

ANNUAL FINANCIAL REPORT
MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY, OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

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

**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY, OKLAHOMA
SCHOOL CENTER OFFICIALS
JUNE 30, 2011**

Board of Education

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**MERIDIAN TECHNOLOGY CENTER NO. 16
PAYNE COUNTY, OKLAHOMA
JUNE 30, 2011**

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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Meridian Technology Center No. 16
Stillwater, Oklahoma

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Meridian Technology Center No. 16, Payne 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 Meridian Technology Center No. 16, Payne 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 Meridian Technology Center's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Meridian Technology Center basic financial statements. The combining financial statements, individual fund financial statements and schedule 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 Meridian 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 8 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

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

June 30, 2011

This section of Meridian Technology Center's annual financial report presents discussion and analysis of Meridian Technology Center's financial performance during the fiscal year ended June 30, 2010. To fully understand Meridian Technology Center's financial performance, read it in conjunction with the basic financial statements and the notes to the financial statements.

Organization

Meridian Technology Center School District 16 is a political subdivision of the Oklahoma Department of Career and Technology Education. The school operates under the local control of a five member board of education with a designated chief executive officer. The Meridian Technology Center School District includes portions of five counties, Lincoln, Logan, Noble, Pawnee and Payne, and includes the public school districts of Agra, Carney, Glencoe, Guthrie, Morrison, Mulhall-Orlando, Pawnee, Perkins-Tryon, Perry and Stillwater.

FINANCIAL STATEMENTS

The financial statements consist of three parts: management discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of Meridian Technology Center. The first two statements, pages 9 and 10, are district-wide financial statements, the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about Meridian Technology Center's overall financial status.

The remaining statements are fund financial statements, pages 11-13, that focus on individual parts of Meridian Technology Center's operations in more detail than the district-wide statements. The governmental fund statements tell how basic services were financed in the short term as well as what remains for future spending. The governmental funds are the General Fund, and Special Revenue or Building Fund.

The financial statements also include notes, beginning on page 14, that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

District-Wide Statements

The district-wide statements report information about Meridian Technology Center as a whole. The statement of net assets includes all of the district's assets and liabilities, with the difference reported as net assets. All of the current year's revenues and expenses are accounted for in the statement of activities.

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

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

June 30, 2011

District-Wide Statements (continued)

Over time, increases or decreases in Meridian Technology Center's net assets are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall financial health of Meridian Technology Center, you need to consider additional factors, such as changes in the ad valorem valuation and the projected student enrollment.

Fund Financial Statements

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

- Governmental funds – Most of Meridian Technology Center's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. The governmental fund statements provide a detailed short-term view of Meridian Technology Center's operations and the services it provides.
- Fiduciary funds - Meridian Technology Center is the trustee, or fiduciary, for assets that belong to others, such as student activity funds. Meridian Technology Center is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Meridian Technology Center excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF MERIDIAN TECHNOLOGY CENTER AS A WHOLE

Net Assets

Meridian Technology Center's total assets increased \$991,868 or 3.73% over the previous year. During fiscal year 2011, Meridian Technology Center continued its plan to allow cash reserves to replenish from previous construction projects, with the expectation to begin construction on a Building Trades building in fiscal year 2012. Consequently, cash and cash equivalents increased during the fiscal year by approximately 13%.

Furthermore, liabilities at June 30, 2011 remained virtually unchanged.

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

June 30, 2011

Net Assets

	FY2011	FY2010
Current Assets	\$12,036,218	\$10,649,029
Net Capital Assets	\$15,531,755	\$15,927,076
Total Assets	\$27,567,973	\$26,576,105
Current Liabilities	\$429,566	\$451,342
Long term Liabilities	\$193,729	\$174,572
Total Liabilities	\$623,295	\$625,914
Net Assets Invested in Capital Assets		
Net of Related Debt	\$15,531,755	\$15,927,076
Restricted		\$0
Unrestricted	\$11,412,923	\$10,023,116
Total Net Assets	\$26,944,678	\$25,950,192

The majority of Meridian Technology Center's net assets are invested in capital assets (buildings, land, and equipment). Meridian Technology Center continues a business practice of completing construction or expansion projects from cash and investments rather than issuance of bonds. Therefore the remaining net assets are unrestricted and are used to fund cash flow needs, as well as accumulating in the Building Fund for future expansion plans.

Statement of Activities

The results of this year's operations as a whole are reported in the Statement of Activities. The largest general revenue category is property taxes (ad valorem).

The information below, from the Statement of Activities, page10, shows the sources of revenues and expenses, resulting in the change in net assets.

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

June 30, 2011

Changes in Net Assets

Revenues

	FY 2011	FY 2010
Program Revenues		
Charges for Services	\$1,185,140	\$1,619,371
Operating Grants & Contributions	\$526,058	\$347,454
General Revenues		
Property & Other Taxes	\$9,224,978	\$8,813,894
Federal and State Aid	\$3,093,635	\$3,187,167
Interest and Investment Earnings	\$200,361	\$166,439
Miscellaneous	\$67,052	\$167,437
Total Revenues	\$14,297,224	\$14,301,762

Expenses

Instruction	\$4,748,868	\$4,844,838
Instructional Support Services	\$2,630,028	\$2,297,612
Support Services- Operational	\$4,196,056	\$4,205,180
Non-Instructional	\$496,279	\$549,389
Other Outlays	\$0	\$0
Other Uses	\$116,675	\$69,961
Capital Outlays	3,798	\$12,425
Depreciation - Unallocated	\$1,111,036	\$1,114,894
Total Expenses	\$13,302,740	\$13,094,299

Increase (decrease) in net assets	\$994,484	\$1,207,463
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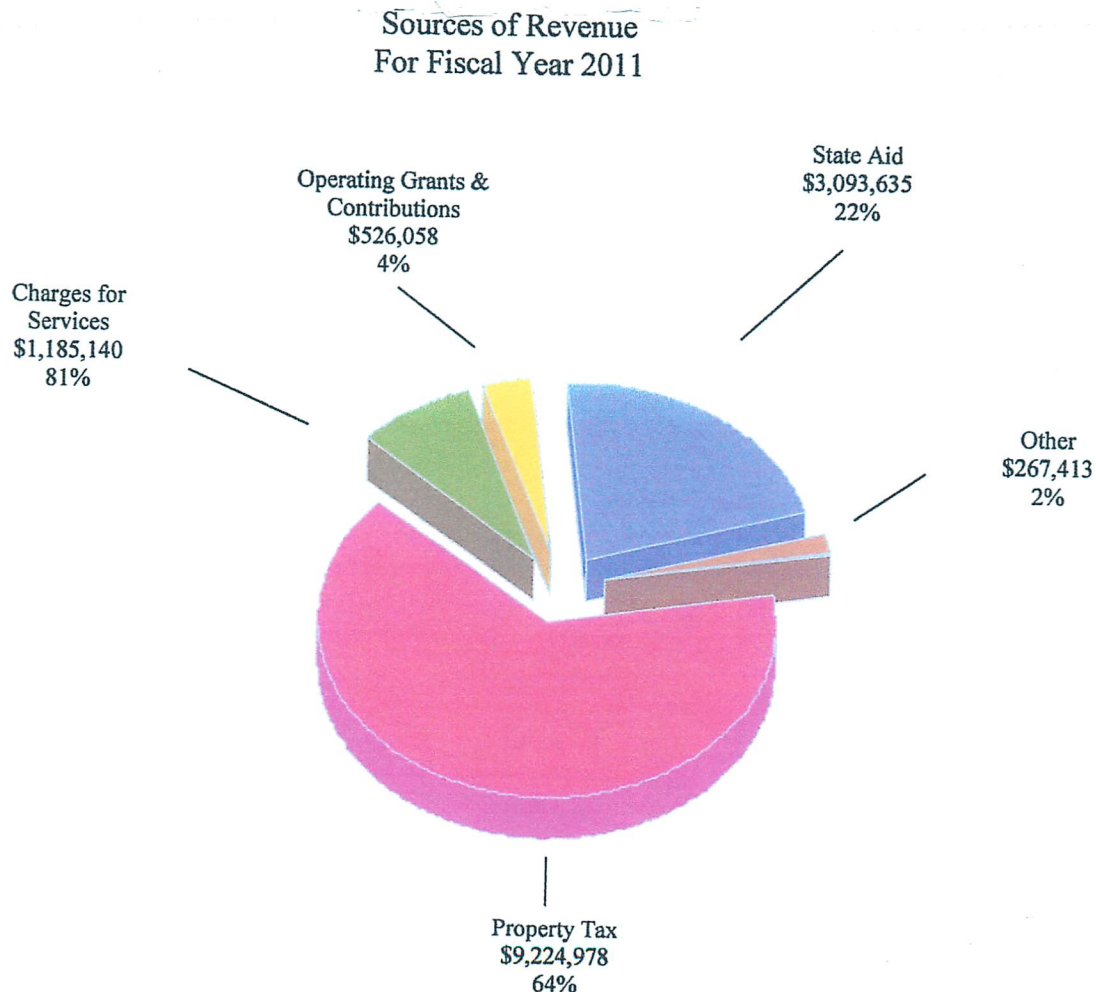
Fiscal year 2011 revenues remained flat over fiscal year 2010, however the sources of the revenues varied somewhat. Charges for Services, comprised primarily of tuition and resale or rental activities, decreased approximately 27% as a result of a decrease in tuition and live work activity. Enrollment capacity at Meridian Technology Center has remained largely unchanged, as revenue for new program offerings has not been available. Program additions, such as additional instructors in the Pre-Engineering Academy, have facilitated an increase in secondary students (non-tuition paying) and resulted in a slightly lower number of slots available for tuition-paying adults. In addition, student live work activity decreased with the decision to construct a house for resale every other year rather than annually. The decision was made in order to allow the construction trades students more hands-on experience thus broadening the learning experience. Consequently, revenue was not recognized in 2011 for the sale of a construction trades house as it was in 2010. A 51% increase in operating grants and contracts was realized over fiscal year 2010, primarily in funds used to partner with and provide training to industries in the Meridian district. Ad valorem tax collections increased approximately 5% while state aid decreased approximately 3%.

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

June 30, 2011

In line with the lack of growth in revenues, Meridian Technology Center held the increase in expenditures to 2%. Instruction and instructional support expenditures increased with expanded focus on student recruitment and retention, allowing parents and students additional interaction opportunities with Meridian Technology Center's campus and staff prior to the student's attendance. Meridian Technology Center has also implemented a school improvement model, Technology Centers That Work, which focuses on factors related to individual student success and has required an increased emphasis on professional development for all staff.

By the nature of funding for technology centers, the sources of revenue, shown below, remain relatively constant from year to year. In comparison of fiscal year 2011 to 2010, the state aid revenue, as a percentage of total revenue, remained constant at 22% of total revenue. Property taxes, considered a local funding source and the largest funding source, increased from 62% to 64% of total revenue.



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

June 30, 2011

FINANCIAL ANALYSIS OF MERIDIAN TECHNOLOGY CENTER'S FUNDS

At June 30, 2011, Meridian Technology Center's governmental funds reported combined revenues of \$14,377,951 compared to \$14,238,606 at June 30, 2010. The primary source of revenue for the governmental funds is property tax (ad valorem). The property tax is not received evenly throughout the fiscal year, with the majority of property tax revenues received between December 15th and March 31st of each year. The governmental funds must carry forward a fund balance large enough to finance the negative cash flow during the first five months of each fiscal year.

General Fund

The General Fund balance is set at a level to fund the cash flow needs of the first half of the fiscal year. The district received a decrease in unrestricted funds for operations from state aid, but realized a modest increase of revenue from local, state and federal restricted sources.

Building Fund

Meridian Technology Center has managed the Building Fund balance in order to fund remodel, expansion, and construction projects of the technology center without the need for a school bond. No large projects were initiated during fiscal year 2011 with the expectation that a Building Trades building project will commence in fiscal year 2012. The district continued to realize a modest increase in ad valorem collections, the primary source of building fund revenue.

BUDGETARY HIGHLIGHTS

Meridian Technology Center prepares budgets in compliance with Oklahoma statutes. The preliminary budget is prepared prior to the beginning of the school year when certain factors are uncertain, such as the final net assessed property values. The final budget was approved with a general fund budget of \$13,286,340, and no subsequent budget amendments were made.

CAPITAL ASSETS

At June 30, 2011, Meridian Technology Center had \$15,531,755 invested in a broad range of capital assets, including land, school buildings, furniture and equipment, infrastructure and vehicles. There was no construction in progress at year end and only minimal additions to fixed assets during the fiscal year.

FACTORS BEARING ON MERIDIAN TECHNOLOGY CENTER'S FUTURE

The District could expect continuing declines in state aid, however Meridian Technology Center is financially positioned so that possible reductions will not have an immediate adverse impact on the District's future operations. Meridian Technology Center will continue to upgrade equipment and facilities in order to stay on the cutting edge of technology training, but will cautiously consider purchases during the period of state budget uncertainty. One issue that may have a direct impact on Meridian Technology Center's future is a State Question that will be voted on in November 2012. If passed the question would place a cap on revenue growth from some properties. While this would not take revenue away, it would affect future growth.

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

June 30, 2011

CONTACTING MERIDIAN TECHNOLOGY CENTER FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students and creditors with a general overview of Meridian Technology Center's finances and to show accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Superintendent's Office, Meridian Technology Center, 1312 South Sangre Road, Stillwater, OK 74074.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 11,306,722
Property tax receivable	404,378
Interest receivable	71,039
Due from other governments	193,774
Due from activity fund	47,454
Prepaid insurance	12,851
Capital assets	
Land	443,186
Other capital assets, net of accumulated depreciation	<u>15,088,569</u>
Total Assets	\$ <u>27,567,973</u>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 373,000
Wages payable	30,148
Current portion of long-term liabilities	26,418
Long-term liabilities	
Non-current portion of long-term liabilities	<u>193,729</u>
Total Liabilities	\$ <u>623,295</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	\$ 15,531,755
Unrestricted	<u>11,412,923</u>
Total Net Assets	\$ <u><u>26,944,678</u></u>

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

**MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2011**

		Program Revenues	
		Charges for Services	Operating Grants & Contributions
	Expenses		
Governmental Activities:			
Instruction	\$ (4,748,868)	\$ 607,437	\$ 423,842
Support Services - Instructional	(2,630,028)	-	102,216
Support Services - Operational	(4,196,056)	-	-
Non Instructional	(496,279)	577,705	-
Other Outlays	-	-	-
Other Uses	(116,675)	-	-
Capital Outlay	(3,798)	-	-
Depreciation - Unallocated	(1,111,036)	-	-
Governmental Activities	\$ (13,302,740)	\$ 1,185,142	\$ 526,058

General revenues

Taxes:

Property taxes, levied for general purposes

Other Taxes

Federal and State aid not restricted to specific purposes:

General

Interest and investment earnings

Miscellaneous

Total general revenues

Changes in net assets

Net assets - beginning

Net assets - ending

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

			Net (Expenses) Revenue and Changes in Net Assets
	Capital Grants & Contributions		Government Activities
\$	-	\$	(3,717,589)
	-		(2,527,812)
	-		(4,196,056)
	-		81,426
	-		-
	-		(116,675)
	-		(3,798)
	-		(1,111,036)
\$	-	\$	(11,591,540)

\$	9,194,436
	30,542
	3,093,635
	200,361
	67,052
	<u>12,586,026</u>
	994,486
	<u>25,950,192</u>
\$	<u><u>26,944,678</u></u>

FUND FINANCIAL STATEMENTS

MERIDIAN TECHNOLOGY CENTER NO. 16
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Building Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 3,582,870	\$ 7,723,852	\$ 11,306,722
Property taxes receivable	269,584	134,795	404,378
Interest receivable	71,039	-	71,039
Due from other governments	193,199	575	193,774
Due from general fund	-	28,015	28,015
Due from activity fund	47,454	-	47,454
Prepaid insurance	12,851	-	12,851
Total assets	<u>\$ 4,176,998</u>	<u>\$ 7,887,236</u>	<u>\$ 12,064,234</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 55,843	\$ 317,157	\$ 373,000
Accrued wages payable	56,566	-	56,566
Due to building fund	28,015	-	28,015
Deferred revenue	196,387	98,206	294,592
Total liabilities	<u>\$ 336,811</u>	<u>\$ 415,363</u>	<u>\$ 752,173</u>
Fund balances:			
Nonspendable Fund Balances:			
Prepaid Items	\$ 12,851	\$	\$ 12,851
Restricted Fund Balances:			
<i>Restricted by Statute</i>	-	7,471,873	7,471,873
Committed Fund Balances:			
<i>Contractual Obligations</i>	484,196	-	484,196
Assigned Fund Balances:			
<i>Other Assigned Fund Balances</i>	1,919,272	-	1,919,272
Unassigned	1,423,868	-	1,423,868
Total Fund Balances	<u>\$ 3,840,187</u>	<u>\$ 7,471,873</u>	<u>\$ 11,312,060</u>
Total Liabilities and Fund Balances	<u>\$ 4,176,997</u>	<u>\$ 7,887,236</u>	

Reconciliation to the Statement of Net Assets

Amounts reported for governmental activities in the statement of assets, liabilities, and 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 \$26,906,542 and accumulated depreciation is \$11,374,786.

15,531,755

Long-Term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(193,729)

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.

294,592

Total Net Assets

\$ 26,944,678

The accompanying notes are an integral part of these financial statements

MERIDIAN TECHNOLOGY CENTER NO. 16
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>
Revenues:			
Local sources	\$ 7,612,712	\$ 3,091,293	\$ 10,704,005
Intermediate sources	-	286	286
State sources	3,513,379	3,025	3,516,405
Federal sources	<u>157,256</u>	<u>-</u>	<u>157,256</u>
Total revenues	\$ <u>11,283,347</u>	\$ <u>3,094,604</u>	\$ <u>14,377,951</u>
Expenditures:			
Instructional	\$ 4,474,800	\$ 692,587	\$ 5,167,387
Support services - Instructional	688,905	6,302	695,207
Support services - Operational	5,476,115	922,285	6,398,400
Noninstructional	494,452	901	495,353
Capital outlay	11,440	3,798	15,238
Other Outlays	-	-	-
Other Uses	<u>116,642</u>	<u>-</u>	<u>116,642</u>
Total expenditures	\$ <u>11,262,354</u>	\$ <u>1,625,873</u>	\$ <u>12,888,227</u>
Excess of revenues over (under) expenditures	\$ <u>20,993</u>	\$ <u>1,468,731</u>	\$ <u>1,489,724</u>
Other financing sources (uses):			
Bank charges	\$ <u>(33)</u>	\$ <u>-</u>	\$ <u>(33)</u>
Excess of revenues and other sources of funds over (under) expenditures and other financing sources (uses)	\$ <u>20,960</u>	\$ <u>1,468,731</u>	\$ <u>1,489,691</u>
Fund balance, beginning of year	\$ <u>3,819,227</u>	\$ <u>6,003,142</u>	\$ <u>9,822,369</u>
Fund balance, end of year	\$ <u><u>3,840,187</u></u>	\$ <u><u>7,471,873</u></u>	\$ <u><u>11,312,060</u></u>

The accompanying notes are an integral part of these financial statements

MERIDIAN TECHNOLOGY CENTER NO. 16
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	\$	1,489,691
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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	\$	715,714
Depreciation expense		<u>(1,111,036)</u>
	\$	(395,322)

Compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	\$	(19,157)
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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.		<u>(80,726)</u>
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Change in Net Assets of Governmental Activities	\$	<u><u>994,486</u></u>
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NOTES TO THE FINANCIAL STATEMENTS

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Significant Accounting Policies

The financial statements of the Meridian Technology Center No. 16 (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 2011 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 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 five 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:

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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.

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.

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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 Balance

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.

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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 the Center. 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	40 years	Improvements	Remaining Life
Equipment	3-20 years	Furniture and fixtures	10 years

Compensated Absences – A twelve-month salaried employee excluding directors, chief financial officer, deputy superintendent, superintendent and assistant superintendent is eligible for ten (10) days paid vacation each year accrued at the rate of 6.7 hours per month. Directors, chief financial officer, deputy superintendent, assistant superintendents and the superintendent are eligible for twelve (12) days paid vacation each year accrued at the rate of 8 hours per month.

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Significant Accounting Policies (continued)

Vacation days can be accumulated and carried forward one fiscal year and must be used by July 31 of the subsequent fiscal year. Upon retirement or termination, the Center will purchase any leave accumulated under policy guidelines. The Center accrues vacation leave when the benefits are earned and it is probable that the employee will be compensated through paid time off or some other means.

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 Center, 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 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.

Expenditures are classified by function as follows:

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 co curricular 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 - Instructional 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 entities within them.

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

Support Services - Operational Expenditures - Activities that support the overall administration of the district, the operation and maintenance of the plant and student transportation.

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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 Center funds.

2. 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 Center'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 Center.
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 Center'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.

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Deposit Categories of Credit Risk (continued)

Custodial Credit Risk:

Deposits and Investments - The Center'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 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.

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. However, the District has no formal written policy addressing interest rate risk.

Credit Risk:

The Center's investment policy requires that the investment portfolio be diversified to avoid one class of investment having a disproportionate impact on the portfolio. The District's policy also requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the institution holding the deposits or investments.

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

3. Receivables

Receivables at June 30, 2011, for the individual Governmental funds and Fiduciary funds in the aggregate are as follows:

Governmental Funds

	<u>General</u>	<u>Building</u>	<u>Total Governmental</u>
Receivables			
Ad valorem taxes	\$ 269,584	\$ 134,795	\$ 404,379
Federal grants	65,913	-	65,913
Interest	71,039	-	71,039
Intermediate	-	286	286
State sources	127,285	288	127,573
Property taxes-delinquent	196,387	98,206	294,593
Due from general fund	-	28,015	28,015
Due from activity fund	47,454	-	47,454
Gross Receivables	777,662	261,590	1,039,252
Less: deferred revenue	196,387	98,206	294,593
Net total receivables	\$ <u>581,275</u>	\$ <u>163,384</u>	\$ <u>744,659</u>

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Receivables (continued)

Fiduciary Funds

	<u>Activity</u>	<u>Total Fiduciary</u>
Receivables		
Tuition	\$ 28,604	\$ 28,604
Rentals	3,655	3,655
School Activities	15,195	15,195
Gross Receivables	47,454	47,454
Less allowance for uncollectible	-	-
Net total receivables	\$ 47,454	\$ 47,454

4. Capital Assets

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>
Land	\$ 443,186	\$ -	\$ -	\$ 443,186
Total Assets Not Being Depreciated	\$ 443,186	\$ -	\$ -	\$ 443,186
<u>Capital Assets Being Depreciated</u>				
Building & Improvements	\$ 20,339,634	\$ 402,980	\$ -	\$ 20,742,614
Furniture	49,779	4,346	-	54,125
Machinery & Equipment	4,054,103	230,026	61,412	4,222,717
Vehicles	1,382,873	78,363	17,337	1,443,899
Total Capital Assets Being Depreciated	25,826,389	715,715	78,749	26,463,355
Less:				
Accumulated Depreciation	(10,342,499)	(1,111,036)	(78,749)	11,374,786
Total Capital Assets Being Depreciated - Net	\$ 15,483,890	\$ (395,321)	\$ -	\$ 15,088,569
Total Capital Assets Net	\$ 15,927,076	\$ (395,321)	\$ -	\$ 15,531,755

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.

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

6. 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		<u>9,961.</u>
Unfunded Actuarial Accrued Liability	\$	<u>7,600.</u>

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.

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Employee Retirement System (continued)

Annual Pension Cost

The Center's contribution to the System for the year ending June 30, 2011, was \$983,855. The Center's total payroll for fiscal year 2010-11 was \$6,043,779.

7. General Long-Term Debt

State statutes prohibit the Center from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the Center's voters.

At June 30, 2011, the Center had not incurred any debt under these provisions.

8. Lease Commitments

The Technology Center had no outstanding lease commitments at June 30, 2011.

9. Litigation

The Center is contingently liable for lawsuits and other claims in the ordinary course of its operations. 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.

10. 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.

11. Risk Management

The Center purchases commercial insurance for all types of risk including, but not limited to, property, casualty, workers' compensation, vehicle, unemployment, and employee life.

12. Related Party Transactions

The Center contracts with the Meridian Technology Center Foundation to provide office space, clerical time, and administrator's time to the Foundation. The total annual cost of the contract was minimal for fiscal year 2011. The contract is renewable annually.

13. Interlocal Cooperative Agreement

The Technology Center participates with Oklahoma State University and the City of Stillwater in an Oklahoma Technology and Research Park Interlocal Cooperative. The cooperative agreement, which duration is renewed annually, provides assistance in developing and implementing the participants' individual economic development programs and missions. The participants cooperate and share in the receipt of assistance from each other in order to obtain the needed assistance that they are unable to acquire individually. The participants make assessments as necessary to implement the work of the cooperative, however financing of an individual participant's activities or projects remain the sole responsibility of that participant.

**MERIDIAN TECHNOLOGY CENTER NO. 16
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

14. Surety Bonds

The Center has a Public Education Position Schedule Bond with The Ohio Casualty Insurance Company. The bond number is 3811390, it covers the 8 employees listed below, and it is for the term of July 1, 2010, through July 1, 2011.

<u>Position</u>	<u>Bond Amount</u>
Treasurer	\$ 100,000
Deputy Treasurer	\$ 100,000
Encumbrance Clerk	\$ 100,000
Bursar	\$ 100,000
Evening Registrar	\$ 100,000
(2) Finance Secretaries	\$ 100,000
Financial Aid Officer	\$ 1,000

The Superintendent is bonded by The Ohio Casualty Insurance Company, bond number 5057278, for the penal sum of \$100,000.

15. Long-Term Liabilities

The following is a summary of long-term liabilities of the Center for the year ended June 30, 2011.

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>	<u>Due in One Year</u>
Compensated Absences	\$ 180,041	\$ 40,106	\$ -	\$ 220,147	\$ 26,418
Total	\$ 180,041	\$ 40,106	\$ -	\$ 220,147	\$ 26,418

MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency Fund</u>		
	<u>Federal Pell Grant Fund</u>	<u>Activity Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ 3,915	\$ 3,915
Miscellaneous Receivables	-	47,454	47,454
Total assets	<u>\$ -</u>	<u>\$ 51,369</u>	<u>\$ 51,369</u>
LIABILITIES			
Due to student groups	\$ -	\$ 3,915	\$ 3,915
Due to other funds	-	47,454	47,454
Total liabilities	<u>\$ -</u>	<u>\$ 51,369</u>	<u>\$ 51,369</u>

MERIDIAN TECHNOLOGY CENTER NO. 16
ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

Activities	Beginning Balance 7-01-10	Revenue	Transfers	Expenditures	Ending Balance 6-30-11
Tuition:					
Business Development	\$ -	\$ 182	\$ (182)	\$ -	\$ -
Computer Training Services	-	72,029	(71,297)	732	-
Daytime Instruction	-	261,669	(219,649)	42,021	-
EMT/Paramedic	-	25,157	(23,255)	1,902	-
Cosmetology	-	34,927	(34,427)	500	-
Technical Services	-	11,113	(11,113)	-	-
Management Services	-	31,574	(31,077)	497	-
Safety Training	-	16,777	(16,777)	-	-
Practical Nursing	-	58,205	(54,481)	3,724	-
Radiologic Technology	-	51,482	(51,482)	-	-
Short Term Courses	-	33,218	(31,703)	1,515	-
Short Term Medical	-	41,112	(40,856)	256	-
Business Management	-	180	(180)	-	-
Livework:					
Power Sports Livework	-	160	(160)	-	-
Collision Repair Technology Livework	-	1,576	(1,576)	-	-
Automotive Technology Livework	-	253	(253)	-	-
Machine Tool/CNC Livework	-	40	(40)	-	-
Meridian Mart	-	54,130	(52,360)	1,771	-
Culinary Arts/Terrace	-	169,030	(168,912)	(118)	-
Cosmetology Livework	-	21,879	(21,879)	-	-
Precision Metal Fabrication Livework	-	609	(609)	-	-
Welding Tech Livework	-	1,177	(1,177)	-	-
Resale-Short Term Courses	-	435	(435)	-	-
Resale-Computer Training Svcs	-	6,866	(6,851)	15	-
Resale-Technical Services	-	6,370	(6,370)	-	-
Resale-Management Services	-	6,554	(6,554)	-	-
Resale-Short Term Medical	-	24,044	(23,945)	99	-
Resale-Radiologic Technology	-	270	(270)	-	-
Resale-Daytime Program	-	7,174	(2,921)	4,253	-
Resale Cosmetology	-	11,419	(11,419)	-	-
Skywalk	-	142,513	(142,513)	-	-
Vending Machines	-	16	(16)	-	-
Youth Organizations:					
BPA	448	816	-	724	540
FCCLA	473	284	-	215	542
HOSA (Health Srvc Careers)	390	1,948	-	1,699	639
Skills USA	1,569	2,647	-	2,026	2,189

(continued)

**MERIDIAN TECHNOLOGY CENTER NO. 16
ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Activities	Beginning Balance 7-01-10	Revenue	Transfers	Expenditures	Ending Balance 6-30-11
Miscellaneous:					
Misc. items too numerous to list	8	3,173	(501)	2,675	5
Auction Items	-	22,790	(22,590)	200	-
Clearing Account	-	47,995	-	47,995	-
CBD Clearing Account	-	45,400	(44,825)	575	-
CBD Tenant Reimb Costs	-	286	(286)	-	-
Total Activity Sub-accounts	\$ 2,888	\$ 1,217,462	\$ (1,102,938)	\$ 113,275	\$ 3,915

**MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - FEDERAL PELL GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Pell Grant Fund</u>
Revenues	
Federal sources	
Pell Grants	\$ <u>606,188</u>
Total revenues	\$ <u>606,188</u>
Expenditures	
Other outlays	
Student Financial Assistance	\$ <u>606,188</u>
Total expenditures	\$ <u>606,188</u>
Excess of revenues over expenditures	\$ <u>-</u>
Fund balances, beginning of year	\$ <u>-</u>
Fund balances, end of year	\$ <u><u>-</u></u>

SUPPORTING SCHEDULES

MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Fund balances, beginning of year	\$ 2,998,213	\$ 2,998,213	\$ 2,998,213
Revenues collected:			
Local sources	\$ 6,966,766	\$ 6,966,766	\$ 7,503,290
Intermediate sources	-	-	-
State sources	3,238,108	3,238,108	3,427,179
Federal sources	140,880	140,880	165,987
	<u>10,345,754</u>	<u>10,345,754</u>	<u>11,096,456</u>
Total revenues collected	\$ 10,345,754	\$ 10,345,754	\$ 11,096,456
Expenditures paid:			
Instruction	\$ 5,091,385	\$ 5,091,385	\$ 4,356,880
Support services	7,374,633	7,374,633	6,414,635
Non-instructional services	750,722	750,722	551,430
Capital outlay	35,500	35,500	11,440
Other uses	91,727	91,727	91,727
	<u>13,343,967</u>	<u>13,343,967</u>	<u>11,426,112</u>
Total expenditures paid	\$ 13,343,967	\$ 13,343,967	\$ 11,426,112
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 2,668,557
Adjustments to prior year encumbrances	\$ -	\$ -	374,307
Other financing sources (uses):			
Operating transfers in/out	\$ -	\$ -	\$ -
Bank charges	-	-	(33)
	<u>-</u>	<u>-</u>	<u>(33)</u>
Total other financing sources (uses)	\$ -	\$ -	\$ (33)
Cash fund balance end of year	\$ -	\$ -	\$ 3,042,831
Reconciliation of Budgetary Basis fund balance and GAAP fund balance:			
Fund balance, June 30, 2011 - Budgetary Basis			\$ 3,042,831
Accounts receivable not recognized as revenue			384,890
Accounts payable not recognized in budgetary basis			(140,424)
Prepaid insurance			12,851
Reserves not recognized as expenses in GAAP basis			540,039
			<u>\$ 3,840,187</u>

MERIDIAN TECHNOLOGY CENTER NO. 16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (BUDGETARY BASIS)
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Fund balances, beginning of year	\$ 5,842,526	\$ 5,842,526	\$ 5,842,526
Revenues collected:			
Local sources	\$ 2,803,130	\$ 2,803,130	\$ 3,075,111
Intermediate sources	-	-	-
State sources	-	-	2,927
Federal sources	-	-	-
Total revenues collected	<u>\$ 2,803,130</u>	<u>\$ 2,803,130</u>	<u>\$ 3,078,038</u>
Expenditures paid:			
Instruction	\$ 1,852,471	\$ 1,852,471	\$ 758,667
Support services	5,625,581	5,625,581	1,088,213
Non-instructional services	1,891	1,891	901
Capital outlay	1,160,917	1,160,917	929,455
Other uses	4,797	4,797	-
Total expenditures paid	<u>\$ 8,645,656</u>	<u>\$ 8,645,656</u>	<u>\$ 2,777,235</u>
Excess of revenues collected over (under)			
expenses paid before adjustments to prior			
year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,143,329</u>
Adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>42,859</u>
Other financing sources (uses):			
Operating transfers in/out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash fund balance end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,186,187</u></u>
Reconciliation of Budgetary Basis fund balance and GAAP fund balance:			
Fund balance, June 30, 2011 - Budgetary Basis			\$ 6,186,187
Accounts receivable not recognized as revenue			65,177
Accounts payable not recognized in budgetary basis			(317,157)
Reserves not recognized as expenses in GAAP basis			1,537,666
			<u><u>\$ 7,471,873</u></u>

MERIDIAN TECHNOLOGY CENTER NO. 16
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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:		
* Pell Grants	84.063	N/A
Sub-Total		
Passed-Through Oklahoma State Department of Career and Technology Education:		
Carl Perkins	84.048	N/A
Tech Prep	84.243	N/A
Tech Centers That Work	84.048	N/A
Girl Tech	84.048	N/A
Sub-Total		
<u>Nation Science Foundation</u>		
Passed-Through Oklahoma State Department of Career and Technology Education:		
Nanotechnology Grant	47.076	N/A
Cyber Security	47.076	N/A
Sub-Total		
<u>U.S. Department of Labor</u>		
Passed-Through Oklahoma State Department of Career and Technology Education:		
ARRA Youth Grant	17.259	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
\$ -	\$ 606,188	\$ 606,188	\$ -
\$ -	\$ 606,188	\$ 606,188	\$ -
\$ -	\$ 74,440	\$ 74,440	\$ -
-	51,442	51,442	-
-	12,000	12,000	-
-	4,861	4,861	-
\$ -	\$ 142,743	\$ 142,743	\$ -
\$ -	\$ 7,388	\$ 7,388	\$ -
-	1,662	1,662	-
\$ -	\$ 9,050	\$ 9,050	\$ -
\$ -	\$ 5,463	\$ 5,463	\$ -
\$ -	\$ 5,463	\$ 5,463	\$ -
\$ -	\$ 763,444	\$ 763,444	\$ -

**MERIDIAN TECHNOLOGY CENTER NO. 16
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. The 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 Funds. Student Financial Assistance funds are transacted through a separate Pell Grant Fund, which the Center has classified as an Agency Fund. Agency Funds are considered Fiduciary Fund types.
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 Agency Funds. This basis of accounting recognizes revenue in the accounting period in which they 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 recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

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

Total Federal Revenue as reflected on	
"Schedule of Federal Awards Expended"	\$ <u>763,444</u>
 Total Federal Revenue as reflected on	
"Statement of Revenue, Expenditures and Changes	
In Fund Balance"	\$ 157,256
Plus: Federal funds Transacted as Agency Funds	
Student Financial Aid	<u>606,188</u>
 Reconciled Total	 \$ <u>763,444</u>

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



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
Meridian Technology Center No. 16
Payne County, Oklahoma

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meridian Technology Center No. 16 (the "Center"), Stillwater, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise Meridian 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 Meridian 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 Meridian Technology Center's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

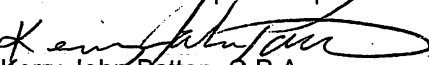
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

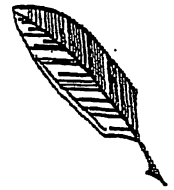
As part of obtaining reasonable assurance about whether Meridian Technology Center's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material 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

KERRY JOHN PATTEN, C.P.A.

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Broken Arrow, OK 74012
Phone Number (918) 250-8838
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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
Meridian Technology Center No. 16
Payne County, Oklahoma

Compliance

I have audited Meridian Technology Center's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The 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 Meridian Technology Center's management. My responsibility is to express an opinion on Meridian 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 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 Meridian 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 Meridian Technology Center's compliance with those requirements.

In my opinion, Meridian Technology Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Meridian Technology Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Meridian Technology Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my 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.

A *deficiency in internal control over compliance* 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 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.

Internal Control over Compliance
Page 2

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses, as defined above.

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.

A handwritten signature in black ink, appearing to read "Kerry John Patten", with a stylized flourish at the end.

Kerry John Patten, CPA
March 1, 2012

**MERIDIAN TECHNOLOGY CENTER NO. 16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Meridian 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 Meridian Technology Center which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. There were no 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 Meridian Technology Center expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to major federal award programs for Meridian Technology Center that were required to be reported by OMB Circular A-133.
7. The program tested as a major program included: Pell Grant (84.063).
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Meridian 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.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. No matters were reported.

**MERIDIAN TECHNOLOGY CENTER NO. 16
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.

**MERIDIAN TECHNOLOGY CENTER NO. 16
SCHEDULE OF COMMENTS
JULY 1, 2010 TO JUNE 30, 2011**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Meridian Technology Center No. 16 had not complied with significant compliance rules and regulations of the Oklahoma State Department of Career & Technology Education.

Previous Year's Audit Comments

There were no items in the school's 2009-10 audit report which required correction.

I would like to express my appreciation for the courtesies and cooperation extended to us by Center administrators and employees during the course of this audit.

MERIDIAN TECHNOLOGY CENTER NO. 16
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 Meridian Technology Center Center for the audit year 2010-11.

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

BY _____

AUTHORIZED AGENT



Subscribed and sworn to before me on this

1st day of March, 2012

Linda Kellick 05010870
NOTARY PUBLIC

My commission expires on:

30th day of November, 2013