



Financial Statements  
June 30, 2011

# Moore Norman Technology Center School District No. 17

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Management's Discussion and Analysis (Unaudited)	3
<b>BASIC FINANCIAL STATEMENTS</b>	
<i>Government-wide Financial Statements</i>	
Statement of Net Assets	10
Statement of Activities	11
<i>Fund Financial Statements – Governmental Funds</i>	
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	13
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	14
Notes to Financial Statements	15
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund (Unaudited)	26
Budgetary Comparison Schedule – Building Fund (Unaudited)	27
Notes to Required Supplementary Information	28
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards	29
<b>SINGLE AUDIT</b>	
Report on Compliance and on Internal Control Over Financial Reporting Based On an Audit of Financial statements Performed in Accordance with <i>Government Auditing Standards</i>	30
Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control Over Compliance in Accordance with OMB Circular A-133	32
Schedule of Findings and Questioned Costs	34
Summary of Prior Year Findings	38
<b>OTHER INFORMATION</b>	
Schedule of Accountants' Professional Liability Insurance Affidavit	39



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## Independent Auditor's Report

To the Board of Education  
Moore Norman Technology Center School District No. 17  
Norman, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Moore Norman Technology Center School District No. 17, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Moore Norman Technology Center School District No. 17, 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*, we have also issued a report dated April 25, 2012, on our consideration of the District's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

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 through 9 and 26 through 28 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.

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

*Eide Bailly LLP*

Oklahoma City, Oklahoma  
April 25, 2012

Our discussion and analysis of the Moore Norman Technology Center, School District #17's, performance provides an overview of the School District's financial activities for the year ended June 30, 2011. Please read it in conjunction with the District's financial statements, which immediately follows this section.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets 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 improved from the last year. Total net assets increased 4.6 percent over the course of the year.

- Overall revenues were \$31.5 million and overall expenses were \$27.8 million
- The District's net assessed valuation increased by \$80.17 million or 5.2 percent.
- The District increased its outstanding long-term debt \$2.8 million, or 15 percent.

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

### **The Statement of Net Assets 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 Assets and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, 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 assets and changes in them. You can think of the School District's net assets – the difference between assets and liabilities – as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets are an indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets 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, Childcare Center and Bookstore activities.

## 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 Assets 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.

### THE SCHOOL DISTRICT AS A WHOLE

	<u>FY 2010</u>	<u>FY 2011</u>
Current and Other Assets	\$ 12,154,102	\$ 15,591,549
Capital Assets	<u>52,423,316</u>	<u>49,779,745</u>
Total Assets	<u>\$ 64,577,418</u>	<u>\$ 65,371,294</u>
Long-term Lease Outstanding	\$ 18,880,025	\$ 16,087,379
Other Liabilities	<u>1,124,094</u>	<u>1,004,875</u>
Total Liabilities	<u>\$ 20,004,119</u>	<u>\$ 17,092,254</u>
Net Assets		
Invested in capital assets, net of debt	\$ 33,998,317	\$ 37,024,824
Restricted	2,952,621	3,823,852
Unrestricted	<u>7,622,361</u>	<u>7,430,364</u>
Total Net Assets	<u>\$ 44,573,299</u>	<u>\$ 48,279,040</u>

**Net Assets.** The District's combined net assets were larger on June 30, 2011, than they were the year before – increasing by 8.3% from \$44.6 million to \$48.3 million. Most of this improvement is mainly due to capital outlays to purchase or build capital assets, and the recognition of property taxes earned, even though not yet collected.

Moore Norman Technology Center School District No. 17  
Management's Discussion and Analysis (Unaudited)  
June 30, 2011

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For the years ended June 30, 2010 & 2011, net assets changed as follows:

	FY 2010	FY 2011	Percent Change
Beginning net assets	\$ 42,612,687	\$ 44,573,299	
Revenues			
Program revenues	1,799,599	2,505,016	
Operating grants /contributions	2,169,725	2,661,550	
General revenues			
Property taxes	21,420,974	22,575,360	
Federal and State grants	3,599,439	3,507,987	
Loss from disposals	(17,534)	(4,454)	
Investment earnings	4,655	6,309	
Other revenue	916,199	250,452	
Total revenues	<u>\$ 29,893,057</u>	<u>\$ 31,502,220</u>	<u>5.38%</u>
Expenses			
Program expenses			
Instruction	\$ 9,335,984	\$ 9,090,385	
Support services	14,858,656	14,227,602	
Non-instruction	1,879,789	2,166,168	
Interest on long-term debt	514,309	865,058	
Depreciation-unallocated	1,343,707	1,447,266	
Total expenses	<u>\$ 27,932,445</u>	<u>\$ 27,796,479</u>	<u>-.49%</u>
Increase in net assets	<u>1,960,612</u>	<u>3,705,741</u>	
Ending net assets	<u>\$ 44,573,299</u>	<u>\$ 48,279,040</u>	<u>8.30%</u>

**Changes in Net Assets.** The District's total revenues increased 5 percent to \$31.5 million. Property taxes and federal financial aid accounted for most of the increase. Property taxes accounted for 72 percent of the District's collections. Another 6.02 percent came from tuition and fees.

Total revenues surpassed expenses, increasing net assets \$3.7 million over the past year.

The District's total expenditures decreased by .49 percent to \$27.8 million. The District's expenses are primarily related to education, training and support of students and business clients (91.68%).

### 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:

Moore Norman Technology Center School District No. 17  
Management's Discussion and Analysis (Unaudited)  
June 30, 2011

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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
Federal Revenue - Student Financial Aid	PELL 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, 2010 and 2011.

<b>Revenues:</b>	<b>FY 2010 <u>Amount</u></b>	<b>Percent <u>of Total</u></b>	<b>FY 2011 <u>Amount</u></b>	<b>Percent <u>of Total</u></b>
Property Taxes	\$21,499,520	71.85%	\$22,497,839	70.61%
Interest	4,656	0.22%	5,514	0.02%
Tuition and Fees	1,799,599	7.62%	1,957,704	6.14%
State Revenue	4,008,330	16.37%	4,004,063	12.57%
Federal Sources	516,203	0.86%	783,299	2.46%
Federal Sources – Student Financial Aid	1,222,839	0.00%	1,517,866	4.76%
Miscellaneous	<u>1,042,097</u>	<u>3.08%</u>	<u>1,095,337</u>	<u>3.44%</u>
<b>Total Revenues</b>	<b><u>\$30,093,244</u></b>	<b><u>100.00%</u></b>	<b><u>\$31,861,622</u></b>	<b><u>100.00%</u></b>

The declining economic conditions have led to a decrease in interest rates for investments. The declining economic conditions have also allowed for decreases in state funded Formula Operations, Existing Industry Initiatives and TIP projects. A rise in Pell Grant enrollment and TANF Grant increase led to an increase in federal revenue. Economic growth within the School District and increase in property valuation led to increases in property taxes revenue.



Moore Norman Technology Center School District No. 17  
 Management's Discussion and Analysis (Unaudited)  
 June 30, 2011

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**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>FY 2010</b>	<b>Percent</b>	<b>FY 2011</b>	<b>Percent</b>
<b>Expenditures:</b>	<b><u>Amount</u></b>	<b><u>of Total</u></b>	<b><u>Amount</u></b>	<b><u>of Total</u></b>
Instruction	\$9,247,960	29.43%	\$12,701,785	41.36%
Support Services	15,027,853	47.82%	11,729,950	38.2%
Non-Instructional Services	924,717	2.94%	795,698	2.59%
Capital Outlay and Debt Service	4,989,438	15.87%	4,098,450	13.34%
Other Outlays	<u>1,238,174</u>	<u>3.94%</u>	<u>1,384,721</u>	<u>4.51%</u>
<b>Total Expenditures</b>	<b><u>\$31,428,142</u></b>	<b><u>100.00%</u></b>	<b><u>\$30,710,604</u></b>	<b><u>100.00%</u></b>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the General Fund budget had to be revised due to increase in local revenue sources. State revenue decreased to due to declining collections. Employees and departments were asked to spend their assigned budget wisely as economic conditions continued to show instability. The District was able to have a \$5.59 million fund balance at the end of the fiscal year.

Moore Norman Technology Center formally adopted an amended budget on August 19, 2010, which decreased the overall budget by \$370,000. There were increases in Ad Valorem of \$355,000 with the final revised ad valorem tax certification. There were also increases in anticipated Rentals, Disposals, and Commissions of \$100,000. The balance of the decrease was due to a decrease in the projected Fund Balance of \$825,000.

The Board adopted a second amendment to the budget in June 2011 and July 2011, which increased the overall budget by \$51,500 and \$14,000, respectively.

**CAPITAL ASSETS**

At the end of June 30, 2011, the School District had \$66.89 million invested in capital assets (see table below). This represents a net increase of \$1.3 million or 1.98 percent, over the previous fiscal year.

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Land	\$2,052,163	\$2,052,163	\$1,810,977	\$1,813,547	\$2,102,962
Construction in Progress	14,532,865	13,589,932	0	0	961,350
Buildings and Improvements	44,627,432	44,316,007	43,139,388	43,298,496	40,944,674
Furniture and Equipment	4,620,356	4,706,651	5,175,185	5,877,389	5,856,405
Automobiles	<u>1,060,935</u>	<u>927,311</u>	<u>932,635</u>	<u>828,570</u>	<u>707,982</u>
TOTALS	<u>\$66,893,751</u>	<u>\$65,592,064</u>	<u>\$51,058,185</u>	<u>\$51,818,002</u>	<u>\$50,573,373</u>

**LONG-TERM LIABILITIES**

**South Penn Construction Project and Related Lease**

On December 23, 2002, Moore Norman Technology Center entered in a lease agreement with the Cleveland County Public Facilities Authority. The agreement called for the Authority to issue \$12,910,000 in Lease Revenue Bonds. The proceeds of these bonds have been used to partially fund the construction of the new campus at South Penn and SW134<sup>th</sup> in South Oklahoma City. The District used local funds to complete the construction project and equip the facility.

By the terms of the agreement, the lease payments are guaranteed with Moore Norman Technology Center's General Fund ad valorem collections. The payments are approximately \$1.5 million per year for 10 years. Two semi-annual payments were made in the year ended June 30, 2011. The amount of the capitalized lease at June 30, 2011 was \$2,197,500.

**IT Building Construction Project**

On September 17, 2009, Moore Norman Technology Center entered in a lease agreement with the Cleveland County Public Facilities Authority. The agreement called for the Authority to issue \$15,490,000 in Lease Revenue Bonds. The proceeds of these bonds have been used to partially fund the construction of the new building at the Franklin Road Campus, 4701 12<sup>th</sup> Avenue NW, Norman, OK. The District uses local funds to complete the construction project and equip the facility.

By the terms of the agreement, the lease payments are guaranteed with Moore Norman Technology Center's Building Fund ad valorem collections. The payments are approximately \$1.3 to \$1.7 million per year for 10 years. Semi-annual payments were made in the year ended June 30, 2011. The amount of the capitalized lease at June 30, 2011 was \$13,430,000.

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

With a very slight increase in state revenues experienced this year, next year's budget is predicted to have a no increase or even possible cuts. Our local ad valorem assessed valuation has increased by \$82,551,996 or 5.40%, including the Oklahoma City Community City overlap area, calculating to an increase of approximately \$1,195,723 in real dollars for the School District in local revenue.

Due to no economic improvements, there has been no improvement in the employment situation with our local businesses. Although the economy remained sluggish, we did experience a slight increase in adult training enrollment. Long-term programs were full, but waiting lists for educational services remain small. With the increased graduations requirements for high school students, we continue to monitor our secondary enrollment numbers. Effective July 1, 2006, MNTC discontinued our participation in the Guaranteed Student Loan program. We did not experience a decline in our long-term enrollment because of this decision. However, we will continue to monitor our enrollment trends to determine if this action has an impact upon our enrollment. With our discontinuation of our participation in the Federal Work Study program, we do not experience any decrease in our long-term enrollment because of this decision.

The District will need to proceed with extreme caution in Fiscal Year 2013. Given the instability of the state and national economies, the closings of a few major Oklahoma City Metro employers (i.e.: General Motors, Dayton Tires) over the past couple of years, and the pending layoffs by some local employers, the impact on our enrollment and local budget are very uncertain at this time.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

overview of the School District's finances and to show this financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's Office at Moore Norman Technology Center, PO Box 4701, Norman, OK 73070.

Moore Norman Technology Center School District No. 17  
Statement of Net Assets  
June 30, 2011

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	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 658,274
Investments	8,477,741
Property taxes receivable (net)	2,853,632
Due from other governments	642,625
Other receivables	86,698
Restricted Cash	2,872,579
Nondepreciated capital assets	16,585,028
Depreciated capital assets, net of depreciation	33,194,717
Total assets	65,371,294
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	463,157
Salaries payable	541,718
Long-term obligations	
Due within one year	3,280,728
Due beyond one year	12,806,651
Total liabilities	17,092,254
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	37,024,824
Restricted for:	
Buildings	3,705,552
School organizations	118,300
Unrestricted	7,430,364
Total Net Assets	\$ 48,279,040

Moore Norman Technology Center School District No. 17  
Statement of Activities  
For the Year Ended June 30, 2011

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Functions/programs	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction	\$ 9,090,385	\$ 1,996,126	\$ 498,988	\$ (6,595,271)
Support services	14,227,602	508,890	803,267	(12,915,445)
Non-instruction services	2,166,168	-	1,139,476	(1,026,692)
Interest on long-term debt	865,058	-	219,819	(645,239)
Depreciation - unallocated	1,447,266	-	-	(1,447,266)
<u>Total school district</u>	<u>\$ 27,796,479</u>	<u>\$ 2,505,016</u>	<u>\$ 2,661,550</u>	<u>(22,629,913)</u>
General revenues:				
Taxes				
Property taxes, levied for general purposes				16,158,701
Property taxes, levied for building purposes				6,416,659
State aid - formula grants				3,416,589
Federal aid - formula grants				91,398
Loss from asset disposal				(4,454)
Other revenue				250,452
Interest income				6,309
<u>Total general revenues</u>				<u>26,335,654</u>
Change in net assets				3,705,741
Net assets, beginning of year				<u>44,573,299</u>
Net assets, end of year				<u>\$ 48,279,040</u>

Moore Norman Technology Center School District No. 17  
Balance Sheet – Governmental Funds  
June 30, 2011

	General Fund	Building Fund	Other Governmental Fund Activity Fund	Totals Governmental Funds
<b>ASSETS</b>				
Cash	\$ 363,109	\$ 176,865	\$ 118,300	\$ 658,274
Pooled cash and investments	5,704,262	2,773,479	-	8,477,741
Property taxes receivable, net	1,980,262	873,370	-	2,853,632
Other receivables	86,698	-	-	86,698
Due from other governments	642,625	-	-	642,625
<b>Total assets</b>	<b>\$ 8,776,956</b>	<b>\$ 3,823,714</b>	<b>\$ 118,300</b>	<b>\$ 12,718,970</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable and accrued liabilities	235,579	116,392	\$ -	\$ 351,971
Salaries Payable	539,948	1,770	-	541,718
Deferred revenue	2,403,371	838,917	-	3,242,288
<b>Total liabilities</b>	<b>3,178,898</b>	<b>957,079</b>	<b>-</b>	<b>4,135,977</b>
Fund balances				
Fund balances				
Restricted	-	2,621,076	-	2,621,076
Committed	-	-	118,300	118,300
Assigned	416,653	245,559	-	662,212
Unassigned	5,181,405	-	-	5,181,405
<b>Fund balances, end of year</b>	<b>5,598,058</b>	<b>2,866,635</b>	<b>118,300</b>	<b>8,582,993</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,776,956</b>	<b>\$ 3,823,714</b>	<b>\$ 118,300</b>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$66,893,751 and the accumulated depreciation is \$17,114,006				49,779,745
Property taxes receivable and other receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds				3,242,288
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:				
			\$ 15,627,500	
			(2,872,579)	
			111,186	
			459,879	(13,325,986)
<b>Total net assets - governmental activities</b>				<b>\$ 48,279,040</b>

Moore Norman Technology Center School District No. 17  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2011

	General Fund	Building Fund	Other Governmental Fund Activity Fund	Totals Governmental Funds
Revenues				
Property taxes	\$ 16,130,114	\$ 6,367,725	\$ -	\$ 22,497,839
Interest	3,164	874	1,476	5,514
Tuition and fees	1,957,704	-	-	1,957,704
State revenue	4,004,063	-	-	4,004,063
Federal revenue	2,081,346	219,819	-	2,301,165
Other	600,582	160,650	334,103	1,095,335
	<u>24,776,973</u>	<u>6,749,068</u>	<u>335,579</u>	<u>31,861,620</u>
Total revenues				
Expenditures				
Instruction	12,683,645	18,140	-	12,701,785
Support services	7,284,798	4,125,483	319,669	11,729,950
Non-instruction services	771,664	24,034	-	795,698
Capital outlay	-	547,078	-	547,078
Other outlays	1,384,721	-	-	1,384,721
Debt service				
Interest and fees paid	123,443	630,429	-	753,872
Principal retirement	1,410,000	1,387,500	-	2,797,500
	<u>23,658,271</u>	<u>6,732,664</u>	<u>319,669</u>	<u>30,710,604</u>
Total expenditures				
Excess of revenues over expenditures	1,118,702	16,404	15,910	1,151,016
Beginning fund balance	<u>4,479,356</u>	<u>2,850,231</u>	<u>102,390</u>	<u>7,431,977</u>
Ending fund balance	<u>\$ 5,598,058</u>	<u>\$ 2,866,635</u>	<u>\$ 118,300</u>	<u>\$ 8,582,993</u>

Moore Norman Technology Center School District No. 17  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
 For the Year Ended June 30, 2011

Total net changes in fund balances - governmental funds \$ 1,151,016

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 capital outlays exceed depreciation during the period.

Capital Outlays	\$ 1,680,729	
Depreciation Expense	<u>(1,447,266)</u>	233,463

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. (4,454)

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. 77,410

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. (433,153)

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. (4,854)

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.

Accrued interest	(111,187)	
Payments on Capital Leases	<u>2,797,500</u>	2,686,313

Change in net assets of governmental activities \$ 3,705,741



**Note 1 - Summary of Significant Accounting Policies**

The Moore Norman Technology Center School District No. 17 (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 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 of the Oklahoma Statutes.

The District's financial statements are prepared in accordance with generally accepted accounting principles promulgated by The Governmental Accounting Standards Board (GASB).

**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. There are no component units included within the 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 Assets, 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 – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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 assets 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.

**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.

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 fund 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.

**Capital Assets** - Capital assets purchased or acquired with an original cost of \$2,500 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
Business machines and computers	5-10 years
Vehicles	8 years
Other equipment	10-15 years

**Compensated Absences** - All employees earn sick leave starting the first day of the contract year as defined for each individual. Sick leave is accrued at different rates depending on number of contract days worked. Unused sick leave is cumulative up to 70 days. A full-time employee may be absent from duties for personal business for three days per fiscal year at no loss of pay. All personnel are entitled to annual leave, accruing on a monthly basis at different rates of accrual. Only annual leave is payable to the employee at termination.

**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.

**Encumbrances** - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used for budgetary purposes. Purchase orders, contracts, and other commitments for goods and services are recorded as expenditures of the applicable funds when the related goods or services are received by the District.

**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.

**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, 2009 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 \$19,300 in the general fund and \$5,290 in the building fund. The allowance represents the estimated amount that is deemed uncollectible based on past collection history.

**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.

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 Assets 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:

Investment in Capital Assets, Net of Related Debt – The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, 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, 2011.

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 superintendent 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 has not established a formal stabilization arrangement regarding minimum funding requirements.

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.

**Reclassifications** – Certain prior year amounts have been reclassified to conform to the current year presentation. There was no effect on beginning net assets at the government-wide level or on beginning fund balance at the fund level.

**Note 2 - Cash and Investments**

**Deposits** - At June 30, 2011, the bank balance of deposits and cash pools was \$9,901,186.

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, 2011, the District was not exposed to custodial credit risk.

**Investments** - The District participates in an external investment pool, Oklahoma Public School Liquid Asset Pool (OLAP). The plan is sponsored by the Oklahoma State School Boards Association, Cooperative Council of Oklahoma School Administration, Organization of Rural Oklahoma Schools and the Oklahoma Association of School Business Officials. OLAP is governed through an interlocal cooperative agreement and the investment advisors and other professionals are competitively selected. OLAP reported value and fair market value are equal at June 30, 2011. To receive a copy of the Oklahoma Public School Liquid Asset Pool annual audit report, call toll free 1-866-472-6527 or visit [www.OLAPonline.org](http://www.OLAPonline.org). The District's other investments consist of money market mutual fund investments held in sweep accounts.

**Credit Risk – Investments** - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. Investments held by the District in investment pools (sweep accounts and external investment pools) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The \$8,477,741 fair market value of the external investment pool is made up of government obligations, which are rated AAAM by Standard & Poor's. The District does not have a formal policy limiting its exposure arising from concentrations of investments.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Included in the District's cash are investments with a fair market value of \$8,477,741, in an external investment pool. Due to the nature of these funds there are no defined maturity dates. 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. All investments are in money market mutual funds.

**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	\$ 455,025	\$ 385,582	\$ 380,728	\$ 459,879	\$ 380,728
Capital leases					
2002 Capital lease	3,607,500	-	1,410,000	2,197,500	1,457,500
2009 Capital leases	14,817,500	-	1,387,500	13,430,000	1,442,500
	18,425,000	-	2,797,500	15,627,500	2,900,000
Total governmental activity long-term liabilities	<u>\$18,880,025</u>	<u>\$ 385,582</u>	<u>\$ 3,178,228</u>	<u>\$16,087,379</u>	<u>\$ 3,280,728</u>

Payments on the leases are made through the general fund with property taxes. Compensated absences are generally liquidated by the general fund.

In December 2002, the District entered into a lease with the Cleveland County Public Facility Authority (CCPFA), through which CCPFA leased 60 acres of land in Cleveland County from the District. CCPFA has issued bonds of \$12,910,000 and applied the proceeds to fund the building of an additional campus for the District. The District sub-leases the building and property from CCPFA over a term of 10 years, with lease payments equal to debt service on the bonds. The lease term is one year, with one-year extensions. When the bonds are paid in full, the lease will expire and ownership in the building will be with the District. The building was completed and occupied in September 2006.

In September 2009, the District entered into a lease with the Cleveland County Public Facility Authority (CCPFA), through which CCPFA leased 10+ acres of land in Cleveland County from the District. CCPFA has issued bonds of \$15,490,000 and applied the proceeds to fund the building of an additional classroom building on the Franklin Road campus. The District sub-leases the building and property from CCPFA over a term of 10 years, with lease payments equal to debt service on the bonds. The lease term is one year, with one-year extensions. When the bonds are paid in full, the lease will expire and ownership in the building will be with the District. The building is scheduled to be completed and occupied in October 2011. Proceeds from the bonds of \$2,872,579 have been advanced, but not used by the District. This cash is held by the trustee of the bonds and is included as restricted cash in the financial statements.

The District's interest expense for 2011 was \$865,058.



Moore Norman Technology Center School District No. 17  
Notes to Financial Statements  
June 30, 2011

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Leased buildings and construction in progress under capital leases in capital assets at June 30, 2011, include the following:

Buildings	\$12,910,000
Less accumulated depreciation	(1,290,989)
Construction in progress	<u>14,532,865</u>
	<u><u>\$26,151,876</u></u>

Amortization of leased buildings under capital assets is included with depreciation expense.  
Future minimum lease payments are:

<u>Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>	<u>Interest Rate</u>
2002 capital lease (South Penn)				
2012	\$ 1,457,500	\$ 63,258	\$ 1,520,758	3.100%
2013	<u>740,000</u>	<u>12,950</u>	<u>752,950</u>	3.400%
	<u>\$ 2,197,500</u>	<u>\$ 76,208</u>	<u>\$ 2,273,708</u>	
2009 capital leases (IT Building)				
2012	1,442,500	550,832	1,993,332	2.195%
2013	1,470,000	514,746	1,984,746	2.803%
2014	1,500,000	470,572	1,970,572	3.203%
2015	1,535,000	418,171	1,953,171	3.778%
2016	1,577,500	357,068	1,934,568	4.178%
2015-2020	<u>5,905,000</u>	<u>680,916</u>	<u>6,585,916</u>	4.508% - 5.131%
	<u>13,430,000</u>	<u>2,992,305</u>	<u>16,422,305</u>	
Total capital leases	<u><u>\$ 15,627,500</u></u>	<u><u>\$ 3,068,513</u></u>	<u><u>\$ 18,696,013</u></u>	

#### **Note 4 - Employee Retirement System**

**Plan Description** - 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, 2011. 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, 2011, 2010 and 2009 were \$814,424, \$878,082, and \$832,281 respectively, equal to the required contributions for each year. State of Oklahoma contributions to the System on behalf of the District's employees for the year ended June 30, 2011 were \$65,653.

#### **Note 5 - Defined Contribution Plan**

The District has established the Moore Norman Technology Center 403(B) Plan. The plan is intended to be a governmental plan as defined in Internal Revenue Code Section 403(B). Under the plan, the participants may defer up to 100% of their salary, subject to IRS limits. The District matches the participant's contribution up to \$50 per month, or a total of \$600 per year. The participants are fully vested in both their voluntary contributions and the employer contribution. Participants may direct the investment of their individual account balances. For the year ended June 30, 2011, the District's contribution to the plan was \$214,283.

#### **Note 6 - 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.

The District leases copiers under operating leases expiring 2013 and 2014 but is not legally obligated for the leases beyond one year. Lease expense under these leases for 2011 was \$99,500. Minimum rental payments required under these leases for 2012 are \$109,600.

**Note 7 - 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.

**Note 8 - Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,052,163	\$ -	\$ -	\$ 2,052,163
Construction in progress	13,589,932	942,933	-	14,532,865
Total capital assets not being depreciated	<u>15,642,095</u>	<u>942,933</u>	<u>-</u>	<u>16,585,028</u>
Capital assets being depreciated:				
Buildings and improvements	44,316,007	311,425	-	44,627,432
Furniture, fixtures and equipment	4,701,651	297,747	379,042	4,620,356
Vehicles/buses	932,311	128,624	-	1,060,935
Total capital assets being depreciated	<u>49,949,969</u>	<u>737,796</u>	<u>379,042</u>	<u>50,308,723</u>
Less accumulated depreciation for:				
Buildings and improvements	12,354,427	949,736	-	13,304,163
Furniture, fixtures and equipment	3,013,658	410,889	374,588	3,049,959
Vehicles/buses	673,243	86,641	-	759,884
Total accumulated depreciation	<u>16,041,328</u>	<u>1,447,266</u>	<u>374,588</u>	<u>17,114,006</u>
Total capital assets being depreciated, net	<u>33,908,641</u>	<u>(709,470)</u>	<u>4,454</u>	<u>33,194,717</u>
Governmental activity capital assets, net	<u>\$ 49,550,736</u>	<u>\$ 233,463</u>	<u>\$ 4,454</u>	<u>\$ 49,779,745</u>

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



Required Supplementary Information  
June 30, 2011

# Moore Norman Technology Center School District No. 17

Moore Norman Technology Center School District No. 17  
 Budgetary Comparison Schedule – General Fund (Unaudited)  
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	<u>Variance with Final Budget</u>	
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary fund balance, July 1	\$ 4,750,000	\$ 4,250,000	\$ 4,479,356	\$ (500,000)	\$ 229,356
Resources (inflows)					
Property taxes	14,450,000	14,785,000	16,130,114	335,000	1,345,114
Interest	3,500	3,500	3,164	-	(336)
Tuition and fees	1,750,000	1,750,000	1,957,704	-	207,704
State revenue	3,753,218	3,753,218	4,004,063	-	250,845
Federal revenue	1,527,896	1,593,396	2,081,346	65,500	487,950
Other	460,000	560,000	600,582	100,000	40,582
Total resources	<u>21,944,614</u>	<u>22,445,114</u>	<u>24,776,973</u>	<u>500,500</u>	<u>2,331,859</u>
Amounts available for appropriation	<u>26,694,614</u>	<u>26,695,114</u>	<u>29,256,329</u>	<u>500</u>	<u>2,561,215</u>
Charges to appropriations (outflows)					
Instruction	12,901,000	12,901,000	12,683,645	-	217,355
Support services	7,732,000	7,732,000	7,284,798	-	447,202
Non-instruction services	897,000	897,000	771,664	-	125,336
Capital outlay and debt service	1,550,000	1,550,000	1,533,443	-	16,557
Other outlays	1,297,000	1,360,946	1,384,721	63,946	(23,775)
Total charges to appropriations	<u>24,377,000</u>	<u>24,440,946</u>	<u>23,658,271</u>	<u>63,946</u>	<u>782,675</u>
Budgetary fund balance, June 30	<u>\$ 2,317,614</u>	<u>\$ 2,254,168</u>	<u>\$ 5,598,058</u>	<u>\$ (63,446)</u>	<u>\$ 3,343,890</u>

Moore Norman Technology Center School District No. 17  
 Budgetary Comparison Schedule – Building Fund (Unaudited)  
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	<u>Variance with Final Budget</u>	
	<u>Original</u>	<u>Final</u>	Amounts	Positive(Negative)	
			<u>GAAP Basis</u>	<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary fund balance, July 1	\$ 2,000,000	\$ 1,675,000	\$ 2,850,231	\$ (325,000)	\$ 1,175,231
Resources (inflows)					
Property taxes	5,720,000	5,720,000	6,367,725	-	647,725
Interest	-	-	874	-	874
Other	-	-	160,650	-	160,650
Total resources	<u>5,720,000</u>	<u>5,720,000</u>	<u>6,529,249</u>	<u>-</u>	<u>809,249</u>
Amounts available for appropriation	<u>7,720,000</u>	<u>7,395,000</u>	<u>9,379,480</u>	<u>(325,000)</u>	<u>1,984,480</u>
Charges to appropriations (outflows)					
Instruction	150,000	150,000	18,140	-	131,860
Support services	4,240,000	4,590,000	4,125,483	350,000	464,517
Non-instruction services	45,000	45,000	24,034	-	20,966
Capital outlay/debt service	2,450,000	2,450,000	2,345,188	-	104,812
Total charges to appropriations	<u>6,885,000</u>	<u>7,235,000</u>	<u>6,512,845</u>	<u>350,000</u>	<u>722,155</u>
Budgetary fund balance, June 30	<u>\$ 835,000</u>	<u>\$ 160,000</u>	<u>\$ 2,866,635</u>	<u>\$ (675,000)</u>	<u>\$ 2,706,635</u>

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.



Other Information  
June 30, 2011

# Moore Norman Technology Center School District No. 17



Moore Norman Technology Center School District No. 17  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/10	Federal Grant Receipts	Total Grant Expenditures	Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/11
<u>U.S. Department of Education</u>								
Direct Programs-Student Financial Aid								
Federal Pell Grant Program	84.063	n/a	\$ (709,580)	\$ 1,491,339	\$ 1,116,947	\$ -	\$ 1,116,947	\$ (335,188)
Federal Supplemental Educational Opportunity Grant	84.007	n/a	(9,352)	22,147	21,450	5,363	16,087	(3,292)
Federal Work Study	84.033	n/a	(4,379)	4,379	-	-	-	-
Total Student Financial Aid Cluster			<u>(723,311)</u>	<u>1,517,865</u>	<u>1,138,397</u>	<u>5,363</u>	<u>1,133,034</u>	<u>(338,480)</u>
Carl Perkins Vocational Education Act								
Passed through Oklahoma Department of Career Technology Education								
Carl Perkins Secondary	84.048	421	(103,873)	103,873	127,016	-	127,016	(127,016)
Carl Perkins Tech Prep	84.243	428	(29,467)	29,467	41,051	-	41,051	(41,051)
Tech Centers That Work	84.243	429	(5,751)	5,751	6,796	-	6,796	(6,796)
Total Pass Through Programs			<u>(139,091)</u>	<u>139,091</u>	<u>174,863</u>	<u>-</u>	<u>174,863</u>	<u>(174,863)</u>
Total U.S. Department of Education			<u>(862,402)</u>	<u>1,656,956</u>	<u>1,313,260</u>	<u>5,363</u>	<u>1,307,897</u>	<u>(513,343)</u>
<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/HIRE	93.558	452	(155,967)	381,176	368,810	50,578	318,232	(93,023)
Total U.S. Department of Health and Human Services			<u>(155,967)</u>	<u>381,176</u>	<u>368,810</u>	<u>50,578</u>	<u>318,232</u>	<u>(93,023)</u>
<u>U.S. Department of Labor</u>								
Passed through Oklahoma Department of Career Technology Education								
ARRA Youth Grant	17.259	693	-	-	1,080	-	1,080	(1,080)
Total U.S. Department of Labor			<u>-</u>	<u>-</u>	<u>1,080</u>	<u>-</u>	<u>1,080</u>	<u>(1,080)</u>
Total Expenditures of Federal Awards			<u>\$ (1,018,369)</u>	<u>\$ 2,038,132</u>	<u>\$ 1,683,150</u>	<u>\$ 55,941</u>	<u>\$ 1,627,209</u>	<u>\$ (607,446)</u>

Note: The above schedule of expenditures of federal awards includes the federal grant activity of Moore Norman Technology Center, School District No. 17 (the District) using the accrual basis of accounting. The information 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 assets of the District.



**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***

To the Board of Education  
Moore Norman Technology Center School District No. 17  
Norman, Oklahoma

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Moore Norman Technology Center School District No. 17 (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items 11-1 and 11-2. *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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed and instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 11-3.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's responses and accordingly, we express no opinion on them.

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

The image shows a handwritten signature in cursive script that reads "Eide Saelly LLP".

Oklahoma City, Oklahoma  
April 25, 2012



**Independent Auditor's Report on Compliance with Requirements That  
Could have a Direct and Material Effect on Each Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133**

To the Board of Education  
Moore Norman Technology Center School District No. 17  
Norman, Oklahoma:

**Compliance**

We have audited the compliance of Moore Norman Technology Center School District No. 17 ( the District) 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 its major federal program for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion Moore Norman Technology Center School District No. 17 complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

**Internal Control Over Compliance**

The management of Moore Norman Technology Center School District No. 17 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for

the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance. A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 11-3 through 11-5. 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.

Moore Norman Technology Center School District No. 17's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Moore Norman Technology Center School District No. 17's response and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the board of education, management, others within the District, Oklahoma Department of Career and Technology Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Oklahoma City, Oklahoma  
April 25, 2012

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

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

<u>Name of Federal Program or Cluster</u>	<u>CFDA number</u>
Student Financial Aid Cluster	84.063, 84.007
Temporary Aid to Needy Families	93.558
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee	No

**Section II - Findings relating to the Financial Statements**

- 11-1    Condition:        The District does not have procedures in place for the review of adjusting entries made in the preparation of financial statements.
- Criteria:        Controls should be in place over the review of required adjusting entries prepared by the outside accountant to prepare government-wide financial statements in accordance with generally accepted accounting principles.
- Cause:         The District did not have staff available to review the necessary adjusting entries.
- Effect:         The year-end financial statements were not completed in a timely manner. The District's financial reporting process was not able to review the necessary adjustments.
- Recommendation:    The Board should evaluate and weigh the costs against the benefits of the year-end financial reporting process with current staff level.
- Response:        The District is implementing a practice by which an outside CPA firm will prepare and submit financial statements and adjusting entries to the director of Finance for review prior to submission to the auditing firm.
- 
- 11-2    Condition:        Student accounts receivable have not been recorded in the financial statements.
- Criteria:        Generally accepted accounting principles require recording of all significant assets.
- Cause:         The District's software cannot produce an accurate report that shows accounts receivable from students at a specific time.
- Effect:         Assets are not completely reported using generally accepted accounting principles.
- Recommendation:    The Board should contact the software developer to create a report that can be used to show student accounts receivable. If no report can be created, the Board should consider different software.
- Response:        The District is continuing its efforts to identify a software package to address this issue.

### Section III - Findings and Questioned Costs for Federal Awards

- 11-3    Condition:            The District failed to complete timely submittal of various year-end reports by the deadline of March 31, 2012.
- Criteria:            OMB Circular A-133 at Sec. 302(b) requires completion of a data collection form which states whether the audit was completed in accordance with the circular and provides information about the auditee, its federal programs, and the results of the audit. This data collection form is required to be filed with the Federal Clearinghouse prior to the end of the ninth month following an entity's year-end. Also, the Oklahoma Department of career Technology Education (ODCTE) requires the audit report to be filed by the same date. This would have required filing by Moore Norman Technology Center by March 31, 2012.
- Cause:                The District did not have completed financial statements to file by the deadline.
- Effect:                 The District is at risk of a delay in federal and state funding pending acceptance of the audited financial statements and the Data Collection Form.
- Recommendation:    The Board should evaluate and weigh the costs against the benefits of the year-end financial reporting process with current staff level.
- Response:             The District has implemented and changed some practices to insure these deadlines are met in a more timely fashion.
- 
- 11-4    Condition:            We were not able to reconcile the report downloaded from the Common Origination and Disbursement (COD) System with the FISAP or with the District's general ledger detail.
- Criteria:            Common Origination and Disbursement (COD) System (OMB No. 1845-0039) requires that all schools receiving Pell grants submit Pell payment data to the Department through the COD system.
- Cause:                The District's Financial Aid officer did not reconcile the COD report to the FISAP and general ledger.
- Effect:                 The report from the COD System did not include all payments made by the District as reported on the FISAP.
- Recommendation:    Procedures should be implemented to reconcile the information posted into the COD system with the actual amounts paid to the students.
- Response:             The district is implementing a procedure by which awards, disbursements, and drawdowns are reconciled by the financial Aid coordinator and Director of Finance.



11-5	Condition:	We noted 8 students in our sample of 71, who received FSEOG payments with an expected family contribution (EFC) that exceeded amounts of other students who did not receive FSEOG payments.
	Criteria:	The Compliance Supplement for Student Financial Aid included in Circular A-133, specifies that priority for FSEOG payments is to be given the Federal Pell recipients who have the lowest expected family contributions.
	Cause:	A control was not in place to document the priority EFC before granting the FSEOG awards.
	Effect:	There is no documentation that students who were eligible for FSEOG payments received priority based on the EFC.
	Recommendation:	Controls should be implemented to check for the lowest EFC before awarding FSEOG payments.
	Response:	The District became aware of this requirement in March 2011 after FSEOG awards had been disbursed. The Financial Aid coordinator changed the district's award policy upon learning of this requirement. The policy has been fully implemented for FY 2012.

None

Moore Norman Technology Center School District No. 17  
Schedule of Accountant's Professional liability insurance Affidavit  
June 30, 2011

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STATE OF OKLAHOMA )  
 ) ss  
County of Cleveland )

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 Moore Norman Technology Center School District No. 17 for the audit year 2010-2011.

EIDE BAILLY, LLP

BY Vanessa M. Dutton

Subscribed and sworn to before me on this 25 day of April, 2012.

[Signature]  
Notary Public

My commission expires 10/7/15  
03012520

