

**METRO TECHNOLOGY CENTERS  
SCHOOL DISTRICT NO. 22,  
OKLAHOMA COUNTY, OKLAHOMA**

**FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR**

**JUNE 30, 2014**

Audited by

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

**BROKEN ARROW, OK**

**METRO TECHNOLOGY CENTERS  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2014**

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**SCHOOL DISTRICT TREASURER**

Mr. Bob Parrish

## METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22

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# SANDERS, BLEDSOE & HEWETT

## CERTIFIED PUBLIC ACCOUNTANTS, LLP

### INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Metro Technology Center School District No. 22  
Oklahoma City, Oklahoma 73142

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metro Technology Center School District No. 22 (the District), Oklahoma County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective

## INDEPENDENT AUDITOR'S REPORT

budgetary comparisons for the General Fund and the Building Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 26-27, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett  
Certified Public Accounts, LLP

March 18, 2015

# **METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **JUNE 30, 2014**

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Our discussion and analysis of the Metro Technology Center, School District #22's (the District), performance provides an overview of the School District's financial activities for the year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follows this section.

#### **USING THIS ANNUAL REPORT**

The District is governed by a seven member elected board. The District is one of 29 technology centers under the coordinating body of the Oklahoma State System for Career and Technology Education. The District has four campuses and two satellite training sites. The District serves two public school districts, Oklahoma City and Crooked Oak, as well as business and industry and post-secondary students of the District.

The District provides three basic types of instruction:

Full-time Career Majors – The District offers over 100 full-time career majors within 15 of the 16 career clusters. These career majors are designed to lead to industry certifications, licensure, employment and/or continuing education.

Adult and Continuing Education – These classes are designed around specific curriculum providing an introduction to or enhanced knowledge of specific topics. Continuing education and licensure classes are offered within 12 of the 15 career clusters.

Business and Industry Services – This division strives to meet the training and development needs of business and industry in the Oklahoma City metropolitan area.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. For governmental activities, the fund statements tell how these services were financed in the short term as well as what remains for future spending.

#### **FINANCIAL HIGHLIGHTS**

The District's financial status was slightly decreased from the last year. Total net position decreased 6.59 percent over the course of the year.

- The District's net position decreased \$1.8 million or 6.59%.
- Overall revenues were \$35.5 million and overall expenses were \$37.3 million
- The total costs of all District programs increased 13.81%.
- The general fund reported a decrease in fund balance of 23.86%.
- The building fund reported a decrease in fund balance of 3.06

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

##### **The Statement of Net Position and the Statement of Activities**

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

These two statements report the School District's net position and changes in them. You can think of the School District's net position – the difference between assets and liabilities – as one way to measure the School District's

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

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financial health, or financial position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we report the following:

Governmental activities – The School District's basic services are reported here, including the educational activities for daytime high school and adults, short term training for adults, services and training for business and industry, and general administration. Also, the School District charges a fee to customers to help defray expenses involved in providing the services.

The format that is significantly different than a typical statement of revenues, expenses and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program report to the right. The result is a net (expense)revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from general revenues or if it is self-financing through fees, contributions and grants.

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

#### **Fund Financial Statements**

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

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

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

**THE SCHOOL DISTRICT AS A WHOLE**

	<u>2013</u>	<u>2014</u>
Current and Other Assets	\$ 9,171,518	\$ 9,492,703
Capital Assets	<u>33,071,933</u>	<u>31,672,994</u>
Total Assets	<u>\$ 42,243,451</u>	<u>\$ 41,165,697</u>
Long-term Liabilities	\$ 13,026,415	\$ 12,597,251
Other Liabilities	<u>1,589,629</u>	<u>2,762,842</u>
Total Liabilities	<u>\$ 14,616,044</u>	<u>\$ 15,360,093</u>
Net Position		
Net Investment in capital	\$ 21,116,933	\$ 20,242,994
Restricted	5,940,095	5,673,101
Unrestricted	<u>570,379</u>	<u>(110,491)</u>
Total Net Position	<u>\$ 27,627,407</u>	<u>\$ 25,805,604</u>

**Net Position.** The District's combined net position were smaller on June 30, 2014, than the year before – decreasing by 6.59% from \$27.6 million to \$25.8 million. Most of this change is mainly due to decrease in unrestricted funds and capital assets.

For the years ended June 30, 2014 and 2013, net position changed as follows:

	<u>2013</u>	<u>2014</u>	<u>Percent</u> <u>Change</u>
Beginning net position	\$ 24,718,463	\$ 27,627,406	
Revenues			
Program revenues			
Charges for services	3,696,964	3,786,801	
Operating Grants /contributions	1,300,096	1,516,907	
General revenues			
Property taxes	25,480,379	24,960,052	
Federal and State aid	4,715,769	4,638,968	
Investment earnings	252	4,562	
Other Revenue	<u>536,624</u>	<u>623,801</u>	
Total revenues	<u>\$ 35,730,084</u>	<u>\$ 35,531,091</u>	-0.56%
Expenses			
Program expenses			
Instruction	\$ 9,538,767	\$ 11,414,887	
Support services	19,015,846	21,237,981	
Non-instruction	1,222,156	1,104,822	
Facilities and construction	461,146	932,026	
Other uses	41,033	241,890	
Interest on long-term debt	481,603	469,891	
Depreciation-unallocated	<u>2,060,590</u>	<u>1,951,396</u>	
Total expenses	<u>\$ 32,821,141</u>	<u>\$ 37,352,893</u>	13.81%
Increase (Decrease) in net position	2,908,943	(1,821,802)	163%
Ending net position	<u>\$ 27,627,406</u>	<u>\$ 25,805,604</u>	-6.59%



**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

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**Changes in Net Position** The District's total revenues decreased 0.56 percent to \$35.5 million. Property taxes accounted for most of the increase. Property taxes accounted for 70 percent of the District's collections. Another 7.4 percent came from tuition and fees.

Total expenses surpassed revenues, decreasing net position \$1.8 million over the past year. The District's total expenditures increased by 13.81 percent to \$37.3 million. .

**Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the School District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

District Sources of Revenue:

Ad Valorem property tax	Taxes for current year and prior years, revenue in lieu of taxes
Interest	Interest earning of investments and taxes
Tuition and Fees	Tuition and fees for Full-time adult classes, Short-term adult classes, Safety Training, Industry Specific, Assessment, Quality Management, and Health Certification
Local Sources	Rental of school facilities and property, sale of surplus equipment, bookstore revenue, reimbursement for insurance loss recoveries, damages to school property, rebates, and fiscal agent expenses.
State Revenue	Formula operation, Existing Industry Initiative, training for industry programs, Safety Training, Welfare to Work, and Professional Development
Federal Revenue - Grants	TANF Grant and Carl Perkins Grants

**THE SCHOOL DISTRICT'S FUNDS**

The following schedule presents a summary of general, special revenue (building fund), other governmental fund (activity fund), and expenditures for the fiscal year ended June 30,2014 and 2013.

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

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<b>Revenues:</b>	<b>2013</b>	<b>Percent</b>	<b>2014</b>	<b>Percent</b>
	<u><b>Amount</b></u>	<u><b>of Total</b></u>	<u><b>Amount</b></u>	<u><b>of Total</b></u>
Property Taxes	\$ 25,172,166	71.30%	\$ 25,268,265	70.58%
Interest	-	0.00%	4,421	0.01%
Tuition and Fees	2,682,064	7.60%	2,674,644	7.47%
State Revenue	5,362,545	15.19%	5,285,009	14.76%
Federal Sources	534,895	1.52%	749,931	2.09%
Miscellaneous	<u>1,551,522</u>	4.39%	<u>1,817,210</u>	5.08%
<b>Total Revenues</b>	<u><b>\$35,303,192</b></u>	<u><b>100%</b></u>	<u><b>\$ 35,799,480</b></u>	<u><b>100%</b></u>

**Expenditures**

- Instruction                      Expenditures for direct classroom activities
  
- Support Services              Expenditures for administrative, technical and logistical support to facilitate and enhance education.
  
- Non-Instructional Services    Activities concerned with providing non-instructional services to students, staff, or community.
  
- Facilities                        Activities involved with the acquisition of land buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; improvements to sites; and equipment. These expenditures are included below in capital outlay and debt service.

<b>Expenditures:</b>	<b>2013</b>	<b>Percent</b>	<b>2014</b>	<b>Percent</b>
	<u><b>Amount</b></u>	<u><b>of Total</b></u>	<u><b>Amount</b></u>	<u><b>of Total</b></u>
Instruction	\$ 9,913,060	41.36%	11,519,404	31.68%
Support Services	20,223,415	38.20%	21,571,462	59.32%
Non-Instructional Services	1,232,326	2.59%	1,105,563	3.04%
Facilities Acquisitions	1,546,832	13.35%	1,926,553	5.30%
Other Outlays	<u>46,343</u>	4.51%	<u>241,890</u>	0.67%
<b>Total Expenditures</b>	<u><b>\$32,961,976</b></u>	<u><b>100.00%</b></u>	<u><b>\$ 36,364,872</b></u>	<u><b>100.00%</b></u>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the General Fund budget remained relatively constant due to a small decline in local revenues. This was due to declining public service collections related to state questions that were enacted in

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

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November 2012. Due to decrease in payroll expenditures, the District was able to have a \$1.735 million fund balance at the end of the fiscal year.

Metro Technology Center formally adopted a budget on June 4, 2013, An amended budget was adopted on June 24, 2014 which increased the overall budget by \$257,500. There were increases in beginning fund balance of \$169,000 and Ad Valorem of \$620,000 with the final revised ad valorem tax certification. There were also increases in anticipated state revenue of \$191,000 and a decrease in other revenue of \$889,000.

**CAPITAL ASSETS**

At the end of June 30, 2014, the School District had \$31 million invested in capital assets (see table below). This represents a net decrease of \$1.39 million or 4.2 percent, over the previous fiscal year.

Capital Assets at Year-end (Net of depreciation)		
	<u>2013</u>	<u>2014</u>
Land	\$ 1,750,590	\$ 1,700,590
Computers	131,445	139,499
Buildings	28,606,579	27,390,364
Equipment	2,111,661	1,874,386
Furniture	24,409	21,818
Vehicles/Buses	447,249	546,337
	<u>\$ 33,071,933</u>	<u>\$ 31,672,994</u>

**LONG-TERM LIABILITIES**

On December 1, 2009, the District entered into a lease purchase agreement with Oklahoma Industries Trust. The agreement called for the Trust to issue \$13.4 million in Lease Revenue Bonds. The proceeds of these bonds was used to fund the construction of the Metro College and Career Academy Building.

By the terms of the agreement, the lease payments are guaranteed with Metro Technology Center’s Building Fund ad valorem collections. The payments are approximately 1.03 million per year for 20 years. Semi-annual payments were made in the year ended June 30, 2014. The amount of the capitalized lease at June 30, 2014 was \$11,430,000.

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

While state revenues remained stable this year, next year’s budget is predicted to have cuts due to a shortfall of funds on the state level. Our local ad valorem assessed valuation has increased by \$50,405,588 or 3.57%, calculating to an increase of approximately \$725,610 in real dollars for the School District in local revenue. The District continues to seek other sources of special funding in efforts to enhance the lives of the citizens it serves through education and training.

Due to continued economic stagnation, there has been little improvement in the employment situation with our local businesses. With the increased graduations requirements for high school students, we continue to monitor our secondary enrollment numbers.

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

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The District will need to proceed with caution in Fiscal Year 2015. Given the instability of the state and national economies, virtually no change in the unemployment rates, the impact on our enrollment and local budget are very uncertain at this time.

**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 Director of Finance, Business Office at Metro Technology Center, 1900 Springlake Drive, Oklahoma City, Oklahoma 73111.

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 7,125,217
Property taxes receivable (net)	221,634
Due from other governments	185,864
Other receivables	426,267
Restricted Cash	1,533,721
Nondepreciated capital assets	1,700,590
Depreciated capital assets, net of depreciation	<u>29,972,404</u>
 Total assets	 <u>41,165,697</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	926,258
Salaries payable	404,498
Accrued interest payable	231,664
Long-term obligations	
Due within one year	1,200,422
Due beyond one year	<u>12,597,251</u>
 Total liabilities	 <u>15,360,093</u>
<b>NET POSITION</b>	
Net investment in capital assets	20,242,994
Restricted for:	
Buildings	4,235,640
Debt service	1,302,057
School organizations	135,404
Unrestricted	<u>(110,491)</u>
 <b>Total Net Position</b>	 <u><u>\$ 25,805,604</u></u>

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2014**

Functions/programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Instruction	\$ 11,414,887	\$ 2,771,924	\$ 1,514,592	\$ (7,128,371)
Support services	21,237,981	403,781	2,315	(20,831,885)
Non-instruction services	1,104,822	611,096	-	(493,726)
Facilities and construction	932,026	-	-	(932,026)
Other uses	241,890	-	-	(241,890)
Interest on long-term debt	469,891	-	-	(469,891)
Depreciation - unallocated	1,951,396	-	-	(1,951,396)
Total school district	<u>\$ 37,352,893</u>	<u>\$ 3,786,801</u>	<u>\$ 1,516,907</u>	<u>(32,049,185)</u>
General revenues:				
Taxes				
Property taxes, levied for general purposes				16,308,946
Property taxes, levied for building purposes				8,651,106
State aid - formula grants				4,638,968
Other revenue				623,801
Interest income				4,562
Total general revenues				<u>30,227,383</u>
Change in net assets				(1,821,802)
Net position, beginning of year				<u>27,627,406</u>
Net position, end of year				<u>\$ 25,805,604</u>

See Notes to Financial Statements

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	General Fund	Building Fund	Other Governmental Fund Activity Fund	Totals Governmental Funds
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ 135,405	\$ 135,405
Cash investments	3,583,309	3,406,505	-	6,989,814
Property taxes receivable, net	148,514	73,120	-	221,634
Other receivables	426,267	-	-	426,267
Due from other funds	-	1,434,282	-	1,434,282
Due from other governments	185,864	-	-	185,864
<b>Total assets</b>	<b>\$ 4,343,954</b>	<b>\$ 4,913,907</b>	<b>\$ 135,405</b>	<b>\$ 9,393,266</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable and accrued liabilities	356,252	570,006	-	926,258
Salaries payable	404,498	-	-	404,498
Due to other funds	1,434,282	-	-	1,434,282
Compensated absences	590,413	70,009	-	660,422
Total liabilities	2,785,445	640,015	-	3,425,460
Deferred inflows of resources:				
Deferred intergovernmental	155,226	-	-	155,226
Fund balances				
Restricted	-	4,273,892	-	4,273,892
Committed	-	-	135,405	135,405
Assigned	1,403,283	-	-	1,403,283
Unassigned	-	-	-	-
Total fund balances	1,403,283	4,273,892	135,405	5,812,580
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,343,954</b>	<b>\$ 4,913,907</b>	<b>\$ 135,405</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 asset is \$56,812,353 and the accumulated depreciations is (\$26,839,949)				31,672,994
Some receipts of grant revenue will not be collected soon enough to pay for the current period's expenditures, and therefore are deferred in the funds				155,226
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:				
	Capital lease payable	11,430,000		
	Restricted assets held	(1,533,721)		
	Accrued interest	231,666		
	Compensated absences	1,707,251		(11,835,196)
Total net position - governmental activities				\$ 25,805,604

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	General Fund	Building Fund	Other Governmental Fund Activity Fund	Totals Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 16,519,906	\$ 8,748,360	\$ -	\$ 25,268,266
Interest	4,421	-	-	4,421
Tuition and fees	2,674,644	-	-	2,674,644
State revenue	5,285,009	-	-	5,285,009
Federal revenue	749,931	-	-	749,931
Other	1,562,453	136,134	118,622	1,817,209
<b>Total revenues</b>	<b>26,796,364</b>	<b>8,884,494</b>	<b>118,622</b>	<b>35,799,480</b>
<b>Expenditures</b>				
Current				
Instruction	10,346,446	963,447	209,511	11,519,404
Support services	15,444,684	6,126,778	-	21,571,462
Non-instruction services	1,103,156	2,407	-	1,105,563
Capital outlay	-	1,926,553	-	1,926,553
Other outlays	241,890	-	-	241,890
<b>Total expenditures</b>	<b>27,136,176</b>	<b>9,019,185</b>	<b>209,511</b>	<b>36,364,872</b>
Excess (deficiency) of revenues over expenditures	(339,812)	(134,691)	(90,889)	(565,392)
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	100,000	100,000
Operating Transfers Out	(100,000)	-	-	(100,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(100,000)</b>	<b>-</b>	<b>100,000</b>	<b>-</b>
Net Change in Fund Balance	(439,812)	(134,691)	9,111	(565,392)
Beginning fund balance	1,843,095	4,408,583	126,294	6,377,972
Ending fund balance	\$ 1,403,283	\$ 4,273,892	\$ 135,405	\$ 5,812,580

See Notes to Financial Statements



**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL**  
**FUNDS TO STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2014**

Total net changes in fund balances - governmental funds \$ (565,392)

The change in nets assets reported in the statement of activities is 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 allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceed capital outlays during the period.

Capital Outlays	\$ 652,109	
Depreciation Expense	<u>(1,951,397)</u>	(1,299,288)

Because the cost of capital assets acquired are reported in governmental funds as expenditures in the year of purchase, the proceeds from their sale are reported as revenue. However, the costs of these assets must be included as a reduction of the sales proceeds in the statement of activities. (99,651)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred revenues. They are however, recorded as revenues in the statement of activities. (308,214)

Because some receipts of grant revenue will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred revenues. They are however, recorded as revenues in the statement of activities. 36,802

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave earned exceeded amounts used. (110,836)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources. Some expenses do not require current financial resources so therefore are not reported as expenditures in the governmental funds

Accrued Interest	6,563	
Restricted reserve funds	(6,786)	
Payments on Capital Leases	<u>525,000</u>	524,777

Change in net position of governmental activities \$ (1,821,802)

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Metro Technology Center School District No. 22 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Career and Technology Education.. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

*The Reporting Entity*

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. The District has not identified any component units that should be include in the District's reporting entity

*Basic Financial Statements – Government-Wide Statements*

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental Activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue. The District does not have any activities classified as business-type activities.

In the government-wide Statement of Net Position, the District's governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – net investment in capital assets; restricted net position and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Direct expenses are those that are clearly identifiable with a specific function. Program revenues must be directly associated with the function. Charges for services include charges and fees to students, or customers who purchase, use or directly benefit from the goods, services, or privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs are normally covered by general revenue (property taxes, State and Federal aid, other taxes etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### *Basic Financial Statements – Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. The fund financial statements provide reports on the financial condition and results of operations of governmental fund category.

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes and various state appropriations. Expenditures include the costs associated with the daily operations of the District.

Building Fund is used to account for monies derived from the building fund levy and rental of facilities to be used for erecting, remodeling, repairing or maintaining school buildings, paying energy and utility costs; paying fire and casualty insurance premiums for school facilities, security systems and personnel.

Additionally, the District reports the following fund:

Activity Fund – The District accounts for resources collected from student or extracurricular activities including admission fees, concession income, fund raising and dues. The Board of Education exercises control over all of these funds.

### *Basis of Accounting*

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

Accrual: The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year in 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.

Modified Accrual: The funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. “Available” means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

## NOTES TO FINANCIAL STATEMENTS

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### *Capital Assets*

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School buildings	50 years
Site improvements	20 years
Equipment and computers	5-10 years
Vehicles	8 years
Other equipment	10-15 years

### *Compensated Absences*

The District accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide statement of net position and represents a reconciling item between the fund and government-wide presentations.

### *Budgets and Budgetary Accounting*

The District is required by state law to prepare an annual budget. The District by resolution of the Board of Education has adopted the School District Budget Act. This Act requires that within the thirty-day period preceding the beginning of each fiscal year, a budget shall be approved by the governing body. The original budget is to be amended after the June financial activity has been recorded, the annual Foundation and Salary Incentive Aid allocation has been released, and the property tax valuations have been certified for all affected counties within the district.

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund that includes revenue and expenditures.

### *Cash*

The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. All short-term cash surpluses are maintained in a cash pool, excluding the Activity Fund, and investments are pooled into one common pooled account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash account or investment account has an equity therein. Interest earned on the investment of these monies is deposited to the general fund. An individual fund's pooled cash and investments are available upon demand. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

## NOTES TO FINANCIAL STATEMENTS

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### *Investments*

The District's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government and Agencies
2. Obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged
3. Certificates of deposit of savings and loan associations and bank and trust companies secured by acceptable collateral
4. Savings accounts or savings certificates of savings and loan associations that are fully insured
5. County, municipal and school district direct debt obligations
6. Money market mutual funds regulated by the Securities and Exchange Commission
7. Warrants, bonds or judgments of the school district
8. Qualified pooled investment programs

### *Property Tax Revenues*

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. 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 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2013 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Property tax receivables are net of an allowance for uncollectible taxes of \$- in the general fund and \$- in the building fund. The allowance represents the estimated amount that is deemed uncollectible based on past collection history.

Deferred Inflows of Resources – The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. The District will not recognize the related revenues until a future event occurs. The District only has one type of item which occurs because governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies to be reported in this category. Accordingly, deferred intergovernmental revenue is reported in the governmental funds balance sheet. The District did not have deferred inflows of resources to report in its government-wide financial statements for the current year.

### *State Revenues*

Revenues from state sources for current operations are primarily governed by the joint resolution of the Oklahoma House of Representatives and Senate. The Oklahoma Department of Career and Technical Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 15% of the District's revenue comes from state sources.

(continued on next page)

## NOTES TO FINANCIAL STATEMENTS

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After review and verification of reports and supporting documentation, the Oklahoma Department of Career and Technical Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. Oklahoma Department of Career and Technical Education rules require that revenue earmarked for these programs be expended only for the programs for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The Oklahoma Department of Career and Technical Education requires that categorical educational program revenues be accounted for in the general fund.

### *Use of Estimates*

The preparation of financial statements in conformity with the basis of accounting referred to above 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.

### *Net Position and Fund Balance*

District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Buildings – The component of net assets that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District's buildings. This amount is restricted by enabling legislation.

Restricted for School Organizations – The component of net assets that report the assets restricted for use by student organizations and extracurricular activities.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

### *Governmental Fund Financial Statements*

The District has adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010, 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 used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District does not have any funds classified as nonspendable as of June 30, 2014.

## NOTES TO FINANCIAL STATEMENTS

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- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Building Fund revenue from levy as being restricted because the use is restricted by State Statute for capital expenditures.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities as being committed because their use is imposed by the Board of Education regarding use of the funds.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the superintendant through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned interest earnings to the funds where earned for the purposes defined by the fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

On-behalf Payments – The State of Oklahoma makes direct payments to Oklahoma Teachers Retirement System on behalf participating schools. The pro rata portion of the payment attributable to the District is recognized in these financial statements as an addition to state revenues and recording the related expense.

Subsequent Event - The District has evaluated subsequent events through March 18, 2015, the date which the financial statements were available to be issued.

### NOTE 2 - CASH AND INVESTMENTS

#### *Deposits*

At June 30, 2014, the bank balance of deposits, cash investments and cash pools was \$8,066,867.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The District policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2014, the District was exposed to custodial credit risk for uninsured and uncollateralized deposits of \$75,367.

#### *Investments*

As of June 30, 2014, \$1,533,721 restricted cash consists of combination of government money market mutual funds and FDIC insured savings accounts held by trustee bank. These funds are classified as investments for the

**NOTES TO FINANCIAL STATEMENTS**

purposes of disclosure requirements and therefore, are not subject to custodial credit risk. For presentation on the face of the statement of net position, these funds are classified as cash.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

*Credit Risk – Investments*

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. The District does not have a formal policy limiting its exposure arising from concentrations of investments.

*Investment Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

*Concentration of Credit Risk*

The District places no limit on the amount the district can invest in any one issuer other than the limitations on types of investments contained in state law.

**NOTE 3 - LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated absences	\$ 2,098,998	\$ 2,070,853	\$ 1,802,178	\$ 2,367,673	\$ 660,422
Capital leases					
Oklahoma Industries Trust	11,955,000	-	525,000	11,430,000	540,000
Total governmental activity long-term liabilities	<u>\$ 14,053,998</u>	<u>\$ 2,070,853</u>	<u>\$ 2,327,178</u>	<u>\$ 13,797,673</u>	<u>\$ 1,200,422</u>

Payments on the leases are made through the building fund with property taxes. Compensated absences are liquidated by the fund where the employee’s normal compensation is recorded.

On December 1, 2009, the District entered into a lease purchase agreement with the Oklahoma Industries Trust (an Oklahoma public trust). The purpose of this agreement was to construct and equip a new 57,000 square foot facility to house the Metro College and Career Academy. This facility is located on existing Metro Technology Center property and is designed to provide classroom and other space for alternative education students.

The lease purchase agreement requires the District to make monthly base rental payments, commencing January 25, 2010. According to the agreement, the District shall only be liable for the payment of base rental payments according to the amounts scheduled to be due within each of its fiscal years. This obligation is specifically subject to the annual renewals of the lease and the availability of funds in the District’s building fund in sufficient amounts to make required payments under the lease.



**NOTES TO FINANCIAL STATEMENTS**

Base rental payments are due monthly and are 1/12<sup>th</sup> of the principal and interest payments due on the certificates of participation for each 12 month period and are reset annually.

The District’s interest expense for 2014 was \$469,891.

Leased buildings in capital assets at June 30, 2014, include the following:

Buildings	\$ 14,012,490
Less accumulated depreciation	<u>(1,079,167)</u>
	<u>\$ 12,933,323</u>

Amortization of leased buildings under capital assets is included with depreciation expense.

The debt matures as follows:

	<u>Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>	<u>Interest Rate</u>
Oklahoma Industries Trust					
2015		540,000	463,329	1,003,329	2.700%
2016		555,000	448,749	1,003,749	3.000%
2017		570,000	432,099	1,002,099	3.250%
2018		590,000	413,574	1,003,574	3.400%
2019		610,000	393,514	1,003,514	3.600%
2020-2030		<u>8,565,000</u>	<u>2,428,596</u>	<u>10,993,596</u>	3.6-4.625%
		<u>\$11,430,000</u>	<u>\$4,579,861</u>	<u>\$16,009,861</u>	

Future minimum lease payments are:

<u>Year Ended June 30,</u>	<u>Lease Payments</u>
2015	1,003,329
2016	1,003,749
2017	1,002,099
2018	1,003,574
2019	1,003,514
2020-2030	<u>10,993,596</u>
	<u>\$16,009,861</u>

**NOTE 4 - EMPLOYEE RETIREMENT SYSTEM**

*Plan Description*

(continued on next page)

## NOTES TO FINANCIAL STATEMENTS

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The District contributes to the state-administered Oklahoma Teachers' Retirement System ("the System"), a cost-sharing, multiple-employer public employee retirement system (PERS). The System is administered by a board of trustees. PERS provides retirement, disability and death benefits to plan members and beneficiaries. Oklahoma State Statute 70, Article 17 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. The System issues a publicly available report that includes financial statements and required supplementary information for PERS. That report may be obtained by contacting the Oklahoma Teachers' Retirement System.

### *Funding Policy*

Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2014. Plan members are required to contribute 7% of their annual covered salary. The District's contributions to PERS (net of retirement credit paid by the State of Oklahoma) for the years ending June 30, 2014, 2013 and 2012 were \$2,713,900, \$2,700,664 and \$3,576,662 respectively, equal to the required contributions for each year.

The District also recognizes on-behalf payments made to the System by the State of Oklahoma. These payments do not represent a direct or indirect payment of the District. The District's prorated share of these payments for the year ended June 30, 2014, totaled approximately \$102,532. These amounts are recognized as state aid revenues and compensation expense in the accompanying financial statements.

### **NOTE 5 - CONTINGENCIES AND COMMITMENTS**

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

The District is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period pursuant to state law.

### **NOTE 6 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program, the District is required to, and has, on deposit 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to, but must contribute if their deposits fall below 1.6%. The money contributed by each district earns

**NOTES TO FINANCIAL STATEMENTS**

interest and is fully insured. If the District claims in excess of the amount in its account, it will be liable for the excess.

**NOTE 8 - CAPITAL ASSETS**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,750,590	\$ -	\$ 50,000	\$ 1,700,590
Total capital assets not being depreciated	<u>1,750,590</u>	<u>-</u>	<u>50,000</u>	<u>1,700,590</u>
Capital assets being depreciated:				
Buildings and improvements	44,348,632	-	765,000	43,583,632
Furniture, fixtures and equipment	11,166,036	380,701	529,252	11,017,485
Vehicles/buses	2,050,970	271,408	111,141	2,211,237
Total capital assets being depreciated	<u>57,565,638</u>	<u>652,109</u>	<u>1,405,393</u>	<u>56,812,354</u>
Less accumulated depreciation for:				
Buildings and improvements	15,742,053	1,131,852	680,638	16,193,267
Furniture, fixtures and equipment	8,898,521	647,225	563,963	8,981,783
Vehicles/buses	1,603,721	172,320	111,141	1,664,900
Total accumulated depreciation	<u>26,244,295</u>	<u>1,951,397</u>	<u>1,355,742</u>	<u>26,839,950</u>
Total capital assets being depreciated, net	<u>31,321,343</u>	<u>(1,299,288)</u>	<u>49,651</u>	<u>29,972,404</u>
Governmental activity capital assets, net	<u>\$ 33,071,933</u>	<u>\$ (1,299,288)</u>	<u>\$ 99,651</u>	<u>\$ 31,672,994</u>

Depreciation expense was not allocated to the various functions because the District believes all functions are supported equally.

**NOTE 9 – FUND BALANCES – GOVERNMENTAL FUNDS**

As of June 30, 2014, fund balances, other than unassigned are composed of the following:

	General	Building Fund	Other Governmental Funds
Restricted			
Buildings	\$ -	\$4,273,892	\$ -
Capital Projects	-	-	-
Student Activities	-	-	135,405
Assigned			
2015 Budget	990,932	-	-
District Programs	412,351	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,403,283</u>	<u>\$4,273,892</u>	<u>\$ 135,405</u>

**NOTE 10 – NEW GASB STANDARD**

## NOTES TO FINANCIAL STATEMENTS

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The District implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This statement's objective is to properly classify certain items that were previously reported as assets and liabilities either as a) deferred outflows or deferred inflows of resources or b) outflows or inflows of resources. The Statement specifically defines revenues and other governmental fund financial resources that are not available as deferred inflows of resources. Thus property taxes and intergovernmental revenue earned prior to becoming available are now reported as deferred inflows of resources.

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 1,300,000	\$ 1,469,025	1,469,023	\$ 169,025	\$ (2)
Resources (inflows)					
Property taxes	15,950,000	16,570,000	16,562,517	620,000	(7,483)
Interest	50,000	4,100	4,421	(45,900)	321
Tuition and fees	3,000,000	2,600,000	2,753,690	(400,000)	153,690
State revenue	5,019,600	5,210,718	5,154,631	191,118	(56,087)
Federal revenue	722,000	617,657	710,741	(104,343)	93,084
Other	1,500,000	1,161,000	1,320,446	(339,000)	159,446
Adjustment to prior year encumbrances	-	166,651	115,614	166,651	(51,037)
Total resources	<u>26,241,600</u>	<u>26,330,126</u>	<u>26,622,060</u>	<u>88,526</u>	<u>291,934</u>
Amounts available for appropriation	<u>27,541,600</u>	<u>27,799,151</u>	<u>28,091,083</u>	<u>257,551</u>	<u>291,932</u>
Charges to appropriations (outflows)					
Instruction	10,117,500	9,963,469	9,634,411	(154,031)	329,058
Support services - Instructional	4,037,500	4,526,842	4,453,647	489,342	73,195
Support services - Noninstructional	10,070,000	11,059,283	10,827,528	989,283	231,755
Non-instruction services	1,425,000	1,155,149	1,098,560	(269,851)	56,589
Other outlays and debt service	1,891,600	1,094,408	341,890	(797,192)	752,518
Total charges to appropriations	<u>27,541,600</u>	<u>27,799,151</u>	<u>26,356,036</u>	<u>257,551</u>	<u>1,443,115</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	\$ 1,735,047	<u>\$ -</u>	<u>\$ 1,735,047</u>

Accounts receivable not recognized as revenue for budgetary basis	605,418
Accounts Payable not recognized as expenditures for budgetary basis	(759,118)
Encumbrances not recognized as expenditures for GAAP basis	412,349
Compensated Absences not recognized as expenditures for GAAP basis	(590,413)
Fund Balance, End of year GAAP Basis	<u>1,403,283</u>

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**BUDGETARY COMPARISON SCHEDULE – BUILDING FUND (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	<u>2,100,000</u>	<u>3,009,541</u>	<u>\$ 3,009,540</u>	<u>\$ 909,541</u>	<u>\$ (1)</u>
Resources (inflows)					
Property taxes	8,400,000	8,816,000	8,792,810	416,000	(23,190)
Other	150,000	136,134	136,134	(13,866)	-
Adjustment to prior year encumbrances	-	530,062	517,788	530,062	(12,274)
Total resources	<u>8,550,000</u>	<u>9,482,196</u>	<u>9,446,732</u>	<u>932,196</u>	<u>(35,464)</u>
Amounts available for appropriation	<u>10,650,000</u>	<u>12,491,737</u>	<u>12,456,272</u>	<u>1,841,737</u>	<u>(35,465)</u>
Charges to appropriations (outflows)					
Instruction	1,310,444	623,109	685,702	(687,335)	(62,593)
Support services	4,925,000	6,325,116	5,879,432	1,400,116	445,684
Non-instruction services	120,000	2,407	2,407	(117,593)	-
Capital outlay and Debt Service	4,294,556	5,541,105	2,394,306	1,246,549	3,146,799
Total charges to appropriations	<u>10,650,000</u>	<u>12,491,737</u>	<u>8,961,847</u>	<u>1,841,737</u>	<u>3,529,890</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,494,425</u>	<u>\$ -</u>	<u>\$ 3,494,425</u>
Accounts receivable not recognized as revenue for budgetary basis			73,120		
Accounts Payable not recognized as expenditures for budgetary basis			(570,006)		
Encumbrances not recognized as expenditures for GAAP basis			1,346,362		
Compensated Absences not recognized as expenditures for GAAP basis			(70,009)		
Fund Balance, End of year GAAP Basis			<u>4,273,892</u>		

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2014**

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Note 1: Budgeting and Budgetary Control

The District is required by state law to prepare an annual budget. The District by resolution of the Board of Education has adopted the School District Budget Act. This Act requires that within the thirty-day period preceding the beginning of each fiscal year, a budget shall be approved by the governing body. The original budget is to be amended after the June financial activity has been recorded, the annual Foundation and Salary Incentive Aid allocation has been released, and the property tax valuations have been certified for all affected counties within the district.

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund that includes revenue and expenditures.

Note 2: Budgetary Basis of Accounting

Under the budgetary basis of accounting, revenues are recognized when they are received rather than earned. Purchases of materials, outside services and capital outlays are recognized as expenditures when the commitment to purchase is made (encumbered).

**METRO TECHNOLOGY CENTER SCHOOL DISTRICT NO. 22**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/13	Federal Grant Receipts	Total Grant Expenditures	Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/14
<u>U.S. Department of Education</u>								
Direct Programs-								
Student Financial Aid								
Federal Pell Grant Program 2013-14	84.063	474	\$ -	\$ 1,502,121	\$ 1,502,121	\$ -	\$ 1,502,121	\$ -
Federal Pell Grant Program 2012-13	84.063	n/a	-	26,521	26,521	-	26,521	-
PELL ACA	84.063		-	2,315	2,315	-	2,315	-
Direct Student Loans 2011-2012				147,352	147,352		147,352	-
Direct Student Loans 2012-2013	84.268	471	-	1,335,212	1,335,212	-	1,335,212	-
Total Student Financial Aid Cluster			-	3,013,521	3,013,521	-	3,013,521	-
Carl Perkins Vocational Education Act								
Passed through Oklahoma Department of Career Technology Education								
Carl Perkins Secondary	84.048	421	(64,464)	211,949	176,479		176,479	(28,994)
Carl Perkins Postsecondary	84.048	422	-	19,135	19,135		19,135	-
Carl Perkins Supplemental	84.048	424	(8,032)	8,032	10,687		10,687	(10,687)
Tech Centers That Work	84.048	429	(11,601)	11,601	13,488	1,488	12,000	(12,000)
Total Pass Through Programs			(84,097)	250,717	219,789	1,488	218,301	(51,681)
Total U.S. Department of Education			(84,097)	3,264,238	3,233,310	1,488	3,231,822	(51,681)
<u>U.S. Department of Health and Human Services</u>								
Passed through Oklahoma Department of Human Services and								
Oklahoma Department of Career Technology Education								
TANF Job Readiness	93.558	456	(44,736)	117,889	98,633	3,633	95,000	(21,847)
Temporary Assistance to Needy Families	93.558	452	(81,228)	275,477	307,263	27,027	280,236	(85,987)
Total U.S. Department of Health and Human Services			(125,964)	393,366	405,896	30,660	375,236	(107,834)
<u>U.S. Department of Justice</u>								
Passed through Oklahoma Department of Career Technology Education								
Second Chance Act Prisoner Reentry Initiative	16.812	466	-	79,046	105,395	-	105,395	(26,349)
Total U.S. Department of Justice			-	79,046	105,395	-	105,395	(26,349)
Total Expenditures of Federal Awards			\$ (210,061)	\$ 3,736,650	\$ 3,744,601	\$ 32,148	\$ 3,712,453	\$ (185,864)

Note: The above schedule of expenditures of federal awards includes the federal grant activity of MetroTechnology Center, School District No. 22 (the District). The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organization*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.





# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**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  
Metro Technology Center School District No. 22  
Oklahoma City Oklahoma 73142

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Metro Technology Center School District No. 22 (the District), Oklahoma County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2015.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit results, findings and questioned costs, as 2014-1, that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results, findings and questioned costs as item 2014-1.

**Districts Response to Findings**

District’s response to the finding identified in our audit is described in the accompanying schedule of audit results, findings and questioned costs. District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



Sanders, Bledsoe & Hewett  
Certified Public Accounts, LLP

March 18, 2015



# SANDERS, BLEDSOE & HEWETT

## CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

March 18, 2015

The Honorable Board of Education  
Metro Technology Center School District No. 22  
Oklahoma City Oklahoma 73142

#### **Report on Compliance for Each Major Federal Program**

We have audited Metro Technology Center School District No. 22, Oklahoma City Oklahoma's, (the District), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the accompanying schedule of audit results, findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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

#### **Opinion on Each Major Federal Program**

In our opinion, the District, complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

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

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

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

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



Sanders, Bledsoe & Hewett  
Certified Public Accounts, LLP

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND MATERIAL INSTANCES OF  
NON-COMPLIANCE  
JUNE 30, 2014

There were no prior year significant deficiencies or material instances of non-compliance.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014

**Section 1** - Summary of Auditor's Results

1. An unqualified opinion was issued on the financial statements in respect to accounting principles generally accepted in the United States.
2. The audit disclosed a significant deficiency in the internal controls over financial reporting that was not considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major were Pell grants (84.063) and Direct Student Loans (84.268), which were clustered in the determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined to be a low-risk auditee.

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

**2014-1 Financial Reporting/Reconciling**

**Condition:** We observed during the audit that the district's financial reporting component is not being utilized to its full potential in order to provide timely and accurate financial information to management on a timely basis, nor are internal monthly financial reports adequately reconciled, by fund, to the financial software's general ledger, this would include a reconciliation of transfers, by fund, between the operating and money market accounts.

**Criteria:** A good system of internal control provides for the monthly reconciling of revenue reports to the receipt register and expenditure reports to the check registers. These reports must be reconciled to the bank statements, general ledger, and any internal

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014

financial reports that are prepared, and subsequently reviewed by an individual, that is independent of the reconciliation process, for accuracy, completeness and reasonableness.

Cause/Effect: Without proper reconciliations and reviews, there is the possibility that the financial reports, whether generated by the software or prepared internally will not be accurate. These reports are crucial for the district to make informed decisions.

Recommendation: We recommend that the district reconcile reports generated by the software (balance sheet, revenue and expenditure reports) to the bank statements and any internal financial reports that are generated, and that an individual that is independent from the reconciliation process, review the reconciliations and initial and date them. Also, we recommend the district look into the possibility of hiring additional personnel that are properly qualified and trained in governmental accounting to facilitate in the reconciling function in addition to facilitating in the production of monthly and year-end financial reports generated by the District's financial software.

Response: As recommended by this audit finding, the District will begin to utilize the services of a qualified third party governmental accounting firm to aid in the establishment of proper reconciliation processes and procedures to facilitate the production of monthly and year-end financial reports to be generated by the District's financial software. This third party will be asked to review each month's financial reports to confirm their accuracy. The third party will be asked to initial and date these reports as proof of confirmation of accuracy, completeness and reasonableness.

**Section 3** – Findings and questioned costs for federal awards

None

DEBORAH BROWN COMMUNITY SCHOOL  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2013 TO JUNE 30, 2014

State of Oklahoma            )  
  ) ss  
County of Tulsa             )

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Deborah Brown Community School for the audit year 2013-14.

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

By   
Authorized Agent

Subscribed and sworn to before me  
This 26<sup>th</sup> day of January, 2014



  
Notary Public (or Clerk or Judge)

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