurred but not reported to the District, or TPA as of June 30 each year. A summary of the changes in aggregate liability for claims is shown below:

Fiscal Year	Beginning		Claims Incurred	Claims Paid	Ending Claims	
	Claims Liability	Liability			Liability	Liability
2012-13	\$ 290,000		3,280,687	(2,993,142)	\$ 577,545	
2013-14	\$ 577,545		3,709,356	(3,636,040)	\$ 650,861	

13. COMMITMENTS AND CONTINGENCIES

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2013-14 fiscal year. The revised *OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations*, established uniform audit requirements for nonfederal entities which expended more than \$500,000 in federal awards. Amounts received or receivable from grantor agencies are subject to audit and adjustments 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.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2014

13. COMMITMENTS AND CONTINGENCIES – cont'd

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District settlement of which would have a material effect on the financial statements of the District.

Commitments

The District encumbers funds prior to ordering goods or services. At June 30, 2014, the District has encumbered funds for goods or services not yet delivered that total \$684,682 in the general funds and \$2,187,655 in the Building fund. The encumbrances in the building fund are primarily commitments for on-going construction projects and for equipment that has been ordered but not delivered.

14. SUBSEQUENT EVENTS

The District's self-insured medical program is ending on December 31, 2014. Francis Tuttle Technology Center will rejoin the fully insured health and dental program with the Oklahoma Employees Group Insurance effective January 1, 2014. All claims against the District's self-insured plan are expected to be processed during FY 2014-15.

REQUIRED SUPPLEMENTARY INFORMATION

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
 Budgetary Comparison Schedule - General Fund
 For the year ended June 30, 2014

	<u>GENERAL FUND</u>			Variance with Final Budget
	Budget		Actual	
	Original	Final		
Revenues Collected:				
Property taxes	\$ 30,045,500	\$ 30,695,500	\$ 30,851,812	\$ 156,312
Tuition, fees and other local sources	3,960,000	4,210,000	3,928,815	(281,185)
State sources	4,040,000	4,495,500	4,428,260	(67,240)
Federal sources	2,433,000	2,343,000	2,485,728	142,728
Interest earnings	125,000	125,000	56,309	(68,691)
Non-revenue receipts	-	145,000	205,616	60,616
Total revenues collected	<u>40,603,500</u>	<u>42,014,000</u>	<u>41,956,540</u>	<u>(57,460)</u>
Expenditures:				
Instruction	17,837,261	18,553,262	18,412,665	140,597
Support services - instructional	6,695,774	6,813,496	6,743,137	70,359
Support services - operational	12,478,567	12,865,416	12,830,343	35,073
Operation of non-instructional services	2,026,171	2,141,951	2,133,789	8,162
Facilities acquisition and construction services	-	-	-	-
Other outlays- Reimbursement	-	100,000	92,228	7,772
Financial aid and other uses	1,990,000	1,895,000	1,820,451	74,549
Total expenditures	<u>41,027,773</u>	<u>42,369,125</u>	<u>42,032,613</u>	<u>336,512</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	<u>(424,273)</u>	<u>(355,125)</u>	<u>(76,073)</u>	<u>279,052</u>
Other financing sources (uses) Transfer out	<u>(50,000)</u>	<u>(100,000)</u>	<u>(50,000)</u>	<u>50,000</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	<u>(474,273)</u>	<u>(455,125)</u>	<u>(126,073)</u>	<u>329,052</u>
Statutory fund balance, beginning of year	<u>10,250,000</u>	<u>10,460,201</u>	<u>10,153,279</u>	<u>(306,922)</u>
Statutory fund balance, end of year	<u>\$ 9,775,727</u>	<u>\$ 10,005,076</u>	<u>\$ 10,027,206</u>	<u>\$ 22,130</u>
Reconciliation of statutory basis to GAAP basis:				
Statutory accruals			\$ (361,578)	
Investment in joint venture			229,943	
Change in fair value of investments			(23,992)	
Inventories			195,040	
Revenue accrual net of portion deferred in fund statements			1,162,313	
Change in unearned revenues			(47,608)	
Reduce encumbrances to accounts payable			333,361	
Balances of deferred benefit fund are shown as a separate fund for budgetary purposes, but combined with the general fund in the governmental funds			<u>823,210</u>	
Fund balance end of year GAAP basis			<u>\$ 12,337,895</u>	

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

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
 Budgetary Comparison Schedule - Building Fund
 For the year ended June 30, 2014

	BUILDING FUND			Variance with Final Budget
	Budget		Actual	
	Original	Final		
Revenues Collected:				
Property taxes	\$ 15,059,000	\$ 15,409,000	\$ 15,706,691	\$ 297,691
Other local sources	-	-	28,625	28,625
Federal sources	-	-	-	-
Interest earnings	150,000	150,000	120,376	(29,624)
Non-revenue receipts	-	-	73,216	73,216
Total revenues collected	<u>15,209,000</u>	<u>15,559,000</u>	<u>15,928,908</u>	<u>369,908</u>
Expenditures:				
Instruction	2,129,200	2,446,200	2,171,296	274,904
Support services	4,929,680	5,747,180	5,235,270	511,910
Operation of non-instruction services	4,600	20,600	17,285	3,315
Facilities acquisition and construction services	5,688,985	5,281,485	3,976,710	1,304,775
Debt service	3,305,000	3,305,000	3,305,000	-
Correcting entry	-	5,000	49	4,951
Total expenditures	<u>16,057,465</u>	<u>16,805,465</u>	<u>14,705,610</u>	<u>2,099,855</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	<u>(848,465)</u>	<u>(1,246,465)</u>	<u>1,223,298</u>	<u>2,469,763</u>
Statutory fund balance, beginning of year	<u>5,880,000</u>	<u>9,797,363</u>	<u>8,845,008</u>	<u>(952,355)</u>
Statutory fund balance, end of year	<u>\$ 5,031,535</u>	<u>\$ 8,550,898</u>	<u>\$ 10,068,306</u>	<u>\$ 1,517,408</u>
Reconciliation of statutory basis to GAAP basis:				
Statutory accruals			\$ 1,356,228	
Change in fair value of investments			90,624	
Revenue accrual net of portion deferred in fund statements			161,779	
Reduce encumbrances to accounts payable			<u>1,433,149</u>	
Fund balance end of year GAAP basis			<u>\$ 13,110,086</u>	

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

OTHER SUPPLEMENTARY INFORMATION

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
Statement of Changes in Assets and Liabilities - Agency Fund
For the year ended June 30, 2014

	June 30, 2013	Balance	Additions	Deductions	June 30, 2014	Balance
ASSETS						
Cash	\$ 181,219		\$ 3,304,907	\$ (3,311,442)		\$ 174,684
Investments	50,000		-	-		50,000
Total assets	<u>\$ 231,219</u>		<u>\$ 3,304,907</u>	<u>\$ (3,311,442)</u>		<u>\$ 224,684</u>
LIABILITIES						
Accounts payable	\$ 47,979		\$ 48,048	\$ (77,312)		\$ 18,715
Due to general fund	38,836		3,017,983	(3,002,600)		54,219
Funds held for school organizations	144,404		183,175	(175,829)		151,750
Total liabilities	<u>\$ 231,219</u>		<u>\$ 3,249,206</u>	<u>\$ (3,255,741)</u>		<u>\$ 224,684</u>

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

REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133

Independent Auditors' 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*

To the Board of Education
Francis Tuttle Technology Center School District No. 21
Oklahoma City, Oklahoma

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Francis Tuttle Technology Center School District No. 21 (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2015.

Internal Control Over Financial Reporting

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

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Cole & Reed P.C.

Oklahoma City, Oklahoma
January 8, 2015

**Independent Auditors' Report on
Compliance for Each Major Federal Program; Report
on Internal Control Over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by OMB Circular A-133**

To the Board of Education
Francis Tuttle Technology Center School District No. 21
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Francis Tuttle Technology Center School District No. 21's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District 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 the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 8, 2015, which contained unmodified opinions on those statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma
January 8, 2015

Francis Tuttle Technology Center School District No. 21
Oklahoma County, Oklahoma
 Schedule of Expenditures of Federal Awards
 Allocations Expenditures
 07/01/2013 to 06/30/2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass- Through Grantor's Number	Program or Award Amount	Cash/Accrued or (Deferred) Revenue at 7/1/2013	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at 6/30/2014
U.S. DEPARTMENT OF EDUCATION							
Direct Programs:							
PELL Grant 2012-2013 (P268K123980)	84.063	474	\$ 1,956	\$ -	\$ 1,956	\$ 1,956	\$ -
PELL Grant 2013-2014 (P268K133980)	84.063	474	\$ 1,496,251	-	1,496,251	1,496,251	-
PELL Grant 2014-2015 (P268K143980)	84.063	474	\$ 110,344	-	110,344	110,344	-
PELL Administrative Fee	84.063	474		-	2,720	2,720	-
Direct Loans 2012-2013 (P268K133980)	84.268	472	\$ 101,742		101,742	101,742	-
FSEOG (P007A136077)	84.007	477	\$ 12,200	-	13,665	13,665	-
FSEOG Administrative Fee	84.007	477		-	-	-	-
Federal College Work-Study (P033A136077)	84.033	476	\$ 14,675	-	13,210	13,210	-
Federal College Work-Study Admin Fee	84.033	476		-	-	-	-
Sub Total				-	1,739,888	1,739,888	-
Passed through Oklahoma Department of Career and Technology Education:							
Carl Perkins	84.048	421	\$ 215,081	192,061	276,734	213,510	128,837
Temporary Assistance to Needy Families	93.558	452	\$ 223,175	63,471	228,527	223,175	58,119
BID Assistance	12.002	436	\$ 12,974		12,942	12,942	-
National Science Foundation/Cyber Security	47.076	484	\$ 1,500	-	-	-	-
Sub Total				255,532	518,203	449,627	186,956
Department of Commerce:							
BRAC: General Familiarization	17.26	433.3690	\$ 8,526	1,849	3,225	1,721	344
BRAC: General Familiarization	17.259	433.3690	\$ 12,143	-	-	-	-
				1,848	3,225	1,720	344
Department of Rehabilitation Services:							
Project SEARCH (F003225)	84.126	456		6,963	110,223	103,260	-
Sub Total				6,962	110,222	103,260	-
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 264,343	\$ 2,371,539	\$ 2,294,496	\$ 187,300

Note: The above schedule of expenditures of federal awards includes the federal grant activity of Francis Tuttle Technology Center, School District No. 21 using the accrual basis of accounting. The information is presented in accordance with the requirements of the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. Because the Schedule represents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net assets of

*Grant 08/2013 through 07/31/14

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FRANCIS TUTTLE TECHNOLOGY CENTER SCHOOL DISTRICT NO. 21
 OKLAHOMA COUNTY, OKLAHOMA

Year Ended June 30, 2014

Section I--Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____ yes X no

Identification of major programs:

Program	CFDA Number
Student Financial Aid Cluster	
Pell Grant Program	84.063
Direct Student Loan Program	84.268
Supplemental Educational Opportunity Grant	84.007
College Workstudy	84.033

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

Auditee qualified as low-risk auditee? X yes _____ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

FRANCIS TUTTLE TECHNOLOGY CENTER SCHOOL DISTRICT NO. 21
OKLAHOMA COUNTY, OKLAHOMA

Year Ended June 30, 2014

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

None to report for the June 30, 2014 period.

Section III--Findings Required to be Reported in Accordance with OMB Circular A-133:

None to report for the June 30, 2014 period.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FRANCIS TUTTLE TECHNOLOGY CENTER SCHOOL DISTRICT NO. 21
OKLAHOMA COUNTY, OKLAHOMA

Year Ended June 30, 2014

No matters were reportable.

OTHER INFORMATION

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
Year Ended June 30, 2014

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that that said firm did have, in full force and effect, Accountant's Professional Liability Insurance, in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with Francis Tuttle Technology Center School District No. 21 for the audit year ended June 30, 2014.

Cole & Reed, P.C.



Signature of Authorized Agent

Michael J. Gibson

Printed Name of Authorized Agent

Subscribed and sworn to before me on this

8TH Day of JANUARY, 2015



NOTARY PUBLIC

My commission expires on:

8TH Day of OCTOBER, 2016

Commission No. 12009503

