

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

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

JUNE 30, 2012

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012

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FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
JUNE 30, 2012

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Francis Tuttle Technology Center School District No. 21
Oklahoma City, Oklahoma 73142

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, Oklahoma City, Oklahoma, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Francis Tuttle Technology Center School District No. 21, Oklahoma City, Oklahoma's, management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Francis Tuttle Technology Center School District No. 21, Oklahoma City, Oklahoma, as of June 30, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012, on our consideration of Francis Tuttle Technology Center School District No. 21, Oklahoma City, Oklahoma's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Francis Tuttle Technology Center School District No. 21, Oklahoma City, Oklahoma, taken as a whole. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of combined financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

September 26, 2012

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

June 30, 2012

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, 2012. 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: 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.

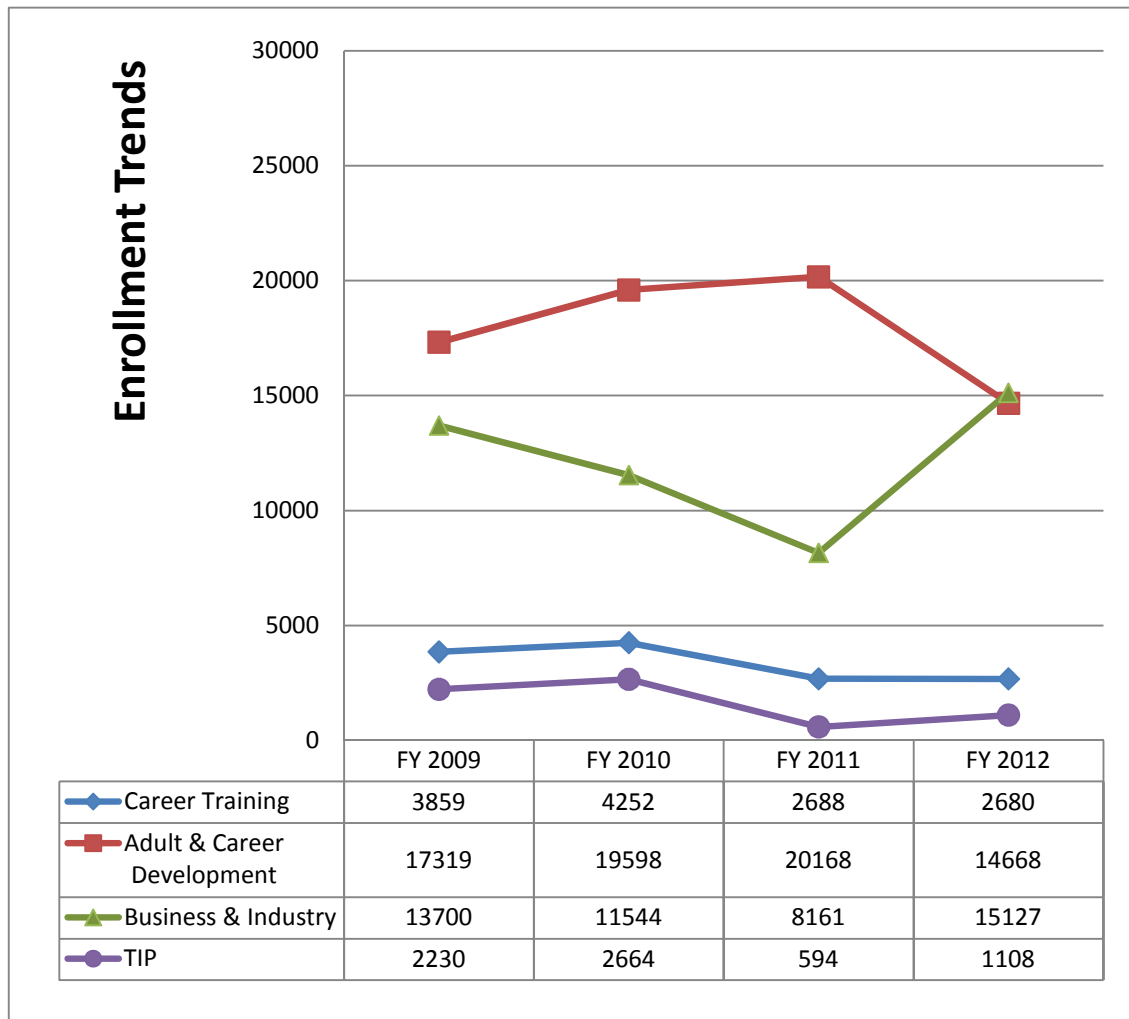
- *Career Training Programs:* Francis Tuttle offers forty different career training programs. These programs are designed to lead to industry certifications or licenses, employment or continuing education. These programs serve both high school students and adults. The career training programs fall into 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

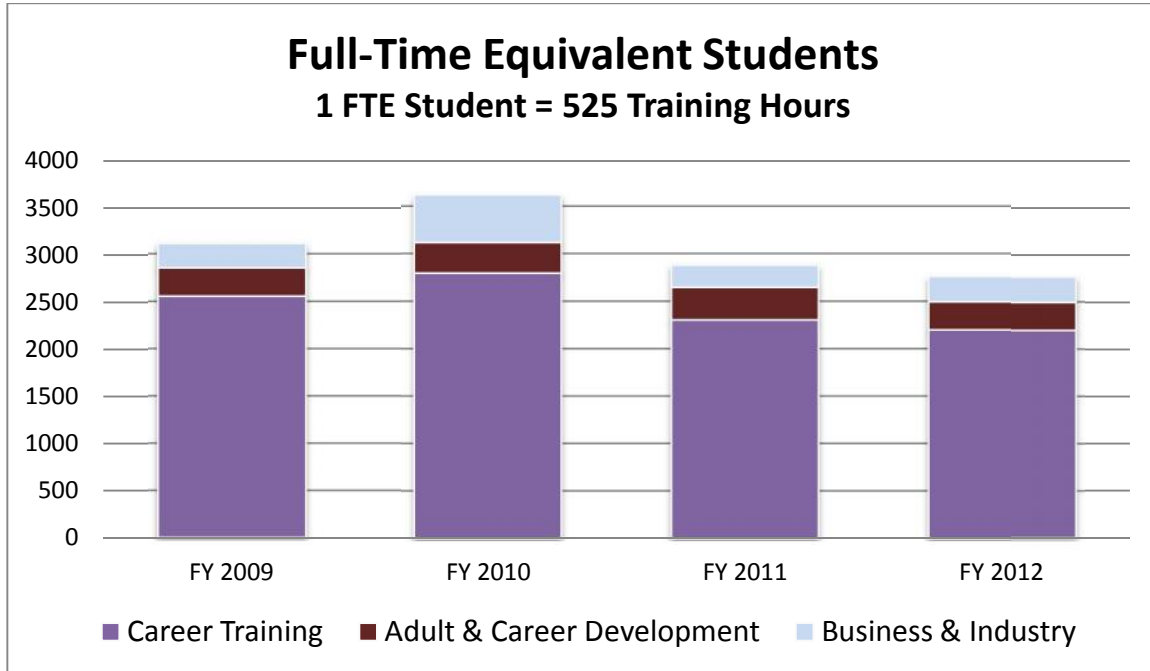
AdValorem property taxes are the largest source of revenue for Francis Tuttle. The growth rate in property valuations has a direct impact on the financial health of the District. Over the last five years the average growth in property valuation has been 5.5% per year. In FY 2012, the growth rate for property valuation was 3%. 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). TIP enrollments are volatile; they reflect overall job growth and are not under direct control of Francis Tuttle.



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).



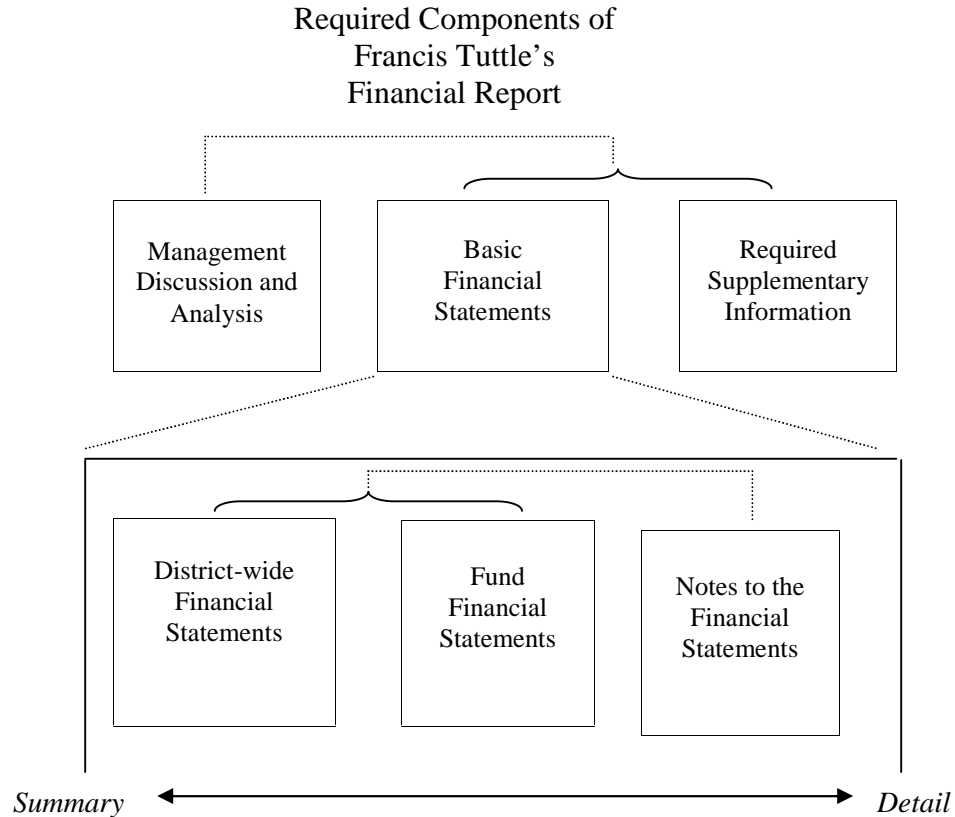
FINANCIAL STATEMENTS

The financial statements consist of three parts: management discussion and analysis, the basic financial statements and required 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 Assets 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. Francis Tuttle operates the Center for Municipal Excellence as a proprietary 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 funds for Francis Tuttle include the Student Activity, the Deferred Benefits and the Employee Benefits Funds.

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 assets includes all of the district's assets and liabilities, with the difference reported as net assets. 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 assets and how they have changed. Net assets, 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 assets 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 and business type 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.

- Business type activities – Certain services, which are secondary to the basic operations of the district, and are accounted for in proprietary funds, are required to be reported as business type activities. Francis Tuttle, in partnership with the City of Edmond, operates the Center for Municipal Excellence as a proprietary fund.

Fund Financial Statements

Francis Tuttle's 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. They are reported using 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). 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- 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, in partnership with the City of Edmond, operates the Center for Municipal Excellence as a proprietary fund.
- Fiduciary funds – Francis Tuttle is the trustee, or fiduciary, for assets that belong to others, such as student activity funds or employee benefit funds. 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.

FINANCIAL ANALYSIS OF FRANCIS TUTTLE AS A WHOLE

Net Assets: Francis Tuttle's total net assets were \$87,770,439 at June 30, 2012 and \$86,075,922 at June 30, 2011.

Net Assets
Fiscal Year ended June 30

	<u>Governmental Activities</u>		<u>Business Type</u>		<u>Total</u>	
			<u>Activities</u>			
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Current and other assets	\$ 29,374,954	\$ 22,507,541	\$285,099	\$427,972	\$ 29,660,053	\$ 22,935,513
Restricted Assets	9,105,422	902,880	0	0	9,105,422	902,880
Net capital assets	79,628,968	95,038,188	0	0	79,628,968	95,038,188
Total assets	118,109,344	118,448,609	285,099	427,972	118,394,443	118,876,581
Current and other liabilities	5,211,369	5,854,686	8,662	1,480	5,220,031	5,856,166
Long-term liabilities	27,098,490	25,249,976	0	0	27,098,490	25,249,976
Total Liabilities	32,309,859	31,104,662	8,662	1,480	32,318,521	31,106,142
Net Assets						
Invested in capital assets,						
Net of related debt	51,195,027	68,021,747	0	0	51,195,027	68,021,747
Restricted for capital related costs	13,480,516	2,995,971	0	0	13,480,516	2,995,971
Committed to fund temporary cash flow deficit	13,685,800	13,907,000	276,437	426,492	13,962,237	14,333,492
Assigned to Encumbrances	6,663,190	1,218,804	0	0	6,663,190	1,218,804
Unrestricted	774,952	1,200,425	0	0	774,952	1,200,425
Total Net Assets	85,799,485	87,343,947	285,099	426,492	86,075,922	87,770,439

The majority of Francis Tuttle's net assets are invested in capital assets (buildings, land, and equipment). These assets are not available for future spending. The restricted net assets are limited in use due to statutory restrictions on the Building fund. The Francis Tuttle Board has committed a portion of fund balance 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.

Francis Tuttle's improved financial position is the product of several factors. The most important of these are: continued growth in net assessed valuation, and strident cost containment measures.

Total revenues surpassed expenses, increasing net assets \$1,694,517 in FY 2012 and \$5,668,729 in FY 2011. This figure includes an adjustment of \$7,721,298 in FY 2012 of (\$246,813) in FY 2011, which is the difference between the capital outlay expenditures for the year, the year's depreciation expense and the obligation for the lease purchase agreement.

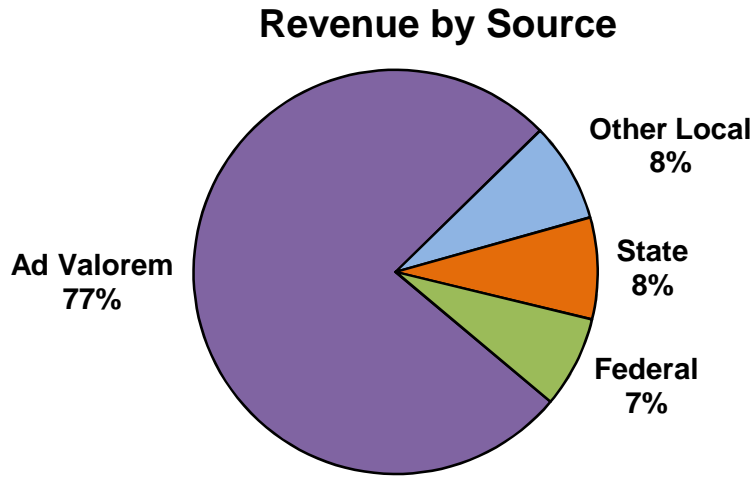
Statement of Activities

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 Assets
Fiscal Year ended June 30**

	<u>Governmental Activities</u>		<u>Business Type</u>		<u>Total</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Revenues						
<u>Program revenues</u>						
Charges for services	3,223,779	3,228,803	3,895	6,700	3,227,674	3,235,503
Operating grants and contributions	5,542,021	6,057,888	100,000	100,000	5,642,021	6,157,888
<u>General revenues</u>						
Property Taxes	41,540,655	43,087,985			41,540,655	43,087,985
State Formula Funding	3,933,762	3,604,865			3,933,762	3,604,865
Other	1,500,939	88,590			1,500,939	88,590
Transfer to Other Funds	(100,000)	(100,000)	100,000	100,000	0	0
Interest Income	361,646	278,267			361,646	278,267
Total revenues	56,002,802	56,246,398	203,895	206,700	56,206,697	56,453,098
Expenses						
Instruction	20,144,562	19,889,139	41,280	29,750	20,185,842	19,918,889
Instructional Support	5,906,217	7,315,992			5,906,217	7,315,992
Operational Support	17,700,105	20,514,954	24,952	26,895	17,725,057	20,541,849
Non-Instructional Services	1,477,361	2,117,578			1,477,361	2,117,578
Debt Service	1,196,578	1,269,192			1,196,578	1,269,192
Student Financial Aid and Other Uses	4,041,769	3,583,129			4,041,769	3,583,129
Repayments	5,144	11,952			5,144	11,952
Unallocated Depreciation	0	0			0	0
Total expenses	50,471,736	54,701,936	66,232	56,645	50,537,968	54,758,581
Increase (decrease) in net assets	\$ 5,531,066	\$ 1,544,462	137,663	150,055	\$ 5,668,729	\$ 1,694,517



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, 2012 and 2011 Net Cost of Governmental Activities

<u>Functions/Programs</u>	<u>FY 2011</u>		<u>FY 2012</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$20,144,562	\$16,880,005	\$19,889,139	\$16,572,947
Instructional Support	5,906,217	5,549,666	7,315,992	6,838,613
Operational Support	17,700,105	17,506,622	20,514,954	19,602,101
Non-Instructional Services	1,477,361	518,509	2,117,578	1,127,124
Debt Service	1,196,578	1,196,578	1,269,192	1,269,192
Financial Aid and Other Uses	4,041,769	54,556	3,583,129	5,268
Repayments	5,144	0	11,952	0
Total governmental activities	50,471,736	41,705,936	54,701,936	45,415,245

Fiscal Years ended June 30, 2012 and 2011 Net Cost of Business Type Activities

<u>Functions/Programs</u>	<u>FY 2011</u>		<u>FY 2012</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Center for Municipal Excellence	\$ 66,232	\$(137,663)	\$ 56,645	\$(50,055)
Total business type activities	66,232	(137,663)	56,645	(50,055)

FINANCIAL ANALYSIS OF FRANCIS TUTTLE'S FUNDS

Francis Tuttle's governmental funds reported a combined fund balance of \$15,516,507 at June 30, 2012 and \$21,693,343 at June 30, 2011. The decrease in fund balance was due to utilizing funds set aside in the Building Fund for completion of the Culinary Arts building 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.

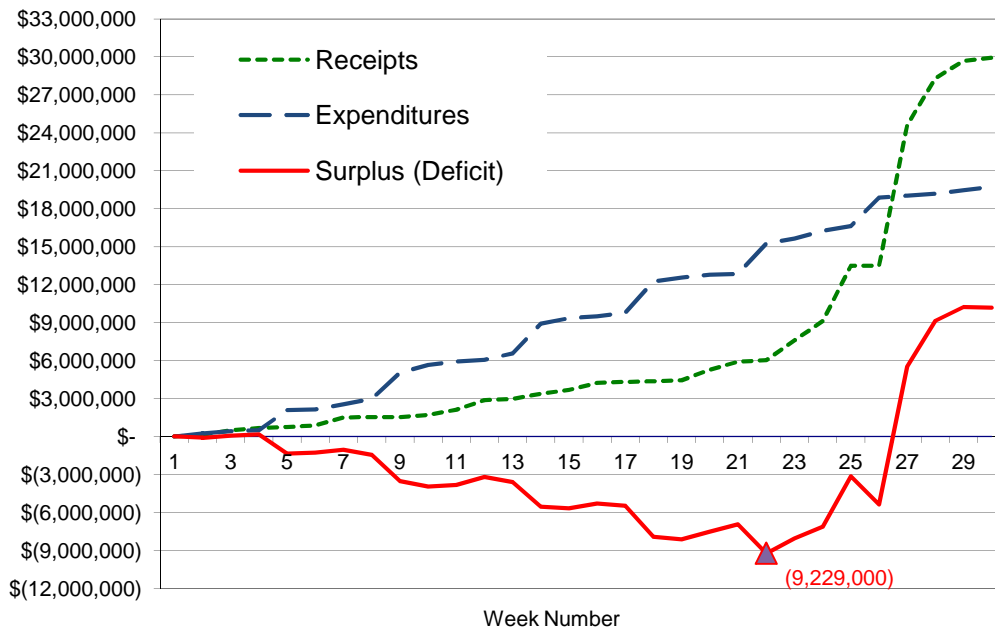
The Center for Municipal Excellence (CME) reported total fund balance of \$426,492 on June 30, 2012 and \$276,437 on June 30, 2011. CME was in start-up mode during FY 2012 and FY 2011. The majority of revenue reported was the result of partner contributions. Once operational, the primary source of revenue will be tuition and fees for classes.

The Fiduciary Funds reported total net restricted fund balances of \$1,977,504 on June 30, 2012 and \$2,305,482 on June 30, 2011.

General Fund:

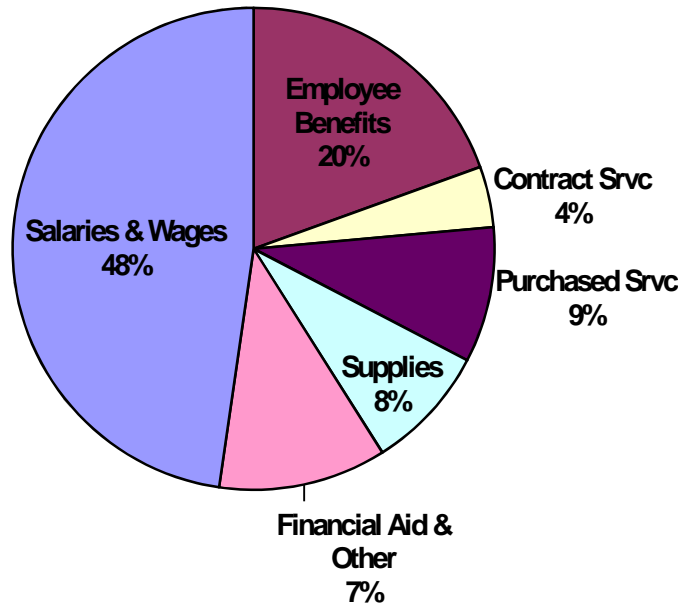
The General Fund balance is set at a level to fund the cash flow needs of the first half of the fiscal year. Expenditures are generally even throughout the year. Cash receipts lag behind expenditures during the first five months of the fiscal year. The collection of property taxes occurs mainly in December 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. Over 70% of general fund expenditures are for personnel costs (including salaries & wages, employee benefits and contract services).

General Fund Expenditures By Object FY 2012



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.

During FY 2012, Francis Tuttle completed a significant expansion project known as the Rockwell 2010 project. Rockwell 2010 is a part of Francis Tuttle's master plan. Rockwell 2010 project includes an overhaul of the infrastructure for heating and cooling on the Rockwell Campus; a building expansion to house all of Business & Industry Services; and a major expansion of the culinary arts program.

Francis Tuttle purchased a building site in the City of Edmond during FY 2012. Francis Tuttle entered into agreements with a developer to build the Francis Tuttle Business Innovation Center. The Business Innovation Center should open in FY 2014. It will house short-term classes, business training, the Center for Municipal Excellence, and a business incubator.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, Francis Tuttle had \$95 million in Governmental Funds invested in a broad range of capital assets, including land, school buildings, furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$15 million from June 30, 2011. During FY 2012 the new Culinary and Information Technology wing of Campus Center was opened on the Rockwell Campus.

Governmental Activities
 Capital assets - net of depreciation

	2011	2012
Land	\$ 3,392,954	\$ 4,392,954
Land Improvements	4,815,204	5,308,303
Buildings	49,357,111	73,384,135
Building Improvements	4,240,140	3,885,952
Equipment	3,833,095	5,515,386
Furniture & Fixtures	891,754	889,010
Vehicles	421,324	415,405
Construction In Progress	12,677,384	1,247,043
Total assets:	\$ 79,628,966	\$ 95,038,188

Debt Administration

Bond Obligations –Francis Tuttle had no outstanding bond obligations as of June 30, 2011 and 2012.

Leases – Francis Tuttle has entered into operating leases for copiers.

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.

FRANCIS TUTTLE TECHNOLOGY CENTER
Management's Discussion and Analysis (MD&A)

The lease payments will be as follows:

<u>Fiscal Year</u>	<u>BOA Tranche I</u>	<u>BOA Tranche II</u>	<u>Total</u>
2011-12	\$1,000,000	\$2,000,000	\$3,000,000
2012-13	\$1,000,000	\$2,000,000	\$3,000,000
2013-14	\$1,000,000	\$2,300,000	\$3,300,000
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

Other obligations include accrued vacation pay and sick leave for specific employees of Francis Tuttle.

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

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

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets-			
Cash and cash equivalents	\$ 663,758	\$ 426,697	\$ 1,090,455
Investments	20,761,942	0	20,761,942
Interest Receivable	102,400	0	102,400
Property Taxes Receivable	247,500	0	247,500
Receivables from Other Governments	643,405	0	643,405
Other Receivables	88,536	1,275	89,811
Total current assets	22,507,541	427,972	22,935,513
Restricted assets-			
Construction Funds held in Trust	902,880	0	902,880
Capital assets-			
Land	4,392,954	0	4,392,954
Buildings and equipment	133,936,947	0	133,936,947
Construction in progress	1,247,043	0	1,247,043
Less Accumulated depreciation	(44,538,756)	0	(44,538,756)
Total capital assets	95,038,188	0	95,038,188
Total assets	118,448,609	427,972	118,876,581
LIABILITIES			
Current liabilities-			
Accounts Payable	\$ 2,654,416	1,480	2,655,896
Salaries & Wages Payable	615,330	0	615,330
Accrued Interest Payable	558,375	0	558,375
Current Portion of Lease Purchase Agreement	1,766,465	0	1,766,465
Compensated leave	260,100	0	260,100
Total current liabilities	5,854,686	1,480	5,856,166
Non-current liabilities-			
Lease Purchase Agreement	25,249,976	0	25,249,976
Total non-current liabilities	25,249,976	0	25,249,976
Total liabilities	31,104,662	1,480	31,106,142
NET ASSETS			
Invested in capital assets, net of related debt	68,021,747	0	68,021,747
Restricted for capital related costs	2,995,971	0	2,995,971
Committed to fund temporary cash flow deficit	13,907,000	426,492	14,333,492
Assigned to encumbrances	1,218,804	0	1,218,804
Unassigned	1,200,425	0	1,200,425
Total net assets	\$ 87,343,947	\$ 426,492	\$ 87,770,439

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
July 1, 2011 to June 30, 2012

Function/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction	\$ 19,889,139	2,239,551	1,076,641	(16,572,947)		(16,572,947)
Support services - instructional	7,315,992		477,379	(6,838,613)		(6,838,613)
Support services - operational	20,514,954		912,853	(19,602,101)		(19,602,101)
Operation of non-instruction services	2,117,578	989,252	1,202	(1,127,124)		(1,127,124)
Dept Service	1,269,192			(1,269,192)		(1,269,192)
Financial Aid and other uses	3,583,129		3,577,861	(5,268)		(5,268)
Repayments	<u>11,952</u>		<u>11,952</u>	<u>0</u>		<u>0</u>
Total governmental activities	<u>54,701,936</u>	<u>3,228,803</u>	<u>6,057,888</u>	<u>(45,415,245)</u>		<u>(45,415,245)</u>
Business Type Activities:						
Center for Municipal Excellence	<u>56,645</u>	<u>6,700</u>	<u>100,000</u>		<u>50,055</u>	<u>50,055</u>
Total primary government	<u>54,758,581</u>	<u>3,235,503</u>	<u>6,157,888</u>	<u>(45,415,245)</u>	<u>50,055</u>	<u>(45,365,190)</u>
General revenues:						
Taxes -						
Property taxes, levied for capital related costs				14,199,988		14,199,988
Property taxes, levied for general purposes				28,887,997		28,887,997
State aid - formula grants				3,604,865		3,604,865
Other local				88,590		88,590
Interest				278,267		278,267
Special items -						0
Transfers to other funds				<u>(100,000)</u>	<u>100,000</u>	<u>0</u>
Total general revenues and special items				<u>46,959,707</u>	<u>100,000</u>	<u>47,059,707</u>
Change in net assets				1,544,462	150,055	1,694,517
NET ASSETS, beginning				<u>85,799,485</u>	<u>276,437</u>	<u>86,075,922</u>
NET ASSETS, ending				<u>\$ 87,343,947</u>	<u>\$ 426,492</u>	<u>\$ 87,770,439</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, 2012

	General Fund	Building Fund	Total Governmental Funds
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 55,509	608,249	663,758
Investments	10,931,970	9,829,972	20,761,942
Interest Receivable	44,750	57,650	102,400
Property Taxes Receivable	165,500	82,000	247,500
Receivables from Other Governments	643,405	0	643,405
Other Receivables	88,536	0	88,536
Total current assets	11,929,670	10,577,871	22,507,541
Restricted assets-			
Construction Funds held in Trust		902,880	902,880
Total assets	\$ 11,929,670	11,480,751	23,410,421
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts Payable	\$ 401,994	2,252,422	2,654,416
Salaries & Wages Payable	615,330	0	615,330
Accrued Interest Payable	0	558,375	558,375
Compensated Leave	260,100	0	260,100
Total liabilities	1,277,424	2,810,797	4,088,221
Fund Balances			
Restricted for Capital Related Costs	0	2,995,971	2,995,971
Committed to fund temporary cash flow deficit	9,327,000	4,580,000	13,907,000
Assigned to encumbrances	124,821	1,093,983	1,218,804
Unassigned	1,200,425	0	1,200,425
Total fund balances	10,652,246	8,669,954	19,322,200
Total liabilities and fund balances	\$ 11,929,670	11,480,751	

Amounts reported for governmental activities in the statement of net assets are different because capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.

Capital assets	\$139,576,944	
Less accumulated depreciation	(44,538,756)	95,038,188
Liability for Lease Purchase Agreement		(27,016,441)
Net assets of governmental activities		\$ 87,343,947

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
July 1, 2011 to June 30, 2012

	General Fund	Building Fund	Total Governmental Funds
REVENUES:			
Property taxes	\$ 28,887,997	14,199,988	43,087,985
Other local sources	3,465,913	734,317	4,200,230
State sources	4,573,999		4,573,999
Federal sources	4,130,025		4,130,025
Reimbursements	75,854	38	75,892
Interest	116,521	161,746	278,267
Total revenues	41,250,309	15,096,089	56,346,398
EXPENDITURES:			
Instruction	16,373,526	1,674,787	18,048,313
Support services- instructional	6,289,574	347,991	6,637,565
Support services- operational	12,413,113	3,358,016	15,771,129
Non-instructional services	1,748,962	174,162	1,923,124
Capital outlay	495,386	13,347,993	13,843,379
Debt service	0	2,604,643	2,604,643
Financial Aid and other uses	3,583,129	0	3,583,129
Repayments	10,405	1,547	11,952
Total expenditures	40,914,095	21,509,139	62,423,234
Excess (deficiency) of revenues over expenditures	336,214	(6,413,050)	(6,076,836)
OTHER FINANCING SOURCES (USES):			
Transfer to other funds	(100,000)		(100,000)
Total other financing sources (uses)	(100,000)	0	(100,000)
NET CHANGE IN FUND BALANCES	236,214	(6,413,050)	(6,176,836)
FUND BALANCES, beginning	10,416,032	15,083,004	21,693,343
FUND BALANCES, ending	\$ 10,652,246	8,669,954	15,516,507

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
 July 1, 2011 to June 30, 2012

Net change in fund balances - governmental funds (6,176,836)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of revenues, expenditures, and changes in net assets. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlay expenditures	19,730,408	
Depreciation expense	<u>(4,321,189)</u>	15,409,219
Change in restricted asset		(9,023,372)
Principal payment on lease purchase agreement		<u>1,335,451</u>

Changes in net assets of governmental activities 1,544,462

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 Assets - Proprietary Funds
June 30, 2012

	<u>Enterprise Fund- Center for Municipal Excellence</u>
<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 426,697
Investments	0
Interest Receivable	0
Receivable from partner	0
Other Receivables	1,275
Total current assets	<u>\$ 427,972</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts Payable	\$ 1,480
Total liabilities	<u>1,480</u>
Fund Balances	
Partners' Equity	<u>426,492</u>
Total fund balances	<u>426,492</u>
Total liabilities and fund balances	<u>\$ 427,972</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 Fund Assets - Proprietary Funds
July 1, 2011 to June 30, 2012

	Enterprise Fund- Center for Municipal Excellence
OPERATING REVENUES:	
Tuition and fees	\$ 6,700
Total operating revenues	6,700
OPERATING EXPENSES:	
Instruction	29,750
Support services	26,895
Capital outlay	-
Total operating expenditures	56,645
Operating Income (Loss)	(49,945)
NONOPERATING REVENUE (EXPENSES)	
Partner Contributions	200,000
Total nonoperating revenue (expense)	200,000
NET CHANGE IN NET ASSETS	150,055
TOTAL NET ASSETS, beginning	276,437
TOTAL NET ASSETS, ending	\$ 426,492

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 Cash Flows - Proprietary Funds
July 1, 2011 to June 30, 2012

	<u>Enterprise Fund- Center for Municipal Excellence</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Training fees paid by clients	\$ 5,425
Payments to employees	(15,851)
Payments for instruction	(17,530)
Payments for support services	(30,446)
Net cash provided (used) by operations	<u>(58,402)</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Partner Contributions	200,000
Net increase (decrease) in cash and cash equivalents	<u>141,598</u>
Balance, beginning of year	<u>285,099</u>
Balance, end of year	<u><u>\$ 426,697</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITY	
Operating income (loss)	(49,945)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) Decrease in accounts receivable	(1,275)
(Decrease) Increase in accounts payable	<u>(7,182)</u>
Net cash provided (used) by operating activities	<u><u>\$ (58,402)</u></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 Net Assets
June 30, 2012

	Employee Benefits	Deferred Benefits	Agency	Total
<u>ASSETS</u>				
Current assets-				
Cash and cash equivalents	\$ 357,553	2,080	248,555	608,188
Investments	1,030,395	858,696	50,000	1,939,091
Miscellaneous accounts receivable	14,806			14,806
Accrued interest receivable	2,800	1,300		4,100
Total current assets	1,405,554	862,076	298,555	2,566,185
<u>LIABILITIES</u>				
Current liabilities-				
Accounts payable	\$ 126		44,543	44,669
Due to General fund			89,811	89,811
Claims payable	290,000			290,000
Funds held for school organizations			164,201	164,201
Total current liabilities	290,126	-	298,555	588,681
<u>NET ASSETS</u>				
Restricted for benefits	1,115,428	862,076		1,977,504
Total net assets	\$ 1,115,428	862,076	0	1,977,504

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 Changes in Fiduciary Net Assets
For the year ended June 30, 2012

	<u>Employee Benefits</u>	<u>Deferred Benefits</u>	<u>Total</u>
ADDITIONS			
Premiums	\$ 2,854,177		2,854,177
Insurance loss recoveries	518,373		518,373
Interest	15,826	10,937	26,763
Refunds	44,361		44,361
	<u>3,432,737</u>	<u>10,937</u>	<u>3,443,674</u>
Total additions			
DEDUCTIONS			
Medical claims	2,275,047		2,275,047
Prescriptions	663,408		663,408
HMO premiums	51,504		51,504
Dental claims	322,936		322,936
Wellness program	70,698		70,698
Administrative	314,700		314,700
Employee benefit payments		73,359	73,359
	<u>3,698,293</u>	<u>73,359</u>	<u>3,771,652</u>
Total deductions			
Change in Net Assets	(265,556)	(62,422)	(327,978)
Net Assets - beginning of year	<u>1,380,984</u>	<u>924,498</u>	<u>2,305,482</u>
Net Assets - ending of year	<u>\$ 1,115,428</u>	<u>862,076</u>	<u>1,977,504</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, 2012

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.

- B. Basic Financial Statements** - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of 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 1) tuition or fees paid by students or clients of the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not 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, 2012

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.” 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 fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes and various state appropriations including funding through the State Aid Formula approved by the State Board of Career and Technology Education. 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 and co-op funds.

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

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont'd

B. Basic Financial Statements - cont'd

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs. The District did not maintain a co-op fund during the 2011-12 fiscal year.

Debt Service Fund – The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments. The District did not maintain a sinking fund during the 2011-12 fiscal year.

Capital Projects Fund – The capital projects fund is the District's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment. The District did not maintain this fund during the 2011-12 fiscal year.

Permanent Fund – Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The District did not maintain this fund during the 2011-12 fiscal year.

Proprietary Fund Types

Proprietary funds are used to account for activities that are designed to be run like a business. In a proprietary fund the fees charged are intended to cover the operating expenses. Francis Tuttle (in partnership with the City of Edmond) is operating the Center for Municipal Excellence as a proprietary fund.

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.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements – cont'd

Deferred Benefit Fund – The deferred benefit fund was established by the Board of Education to pay employee benefits whose payment is deferred until the employee resigns or retires. These benefits are the conditional sick leave payment and the annual leave bank

Employee Benefits Fund – The employee benefits fund accounts for revenues and expenditures for all types of self-funded health insurance coverage.

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.

Total Column

The total column on the government-wide and fund financial statements are presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

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.

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 30 days of the fiscal year end.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont'd

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

For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Some other significant differences are as follows:

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

Encumbrances are reported as a assignment of fund balances, since the obligation will be honored through subsequent year's budget appropriations.

D. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. The approved budget creates an appropriation, which is the legal authority for the District to expend funds.

The District prepares its budget in accordance with the Oklahoma School District Budget Act. The original budget for FY 2011-12 was approved on June 27, 2011. The District amended the budget on September 12, 2011, January 12, 2012 and June 22, 2012.

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.

FRANCIS TUTTLE TECHNOLOGY CENTER
 SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS –
 FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity

Cash – Cash and cash equivalents consists of cash on hand, demand deposit accounts, and interest bearing checking accounts, less outstanding checks.

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. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2012, 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.

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:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment and fixtures	5-15
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 preformed but payment has not yet been made.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

Compensated Absences – The District reports compensated absences in accordance with provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation leave is accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Sick leave is calculated using the vesting method. The balance reflects sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The accrual has been reduced to the maximum amount allowed by the District's policy as a termination payment.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

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.

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

Committed Fund Balance – 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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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, 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.

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.

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FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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 passthrough from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

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.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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.

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. The District had one operating transfer, and no residual equity transfers during the 2011-12 fiscal year.

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2. CASH AND INVESTMENTS

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government, agencies and instrumentalities; obligations of the State of Oklahoma; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; money market mutual funds which invest in obligations of the United States, its agencies and instrumentalities; qualified investment pools and warrants, bonds or judgments of the District. Collateral is required to be pledged with the state treasurer for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Cash – The District's cash deposits at June 30, 2012, are categorized to give an indication of the level of risk assumed by the District at year end. The difference between the bank balance and book balance are the outstanding checks at June 30, 2012.

Investments – The District's investments consist of U.S. Agency and Instrumentality bonds, State of Oklahoma bonds, certificates of deposit, savings, money market mutual funds, and qualified investment pools at June 30, 2012, and are categorized to give an indication of the level of risk assumed by the District at year's end.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2012

2. CASH AND INVESTMENTS – cont'd

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.

Deposit Categories of Credit Risk

- (A) Insured by Federal Deposit Insurance Corporation (FDIC).
- (B) Invested in government securities.
- (C) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- (D) Uncollateralized.

Deposit Categories of Credit Risk

Category	Cash	Investments	Total
A - FDIC	\$ 3,423,020	14,943,736	\$ 18,366,756
B - Government Securities	-	7,757,295	7,757,295
C - Collateralized	-	-	-
D - Uncollateralized	-	-	-
Total Bank Balance	\$ 3,423,020	22,701,031	\$ 26,124,051
Book Balance	\$ 1,698,643	22,701,031	\$ 24,399,674

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2. CASH AND INVESTMENTS – cont'd

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.

Category	Investment Maturities in Years with Average Yields				Total
	Less than One	One to Three	Three to Five	More than Five	
Cash & Equivalents	\$ 3,423,020 0.1%				\$ 3,423,020
Money Market & Pooled Accounts	1,571,031 0.1%				1,571,031
Certificates of Deposit	11,198,705 1.2%	1,427,000 3.2%	650,000 2.0%	97,000 5.1%	13,372,705
Oklahoma Bond Funds (OK GO, OHFA)	204,998 0.9%	1,044,992 1.4%	309,988 3.0%	1,632,902 4.3%	3,192,880
US Government Agencies (FHLB, FNMA, FHLMC)			754,230 1.4%	3,810,185 3.0%	4,564,415
Total Book Balance	\$ 16,397,754	\$2,471,992	\$1,714,218	\$5,540,087	\$26,124,051

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.

3. RESTRICTED ASSETS

Francis Tuttle entered into a lease purchase agreements for the construction of the Culinary Arts Building. The restricted asset as of June 30, 2011 of \$9,105,422, held in trust with United Missouri Bank, was utilized in construction during FY 2012

Francis Tuttle entered into a lease purchase agreements for the construction of the Business Innovation Center. The lease agreement requires an escrow account to hold funds which will be used for tenant improvements in the building. It is expected that the restricted asset will be utilized in construction during FY 2013.

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FOR THE YEAR ENDED JUNE 30, 2012

3. CAPITAL ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Capital assets activity for the year ended June 30, 2012, was as follows:

Class	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Land	\$ 3,392,954	1,000,000		4,392,954
Land improvements	7,247,426	937,137		8,184,563
Buildings	72,509,629	26,230,806		98,740,435
Building improvements	6,667,870		(24,848)	6,643,022
Equipment & Fixtures	16,666,648	2,855,852	(368,319)	19,154,181
Vehicles	1,095,094	136,957	(17,305)	1,214,746
Construction in Progress	12,677,384	17,557,562	(28,987,903)	1,247,043
Totals	<u>120,257,005</u>	<u>48,718,314</u>	<u>(29,398,375)</u>	<u>139,576,944</u>
Less accumulated depreciation for:				
Land improvements	(2,432,223)	(444,036)		(2,876,259)
Buildings	(23,152,517)	(2,203,781)		(25,356,298)
Building improvements	(2,427,730)	(354,188)	24,848	(2,757,070)
Equipment & Fixtures	(11,941,800)	(1,161,225)	353,238	(12,749,787)
Vehicles	(673,769)	(142,011)	16,439	(799,341)
Totals	<u>(40,628,039)</u>	<u>(4,305,241)</u>	<u>394,525</u>	<u>(44,538,755)</u>
Capital Assets, Net	<u>\$ 79,628,966</u>	<u>44,413,073</u>	<u>(29,003,850)</u>	<u>95,038,189</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, 2012, the assets with a value of less than \$1,000, totaled \$13,445,097, which accounts for approximately 9% of total assets.

4. INTERFUND RECEIVABLES AND PAYABLES

On June 30, 2012, the Activity Fund had a balance due to the General Fund of \$88,536. This is shown as other receivables on the balance sheet of the General Fund.

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FOR THE YEAR ENDED JUNE 30, 2012

5. GENERAL LONG-TERM DEBT

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues 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 long-term debt as of June 30, 2012.

6. LEASE PURCHASE AGREEMENTS

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 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.

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 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.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2012

6. LEASE PURCHASE AGREEMENTS – cont'd

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>
2012-13	\$1,000,000	\$2,000,000	\$3,000,000
2013-14	\$1,000,000	\$2,300,000	\$3,300,000
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	<u>\$ 575,019</u>	\$2,300,000	\$2,875,019
2022-23		<u>\$2,339,207</u>	<u>\$2,339,207</u>
 Total Obligation	 \$9,575,019	 \$25,039,207	 \$34,614,226
 Less Amounts Representing Interest	 <u>(1,786,747)</u>	 <u>(5,811,038)</u>	 <u>(7,597,785)</u>
Lease Purchase Payable	\$7,788,272	\$19,228,169	\$27,016,441
 Current Portion of Lease Payable	 \$673,614	 \$1,092,851	 \$1,766,465

7. 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"). 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.

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SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2012

7. EMPLOYEE RETIREMENT SYSTEM – cont'd

Basis of Accounting

The System's financial statements are prepared in accordance with generally accepted accounting principals and using the economic resources measurement focus. The System's financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of Oklahoma Statutes. Administrative expenses are funded through investment earnings.

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.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Contributions to the fund are set by statute, not actuarially determined. Benefits, also set by Statute, are calculated based upon a defined benefit formula. As noted in the System's 2011 audited financial statement the system has an unfunded actuarial accrued liability (the UAAL) of approximately \$7.6 million. Based upon the present funding schedule, TRS is reporting 22 year funding period. Under the present funding schedule, the statutory contribution rates are projected to be insufficient to amortize the UAAL.

Annual Pension Cost

The District's total contributions for 2012, 2011 and 2010, were \$3,444,761, \$3,279,168 and \$3,129,023.

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SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS –
FOR THE YEAR ENDED JUNE 30, 2012

8. 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, 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. Members are fully vested in the contributions.

9. 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.

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.

10. CONTINGENCIES

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2011-12 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.

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.

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SCHOOL DISTRICT NO. VT-21, OKLAHOMA COUNTY
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues Collected:				
Property taxes	\$ 27,990,000	\$ 28,170,000	28,876,497	706,497
Other local sources	3,167,000	3,357,000	3,469,913	112,913
State sources	4,266,950	4,651,950	4,452,384	(199,566)
Federal sources	3,713,250	4,248,250	4,255,905	7,655
Interest earnings	250,000	215,000	127,971	(87,029)
Non-revenue receipts	0	40,000	75,854	35,854
Total revenues collected	<u>39,387,200</u>	<u>40,682,200</u>	<u>41,258,524</u>	<u>576,324</u>
Expenditures:				
Instruction	16,125,382	16,588,106	16,526,506	61,600
Support services - instructional	6,278,126	6,420,828	6,359,625	61,203
Support services - operational	13,080,630	12,637,436	12,611,004	26,432
Operation of non-instructional services	1,486,522	1,786,522	1,782,358	4,164
Facilities acquisition and construction services	474,421	534,421	504,238	30,183
Other outlays- Reimbursement	0	15,000	14,618	382
Financial aid and other uses	3,215,000	3,685,000	3,583,129	101,871
Total expenditures	<u>40,660,081</u>	<u>41,667,313</u>	<u>41,381,478</u>	<u>285,835</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(1,272,881)	(985,113)	(122,954)	862,159
Other financing sources (uses)				
Transfer out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(1,372,881)	(1,085,113)	(222,954)	862,159
Cash fund balance, beginning of year	<u>8,500,000</u>	<u>10,416,032</u>	<u>10,416,032</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 7,127,119</u>	<u>9,330,919</u>	<u>10,193,078</u>	<u>862,159</u>
Reconciliation of budget basis to GAAP basis:				
Revenue Accrual:				
Accounts receivable at June 30, 2012			853,655	
Less receivables at June 30, 2011			(861,870)	
Liabilities :				
Reduce encumbrances to accounts payable			450,583	
Change in leave payable			<u>16,800</u>	
Fund balance end of year GAAP basis			<u>\$ 10,652,246</u>	

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. VT-21, OKLAHOMA COUNTY
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUILDING FUND</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Budget</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues Collected:				
Property taxes	\$ 13,742,000	13,822,000	14,191,988	369,988
Other local sources	0	350,000	734,317	384,317
Federal sources	82,500	82,500	0	(82,500)
Interest earnings	200,000	200,000	199,346	(654)
Non-revenue receipts	<u>0</u>	<u>0</u>	<u>38</u>	<u>38</u>
Total revenues collected	<u>14,024,500</u>	<u>14,454,500</u>	<u>15,125,689</u>	<u>671,189</u>
Expenditures:				
Instruction	2,053,070	1,995,330	1,758,116	237,214
Support services	4,594,005	5,206,410	4,110,432	1,095,978
Operation of non-instruction services	234,360	240,760	173,755	67,005
Facilities acquisition and construction services	4,475,000	14,365,000	14,262,356	102,644
Debt service	3,005,000	3,005,000	3,005,000	0
Correcting entry	<u>0</u>	<u>5,000</u>	<u>1,589</u>	<u>3,411</u>
Total expenditures	<u>14,361,435</u>	<u>24,817,500</u>	<u>23,311,248</u>	<u>1,506,252</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	<u>(336,935)</u>	<u>(10,363,000)</u>	<u>(8,185,559)</u>	<u>2,177,441</u>
Cash fund balance, beginning of year	<u>7,000,000</u>	<u>15,083,004</u>	<u>15,083,004</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 6,663,065</u>	<u>4,720,004</u>	<u>6,897,445</u>	<u>2,177,441</u>
Reconciliation of budget basis to GAAP basis:				
Accounts receivable :				
Property taxes			8,000	
Interest			(37,600)	
Liabilities :				
Reduce encumbrances to accounts payable			1,401,752	
Accrued interest payable			<u>400,357</u>	
Fund balance end of year GAAP basis			<u>\$ 8,669,954</u>	

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. VT-21, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Revenue Collected	Total Expenditures
U.S. Department of Education					
Direct Programs:					
*Pell grants - Aid Year 2010-2011	84.063	P063P103980	13,266	13,266	13,266
*Pell grants - Aid Year 2010-2011 - prior year	84.063	P063P103980		45,812	
*Pell grants - Aid Year 2011-2012	84.063	P063P113980	2,016,426	1,763,627	1,763,772
*Pell grants - Aid Year 2011-2012 - prior year	84.063	P063P113980		31,972	
*Pell grants - Aid Year 2012-2013	84.063	P063P123980	77,280	77,280	77,280
Pell grant administrative allowance	84.063	P063P103980	3,045	3,045	3,045
*Direct Student Loans - Aid Year 2010-2011	84.268	P268K113980	112,224	112,224	112,224
*Direct Student Loans - Aid Year 2010-2011 - prior year	84.268	P268K113980		30,996	
*Direct Student Loans - Aid Year 2011-2012	84.268	P268K123980	1,909,213	1,519,752	1,519,752
*Direct Student Loans - Aid Year 2011-2012 - prior year	84.268	P268K123980		37,250	
*Direct Student Loans - Aid Year 2012-2013	84.268	P268K133980	-	-	-
*Supplemental education opportunity grant	84.007	P007A1166077	12,376	11,567	12,376
SEOG administrative allowance	84.007	P007A1066077		-	
*College workstudy	84.033	P033A116077	11,215	10,859	12,140
College workstudy - prior year - Note	84.033	P033A106077		2,096	
College workstudy administrative allowance	84.033	P033A1066077		1,480	
Sub Total			<u>4,155,045</u>	<u>3,661,226</u>	<u>3,513,855</u>
Passed Through Oklahoma Department of Career and Technology Education:					
Carl Perkins	84.048		226,788	73,832	203,268
Carl Perkins - prior year - Note	84.048			196,197	
Carl Perkins - Supplemental	84.048		25,000	12,006	22,764
Temporary Assistance to Needy Families	93.558		277,794	130,237	345,531
Temporary Assistance to Needy Families - prior year	93.558			87,534	
Bid Assistance	12.002		12,909	12,648	12,909
National Science Foundation- computer security(SCADA)	47.076		43,500	-	23,051
WIA/ARRA - Tech Prep - Prior Year	84.243		-	880	-
Sub Total			<u>585,991</u>	<u>513,335</u>	<u>607,523</u>
U.S. Department of Agriculture					
Passed Through State Department of Education:					
Child and adult food care program	10.558	DC-55-072	\$ 3,000	948	4,000
Child and adult food care program - prior year	10.558	DC-55-072		254	
Sub Total			<u>3,000</u>	<u>1,202</u>	<u>4,000</u>
Other Federal Financial Assistance					
Department of Commerce:					
ARRA: NCCER training agreement	17.275		22,750	17,825	21,375
ARRA: NCCER training agreement - prior year				14,250	
Sub Total			<u>22,750</u>	<u>32,075</u>	<u>21,375</u>
Department of Rehabilitation Services:					
Project SEARCH	84.126	F003225	57,093	45,793	60,032
Project SEARCH - prior year				2,275	
Sub Total			<u>57,093</u>	<u>48,068</u>	<u>60,032</u>
Federal Highway Administration					
Passed Through Assoc. Central OK Government:					
Public Fleet Conversion	20.205		\$ 121,575	-	78,719
Sub Total			<u>121,575</u>	<u>-</u>	<u>78,719</u>
Total Federal Assistance			<u>\$ 4,945,454</u>	<u>4,255,905</u>	<u>4,285,504</u>

*** Major programs**

Note - Prior year amounts represent reimbursements for prior year expenditures which were received in the current fiscal year.



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

The Honorable Board of Education
Francis Tuttle Technology Center School District No. 21
Oklahoma City, Oklahoma 73142

We have audited the 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 City, Oklahoma, as of and for the year ended June 30, 2012, which, collectively comprise the District's basic financial statements and have issued our report thereon dated September 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

September 26, 2012



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

The Honorable Board of Education
Francis Tuttle Technology Center School District No. 21
Oklahoma City, Oklahoma 73142

Compliance

We have audited Francis Tuttle Technology Center School District No. 21, (the District) Oklahoma City, Oklahoma's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the school board, management, the Oklahoma State Department of Career and Technology Education and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

September 26, 2012

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2012

There were no prior year reportable conditions or material instances of non-compliance.

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

Section 1 - Summary of Auditor's Results

1. An unqualified opinion was issued on the financial statements in respect to accounting principles generally accepted in the United States.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major were Pell grants (84.063), Direct Student Loans (84.268), Supplemental Educational Opportunity grants (84.007), and College Workstudy grants (84.033), which were clustered in the determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS

None

Section 3 – Findings and questioned costs for federal awards

None

FRANCIS TUTTLE TECHNOLOGY CENTER
SCHOOL DISTRICT NO. 21, OKLAHOMA COUNTY
SCHEDULE OF ACCOUNTANT’S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2011 TO JUNE 30, 2012

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant’s Professional Liability Insurance in accordance with the “Oklahoma Public School Audit Law” at the time of audit contract and during the entire audit engagement with Francis Tuttle Technology Center School for the audit year 2011-2012.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP
Auditing Firm

By _____
Authorized Agent

Subscribed and sworn to before me
This 26th day of September, 2012

Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/ 2016
Commission No. 00008621