

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR
GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
POTTAWATOMIE COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2013**

**Audited by
WILSON, DOTSON & ASSOCIATES, P.L.L.C.
SHAWNEE, OK**

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

**SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013**

BOARD OF EDUCATION

| | |
|----------------|---------------|
| President | Gary Crain |
| Vice-President | Bill Thompson |
| Clerk | Woody Pryor |
| Deputy Clerk | Dean Evans |
| Member | Jimmy Gibson |

MINUTES CLERK

Kellie Lee

SUPERINTENDENT

Marty Lewis

SCHOOL DISTRICT TREASURER

Kellie Lee

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

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**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

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WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Board of Education
Gordon Cooper Technology Center
School District No. 5
Shawnee, Pottawatomie County, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gordon Cooper Technology Center School District No. 5, Pottawatomie County, Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gordon Cooper Technology Center School District No. 5, Pottawatomie County, Oklahoma as of June 30, 2013, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 7-16, and 35-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gordon Cooper Technology Center School District No. 5, Pottawatomie County, Oklahoma's basic financial statements. The 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 not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma
February 7, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Gordon Cooper Technology Center, School District #5's, performance provides an overview of the School District's financial activities for the year ended June 30, 2013. Please read it in conjunction with the School District's financial statements, which begin on Page 17.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 17 and 18) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements start on Page 19. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than government-wide statements by providing information about the School District's most significant funds. The remaining statements provide financial information about activities for which the School District acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the School District as a whole begins on Page 9. One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The State of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes in them. You can think of the School District's net position – the difference between assets and liabilities – as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and Statement of Activities, it lists most of the School District's basic services, including the educational activities for daytime high school and adults, short term training for adults, services and training for business and industry, and general administration.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Our analysis of the School District's major funds begins on Page 12. The fund financial statements begin on Page 19 and provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants.

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

General Funds – The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes. Expenditures include all costs associated with the daily operations of the District 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 Funds – The Building and the Co-op – The funds from the Building Fund is targeted for activities involved with the future acquisition and construction of buildings, remodeling of current facilities, other site improvements and equipment and furniture needs for such projects. The funds from the Co-op Fund is used to provide other school districts with online classes.

The School District as Trustee

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for the Activity Funds. All of the School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Page . We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENT ACTIVITIES

NET ASSETS

FOR THE YEARS ENDED JUNE 30TH

| | 2012 | 2013 |
|--|----------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and Investments | \$ 7,486,926 | 8,005,149 |
| Accounts Receivable | <u>320,066</u> | <u>234,297</u> |
| Total Current Assets | <u>7,806,992</u> | <u>8,239,446</u> |
| Non-Current Assets | | |
| Capital Assets | | |
| Land | 162,140 | 162,140 |
| Land Improvements | 983,838 | 983,838 |
| Buildings and Infrastructure | 27,126,665 | 27,374,352 |
| Machinery and Equipment | 5,336,207 | 5,575,590 |
| Less Depreciation | <u>(21,963,296)</u> | <u>(22,762,978)</u> |
| Total Non-Current Assets | <u>11,645,554</u> | <u>11,332,942</u> |
| Total Assets | <u>19,452,546</u> | <u>19,572,388</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | 157,439 | 332,020 |
| Capital Lease | <u>26,076</u> | <u>14,060</u> |
| Total Current Liabilities | <u>183,515</u> | <u>346,080</u> |
| Net Assets | | |
| Invested in Capital Assets, net of Related Debt | 11,619,478 | 11,318,882 |
| Restricted | 3,559,297 | 3,925,164 |
| Unassigned | <u>4,090,256</u> | <u>3,982,262</u> |
| Total Net Assets | <u>\$ 19,269,031</u> | <u>19,226,308</u> |

GOVERNMENT ACTIVITIES
 CHANGES IN NET ASSETS
 FOR THE YEARS ENDED JUNE 30TH

| | 2012 | 2013 |
|---|----------------------|-------------------|
| Revenues: | | |
| Program revenues | | |
| Charges for services | \$ 800,652 | 1,341,705 |
| Operating grants and contributions | 1,327,713 | 1,116,358 |
| General revenues | | |
| Property taxes | 7,427,475 | 7,773,582 |
| State and county aid not restricted to specific purposes | 3,858,024 | 3,666,058 |
| Interest earnings | 45,099 | 23,526 |
| Miscellaneous | <u>415,140</u> | <u>5,968</u> |
| Total revenues | <u>13,874,103</u> | <u>13,927,197</u> |
| Expenses: | | |
| Instruction | 4,901,814 | 5,217,793 |
| Support services | 5,974,518 | 6,619,182 |
| Operation of non-instructional services | 277,541 | 242,590 |
| Other Outlays | 73,685 | 3,606 |
| Other Uses | 902,350 | 786,149 |
| Depreciation - unallocated | <u>1,056,326</u> | <u>1,100,600</u> |
| Total expenses | <u>13,186,234</u> | <u>13,969,920</u> |
| Increase (decrease) in net assets | 687,869 | (42,723) |
| Net assets, beginning of year | <u>18,581,162</u> | <u>19,269,031</u> |
| Net assets, end of year | <u>\$ 19,269,031</u> | <u>19,226,308</u> |

To aid in the understanding of the Statement of Activities, some additional explanation is provided. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Some of the individual line item revenues reported for each function are:

District Sources of Revenue:

| | |
|--------------------------------------|---|
| Ad valorem property tax: | Taxes for current year and prior years, revenue in lieu of taxes |
| Tuition and Fees | Tuition and fees for Full-time adult classes, Short-term adult Classes, Safety Training, FBM, Industry Specific, Assessment |
| Interest Income | Interest earning of investments and taxes |
| Miscellaneous | |
| Rentals, Disposals, and Commissions: | Rental of school facilities and property, sale of surplus equipment |
| Reimbursements: | Reimbursement for insurance loss recoveries, damages to school property, rebates |
| Food Service | Cafeteria sales and outside customers for luncheons, banquets |
| Bookstore | Sales of books and supplies to students |
| Child care Services | Charge for day care services |
| Intergovernmental State Sources | Department of Human Services for day care, Formula operation, Existing Industry Initiative, training for industry programs, Safety Training, Welfare to Work and Professional Development |
| Intergovernmental Federal Sources | TANF Grant, Child Nutrition for day care, Carl Perkins Grant, and PELL Grants |

Food Service is provided for students and employees as well as outside customers that reserve our facilities for meetings and training. Child Care is not only a part of training but also a licensed day care. This service allows employees and students to have their young children close to them while at work or attending classes. The bookstore provides convenience to our students for the purchase of books and materials required for the programs being offered by the School District.

THE SCHOOL DISTRICT FUNDS

The following schedule presents a summary of general, special revenue (building fund and co-op fund), and expenditures for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to the prior year.

| Revenues: | FYE 13 Amount | Percent of Total | FYE 12 Amount | Percent of Total | Increase (Decrease) |
|--------------------------------------|------------------|---------------------|------------------|---------------------|------------------------|
| Property Taxes | 7,773,582 | 55.82% | 7,427,475 | 53.54% | 346,107 |
| Tuition and Fees | 1,341,705 | 9.63% | 800,652 | 5.77% | 541,053 |
| Intergovernmental State Sources | 3,603,561 | 25.87% | 3,858,024 | 27.81% | (254,463) |
| Intergovernmental Federal Sources | 1,116,358 | 8.02% | 1,327,713 | 9.57% | (211,355) |
| Miscellaneous | 68,465 | .49% | 415,140 | 2.99% | (346,675) |
| Investment Income | 23,526 | .17% | 45,099 | .32% | (21,573) |
| Total Revenues | 13,927,197 | 100.00% | 13,874,103 | 100.00% | 53,094 |

Property Taxes – Economic growth within the School District and increase in property valuation led to big increases in property taxes revenue.

Tuition and Fees – Increase in tuition and fees are due to the higher enrollment of adult students.

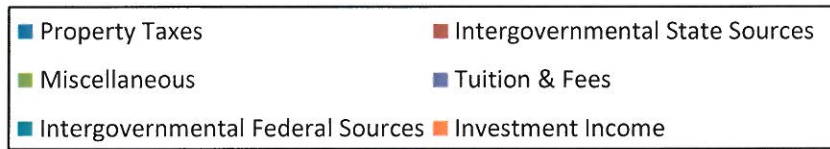
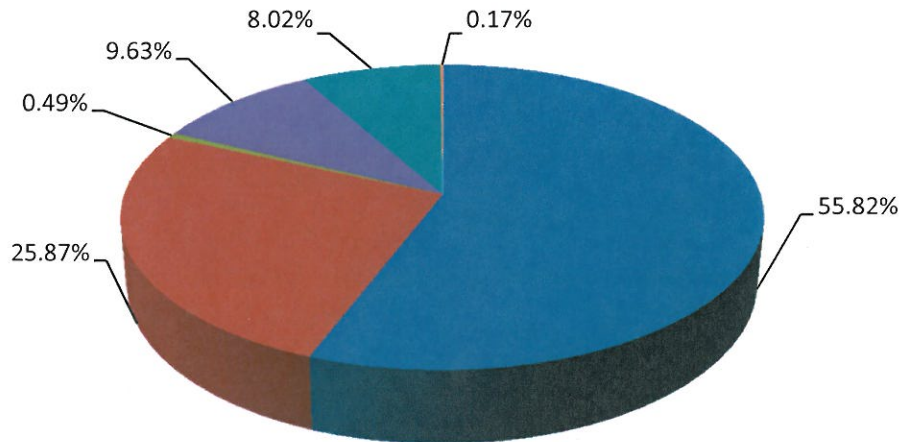
Intergovernmental State Sources – Decrease due to primarily a reduction of funding from ODCTE.

Intergovernmental Federal Sources – Funding for the TANF Grant and Tech Prep were decreased due to the ODCTE allocations.

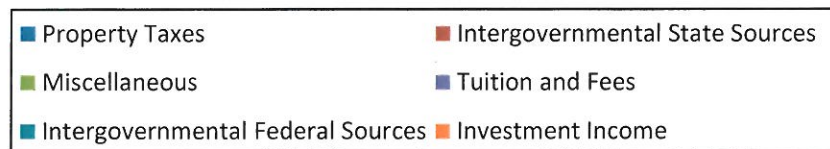
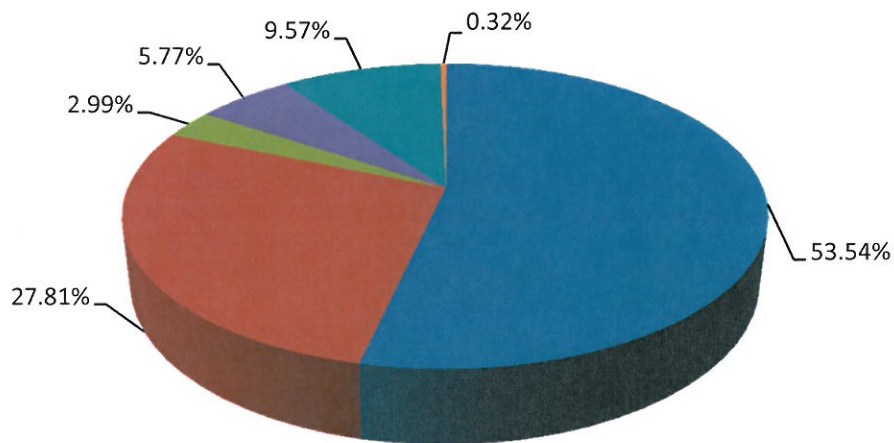
Investment Income – Interest rates are near their lowest point in decades and there is a decrease in investment income.

Revenues

2013



2012



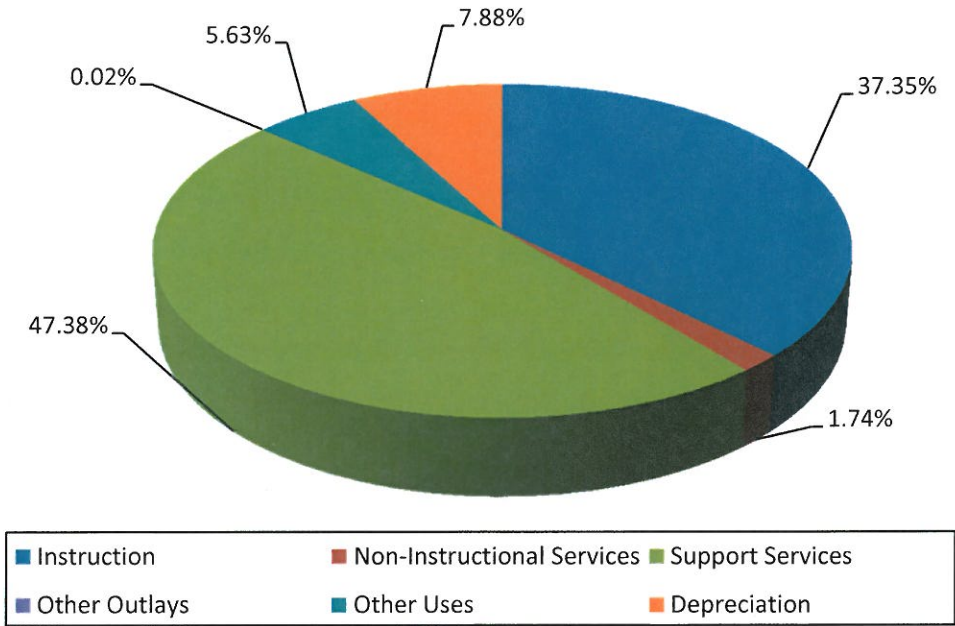
Expenditures

- Instruction Expenditures for direct classroom activities.
- Support Services Expenditures for administrative, technical and logistical support to facilitate and enhance education.
- Non-Instructional Services Activities concerned with providing non-instructional services to students, staff, or community.
- Facilities (Other outlays/Other Uses) Activities involved with the acquisition of land, buildings, remodeling buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

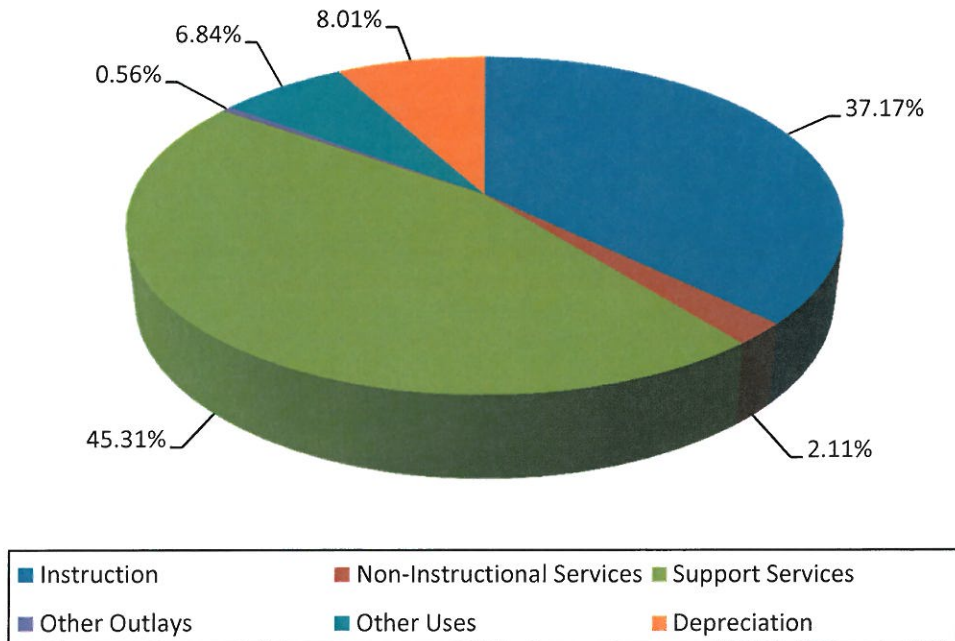
| Expenditures: | FYE 13 Amount | Percent of Total | FYE 12 Amount | Percent of Total | Increase (Decrease) |
|----------------------------|------------------|---------------------|------------------|---------------------|------------------------|
| Instruction | 5,217,793 | 37.35% | 4,901,814 | 37.17% | 315,979 |
| Support Services | 6,619,182 | 47.38% | 5,974,518 | 45.31% | 644,664 |
| Non-Instructional Services | 242,590 | 1.74% | 277,541 | 2.11% | (34,951) |
| Other Outlays | 3,606 | .02% | 73,685 | .56% | (70,079) |
| Other Uses | 786,149 | 5.63% | 902,350 | 6.84% | (116,201) |
| Depreciation | 1,100,600 | 7.88% | 1,056,326 | 8.01% | 44,274 |
| Total Expenditures | 13,969,920 | 100.00% | 13,186,234 | 100.00% | 783,686 |

Expenditures

2013



2012



GENERAL FUND BUDGETARY HIGHLIGHTS

The school district has been very fortunate to experience a growth in our ad valorem.

CAPITAL ASSETS

Capital Assets

At the end of June 30, 2013, the School District had \$34,095,920 invested in capital assets including three campuses and additional machinery and equipment for programs (see table below). This is a net increase of \$487,070.00 over the previous year.

| | Governmental Activities | |
|-----------------------|----------------------------|------------|
| | 2013 | 2012 |
| Land | 162,140 | 162,140 |
| Land Improvements | 983,838 | 983,838 |
| Buildings | 27,374,352 | 27,126,665 |
| Machinery & Equipment | 5,575,590 | 5,336,207 |
| Totals | 34,095,920 | 33,608,850 |

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it received. If you have questions about this report or need additional financial information, contact the Superintendent's Office at Gordon Cooper Technology Center, One John C. Bruton Blvd., Shawnee, OK 74804.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2013

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>ASSETS</u> | |
| Current Assets | |
| Cash & investments | \$ 8,005,149 |
| Accounts receivable | <u>234,297</u> |
| Total current assets | <u>8,239,446</u> |
| Noncurrent Assets | |
| Capital assets | 34,095,920 |
| Less: accumulated depreciation | <u>(22,762,978)</u> |
| Total noncurrent assets | <u>11,332,942</u> |
| Total Assets | <u>19,572,388</u> |
| <u>LIABILITIES</u> | |
| Current Liabilities | |
| Accounts payable | 332,020 |
| Capital leases | <u>14,060</u> |
| Total current liabilities | <u>346,080</u> |
| <u>NET ASSETS</u> | |
| Investment in capital assets, net of related debt | 11,318,882 |
| Restricted | 3,925,164 |
| Unassigned | <u>3,982,262</u> |
| Total Net Assets | <u>\$ 19,226,308</u> |

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

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

| <u>Functions/Programs</u> | <u>Expenditures</u> | <u>Program Revenues</u> | | <u>Net (Expense)</u> |
|---|----------------------|-------------------------|----------------------|----------------------------|
| | | <u>Charges for</u> | <u>Operating</u> | <u>Revenue and Changes</u> |
| | | <u>Services</u> | <u>Grants and</u> | <u>Total</u> |
| | | | <u>Contributions</u> | <u>Governmental</u> |
| | | | | <u>Activities</u> |
| Governmental Activities | | | | |
| Instruction | \$ 5,217,793 | 1,039,925 | 263,360 | (3,914,508) |
| Support services | 6,619,182 | 301,780 | 79,195 | (6,238,207) |
| Operation of non-instructional services | 242,590 | - | - | (242,590) |
| Other outlays | 3,606 | - | - | (3,606) |
| Other uses | 786,149 | - | 773,803 | (12,346) |
| Depreciation - unallocated | 1,100,600 | - | - | (1,100,600) |
| Total governmental activities | <u>\$ 13,969,920</u> | <u>1,341,705</u> | <u>1,116,358</u> | <u>(11,511,857)</u> |
| General Revenues | | | | |
| Property taxes, levied for general purposes | | | | 7,773,582 |
| State aid not restricted to specific purposes | | | | 3,603,561 |
| Other taxes | | | | 62,497 |
| Miscellaneous | | | | 29,494 |
| Total general revenues | | | | <u>11,469,134</u> |
| Change in Net Assets | | | | (42,723) |
| Net Assets, Beginning of Year | | | | <u>19,269,031</u> |
| Net Assets, End of Year | | | | <u>\$ 19,226,308</u> |

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

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2013

| | <u>Major Funds</u> | | Nonmajor | Total Governmental Funds |
|---|---------------------|------------------|----------------------|--------------------------------|
| | General Fund | Building Fund | Fund COOP Fund | |
| <u>ASSETS</u> | | | | |
| Cash & investments | \$ 3,851,285 | 4,042,859 | 111,005 | 8,005,149 |
| Accounts receivable | <u>187,625</u> | <u>46,672</u> | <u>-</u> | <u>234,297</u> |
| Total Assets | <u>\$ 4,038,910</u> | <u>4,089,531</u> | <u>111,005</u> | <u>8,239,446</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 56,648 | 275,372 | - | 332,020 |
| Total liabilities | <u>56,648</u> | <u>275,372</u> | <u>-</u> | <u>332,020</u> |
| Fund balances | | | | |
| Restricted | - | 3,814,159 | 111,005 | 3,925,164 |
| Unassigned | <u>3,982,262</u> | <u>-</u> | <u>-</u> | <u>3,982,262</u> |
| Total fund balances | <u>3,982,262</u> | <u>3,814,159</u> | <u>111,005</u> | <u>7,907,426</u> |
| Total Liabilities and Fund Balances | <u>\$ 4,038,910</u> | <u>4,089,531</u> | <u>111,005</u> | <u>8,239,446</u> |

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

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

**RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCES - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ASSETS,
LIABILITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013**

Total fund balances - total governmental funds \$ 7,907,426

Amounts reported for governmental activities in the statement of assets,
liabilities and net assets - statutory basis are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. The
cost of these assets are as follows:

| | | |
|--------------------------------|---------------------|-------------------|
| Land | \$ 162,140 | |
| Land improvements | 983,838 | |
| Buildings | 27,374,352 | |
| Machinery & equipment | 5,575,590 | |
| Less: accumulated depreciation | <u>(22,762,978)</u> | <u>11,332,942</u> |

Lease purchase agreement was entered into and is considered a capital
asset. The amount financed by these sources is reported in
the governmental funds as a source of financing. For government
wide financial statements , the proceeds from the lease purchase
agreements are not revenues in the statement of revenues,
expenditures and changes in net assets, but rather constitute long-
term liabilities in the statement of assets, liabilities and net assets.

(14,060)

Net assets of governmental activities **\$ 19,226,308**

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO.5
Pottawatomie County

STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | <u>Major Funds</u> | | Nonmajor | Total Government Funds |
|--|---------------------|------------------|----------------|------------------------------|
| | General Fund | Building Fund | Fund COOP | |
| Revenues collected: | | | | |
| Local sources | \$ 6,363,949 | 2,606,829 | 236,500 | 9,207,278 |
| State sources | 3,603,382 | 179 | - | 3,603,561 |
| Federal sources | <u>1,116,358</u> | <u>-</u> | <u>-</u> | <u>1,116,358</u> |
| Total revenues collected | <u>11,083,689</u> | <u>2,607,008</u> | <u>236,500</u> | <u>13,927,197</u> |
| Expenditures: | | | | |
| Instruction | 5,184,063 | 241,865 | - | 5,425,928 |
| Support services | 4,975,275 | 1,546,016 | 156,495 | 6,677,786 |
| Operation of non-instructional services | 242,590 | | - | 242,590 |
| Facilities acquisition & construction services | - | 533,265 | - | 533,265 |
| Other outlays | 3,606 | - | - | 3,606 |
| Other uses | <u>786,149</u> | <u>-</u> | <u>-</u> | <u>786,149</u> |
| Total expenditures | <u>11,191,683</u> | <u>2,321,146</u> | <u>156,495</u> | <u>13,669,324</u> |
| Excess of revenues collected over (under) expenditures | (107,994) | 285,862 | 80,005 | 257,873 |
| Fund balance, beginning of year | <u>4,090,256</u> | <u>3,528,297</u> | <u>31,000</u> | <u>7,649,553</u> |
| Fund balance, end of year | <u>\$ 3,982,262</u> | <u>3,814,159</u> | <u>111,005</u> | <u>7,907,426</u> |

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

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

**RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds \$ 257,873

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of revenues collected, expenditures and changes in net assets - statutory basis the cost of these assets have not been reflected. This is the amount by which capital outlays exceed depreciation in the period.

| | | |
|-----------------------------|--------------------|-----------|
| Capital outlay expenditures | \$ 787,988 | |
| Depreciation | <u>(1,100,600)</u> | (312,612) |

| | |
|---|---------------|
| Lease purchases are reported as in governmental funds. In the government wide financial statements lease purchases are as long term obligations | <u>12,016</u> |
|---|---------------|

Change in net assets of governmental activities \$ (42,723)

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

STATEMENT OF FIDUCIARY FUND ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2013

| | <u>Expendable Trust Funds</u> | <u>Agency Funds</u> |
|--------------------------------|-----------------------------------|-------------------------|
| <u>ASSETS</u> | | |
| Cash & investments | \$ <u>5,034</u> | <u>144,262</u> |
| <u>LIABILITIES</u> | | |
| Due to student groups | \$ <u>-</u> | <u>144,262</u> |
| <u>NET ASSETS</u> | | |
| Fund balances | | |
| Reserved for specific purposes | <u>\$ 5,034</u> | |

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

**GORDON COOPER TECHNOLOGY CENTER NO. 5
Pottawatomie County**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Expendable Trust Funds |
|-------------------------------|---------------------------------------|
| Additions | \$ - |
| Deductions | <u>-</u> |
| Change in Net Assets | - |
| Net Assets, Beginning of Year | <u>5,034</u> |
| Net Assets, End of Year | <u><u>\$ 5,034</u></u> |

The accompanying notes are an integral part of basic financial statements

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basic Financial Statements

The basic financial statements of the Gordon Cooper Technology Center District No.5 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units.

The Governmental Accounting Standard Board (GASB) establishes financial reporting requirements for state and local governments. One requirement is the inclusion of a Management Discussion and Analysis (MD&A) section. MD&A introduces the basic financial statements by presenting certain financial information as well as management's analysis of that information.

The District has adopted GASB-54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which redefines the fund balance classifications from the previous two (2) into a possible five (5) classifications.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information for the entire government with the exception of fiduciary funds. Governmental activities are normally supported by taxes and intergovernmental revenues.

Statement of Net Assets – This statement reports the District's financial and capital resources. Liabilities are segregated between current liabilities (those that are due within one year) and long-term liabilities (those that are due in more than one year).

Statement of Activities – This statement demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services, such as tuition and other fees, and restricted grants and contributions. General revenues include taxes, state aid, and other sources not included as program revenues.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using accounting principles generally accepted in the United States of America.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. Basic Financial Statements – (Continued)

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except fiduciary funds.

The statement of net assets presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. 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. There are three categories of funds: governmental, proprietary and fiduciary.

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

General Fund - The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes. Expenditures include all costs associated with the daily operations of the District 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.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. Basic Financial Statements – (Continued)

Special Revenue Funds - The District's two special revenue funds are the building and COOP funds. 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 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. The COOP fund is used to provide other school districts with online classes.

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. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation. The District did not operate any trust funds during the fiscal year.

Agency Fund - The agency fund is the school activities fund which 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.

Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for all governmental funds that includes revenues and expenditures.

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

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. Basic Financial Statements – (Continued)

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 and building 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.

If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

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 program formula and equalization formula under the provisions of Article XIV, Title 70, Oklahoma Statutes. The Oklahoma Department of Career and Technology Education administers the allocation of these formula funds.

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

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. Basic Financial Statements – (Continued)

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.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone 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 local education agencies (LEAs) would be included here.

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

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

Facilities Acquisition and Construction Services Expenditures - Consists 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.

Repayment Expenditures - Repayment expenditures represent checks/warrants 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2012-13 fiscal year.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. CASH AND INVESTMENTS

A. Deposits and Investments

Custodial Credit Risk

Exposure to custodial credit risk related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2013 the District held deposits of approximately \$8,725,895 at financial institutions. The District's cash deposits, including interest-bearing accounts, and investments are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name. Therefore, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk

The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. government, its agencies and instrumentalities to which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. CASH AND INVESTMENTS

A. Deposits and Investments – (Continued)

5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The District had no investment credit risk as of June 30, 2013, as defined above.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2013, the District had no concentration of credit risk as defined above.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

3. CAPITAL ASSETS

Depreciation of all exhaustible capital assets is charged as an expense against the District's operations. Depreciation has been provided using the straight-line method over the following estimated useful lives:

| | <u>Useful Life</u> |
|----------------------------------|--------------------|
| Building and structures | 10-45 |
| Furniture, computers & equipment | 3-15 |
| Vehicles | 5 |

Capital asset activity for the year ended, as follows:

| | <u>Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> |
|--------------------------------|----------------------|--------------------|------------------|----------------------|
| | <u>June 30, 2012</u> | | | <u>June 30, 2013</u> |
| Land | \$ 162,140 | - | - | 162,140 |
| Land Improvements | 983,838 | - | - | 983,838 |
| Buildings | 27,126,665 | 247,687 | - | 27,374,352 |
| Machinery & Equipment | <u>5,336,207</u> | <u>540,301</u> | <u>300,918</u> | <u>5,575,590</u> |
| Total | 33,608,850 | 787,988 | 300,918 | 34,095,920 |
| Less: Accumulated Depreciation | <u>(21,963,296)</u> | <u>(1,100,600)</u> | <u>(300,918)</u> | <u>(22,762,978)</u> |
| Net Capital Assets | <u>\$ 11,645,554</u> | <u>(312,612)</u> | <u>-</u> | <u>11,332,942</u> |

4. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2013.

5. LONG TERM DEBT

The District had one lease purchase during the current fiscal year totaling \$ for copies, with an interest rate of 5.18% due in annual payments of \$14,060. The balance at June 30, 2013 was \$14,060.

The future payments are detailed as follows:

| Years Ending June 30, 2014 | Principal | Interest | Total |
|----------------------------------|------------------|------------|------------------|
| | <u>\$ 13,367</u> | <u>693</u> | <u>\$ 14,060</u> |

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

6. EMPLOYEE RETIREMENT SYSTEM

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, 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 obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals in interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma and the participating employees 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 7.00% of covered compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The matching contribution rate was 8.00%. Contributions received by the System from the State of Oklahoma are from 5.00% of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District's employer contribution rate was 9.50%. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members.

Pension Cost

The Center's contributions for the year ending June 30, 2013, June 30, 2012, and June 30, 2011, were \$922,186, \$889,348, and \$897,564 respectively.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

7. CONTINGENCIES

Federal Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Litigation

The District has no pending claims or lawsuits against it as of June 30, 2013. In the event that the District is held liable for damage in any lawsuits that may arise, the resulting judgments will be paid from ad valorem taxes levied over a three (3) year period through the District's Sinking Fund or by the District's insurance carrier.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 7, 2014, which is the date the financial statements were available to be issued.

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|---|-------------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| Revenues collected: | | | | |
| Local sources | \$ 5,249,479 | 5,249,479 | 6,336,566 | 1,087,087 |
| State sources | 3,284,641 | 3,284,641 | 3,603,382 | 318,741 |
| Federal sources | <u>1,210,424</u> | <u>1,210,424</u> | <u>1,244,389</u> | <u>33,965</u> |
| Total revenues collected | <u>9,744,544</u> | <u>9,744,544</u> | <u>11,184,337</u> | <u>1,439,793</u> |
| Expenditures: | | | | |
| Instruction | 5,713,890 | 5,825,564 | 5,130,333 | 695,231 |
| Support services | 6,079,160 | 6,021,363 | 5,138,902 | 882,461 |
| Operation of non-instruction services | 377,352 | 399,174 | 266,545 | 132,629 |
| Other outlays | 103,901 | 9,000 | 8,608 | 392 |
| Other uses | 782,098 | 801,300 | 786,149 | 15,151 |
| Bank fees | - | - | 336 | (336) |
| Total expenditures | <u>13,056,401</u> | <u>13,056,401</u> | <u>11,330,873</u> | <u>1,725,528</u> |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances | (3,311,857) | (3,311,857) | (146,536) | 3,165,321 |
| Adjustments to prior year encumbrances | <u>-</u> | <u>-</u> | <u>238,802</u> | <u>238,802</u> |
| Excess of revenues collected over (under) expenditures | (3,311,857) | (3,311,857) | 92,266 | 3,404,123 |
| Cash fund balance, beginning of year | <u>3,311,857</u> | <u>3,311,857</u> | <u>3,311,857</u> | <u>-</u> |
| Cash fund balance, end of year | <u>\$ -</u> | <u>-</u> | <u>3,404,123</u> | <u>3,404,123</u> |

GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County

BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS - BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Revenues collected: | | | | |
| Local sources | \$ 2,325,656 | 2,325,656 | 2,590,229 | 264,573 |
| State sources | - | - | 179 | 179 |
| Non-revenue receipts | - | - | - | - |
| Total revenues collected | <u>2,325,656</u> | <u>2,325,656</u> | <u>2,590,408</u> | <u>264,752</u> |
| Expenditures: | | | | |
| Instruction | 107,032 | 242,000 | 243,597 | (1,597) |
| Support services | 2,096,885 | 2,191,408 | 1,690,027 | 501,381 |
| Facilities acquisition & construction services | 3,385,031 | 3,155,540 | 818,731 | 2,336,809 |
| Total expenditures | <u>5,588,948</u> | <u>5,588,948</u> | <u>2,752,355</u> | <u>2,836,593</u> |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances | (3,263,292) | (3,263,292) | (161,947) | 3,101,345 |
| Adjustments to prior year encumbrances | - | - | 92,205 | 92,205 |
| Excess of revenues collected over (under) expenditures | (3,263,292) | (3,263,292) | (69,742) | 3,193,550 |
| Cash fund balance, beginning of year | <u>3,263,292</u> | <u>3,263,292</u> | <u>3,263,292</u> | - |
| Cash fund balance, end of year | <u>\$ -</u> | <u>-</u> | <u>3,193,550</u> | <u>3,193,550</u> |

**GORDON COOPER TECHNOLOGY CENTER DISTRICT NO. 5
Pottawatomie County**

**BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS - COOP FUND
FOR THE YEAR ENDED JUNE 30, 2013**

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|-------------------------|----------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues collected: | | | | |
| Local sources | \$ 200,000 | 200,000 | 236,500 | 36,500 |
| Expenditures: | | | | |
| Support Services | <u>231,000</u> | <u>231,000</u> | <u>161,485</u> | <u>69,515</u> |
| Excess of revenues collected over (under) expenditures | (31,000) | (31,000) | 75,015 | (33,015) |
| Cash fund balance, beginning of year | <u>31,000</u> | <u>31,000</u> | <u>31,000</u> | <u>-</u> |
| Cash fund balance, end of year | <u>\$ -</u> | <u>-</u> | <u>106,015</u> | <u>(33,015)</u> |

GORDON COOPER TECHNOLOGY CENTER NO. 5
Pottawatomie County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Federal Grantor's/ Pass Through Grantor's Number | Program or Award Amount | Balance at July 1, 2012 | Revenue Recognized | Total Expenditures | Balance at June 30, 2013 |
|--|---------------------------|---|-------------------------------|----------------------------|-----------------------|-----------------------|-----------------------------|
| <u>U.S. Department of Education:</u> | | | | | | | |
| <u>Direct Programs:</u> | | | | | | | |
| College workstudy | 84.033 | P033A123418 | \$ 11,446 | - | 11,446 | 11,446 | - |
| College workstudy administration | 84.033 | P033A123418 | 529 | - | 529 | 529 | - |
| Pell Grant - Note | 84.063 | P063P123274 | 762,357 | - | 762,357 | 762,357 | - |
| Pell Grant administration | 84.063 | P063Q123274 | 1,090 | - | 1,090 | 1,090 | - |
| Sub Total | | | <u>775,422</u> | <u>-</u> | <u>775,422</u> | <u>775,422</u> | <u>-</u> |
| <u>Passed Through Oklahoma Department of Career and Technology Education:</u> | | | | | | | |
| Carl Perkins grant - secondary | 84.048 | | 162,342 | - | 162,342 | 162,342 | - |
| OK Bid Assistance Network - Procurement Technical Assistance Center | 12.002 | | - | - | 20,431 | 20,431 | - |
| Carl Perkins - Tech Centers That Work | 84.048 | | 12,000 | - | 12,000 | 12,000 | - |
| Temporary assistance for needy families | 93.558 | | 140,464 | - | 140,464 | 140,464 | - |
| Sub Total | | | <u>314,806</u> | <u>-</u> | <u>335,237</u> | <u>335,237</u> | <u>-</u> |
| <u>U.S. Department of Agriculture:</u> | | | | | | | |
| <u>Passed Through the State Department of Human Services:</u> | | | | | | | |
| Child and adult food care program | 10.558 | DC-63-101 | - | - | 5,699 | 5,699 | - |
| Total Expenditures of Federal Awards | | | <u>\$ 1,090,228</u> | <u>-</u> | <u>1,116,358</u> | <u>1,116,358</u> | <u>-</u> |

Revenues received include \$1,216 that was returned to the USDE in the 2013-14 FY.

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

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

The Honorable Board of Education
Gordon Cooper Technology Center
School District No. 5
Shawnee, Pottawatomie County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gordon Cooper Technology Center School District No. 5, Pottawatomie County, Oklahoma, (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma
February 7, 2014

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Board of Education
Gordon Cooper Technology Center
School District Number 5
Shawnee, Pottawatomie County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Gordon Cooper Technology Center School District Number 5, Shawnee, Pottawatomie County, Oklahoma's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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



Wilson, Dotson & Associates, PLLC
Shawnee, Oklahoma

February 7, 2014

GORDON COOPER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 5
Pottawatomie County, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported
- Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in Accordance with section 510(a) of Circular A-133? No

Identification of major programs:

CFDA Numbers

Name of Federal program or Cluster

84.063

Pell Grants

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

Auditee qualified as low-risk auditee under OMB Circular A-133, Section 530? Yes

**GORDON COOPER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 5
Pottawatomie County, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section II – Financial Statement Findings

There were no material weaknesses or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs, or material weakness or reportable conditions in internal control that are required to be reported.

**GORDON COOPER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 5
Pottawatomie County, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

There were no prior year findings or questioned costs.

**GORDON COOPER TECHNOLOGY CENTER SCHOOL DISTRICT NO. 5
Pottawatomie County, Oklahoma**

**SCHEDULE OF ACCOUNTANTS' PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
FOR THE YEAR ENDED JUNE 30, 2013**

State of Oklahoma)
)ss
County of Pottawatomie)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountants' 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 Gordon Cooper Technology Center for the audit year 2012-13.

Wilson, Dotson & Associates, P.L.L.C.
Auditing Firm



by _____
Authorized Agent

Subscribed and sworn to before me this 7th day of February, 2014.



Notary Public (Commission #11002236)
My Commission Expires March 10, 2015

