

**ANNUAL FINANCIAL REPORT  
KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
JULY 1, 2010 TO JUNE 30, 2011**

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

**KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
SCHOOL CENTER OFFICIALS  
JUNE 30, 2011**

Board of Education

President	Vernon Anderson
Vice-President	Norman Ranger
Clerk	Bobbie Wilson
Member	Dr. Phil Chitwood
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Courtney Daney

Chief Financial Officer

Lois Welch

**KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
JUNE 30, 2011**

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LATIMER COUNTY, OKLAHOMA  
JUNE 30, 2011**

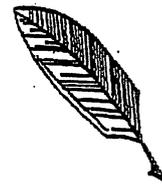
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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Kiamichi Technology Center No. 7  
Wilburton, Oklahoma

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kiamichi Technology Center No. 7, Latimer County, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Technology Center management. My responsibility is to express opinions on these financial statements based on our audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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 Kiamichi Technology Center No. 7, Latimer County, Oklahoma, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 1, 2012, on my consideration of the Kiamichi Technology Center's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 my audit.

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Kiamichi Technology Center's basic financial statements. The combining financial statements, individual fund financial statements and schedule of expenditures of federal awards listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Kiamichi Technology Center. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis on pages 2 through 5 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, I did not audit the information and express no opinion on it.

Kerry John Patten, C.P.A.  
March 1, 2012

## **MANAGEMENT DISCUSSION AND ANALYSIS**

KIAMICHI TEHCNOLOGY CENTER NO. 7  
MANAGEMENTS DISCUSSION & ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2011

The discussion and analysis of the financial performance of Kiamichi Technology Center School District No. 7 is an effort to provide an overview of financial activities of the School District's fiscal year ending June 30, 2011. Please read it in conjunction with the School District's financial statements, which begin on page 6.

### **The Financial Statements**

The financial statements presented herein include all of the activities of the Kiamichi Technology Center School District No. 7 ("the "School District") using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are governmental-wide statements for the governmental activities.

The government-wide financial statements present the complete financial picture of the School District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the School District as well as all liabilities.

### **Reporting the School District as a Whole**

One of the most frequently asked questions about the School District's finances is, "Is the School District better off than it was last year?" The Statement of Net Assets 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. 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 assets and changes in them from the prior year. You can think of the School District's net assets – the difference between assets and liabilities – as one way to measure the School District's financial condition, or position. Over time, increases or decreases in the School District's net assets can be one indicator of whether its financial health is improving or deteriorating. However, you must consider other nonfinancial factors, such as changes in the School District's property tax base and the condition of the School District's assets, to assess the overall health of the School District.

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

*The fund financial statements* 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. However, management establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

*Governmental funds* – 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 government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund Financial statement.

KIAMICHI TEHCNOLOGY CENTER NO. 7  
MANAGEMENTS DISCUSSION & ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2011

**Financial Analysis of the School District as a Whole**

**Net Assets**

The School District accumulates year-to-year financial information on a consistent basis with the year ended. June 30, 2011 beings the ninth year of reporting using the integrated approach prescribed by GASB Statement No. 34. Since, the financial information is accumulated on a consistent basis, changes in the net assets may be used to discuss the changing financial position of the School District as a whole.

The School District's net assets at fiscal year-end are \$55,782,122 which is an increase of \$3,165,143 over last year's net assets of \$52,616,979. The following table provides a summary of the School District's net assets at June 30:

**Summary of Net Assets  
June 30, 2011**

	<u>Governmental Activities</u>		<u>Change</u>	
	<u>2011</u>	<u>2010</u>	<u>Amount</u>	<u>%</u>
Current/Other Assets	\$ 23,359,354	\$ 21,640,019	\$ 1,719,335	7.95%
Capital Assets	<u>33,638,234</u>	<u>33,193,017</u>	<u>445,217</u>	<u>1.34%</u>
<b>Total Assets</b>	<u>\$ 56,997,588</u>	<u>\$ 54,833,036</u>	<u>\$ 2,164,552</u>	<u>3.95%</u>
Current Liabilities	\$ 943,425	\$ 1,774,575	\$ (831,150)	(46.84)%
Long-Term Liabilities	<u>272,041</u>	<u>165,550</u>	<u>106,491</u>	<u>64.33%</u>
<b>Total Liabilities</b>	<u>1,215,466</u>	<u>\$ 1,940,125</u>	<u>\$ (724,659)</u>	<u>(37.35)%</u>
<b>Net Assets:</b>				
Capital Assets	\$ 33,638,234	\$ 33,193,017	\$ 445,217	1.34%
Restricted/Unrestricted	<u>22,143,888</u>	<u>19,423,962</u>	<u>2,719,926</u>	<u>14.00%</u>
<b>Total Net Assets</b>	<u>\$ 55,782,122</u>	<u>\$ 52,616,979</u>	<u>\$ 3,165,143</u>	<u>6.02%</u>

**Governmental Activities**

State funds suffered some budget cuts but an increase in revenues of in Ad Valorem allowed the School District's budget to maintain levels commensurate with the previous year. Although, most counties in the school district reported an increase in valuation the manufacturing exempt fund was not fully funded.

**Some of the individual line item revenues reported for each function are:**

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, and industry specific
Miscellaneous Rental, Disposals & Commissions	Rental of school facilities and property and sale of surplus equipment

KIAMICHI TEHCNOLOGY CENTER NO. 7  
MANAGEMENTS DISCUSSION & ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2011

Reimbursements	Reimbursements for insurance loss recoveries, damages to school property, rebates and fiscal agent expenses
Other Local Sources of Revenue	All other local revenue not classified above
Intergovernmental State Sources	State aid formula grants, School to Work, DHS Child Care, OTAG, Existing Industry Training, TIPS, Adult Training and Fire Fighting initiative
Intergovernmental Federal Sources	TANF, Carl Perkins, and Federal Financial Aid.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

**The individual line item expenses reported for each function are:**

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. An example would be child nutrition expenses.
Facilities Acquisition and Construction	Activities involved with the acquisition of land, buildings, remodeling buildings, construction of buildings and additions to building, initial installations or extension of service systems and other build-in equipment, acquisition of equipment to furnish the buildings, and improvements to sites.

**Capital Assets**

During this fiscal year the School District awarded a \$1,717,392 contract for a significant remodeling project at the Atoka Campus which resulted in a new BIS Training Center increasing meeting and classroom space by more than 6,000 square feet. KTC also began construction to expand the Fire Training Facility at the Durant campus which will house the new Fire Training Academy. At the end of June 30, 2011, the school district had \$58,040,910 invested in capital assets including land, buildings, equipment, and vehicles in comparison to the \$56,386,814 at June 30, 2010. These figures do not consider the effects of accumulated depreciation which can be seen on page 20.

	<u>Governmental Activities</u>
Land	\$ 2,860,000
Construction in progress	1,007,094
Buildings	43,321,559
Equipment	7,781,047
Vehicles	<u>3,071,210</u>
<b>Total Capital Assets</b>	<b><u>\$ 58,040,910</u></b>

KIAMICHI TEHCNOLOGY CENTER NO. 7  
MANAGEMENTS DISCUSSION & ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2011

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Revenue from state and federal sources, as well as, property tax and tuition collections are expected to remain the same for the fiscal year ending June 30, 2012. While expecting no increase or decrease in revenue the school district does anticipate operating costs to continue to increase due to the rising cost of salaries, insurances, utilities and fuel. Despite the economic conditions KTC remain optimistic for new growth in the STEM and Health Care areas. With the implementation of two new STEM programs and the expansion of the mobile EMS unit student enrollment continues to increase. KTC is committed to ensure quality services for the students of southeast Oklahoma and other areas across the state.

**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 receives. If you have questions about this report or need additional financial information, contact the School District Treasurer's Office at P.O. Box 548, Wilburton, Oklahoma 74578-0548 or phone at (918) 465-2324.

Respectfully Submitted

Courtney Moreland  
School District Treasurer

Lois Welch  
Chief Financial Officer

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**KIAMICHI TECHNOLOGY CENTER NO. 7  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current Assets	
Cash	\$ 1,845,918
Investments	19,106,953
Property tax receivable	1,519,619
Due from other governments	667,210
Due from other funds	211,648
Miscellaneous receivables	8,006
Noncurrent Assets	
Land	2,860,000
Construction in Progress	1,007,094
Other capital assets, net of accumulated depreciation	<u>29,771,140</u>
Total Assets	<u>\$ 56,997,588</u>
<b><u>LIABILITIES</u></b>	
Current liabilities	
Accounts payable	\$ 927,834
Current portion of compensated absences	<u>15,591</u>
Total Current Liabilities	<u>943,425</u>
Noncurrent liabilities	
Compensated Absences	<u>\$ 272,041</u>
Total Liabilities	<u>\$ 1,215,466</u>
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets, net of related debt	\$ 33,638,234
Unrestricted	<u>22,143,888</u>
Total Net Assets	<u><u>\$ 55,782,122</u></u>

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

**KIAMICHI TECHNOLOGY CENTER NO. 7  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDING JUNE 30, 2011**

		Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Government Activities
<b>Governmental Activities</b>				
Instruction	\$ (11,113,281)	\$ 1,928,078	\$ 720,279	\$ (8,464,924)
Support services	(14,156,744)	-	-	(14,156,744)
Non-instruction	(201,180)	243,559	-	42,379
Capital outlay	(603,022)	-	-	(603,022)
Other outlays	(64,788)	-	-	(64,788)
Other uses	(186,322)	-	-	(186,322)
<b>Total governmental activities</b>	<b>\$ (26,325,337)</b>	<b>\$ 2,171,637</b>	<b>\$ 720,279</b>	<b>\$ (23,433,421)</b>

**General revenues**

Taxes:

Property taxes, levied for general purposes	\$ 17,363,473
Other Taxes	-
State aid not restricted to specific purposes	8,773,969
Other general revenues	
Interest and investment earnings	152,771
Miscellaneous	320,903
Total general revenues	26,611,116
Loss on disposal of assets	(12,552)
Changes in net assets	3,165,143
Net assets - beginning	52,616,979
Net assets - ending	\$ 55,782,122

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

**FUND FINANCIAL STATEMENTS**

**KIAMICHI TECHNOLOGY CENTER NO. 7  
STATEMENT OF NET ASSETS  
AGENCY FUNDS  
JUNE 30, 2011**

	<u>Agency Fund</u>		
	<u>Federal Pell Grant Fund</u>	<u>Activity Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 457,089	\$ 457,089
Investments	-	87,325	87,325
Accounts Receivable	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 544,414</b>	<b>\$ 544,414</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Due to student groups	\$ -	\$ 332,768	\$ 332,768
Due to other funds	-	211,646	211,646
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 544,414</b>	<b>\$ 544,414</b>
<b>NET ASSETS</b>			
Unreserved/undesignated	\$ -	-	-
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ -</b>	<b>\$ 544,414</b>	<b>\$ 544,414</b>

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

**KIAMICHI TECHNOLOGY CENTER NO. 7  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FEDERAL PELL GRANT FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Pell Grant Fund</u>
Revenues	
Pell Grants	\$ <u>3,142,220</u>
Total revenues	\$ <u>3,142,220</u>
Expenditures	
Student Financial Assistance	\$ 2,549,249
Tuition	592,971
Administrative Cost	<u>3,275</u>
Total expenditures	\$ <u>3,145,495</u>
Excess of revenues over expenditures	\$ <u>(3,275)</u>
Fund balance, beginning of year	\$ <u>3,275</u>
Fund balance, end of year	\$ <u><u>-</u></u>

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

**KIAMICHI TECHNOLOGY CENTER NO. 7  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
<b><u>ASSETS</u></b>			
Cash	\$ 1,373,259	\$ 472,659	\$ 1,845,918
Investments	11,197,915	7,909,038	19,106,953
Property tax receivable	1,261,896	257,723	1,519,619
Due from other governments	667,210	-	667,210
Miscellaneous receivables	8,006	-	8,006
Due from other funds	211,648	-	211,648
<b>Total assets</b>	<b>\$ <u>14,719,934</u></b>	<b>\$ <u>8,639,420</u></b>	<b>\$ <u>23,359,354</u></b>
<b><u>LIABILITIES</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ 784,167	\$ 143,667	\$ 927,834
Deferred revenue	1,052,193	215,859	1,268,052
Wages payable	15,591	-	15,591
<b>Total liabilities</b>	<b>\$ <u>1,851,951</u></b>	<b>\$ <u>359,526</u></b>	<b>\$ <u>2,211,477</u></b>
<b>Fund balances:</b>			
<b>Nonspendable Fund Balances:</b>			
<i>Inventories</i>	\$ -	\$ -	\$ -
<b>Restricted Fund Balances:</b>			
<i>Restricted by statute</i>	-	8,279,894	8,279,894
<b>Committed Fund Balances:</b>			
<i>Contractual obligations</i>	-	-	-
<b>Assigned Fund Balances:</b>			
<i>Encumbrances</i>	1,382,139	-	1,382,139
<b>Unassigned:</b>	<b>11,485,844</b>	<b>-</b>	<b>11,485,844</b>
<b>Total fund balances</b>	<b>\$ <u>12,867,983</u></b>	<b>\$ <u>8,279,894</u></b>	<b>\$ <u>21,147,877</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>14,719,934</u></b>	<b>\$ <u>8,639,420</u></b>	

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. The cost of the assets is \$58,040,910 and accumulated depreciation is \$24,402,676. 33,638,234

Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds. 1,268,052

Compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (272,041)

Net Assets of governmental activities **\$ 55,782,122**

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

**KIAMICHI TECHNOLOGY CENTER NO. 7  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Local sources	\$ 16,940,933	\$ 2,934,739	\$ 19,875,672
Intermediate sources	-	-	-
State sources	8,773,969	-	8,773,969
Federal sources	<u>720,279</u>	<u>-</u>	<u>720,279</u>
Total revenues	<u>\$ 26,435,181</u>	<u>\$ 2,934,739</u>	<u>\$ 29,369,920</u>
<b>Expenditures:</b>			
Instructional	\$ 11,112,989	\$ 16,832	\$ 11,129,821
Support services	13,358,267	217,690	13,575,957
Noninstructional	201,180	-	201,180
Capital outlay	-	1,610,116	1,610,116
Other Outlays	64,788	-	64,788
Other Uses	<u>186,247</u>	<u>75</u>	<u>186,322</u>
Total expenditures:	<u>\$ 24,923,471</u>	<u>\$ 1,844,713</u>	<u>\$ 26,768,184</u>
Excess of revenues over (under) expenditures	<u>\$ 1,511,710</u>	<u>\$ 1,090,026</u>	<u>\$ 2,601,736</u>
<b>Other financing sources (uses)</b>			
Proceeds from capital lease obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues and other sources of funds over (under) expenditures	<u>\$ 1,511,710</u>	<u>\$ 1,090,026</u>	<u>\$ 2,601,736</u>
Fund balance, beginning of year	<u>\$ 11,356,273</u>	<u>\$ 7,189,868</u>	<u>\$ 18,546,141</u>
Fund balance, end of year	<u><u>\$ 12,867,983</u></u>	<u><u>\$ 8,279,894</u></u>	<u><u>\$ 21,147,877</u></u>

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

**KIAMICHI TECHNOLOGY CENTER NO. 7  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances-governmental funds \$ 2,601,736

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

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

Capital outlay expenditures	\$ 2,001,403	
Retirements and adjustments	(12,552)	
Depreciation expense	<u>(1,543,634)</u>	445,217

Some property taxes and intergovernmental revenues receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds. These are not considered "available" revenues in the governmental funds until received. Change in amount deferred in fund statements.

133,112

Payment of compensated absences is reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement, changes in compensated absences are expensed as they are accrued. Change in the compensated absences liability.

(14,922)

Change in Net Assets Governmental Activities

\$ 3,165,143

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

**NOTES TO THE FINANCIAL STATEMENTS**

**KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies**

The financial statements of the Kiamichi Technology Center No. 7 (the "Center") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Center's accounting policies are described below.

**A. Reporting Entity**

In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the Center has presented the entities, which comprise the primary government in the fiscal year 2010 basic financial statements.

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

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

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

**B. Basis of Presentation**

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 Center. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

**Fund Financial Statements**

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

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

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

**Fund Financial Statements**

**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 and state funding under the Foundation and Incentive Aid Program. 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.

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

**Fiduciary Fund Types**

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

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

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

**Agency Fund** – The Center's Agency Fund consists of the Activity Fund and the Federal Pell Grant Fund. The Center's Activity Fund is used to account for monies collected that are held on behalf of others as their agent and do not involve the measurement of results of operations. The Federal Pell Grant fund is used to account for student financial aid which is collected by the Center and disbursed to eligible students or to pay educational costs on their behalf. The administration is responsible under the authority of the Board, for collecting, disbursing and accounting for these funds.

**Account Groups**

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

**C. Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

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

**D. Budgets and Budgetary Accounting**

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund that includes revenues and expenditures. These budgets are prepared on a budgetary basis of accounting. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriations at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

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

**E. Net Assets and Fund Balances**

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

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

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

Unrestricted Net Assets – represent unrestricted liquid assets.

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

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

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

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

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

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

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

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

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

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

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

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of taxes becomes 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.

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

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

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

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

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

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

Buildings and structures	25-50 years
Improvements	Remaining Life
Equipment	7-25 years
Furniture and fixtures	5-20 years

Compensated Absences – All full time twelve-month employees are entitled to vacation time with full pay of 15 working days per year. A certified employee contracted for half time or more receives leave time prorated according to the percentage of time contracted. An employee, upon separation of service with the Center, will be paid their regular rate of pay for unused annual vacation leave up to a maximum of 22 ½ days.

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

Any employee who retires with a minimum of 10 years of service with the Center and whose age and number of years of creditable service total 80 or 90 points, depending on date of employment, can receive their regular rate of pay for unused sick leave up to 60 days. Employees who have worked for the Center for at least 5 years can receive a lump sum payment of \$10.00 per day for up to 60 days accrued sick leave.

Long-Term Debt – Long-term debt is recognized as a liability of the applicable governmental activities statement on net assets.

Fund Equity – Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**G. Revenue, Expenses and Expenditures**

Revenues are classified by source as follows:

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

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

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

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

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

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. Examples of expenditures that might be included here are the activities of teacher assistant 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.

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

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

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

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

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

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

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

**2. Use of Estimates**

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

**3. Deposit Categories of Credit Risk**

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

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the board of education.

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

The Center's investment policy instructs the treasurer to minimize risks by diversifying the investment portfolio; structuring investments so that securities mature in time to meet cash requirements; and by investing the full amount of all accounts of the Center.

**Investments**

The Center's investments at June 30, 2011, for all governmental funds included the following:

<u>Investment</u>	<u>Amount</u>	<u>% To Total</u>
Certificates of Deposit	\$ 2,200,000	11%
Savings Account	12,736,491	67%
Money Market Funds	<u>4,170,462</u>	22%
 Total	 \$ <u>19,106,953</u>	 100%

All investments of June 30, 2011, have investment maturities of twelve months or less.

**Custodial Credit Risk:**

Deposits and Investments – The District's demand deposits are required by law to be collateralized by the amount that is not federally insured.

Securities pledged as collateral are held by a third party or Federal Reserve Bank. Joint custody safekeeping receipts are held in the name of the depositing institution, but are pledged to the Center. The security cannot be released, substituted, or sold without the school Treasurer's approval and release of the security.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2011, the Center had no deposits exposed to custodial credit risk.

The Center's investments consist of direct obligations of the U.S. government and agencies' securities.

**Interest Rate Risk:**

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. Investments may have maturities extending to twenty-four months, provided sufficient liquidity is available to meet major outlays, except that General Fund investments may not exceed twelve months

**Credit Risk:**

The Center has no formal written policy addressing credit risk.

At June 30, 2011, the Center has no investments that are not guaranteed by the full faith and credit of the United States government.

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**4. Capital Assets**

A summary of changes in general fixed assets for the year ended June 30, 2011, follows:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011
Land	\$ 2,860,000	\$ -	\$ -	\$ 2,860,000
Construction in Progress	<u>3,038,705</u>	<u>1,007,094</u>	<u>3,038,705</u>	<u>1,007,094</u>
Total Assets Not Being Depreciated	\$ <u>5,898,705</u>	\$ <u>1,007,094</u>	\$ <u>3,038,705</u>	\$ <u>3,867,094</u>
Building & Improvements	40,282,854	3,038,705	-	43,321,559
Equipment	7,340,070	710,661	269,684	7,781,047
Vehicles	<u>2,865,185</u>	<u>283,648</u>	<u>77,623</u>	<u>3,071,210</u>
Total Capital Assets Being Depreciated	50,488,109	4,033,014	347,307	54,173,816
Less: Accumulated Depreciation	<u>(23,193,797)</u>	<u>(1,543,634)</u>	<u>(334,755)</u>	<u>(24,402,676)</u>
Total Capital Assets Being Depreciated - Net	\$ <u>27,294,312</u>	\$ <u>2,489,380</u>	\$ <u>12,552</u>	\$ <u>29,771,140</u>
Total Capital Assets - Net	\$ <u><u>33,193,017</u></u>	\$ <u><u>3,496,474</u></u>	\$ <u><u>2,608,933</u></u>	\$ <u><u>33,638,234</u></u>

Depreciation expense was allocated to the expenditure functions in the Statement of Activities as follows:

Instruction	\$ 679,199
Support Services	<u>864,435</u>
Total Depreciation Expense	\$ <u><u>1,543,634</u></u>

**5. Interfund Transactions**

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

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**6. Accounts Receivable**

Accounts receivable of the governmental activities consist of Ad Valorem tax, interest income, tuition, state grant programs, federal grant programs, and miscellaneous. Receivables detail by fund at June 30, 2011, is as follows:

Accounts Receivable	<u>Governmental Funds</u>	
	<u>General Fund</u>	<u>Building Fund</u>
Ad valorem tax	\$ 1,261,896	\$ 257,723
Due from activity fund	211,648	-
Other local	8,006	-
Federal grants	415,140	-
State grants	185,772	-
Total accounts receivable	2,082,462	257,723
Less: Deferred revenue	(1,052,193)	(215,859)
Total accounts receivable (net)	\$ 1,030,269	\$ 41,864

**7. Employee Retirement System**

Description of Plan

The Center participates in the state-administered Oklahoma Teachers' Retirement System. The System, which is a cost-sharing multiple-employer public employee retirement system, which is a defined benefit pension plan covering all employees of the public school system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34. The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2011, is as follows:

	<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$ 17,561.
Actuarial Value of Assets	9,961.
Unfunded Actuarial Accrued Liability	\$ 7,600.

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**Employee Retirement System (continued)**

**Funding Policy**

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The employers' contribution rate is 9.5%. Employees contribute 7.0% of covered compensation.

**Annual Pension Cost**

The Center's contribution to the System for the year ending June 30, 2011, was \$2,155,870. The Center's total payroll for fiscal year 2010-11 amounted to \$13,243,528.

**8. Long-Term Debt**

At June 30, 2011, the governmental long-term debt of the District consisted of the following:

Accrued Compensated Absences:

Current Portion	\$	15,591
Noncurrent Portion		<u>272,041</u>
 Total Accrued Compensated Absences	 \$	 <u>287,632</u>

**9. Operating Lease**

The Center leases classroom space at Eufaula School needed to operate educational programs. The Center will pay the sum of \$83,000 during the year, also an additional \$40,000 for insurance, equipment, utilities, and custodial services. The term of the lease begins July 1, 2011, through June 30, 2012

**10. Litigation**

Various claims and lawsuits are pending against the Technology Center. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the Center at June 30, 2011. In the opinion of the Technology Center management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect The Center's financial position, results of operation, or cash flows.

**11. Contingent Liabilities**

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

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**12. Risk Management**

The Center 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 Center purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The Center also participates in a risk pool for Workers' Compensation coverage in which there is transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the school reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma.

In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the Center is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the Center goes into a loss fund for the Center. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five years. OSAG provides coverage in excess of the Loss Fund, so the Center's liability for claim loss is limited to the balance of the loss fund. If the Center does not use their loss fund in three years, it is returned to them with no interest.

**13. Surety Bonds**

The school Treasurer is bonded by Western Surety Company bond No. 68522511 in the amount of \$200,000 for the period July 1, 2010 to June 30, 2011.

The school also has a public employee blanket bond that includes the Superintendent, policy No. 103072925 with Travelers Insurance in the amount of \$300,000 covering the period July 1, 1998, until cancelled. The policy has a \$5,000 deductible.

**REQUIRED SUPPLEMENTARY INFORMATION**

**KIAMICHI TECHNOLOGY CENTER NO. 7  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 9,420,926	\$ 9,420,926	\$ 9,420,926	\$ -
Revenues:				
Local sources	\$ 15,070,142	\$ 15,070,142	\$ 16,927,648	\$ 1,857,506
Intermediate sources	-	-	-	-
State sources	8,274,603	8,274,603	8,597,109	322,506
Federal sources	585,571	585,571	761,565	175,994
	<u>\$ 23,930,316</u>	<u>\$ 23,930,316</u>	<u>\$ 26,286,322</u>	<u>\$ 2,356,006</u>
Expenditures:				
Instruction	\$ 12,954,143	\$ 12,954,143	\$ 11,337,226	\$ 1,616,917
Support services	15,229,575	15,229,575	13,418,956	1,810,619
Non-instructional services	246,757	246,757	218,026	28,731
Capital outlay	-	-	-	-
Other outlays	926,500	926,500	81,500	845,000
Other uses	3,993,565	3,993,565	192,616	3,800,949
Repayments	702	702	508	194
	<u>\$ 33,351,242</u>	<u>\$ 33,351,242</u>	<u>\$ 25,248,832</u>	<u>\$ 8,102,410</u>
Excess of revenues over (under) expenses before adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,458,416</u>	<u>\$ 10,458,416</u>
Adjustments to prior year encumbrances			<u>730,708</u>	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			<u>(90)</u>	
Total other financing sources (uses)			<u>\$ (90)</u>	
Cash fund balance end of year			<u>\$ 11,189,034</u>	
Reconciliation of end of the year budgetary fund balance with end of the year GAAP fund balance:				
Cash fund Balance, End of Year			\$ 11,189,034	
Accounts receivable			1,096,567	
Reserve for encumbrances			1,382,140	
Accounts Payable			(784,167)	
Wages Payable			<u>(15,591)</u>	
Fund Balance June 30, 2011 - GAAP Basis			<u>\$ 12,867,983</u>	

**KIAMICHI TECHNOLOGY CENTER NO. 7  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
BUILDING FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 7,129,404	\$ 7,129,404	\$ 7,129,404	\$ -
Revenues:				
Local sources	\$ 2,808,338	\$ 2,808,338	\$ 2,929,659	\$ 121,321
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	\$ 2,808,338	\$ 2,808,338	\$ 2,929,659	\$ 121,321
Expenditures:				
Instruction	\$ 42,500	\$ 42,500	\$ 41,608	\$ 892
Support services	308,735	308,735	249,630	59,105
Non-instructional services	-	-	-	-
Capital outlay	9,477,007	9,477,007	3,212,971	6,264,036
Other outlays	109,500	109,500	-	109,500
Other uses	-	-	-	-
Total expenditures	\$ 9,937,742	\$ 9,937,742	\$ 3,504,209	\$ 6,433,533
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 6,554,854	\$ 6,554,854
Adjustments to prior year encumbrances			46,569	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			(75)	
Total other financing sources (uses)			\$ (75)	
Cash fund balance end of year			\$ 6,601,348	
Reconciliation of end of the year budgetary fund balance with end of the year GAAP fund balance:				
Cash Fund Balance, End of Year			\$ 6,601,348	
Accounts receivable			41,864	
Reserve for encumbrances			1,780,349	
Accounts payable			(143,667)	
Fund Balance June 30, 2011 - GAAP Basis			\$ 8,279,894	

**SUPPLEMENTARY INFORMATION**

**KIAMICHI TECHNOLOGY CENTER NO. 7  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
<u>U.S. Department of Education</u>		
Direct Programs:		
<u>2010-2011 Programs</u>		
* Pell Grant	84.063	P060P103161
* Supplemental Education Opportunity	84.007	P007A103423
* College Work Study	84.033	P060A103423
Sub-Total		
Passed-Through Oklahoma Department <u>of Career and Technology Education</u>		
<u>2010-2011 Programs</u>		
Carl Perkins-Post Secondary	84.048	N/A
Carl Perkins-Secondary	84.048	N/A
Carl Perkins-Supplemental	84.048	N/A
Tech Prep	84.243	N/A
Tech Prep/Cooperative Alliance	84.243	N/A
Bid Assistance Center	12.002	N/A
Sub-Total		
<u>U.S. Department of Health and Human Services</u>		
Passed-Through State Department <u>of Career and Technology Education</u>		
<u>2010-2011 Programs</u>		
Temporary Assistance for Needy Families	93.558	N/A
Sub-Total		
<u>U.S. Department of Labor</u>		
Passed-Through State Department <u>of Career and Technology Education</u>		
<u>2010-2011 Programs</u>		
WIA ARRA Cooperative Alliance Prog. Fee Waiver	17.259	N/A
Sub-Total		

The accompanying notes are an integral part of this schedule.

(continued)

	Balance at July 1, 2010	Revenue	Expenditures	Balance at June 30, 2011
\$	-	\$ 3,142,220	\$ 3,145,495	\$ (3,275)
	-	19,360	19,360	-
	-	50,000	50,000	-
\$	-	\$ 3,211,580	\$ 3,214,855	\$ (3,275)
\$	-	\$ 113,804	\$ 113,804	-
	-	227,537	227,537	-
	-	67,378	67,378	-
	-	53,179	53,179	-
	-	8,388	8,388	-
	-	8,747	8,747	-
\$	-	\$ 479,033	\$ 479,033	-
\$	-	\$ 164,281	\$ 164,281	-
\$	-	\$ 164,281	\$ 164,281	-
\$	-	\$ 7,500	\$ 7,500	-
\$	-	\$ 7,500	\$ 7,500	-

**KIAMICHI TECHNOLOGY CENTER NO. 7  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>
<u>U.S. Department of Veterans Affairs</u>		
<u>Direct Program</u>		
VA Report Fees	64.115	N/A
Sub-Total		

TOTAL FEDERAL ASSISTANCE

\* Major Program

The accompanying notes are an integral part of this schedule.

Balance at July 1, 2010	Revenue	Expenditures	Balance at June 30, 2011
\$ -	\$ 105	\$ 105	\$ -
\$ -	\$ 105	\$ 105	\$ -
\$ -	\$ 3,862,499	\$ 3,865,774	\$ (3,275)

**KIAMICHI TEHCNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

3. Reconciliation of the Revenue shown on the *Schedule of Expenditures of Federal Awards* to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

		Revenue
Schedule of Expenditures of Federal Awards	\$	<u>3,862,499</u>
Total per Schedule of Expenditures of Federal Awards		
Reconciled Balance	\$	<u><u>3,862,499</u></u>
Federal Program Revenues:		
General Fund	\$	720,279
Agency Fund		<u>3,142,220</u>
Total per Federal Statement of Revenue, Expenditures, And Changes in Fund Balance	\$	<u><u>3,862,499</u></u>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
BALANCE SHEET  
ACTIVITY FUND  
JUNE 30, 2011**

	Antlers Campus	Atoka Campus	Durant Campus	Hugo Campus
<b>ASSETS</b>				
Cash	\$ 12,971	\$ 46,765	\$ 30,012	\$ 39,513
Investments	-	-	-	-
Total assets	\$ 12,971	\$ 46,765	\$ 30,012	\$ 39,513
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to general fund	11,540	17,581	21,305	16,894
Total liabilities	\$ 11,540	\$ 17,581	\$ 21,305	\$ 16,894
Fund balance:	\$ 1,431	\$ 29,184	\$ 8,707	\$ 22,619
Total liabilities and fund balance	\$ 12,971	\$ 46,765	\$ 30,012	\$ 39,513

<u>Idabel Campus</u>	<u>McAlester Campus</u>	<u>Poteau Campus</u>	<u>Spiro Campus</u>	<u>Stigler Campus</u>	<u>Talihina Campus</u>	<u>Wilburton Campus</u>	<u>Total</u>
\$ 28,022	\$ 81,464	\$ 131,765	\$ 10,994	\$ 36,657	\$ 21,306	\$ 17,620	\$ 457,089
-	-	-	-	4,950	-	82,375	87,325
<u>\$ 28,022</u>	<u>\$ 81,464</u>	<u>\$ 131,765</u>	<u>\$ 10,994</u>	<u>\$ 41,607</u>	<u>\$ 21,306</u>	<u>\$ 99,995</u>	<u>\$ 544,414</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,136	37,116	72,939	2,879	14,872	13,384	-	211,646
<u>\$ 3,136</u>	<u>\$ 37,116</u>	<u>\$ 72,939</u>	<u>\$ 2,879</u>	<u>\$ 14,872</u>	<u>\$ 13,384</u>	<u>\$ -</u>	<u>\$ 211,646</u>
\$ 24,886	\$ 44,348	\$ 58,826	\$ 8,115	\$ 26,735	\$ 7,922	\$ 99,995	\$ 332,768
<u>\$ 28,022</u>	<u>\$ 81,464</u>	<u>\$ 131,765</u>	<u>\$ 10,994</u>	<u>\$ 41,607</u>	<u>\$ 21,306</u>	<u>\$ 99,995</u>	<u>\$ 544,414</u>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
POTEAU CAMPUS ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 217,054	\$ (51,799)	\$ 165,255	\$ -
Resale-FTA	1,823	16,454	(9,130)	9,147	-
Skills USA-Club Accounts	20,137	702	2,087	12,344	10,582
BPA Club Accounts	1,690	4,483	2,326	6,522	1,977
Leadership CTSO	24	1,699	2,084	3,518	289
HOSA	7,367	12,542	954	12,488	8,375
FCCLA	2,242	2,626	464	3,512	1,820
STA Tuition	-	173,612	(10,660)	162,952	-
Resale-STA	122	14,652	(7,187)	7,587	-
Due To General Fund	-	1,778	(304)	1,474	-
Facility Use	-	3,981	(93)	3,888	-
Insurance Reimbursement	-	6,020	(380)	5,640	-
Health Certification	-	14,840	(1,450)	13,390	-
PELL Grant Refund Overpayment	-	775	-	-	775
Student Fees	-	20,526	(879)	19,647	-
Testing Fees	-	4,448	(70)	4,378	-
KTC Auction	-	1,018	(40)	978	-
Faculty & Staff Fund	60	240	-	210	90
Coffee Fund	58	-	-	-	58
Livework	-	879	-	11	868
Vending	21,825	13,779	(2,597)	15,122	17,885
BIS Promotional Account	12,771	8,595	136	10,282	11,220
Student Services	-	377	2,500	1,949	928
EMS Promotional	5,312	4,800	450	6,686	3,876
Interest Income	50	30	3	-	83
<b>Total Activities</b>	<b>\$ 73,481</b>	<b>\$ 525,910</b>	<b>\$ (73,585)</b>	<b>\$ 466,980</b>	<b>\$ 58,826</b>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
STIGLER CAMPUS ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 15,529	\$ (5,131)	10,398	-
Skills USA Club	2,813	1,165	(18)	1,014	2,946
VSO	5,010	-	-	-	5,010
BPA	11	2,542	161	378	2,336
HOSA	116	8,676	50	8,413	429
STA Tuition	-	12,674	(2,733)	9,941	-
Resale-STA	40	649	(202)	487	-
Due to General Fund	-	1,118	(191)	927	-
Facility Use	-	614	(305)	309	-
Insurance Reimbursement	-	480	(140)	340	-
Health Certification	-	100	(100)	-	-
Student Fees	-	750	(166)	584	-
Testing Fees	-	1,368	(230)	1,138	-
KTC Auction	-	8,869	(6,559)	2,309	1
Faculty & Staff Fund	34	48	-	56	26
Live Work	-	259	18	-	277
Vending	11,522	2,454	5,197	3,698	15,475
BIS Promotional Account	-	222	-	-	222
General Activity	4,959	-	(4,959)	-	-
Interest Income	10	3	(1)	-	12
<b>Total Activities</b>	<b>\$ 24,515</b>	<b>\$ 57,520</b>	<b>\$ (15,309)</b>	<b>39,992</b>	<b>26,734</b>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
MCALESTER CAMPUS ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 73,597	\$ (3,993)	\$ 69,604	\$ -
Resale FTA	-	500	(102)	398	-
Skills USA-Club Accounts	5,022	1,687	(240)	3,042	3,427
BPA Club Account	4,975	1,990	(25)	530	6,410
Leadershp VSO	12,623	-	-	911	11,712
HOSA	2,461	4,445	32	5,035	1,903
FCCLA	1,904	4,634	-	4,779	1,759
STA Tuition	-	148,805	(14,478)	134,327	-
Resale-STA	136	14,985	(5,408)	9,713	-
Due To General Fund	-	2,303	223	2,526	-
Facility Use	-	3,834	(796)	3,038	-
Insurance Reimbursement	-	5,240	(295)	4,945	-
Health Certification	-	19,455	(1,595)	17,860	-
Pell Grant Refund Overpayment	-	2,220	-	2,220	-
Student Fees	-	3,900	494	4,394	-
Testing Fees	-	5,896	1,785	7,681	-
KTC Auction	-	15,292	(9,241)	6,051	-
Faculty & Staff Fund	253	617	233	825	278
Coffee Fund	402	90	60	213	339
Livework	-	629	10,000	10,076	553
Vending	13,059	6,395	3,273	6,312	16,415
BIS Promotional Account	1,609	747	38	862	1,532
Student Services	-	742	-	742	-
Day Care Club Account	95	-	-	95	-
Interest Income	47	10	(37)	-	20
<b>Total Activities</b>	<b>\$ 42,586</b>	<b>\$ 318,013</b>	<b>\$ (20,072)</b>	<b>\$ 296,179</b>	<b>\$ 44,348</b>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
 ATOKA CAMPUS ACTIVITY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 13,666	\$ (5,701)	\$ 7,965	\$ -
Resale-FTA	-	1,899	12	1,911	-
Skills USA-Club Accounts	6,401	1,533	5,400	8,148	5,186
BPA Club Account	1,745	900	800	1,683	1,762
Resale-VSO	228	-	-	-	228
Leadership-CTSO	3,103	-	-	135	2,968
HOSA	1,380	-	2,629	3,074	935
FCCLA	336	1,307	2,100	2,909	834
STA Tuition	-	37,680	(5,553)	32,127	-
Resale-STA	138	4,135	(1,728)	2,545	-
Due To General Fund	-	5,126	(1,027)	4,099	-
Facility Use	-	1,458	-	1,458	-
Health Certification	-	160	(160)	-	-
Student Fees	-	1,770	(100)	1,670	-
Testing Fees	-	2,410	(695)	1,715	-
KTC Acution	-	2,355	437	2,792	-
Faculty & Staff Fund	540	352	-	265	627
Live Work	-	4,021	(20)	-	4,001
Vending	16,586	28,280	(7,555)	26,702	10,609
General Activity Fund	1,998	-	-	-	1,998
Interest Income	74	-	4	42	36
<b>Total Activities</b>	<b>\$ 32,529</b>	<b>\$ 107,052</b>	<b>\$ (11,157)</b>	<b>\$ 99,240</b>	<b>\$ 29,184</b>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
HUGO CAMPUS ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 66,593	\$ (5,000)	\$ 61,593	\$ -
Resale-FTA	-	704	(176)	528	-
VICA	4,624	199	-	1,270	3,553
BPA Club Account	1,985	52	-	404	1,633
HOSA	1,065	1,284	-	1,236	1,113
FCCLA	2,965	-	-	801	2,164
STA Tuition	-	21,494	(10,753)	10,741	-
Resale STA	45	5,493	(2,383)	3,155	-
Due To General Fund	-	37	(4)	33	-
Insurance Reimbursement	-	1,300	(300)	1,000	-
Health Certification	-	4,809	(1,144)	3,665	-
Student Fees	-	7,020	(405)	6,615	-
KTC Auction	-	2,196	(16)	2,180	-
Faculty & Staff Fund	151	-	-	-	151
Livework	-	3,875	-	96	3,779
Vending	7,985	15,180	1,286	19,087	5,364
BIS Promotional Account	-	6,146	-	2,928	3,218
Student Services	1,801	806	-	1,028	1,579
Interest Income	6	-	59	-	65
<b>Total Activities</b>	<b>\$ 20,627</b>	<b>\$ 137,188</b>	<b>\$ (18,836)</b>	<b>\$ 116,360</b>	<b>\$ 22,619</b>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
ANTLERS CAMPUS ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 8,831	\$ (5,438)	\$ 3,393	\$ -
HOSA	172	-	-	-	172
STA Tuition	-	5,395	(3,900)	1,495	-
Resale-STA	-	1,258	(896)	362	-
Insurance Reimbursement	-	380	(280)	100	-
Student Fees	-	612	(435)	177	-
Testing Fees	-	1,040	(690)	350	-
Vending	1,160	-	98	-	1,258
<b>Total Activities</b>	<b>\$ 1,332</b>	<b>\$ 17,516</b>	<b>\$ (11,541)</b>	<b>\$ 5,877</b>	<b>\$ 1,430</b>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
DURANT CAMPUS ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 98,755	\$ (5,162)	\$ 93,593	\$ -
Resale-FTA	-				-
VICA	1,141	759	-	1,683	217
VSO	5,157	5,102	1,804	7,055	5,008
STA Tuition	-	93,450	(12,726)	80,724	-
Resale STA	-	15,111	(6,158)	8,953	-
Due To General Fund	-	60	-	60	-
Faculty Use	-	175	-	175	-
Insurance Reimbursement	-	1,860	(260)	1,600	-
Health Certification	-	6,305	(2,005)	4,300	-
Student Fees	-	202	(100)	102	-
Testing Fee	-	6,628	(258)	6,370	-
Vending	6,267	16,377	4,735	25,602	1,777
BIS Promotional	1,105	634	-	52	1,687
Interest Income	16	-	2	-	18
<b>Total Activities</b>	<b>\$ 13,686</b>	<b>\$ 245,418</b>	<b>\$ (20,128)</b>	<b>\$ 230,269</b>	<b>\$ 8,707</b>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
 SPIRO CAMPUS ACTIVITY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 5,300	\$ (2,552)	\$ 2,748	\$ -
Due To General Fund	-	39	(39)	-	-
Skills USA-Club Accounts	745	-	755	446	1,054
BPA Club Accounts	146	10	1,354	266	1,244
Leadership CTSO	821	-	-	289	532
STA Tuition	-	90	(90)	-	-
KTC Auction	-	107	(107)	-	-
Facility Use	-	158	(90)	68	-
Vending	6,097	2,036	(3,290)	1,280	3,563
Livework	-	474	-	-	474
Student Services	318	-	1,180	250	1,248
<b>Total Activities</b>	<b>\$ 8,127</b>	<b>\$ 8,214</b>	<b>\$ (2,879)</b>	<b>\$ 5,347</b>	<b>\$ 8,115</b>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
IDABEL CAMPUS ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 109,653	\$ -	\$ 109,653	\$ -
Resale- FTA	434	10,160	(2,649)	7,945	-
Skills USA-Club Accounts	7,304	2,128	15,580	12,362	12,650
BPA Club Accounts	155	7,835	1,429	8,947	472
HOSA	4,470	7,307	2,826	11,095	3,508
FCCLA	67	3,419	3,127	2,307	4,306
STA Tuition	-	29,484	(1,389)	28,095	-
Resale-STA	391	4,171	(1,141)	3,421	-
Due To General Fund	-	21,840	(180)	21,660	-
Facility Use	-	800	-	800	-
Insurance Reimbursement	-	1,100	-	1,100	-
Health Certification	-	6,525	(75)	6,450	-
PELL Grant Refund of Overpayment	-	870	-	870	-
Student Fees	-	1,267	-	1,267	-
Testing Fees	-	6,000	-	6,000	-
KTC Auction	-	1,572	(175)	1,397	-
Livework	-	52,304	(13,748)	38,556	-
Vending	13,902	16,020	(6,201)	19,778	3,943
Interest Income	4	-	3	-	7
<b>Total Activities</b>	<b>\$ 26,727</b>	<b>\$ 282,455</b>	<b>\$ (2,593)</b>	<b>\$ 281,703</b>	<b>\$ 24,886</b>

**KIAMICHI TECHNOLOGY CENTER NO. 7  
TALIHINA CAMPUS ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
FTA Tuition	\$ -	\$ 50,820	\$ (6,752)	\$ 44,068	\$ -
Skills USA-Club Accounts	882	1,494	(468)	1,119	789
BPA Club Accounts	3,104	4,461	-	6,980	585
Leadership CTSO	3,876	2,114	(89)	2,163	3,738
HOSA	1,407	4,555	190	4,573	1,579
STA Tuition	-	17,993	(4,991)	13,002	-
Resale-STA	31	1,483	(879)	635	-
Due to General Fund	-	116	(5)	111	-
Insurance Reimbursement	-	860	(300)	560	-
Health Certification	-	1,676	(548)	1,128	-
Student Fees	-	659	(327)	332	-
Testing Fees	-	1,150	(750)	400	-
KTC Auction	-	485	(33)	452	-
Livework	-	35	-	-	35
Vending	4,258	2,430	1,368	7,089	967
BIS Promotional	-	222	-	-	222
Student Services	115	-	-	115	-
Interest Income	69	-	(62)	-	7
<b>Total Activities</b>	<b>\$ 13,742</b>	<b>\$ 90,553</b>	<b>\$ (13,646)</b>	<b>\$ 82,727</b>	<b>\$ 7,922</b>

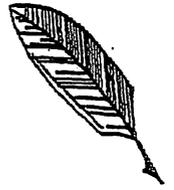
**KIAMICHI TECHNOLOGY CENTER NO. 7  
WILBURTON CAMPUS ACTIVITY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
KT C Auction	\$ -	\$ -	\$ 2	\$ -	\$ 2
Vending	1,002	402	133	499	1,038
BIS Promotional Account	3,410	3,049	9	5,032	1,436
General Activity Fund	95,853	1,563	(8)	459	96,949
Interest Income	392	-	178	-	570
<b>Total Activities</b>	<b>\$ 100,657</b>	<b>\$ 5,014</b>	<b>\$ 314</b>	<b>\$ 5,990</b>	<b>\$ 99,995</b>

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

# KERRY JOHN PATTEN, C.P.A.

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



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## INDEPENDENT AUDITOR'S 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  
Kiamichi Technology Center No. 7  
Latimer County, Oklahoma

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kiamichi Technology Center No. 7 (The "Center"), Wilburton, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise Kiamichi Technology Center's basic financial statements and have issued my report thereon dated March 1, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

### Compliance and Other Matters

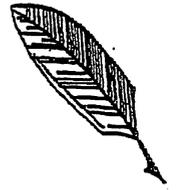
As part of obtaining reasonable assurance about whether Kiamichi Technology Center's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material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

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

Kerry John Patten, C.P.A.  
March 1, 2012

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## INDEPENDENT AUDITOR'S REPORT COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of Education  
Kiamichi Technology Center No. 7  
Latimer County, Oklahoma

### Compliance

I have audited the compliance of Kiamichi Technology Center 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 Kiamichi Technology Center's major federal programs for the year ended June 30, 2011. Kiamichi Technology Center's major federal programs are identified in the Summary of Audit 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 Kiamichi Technology Center's management. My responsibility is to express an opinion on Kiamichi Technology Center's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of States Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kiamichi Technology Center's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Kiamichi Technology Center's compliance with those requirements.

As described in item(s) [2011-1, 2011-2, 2011-3, & 2011-4] in the accompanying Schedule of Findings and Questioned Costs, Kiamichi Technology Center did not comply with the compliance requirement regarding Eligibility that is applicable to Pell and FSEOG. Compliance with such requirements is necessary, in my opinion for Kiamichi Technology Center to comply with the requirements applicable to those programs.

In my opinion, except for the noncompliance described in the preceding paragraph, Kiamichi Technology Center complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2011.

### Internal Control over Compliance

The management of Kiamichi Technology Center is responsible for establishing and maintaining effective internal control over compliance with compliance requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Kansas School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses in internal control over compliance and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

*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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2011-2 & 2011-4] to be significant deficiencies.

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



Kerry John Patten, CPA  
March 1, 2012

**SUMMARY OF AUDIT RESULTS**

**KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses a unqualified opinion on the basic financial statements of Kiamichi Technology Center.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Kiamichi Technology Center which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. There were two audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Kiamichi Technology Center expresses a qualified opinion.
6. There were four audit findings relative to major federal award programs for Kiamichi Technology Center.
7. The programs tested as major programs included: Student Financial Aid Cluster (84.063; 84.007, & 84.033).
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Kiamichi Technology Center was determined to be a low-risk auditee for purposes of determining overall percentage of Federal compliance testing.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

1. No matters were reported.

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

**DEPARTMENT OF EDUCATION**

**2011-1 Student Financial Aid Cluster – CFDA 84.063**

**Criteria:** For the purposes of Title IV Aid, the school should define its academic year, a period that begins on the first day of classes and ends on the last day of classes. For programs measured in clock hours, an academic year is a period of at least 26 weeks of instruction time during which the student is expected to complete at least 900 clock hours.

**Condition:** The school utilized an "academic year" in its financial aid calculations which differed from the "academic year definition" in its school board policy manual.

**Effect:** Student financial aid calculations were based on the minimum period of 26 weeks for clock hour programs rather than the number of weeks specified in its' definition of "academic year" in school board policy.

**Cause:** it appeared that the "academic year" definition in school board policy was outdated and the school failed to revise it.

**Questioned Costs:** Undetermined. The school has reviewed and reevaluated students Pell awards for 2010-11 based on a revised "academic year" to determine Pell disbursements overpaid to students. Over awards should be returned to the US Department of Education.

(continued)

**KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

Recommendation: The Oklahoma State Department of Career and Technical Education discovered this condition during an administrative review of the school. We concur with their recommendation that the school revise board policy defining its' "academic year" for purposes of calculating student financial aid and place the definition in student aid handbooks.

2011-2 Student Financial Aid Cluster – CFDA 84.063

Criteria: US Department of Education regulations require a school establish standards for evaluating a student's satisfactory academic progress and monitor students who do not meet the standards, thus becoming ineligible for additional Title IV assistance.

Condition: Of the seventy-five student files examined, six did not contain documentation to show that satisfactory progress had been monitored and one contained a document which was not signed by the instructor or other appropriate official acknowledging that the document was correct.

Effect: Some students could have received additional Title IV assistance although ineligible due to unsatisfactory progress.

Cause: The federal program director failed to ensure all required documents were in student files.

Recommendation: Procedures should be implemented which ensure that all students academic progress is monitored on a timely basis and documentation evidencing that satisfactory progress should be included in each student's financial aid file.

2011-3 Student Financial Aid Cluster – CFDA 84.007

Criteria: US Department of Education regulations require minimum award amounts of at least \$100 for Federal Supplemental Educational Opportunity Grants (FSEOG). These regulations also require that FSEOG awards be distributed in two payments per academic year.

Condition: The career tech center distributed FSEOG awards of \$55 per eligible student during the fiscal year 2010-11 and did not comply with the requirements of two payments per academic year.

Effect: Some students could have received an FSEOG award and later withdrawn making them ineligible for a second payment if the two payment periods per academic year had been followed.

Cause: It appeared the program director was not aware of this regulation.

Questioned Costs: Undetermined. The career tech center has reviewed FSEOG awards during fiscal year 2010-11 to determine if all students were in attendance at the time of the FSEOG disbursements and intend to repay any ineligible funds.

Recommendation: The Oklahoma State Department of Career and Technology Education discovered this during an administrative review of the school. We concur with their recommendation that the school review all students who received FY 10-11 FSEOG funds to determine that none of the students received ineligible FSEOG awards. Further, the school should revise its FSEOG awarding policy to comply with applicable regulations.

**KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

2011-4 Student Financial Aid Cluster – CFDA 84.063

**Criteria:** US Department of Education regulations require the school to prepare R2T4 forms on all Title IV students withdrawing during the year. This form documents the process by which a school calculates the amount of federal funds to be returned for a Title IV recipient who withdraws during a payment period or period of enrollment.

**Condition:** Out of seventy-five student files reviewed, two either did not have documentation of a R2T4 calculation, or the calculation did not appear to be accurate.

**Effect:** Some students could have withdrawn and R2T4 calculations might have resulted in the school and student being required to return unearned federal assistance.

**Cause:** The program director failed to ensure all student files contained the required documentation.

**Questioned Costs:** Undetermined. The school conducted a complete review of all 2010-11 Pell recipients to determine that proper R2T4 calculations were made. All funds determined to be ineligible will be returned to the US Department of Education.

**Recommendation:** The Oklahoma Department of Career and Technology Education determined similar findings during an administrative review of the school. We concur with their recommendation that procedures be implemented to ensure proper R2T4 calculations are made any time a Title IV recipient withdraws during a payment period.

**KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2011**

This schedule reflects Kiamichi Technology Center's corrective actions taken prior to the issuance of this report. These statements were excerpted directly from the corrective action plan submitted to auditors.

**Condition:** The "academic year definition" in Board policy was not utilized in the calculation of Pell.

**Corrective Action:** Board policy "academic year" was revised. An addendum was created and placed in student aid books.

**Condition:** KTC failed to follow its FSEOG policy of the minimum award amount and the two payments per academic year requirements resulting in the disbursement of ineligible funds.

**Corrective Action:** All 2010-11 students receiving FSEOG funds have been reviewed to determine if all students were in attendance at the time of the disbursements and determine if any ineligible funds were disbursed. A letter was written to the Dallas School Participation Team advising that: KTC has discovered it had been awarding students less than the minimum award amount for FSEOG and had not disbursed the awards in two payments per academic year. KTC is now aware of the requirement and has rewritten its FSEOG Award Policy to indicate that disbursements will be made once each payment period and the award will not be less than the minimum federal requirement; and, that the FSEOG award will be included in the financial aid award letter.

**Condition:** R2T4s are to be completed in a timely manner on any Title IV student withdrawing or being dropped for any reason. KTC was unaware that students returning within 180 days within the same career major or with 100% if transferable career major hours are considered to be in the same payment period. KTC did not complete R2T4s on students withdrawing or being dropped in a timely manner. Student files did not contain accurate R2T4s on all students that withdrawn or dropped.

**Corrective Action:** A complete and full review was conducted of all 2010-11 Pell students to determine withdrawn and dropped students needing R2T4s, as well as determining students receiving ineligible funds. R2T4s were completed and/or corrected. All Title IV funds determined to be ineligible will be returned to the USDE.

**KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
JULY 1, 2010 TO JUNE 30, 2011**

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

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

KIAMICHI TECHNOLOGY CENTER NO. 7  
LATIMER COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma )  
County of Tulsa )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Kiamichi Technology Center for the audit year 2010-11.

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

BY *Kerry John Patten*  
AUTHORIZED AGENT



Subscribed and sworn to before me on this  
1st day of March, 2012

*Linda Kellick* 05010870  
NOTARY PUBLIC

My commission expires on:  
30 day of November, 2012