

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

**FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR**

**JUNE 30, 2012**

Audited by

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

**BROKEN ARROW, OK**

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2012

**BOARD OF EDUCATION**

**President**

Ms. Elizabeth A. Richards

**Vice-President**

Mr. Ron Perry

**Clerk**

Mr. Jim Huff

**Member**

Ms. Sarah McKinney

**Member**

Ms. E. Elaine Schuster

**Member**

Dr. Donna Neal Thomas

**Member**

Ms. Patricia Means

**SUPERINTENDENT OF SCHOOLS**

James D. Branscum, Ed.D

**SCHOOL DISTRICT TREASURER**

Bob Parrish

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
JUNE 30, 2012

TABLE OF CONTENTS

	<u>Page No.</u>
School District Officials	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
 <b>Government Wide Financial Statements:</b>	
Statement of Net Assets	8
Statement of Activities	9
 <b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	11
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Statement of Net Assets – Fiduciary Funds	13
Statement of Changes in Fiduciary Net Assets	14
Notes to the Basic Financial Statements	15
 <b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund – Budget Basis	31
Budgetary Comparison Schedule – Building Fund – Budget Basis	32
 <b>Supporting Schedules and Reports Required by Governmental Auditing Standards</b>	
Schedule of Expenditures of Federal Awards	33
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	34
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	37
Disposition of Prior Year's Reportable Conditions and Material Instances of Non-Compliance	39
Schedule of Audit Results, Findings and Questioned Costs	40
Schedule of Accountant's Professional Liability Insurance Affidavit	42



# 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 73111

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Metro Technology Center School District No. 22, Oklahoma City, Oklahoma, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Metro Technology Center School District No. 22, Oklahoma City, Oklahoma's, management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Metro Technology Center School District No. 22, Oklahoma City, Oklahoma, as of June 30, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013, on our consideration of Metro Technology Center School District No. 22, Oklahoma City, Oklahoma's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Metro Technology Center School District No. 22, Oklahoma City, Oklahoma, taken as a whole. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of combined financial statements. 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 also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

February 28, 2013

METRO TECHNOLOGY CENTERS SCHOOL DISTRICT NO. 22  
OKLAHOMA COUNTY  
OKLAHOMA CITY, OKLAHOMA  
Management's Discussion and Analysis  
Fiscal Year ending June 30, 2012

Metro Technology Centers provides this discussion and analysis of the District's financial activities for the fiscal year ending June 30, 2012. The intent of this narrative overview is to look at the District's financial performance as a whole, and readers are encouraged to consider the notes to the basic financial statements to enhance their understanding of Metro Technology Centers' financial performance. Implementing new reporting standards has resulted in significant changes in content and structure from years prior to the fiscal year ending June 30, 2012.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued June 1999.

THE TECHNOLOGY CENTERS

Metro Technology Centers is governed by a seven member elected board. Metro Technology Centers 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 Technology Center's District.

Metro Technology Centers is committed to MetroQuest a journey toward performance excellence using the Malcolm Baldrige Education Criteria as a business model. In our many years of leadership, planning, professional development, team-building, and process reengineering, we have achieved an aligned and integrated organizational culture characterized by a shared vision of quality, a strong focus on the needs of students and stakeholders, and core values that are exemplified throughout 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.

## FUND FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide statements include the Statement of Net Assets and Statement of Activities, which provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. The District uses three funds to account for its financial transactions. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The fund financial statements focus on the individual parts of the District's operations in more detail than government-wide financial statements. Because the focus of District funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for District funds with similar information presented for District activities in the government-wide financial statement. Both the District's fund balance statement and the District's fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between funds and activities of each.

Funds are classified into two categories: governmental and fiduciary, with each category divided into separate "fund types". Governmental funds include the General fund and the Building fund. Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District and include, but are not limited to, the school activity fund.

## 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 Change 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, café sales, sale of surplus equipment, bookstore revenue, reimbursement for insurance loss recoveries, damages to school property, rebates, and fiscal agent expenses.

State Revenue	Formula operations, existing industry initiative, Training for Industry Programs, safety training, welfare to work, and professional development.
Federal Revenue-Grants	TANF, Carl Perkins, Pell Grants, ARRA, WIA

SCHOOL DISTRICT REVENUES AND EXPENDITURES

The following schedule presents a summary of general and building fund revenues for the fiscal year ended June 30, 2012.

<u>Revenue</u>	<u>FY 2012 Amount</u>	<u>Percent of total</u>	<u>FY 2011 Amount</u>	<u>Percent of total</u>
Property Taxes	24,024,456.	67.92%	23,351,730.	58.37%
Interest on Investment	0.	0.00%	0.	.00%
Tuition and Fees	3,080,896.	8.71%	2,217,610.	5.54%
Local Revenue	1,896,668.	5.37%	2,528,679.	6.32%
State Revenue	5,300,358.	14.99%	5,667,435.	14.17%.
Federal Sources	832,162.	2.36%	821,067.	2.05%
Return of Assets	<u>238,687.</u>	<u>.65%</u>	<u>5,420,590.</u>	<u>13.55%</u>
Total Revenue	<u>\$35,373,227.00</u>	<u>100.00%</u>	<u>\$40,007,111.00</u>	<u>100.00%</u>

The following schedule presents a summary of General and Building fund expenditures for the fiscal year ended June 30, 2012.

Expenditures

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



<u>Expenditures</u>	<u>FY 2012 Amount</u>	<u>Percent of total</u>	<u>FY 2011 Amount</u>	<u>Percent of total</u>
Instruction	11,101,152.	31.02%	11,602,086.	28.30%
Support Services	20,372,014.	56.92%	20,098,593.	49.02%
Non-Instructional Services	1,423,149.	3.98%	1,423,101.	3.47%
Facilities Acquisitions	2,866,157.	8.01%	7,793,852.	19.01%
Other Uses	<u>33,197.</u>	<u>.07%</u>	<u>81,687.</u>	<u>.20%</u>
Total Expenditures	<u>\$35,795,669.</u>	<u>100.00%.</u>	<u>\$40,999,319.</u>	<u>100.00%</u>

#### GENERAL FUND HIGHLIGHTS

The General fund represents the District's major or significant fund. At the close of fiscal year 2012, the District is able to report positive cash balance in all funds with the General fund balance being \$1,478,873. This is an increase in cash balance of \$336,765 from the previous year. The District was able to maintain quantity and quality of services through continued conservative management practice.

#### FUND BALANCES

As of the close of fiscal year 2012, the District funds reported a government-wide ending cash fund balance of \$3,363,156., a decrease of \$44,254. in comparison with the prior year.

<u>Fund type</u>	<u>2011 Fund Balance</u>	<u>2012 Fund Balance</u>	<u>Change</u>	<u>Percent</u>
General	\$1,142,108	1,478,873	336,765	29.49%
Building	<u>2,265,302</u>	<u>1,884,283</u>	<u>( 381,019)</u>	<u>(16.82%)</u>
Total	<u>\$3,407,410</u>	<u>3,363,156</u>	<u>(44,254)</u>	

#### FISCAL YEAR 2012

Revenue collection amounts for the fiscal year ending 2012 exceeded the original estimated General fund budget in the amount of \$2,102,563.00. The original estimate is based on an Estimate of Needs budget and is conservatively projected at 90% of anticipated collections.

## CAPITAL AND FIXED ASSETS

The district is in its seventh year of tracking all assets of significant value. A fixed asset inventory was performed by school district personnel and equipment, furniture and fixtures are updated annually with inventory software through the Inventory/Warehouse Department. Building structures and improvements are added to the inventory as projects are completed and space is occupied. For the year ending June 30, 2012, capital assets are as follows:

### CAPITAL AND FIXED ASSETS, continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets	\$56,058,315	2,021,187	(464,582)	57,614,920
Accumulated Depreciation	<u>(21,154,410)</u>	<u>( 965,651)</u>	<u>464,582</u>	<u>(21,655,479)</u>
Total Capital Assets	<u>\$34,903,905</u>	<u>1,055,536</u>	<u>0</u>	<u>35,959,441</u>

During the past year, expenditures of \$1,055,536 were added for the purchase of capital assets.

## FUTURE ECONOMIC FACTORS

Metro Technology Centers remains in good financial condition. However, future finances are not without challenges. Lagging economic conditions have held down interest rates for investments. Also, due to recently passed legislation concerning local ad valorem valuation, the District is concerned with future commercial growth. The District continues to seek increased assistance for its clients through access to programs such as Training for Industry Programs and Existing Industry funds that are made available through the Oklahoma Department of Career Technology Education. While these funds are "pass-through" in terms of the District's budget, they provide assistance for training and workforce development to Metro Technology Centers clients. In addition to these funds, 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.

## CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide patrons, taxpayers, and creditors with a general overview of Metro Technology Centers' finances and to show the District's accountability for the money it receives. If you have further questions or comments about this report or need additional financial information, please contact the Business Office at Metro Technology Centers School District No. 22, located at 1900 Springlake Drive, Oklahoma City, Oklahoma 73111.

Matthew A. Gindhart  
Director of Finance  
Financial Services

**Metro Technology Center School District No. 22**  
**Oklahoma City, Oklahoma**  
Statement of Net Assets  
June 30, 2012

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 6,304,184
Property Taxes Receivable	355,736
Other Receivables	527,882
<b>Total Current Assets</b>	7,187,802
<b>Non-current Assets</b>	
Capital assets	
Land	1,735,590
Building	55,879,330
Less: Accumulated Depreciation	(21,655,479)
<b>Total Noncurrent Assets</b>	35,959,441
<b>Total Assets</b>	\$ 43,147,243
<b><u>LIABILITIES</u></b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 2,941,030
Lease Payable	515,000
<b>Total Current Liabilities</b>	3,456,030
<b>Non-Current Liabilities</b>	
Lease Payable	11,955,000
Compensated Leave	2,144,368
<b>Total Non-Current Liabilities</b>	14,099,368
<b>Total Liabilities</b>	\$ 17,555,398
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets, Net of Related Debt	22,984,441
Restricted Fund Balance	1,929,482
Unassigned Fund Balance	172,922
<b>Total Net Assets</b>	\$ 25,591,845

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

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

Statement of Activities  
July 1, 2011 - June 30, 2012

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)/ Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Instruction	\$ 11,488,806	3,080,896	896,631	(7,511,279)
Support Services - Instructional	13,491,766			(13,491,766)
Support Services - Operational	4,853,681			(4,853,681)
Operation of Non-Instructional Services	1,423,148	827,088		(596,060)
Facilities and Construction	1,864,303			(1,864,303)
Other Uses	33,197			(33,197)
Interest	496,854			(496,854)
Depreciation	965,651			(965,651)
Total Governmental Activities	<u>34,617,406</u>	<u>3,907,984</u>	<u>896,631</u>	<u>(29,812,791)</u>
<b>General Revenues</b>				
Taxes -				
Property Taxes, Levied for General Purposes				16,386,918
Property Taxes, Levied for Building Purposes				7,584,630
State Aid - Formula				4,727,194
Other Local				1,139,692
Other State				301,812
Adjustments to Prior Year's Encumbrances				490,223
Total General Revenues and Special Items				<u>30,630,469</u>
Change in Net Assets				817,678
<b>Net Assets, beginning</b>				<u>37,749,167</u>
Prior Period Adjustment - Note				(12,975,000)
<b>Net Assets, ending</b>				<u>\$ 25,591,845</u>

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

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

Balance Sheet – Governmental Funds

June 30, 2012

	<b>General Fund</b>	<b>Building Fund</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 2,644,099	3,660,085	6,304,184
Receivables	724,640	158,978	883,618
<b>Total assets</b>	<b>\$ 3,368,739</b>	<b>3,819,063</b>	<b>7,187,802</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities			
Accounts payable	\$ 1,165,228	1,775,802	2,941,030
Compensated leave payable:			
Long term compensated leave	2,030,589	113,779	2,144,368
<b>Total liabilities</b>	<b>3,195,817</b>	<b>1,889,581</b>	<b>5,085,398</b>
Fund Balances			
Reserved:			
Restricted Fund Balance		1,929,482	1,929,482
Unreserved:			
Unassigned Fund Balance	172,922		172,922
Total fund balances	172,922	1,929,482	
<b>Total liabilities and fund balances</b>	<b>\$ 3,368,739</b>	<b>3,819,063</b>	
<b>Lease Payable</b>			

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

Liability for Lease Purchase Agreement	(12,470,000)
--	--------------

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 \$57,614,920 and the accumulated depreciation is (\$21,655,479).

35,959,441

Net assets of governmental activities	<b>\$ 25,591,845</b>
---------------------------------------	----------------------

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

**Metro Technology Center School District No. 22**  
**Oklahoma City, Oklahoma**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds  
July 1, 2011 to June 30, 2012

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Local sources	\$ 21,090,033	7,929,192	29,019,225
State sources	5,029,006		5,029,006
Federal sources	896,631		896,631
Total revenues	<u>\$ 27,015,670</u>	<u>7,929,192</u>	<u>34,944,862</u>
<b>EXPENDITURES:</b>			
Current -			
Instruction	\$ 10,638,147	850,659	11,488,806
Support services - Instructional	15,512,953		15,512,953
Support services - Non Instructional		4,853,681	4,853,681
Noninstructional services	1,391,066	32,083	1,423,149
Capital outlay		2,866,157	2,866,157
Other outlays	33,197		33,197
Total expenditures	<u>27,575,363</u>	<u>8,602,580</u>	<u>36,177,943</u>
Excess (deficiency) of revenues over expenditures	(559,693)	(673,388)	(1,233,081)
<b>OTHER FINANCING SOURCES (USES):</b>			
Adjustments to prior year encumbrances	267,279	222,944	490,223
Total other financing sources (uses)	<u>267,279</u>	<u>222,944</u>	<u>490,223</u>
<b>NET CHANGE IN FUND BALANCES</b>	(292,414)	(450,444)	(742,858)
<b>FUND BALANCES, beginning</b>	<u>465,336</u>	<u>2,379,926</u>	<u>2,845,262</u>
<b>FUND BALANCES, ending</b>	<u>\$ 172,922</u>	<u>1,929,482</u>	<u>2,102,404</u>

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

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

Reconciliation of Statement of Revenues, Expenditures, and  
Changes in Fund Balances – Governmental Funds  
July 1, 2011 to June 30, 2012

Net Change in Fund Balances - Government Funds \$ (742,858)

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

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

Capital outlay expenditures	2,021,187	
Depreciation expense	<u>(965,651)</u>	<u>1,055,536</u>
Principal payment on lease purchase agreement		505,000
Changes in net assets of governmental activities		<u><u>\$ 817,678</u></u>

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

**Metro Tech Technology Center School District No. 22**  
**Oklahoma City, Oklahoma**  
Statement of Fiduciary Net Assets  
July 1, 2011 to June 30, 2012

	<u>Petty Cash Finance Fund</u>	<u>Petty Cash BCC Fund</u>	<u>Pell Grant Fund</u>	<u>Student Loan Fund</u>	<u>Activity Fund</u>	<u>Totals (Memo Only)</u>
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 0	0	7,910	10,847	113,260	132,017
<b><u>NET ASSETS</u></b>						
Net Assets:						
Reserved for student activities	\$				113,260	113,260
Reserved for pell grants			7,910			7,910
Reserved for student loans				10,847		10,847
Reserved for petty cash	0	0				0
Total Net Assets	\$ 0	0	7,910	10,847	113,260	132,017

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



**Metro Technology Center School District No. 22**  
**Oklahoma County, Oklahoma**  
Statement of Changes in Fiduciary Net Assets  
For the year ended June 30, 2012

	<u>Petty Cash BCC Fund</u>	<u>Pell Grant Fund</u>	<u>Student Loan Fund</u>	<u>Total</u>
<b>ADDITIONS</b>				
Local Sources	\$ 275			275
Federal Sources		1,921,239	2,210,893	4,132,132
Total Additions	<u>275</u>	<u>1,921,239</u>	<u>2,210,893</u>	<u>4,132,407</u>
<b>DEDUCTIONS</b>				
Instruction	275	2,223,086	2,396,822	4,620,183
Total Deductions	<u>275</u>	<u>2,223,086</u>	<u>2,396,822</u>	<u>4,620,183</u>
Change in Net Assets	0	(301,847)	(185,929)	(487,776)
<b>Net Assets - beginning of year</b>	<u>0</u>	<u>309,756</u>	<u>196,776</u>	<u>506,532</u>
<b>Net Assets - ending of year</b>	<u>\$ 0</u>	<u>7,909</u>	<u>10,847</u>	<u>18,756</u>

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

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

Metro Technology Center School District No. 21, (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, Oklahoma Statutes.

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The District has not identified any component units that should be included in the District’s reporting entity.

- B. Basic Financial Statements - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**B. Basic Financial Statements - cont'd**

**Funds**

The District reports its financial activities through the use of fund accounting. This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements. Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.” A description of the activities of the various funds is provided below.

**Governmental Fund Types**

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

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes and various state appropriations including funding through the State Aid Formula approved by the State Board of Career and Technology Education. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds – Special revenue funds include the District’s building fund.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont'd

B. Basic Financial Statements - cont'd

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The District did not maintain a co-op fund during the 2011-12 fiscal year.

Debt Service Fund – The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments. The District did not maintain a sinking fund during the 2011-12 fiscal year.

Capital Projects Fund – The capital projects fund is the District's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment. The District did not maintain this fund during the 2011-12 fiscal year.

Permanent Fund – Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The District did not maintain this fund during the 2011-12 fiscal year.

**Proprietary Fund Types**

Proprietary funds are used to account for activities that are designed to be run like a business. Metro Technology Center had no proprietary funds in the 2011-12 fiscal year.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**B. Basic Financial Statements – cont'd**

Agency Funds – Agency funds include the school district activity fund.

Activity Fund - The activity fund is used to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

**Total Column**

The total column on the government-wide and fund financial statements are presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**C. Measurement Focus and Basis of Accounting**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 30 days of the fiscal year end.

For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Some other significant differences are as follows:

The general and building funds record purchases of equipment and supplies as expenditures rather than as assets to be expensed when used.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont'd

C. Measurement Focus and Basis of Accounting - cont'd

Encumbrances are reported as a assignment of fund balances, since the obligation will be honored through subsequent year's budget appropriations.

D. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. The approved budget creates an appropriation, which is the legal authority for the District to expend funds.

The District established temporary appropriations on June 7, 2011, and approved the official budget on September 27, 2011. The 2011-12 Estimate of Needs was amended by supplemental appropriations as follows on August 7, 2012:

<u>Fund</u>	<u>Total</u>
General	\$ 2,103,193

This amendment was approved by the county excise board.

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

METRO TECHNOLOGY CENTER  
 SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
 FOR THE YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**E. Assets, Liabilities and Fund Equity**

Cash and Cash Equivalents – Cash and cash equivalents consists of cash on hand, demand deposit accounts, and interest bearing checking accounts, less outstanding checks.

Investments – The District is allowed to invest in various instruments which are directly or indirectly guaranteed or insured by the United States government or the State of Oklahoma and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2012, is not material to the combined financial statements.

Capital Assets – Capital assets, which include land, building, building improvements, equipment and fixtures, vehicles and construction in progress are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment and fixtures is \$1,000. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value or utility of the asset or materially extend asset lives are not capitalized.

Building and building improvements, and equipment and fixtures are depreciated using the straight-line method beginning in the year they are placed into service. The District’s capital assets have the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment and fixtures	5-15
Vehicles	8

Accounts Payable – Accounts payable represent amounts due to vendors for goods and services received by the District for which a check has not been issued.

Salaries & Wages Payable – Salaries and wages payable represent amounts due under employment contracts for which the services have been preformed but payment has not yet been made.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

E. Assets, Liabilities and Fund Equity – cont'd

Compensated Absences – The District reports compensated absences in accordance with provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation leave is accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Sick leave is calculated using the vesting method. The balance reflects sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The accrual has been reduced to the maximum amount allowed by the District's policy as a termination payment.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other co-curricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Restricted Fund Balance – The Building Fund is restricted by statute to certain capital related costs, its fund balance is shown as restricted.

Committed Fund Balance – The District has committed a portion of fund balance in both the General and Building Fund for funding the cash flow needs during the first half of each fiscal year. The collection of property taxes occurs mainly in December through March. This creates a temporary cash flow deficit during the first part of each fiscal year. The committed fund balance is used to finance this temporary cash flow deficit.

Assigned Fund Balance – The District assigns a portion of Fund Balance to honor the obligations made by the District for encumbrances (purchase orders) for which goods or services have not yet been received.



METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

E. Assets, Liabilities and Fund Equity – cont'd

Unassigned Fund Balance - Fund balance represents the funds not restricted in use by Statute nor encumbered by purchase orders, legal contracts.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Career and Technology Education administers the allocation of state aid funds to technology center districts. The state aid funding formula includes the following factors: enrollment, number of school sites in the district, number of approved programs, transportation and local resources.

After review and verification of reports and supporting documentation, the State Department of Career and Technology Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. The failure of a program to meet minimum standards may result in an adjustment of funding. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

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

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

F. Revenue and Expenditures – cont'd

The aforementioned state revenues are apportioned to the District's general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the general fund.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Reimbursements – Reimbursements are receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between instructors and students. Instruction may be provided for students in a classroom, in another location, such as a client's location, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as internet, television, and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Instructional Support Services Expenditures

Instructional support services expenditures provide technical and logistical support to facilitate and enhance instruction. These services include things such as counseling, library and media services, curriculum development, and student transportation. These services exist as adjuncts for fulfilling the objectives of instructional programs rather than as entities within themselves.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

F. Revenue and Expenditures – cont'd

Support Services – Operational Expenditures

Operational support services expenditures provide administrative, technical, and logistical support to facilitate and enhance instruction. These services include things such as business office, management information services, human resources, facility maintenance, and administration. These services exist as adjuncts for fulfilling the objectives of instruction, community services, and enterprise programs – rather than as entities within themselves.

Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community. These services are primarily resale operations.

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

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

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

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

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

F. Revenue and Expenditures – cont'd

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. The District had one operating transfer, and no residual equity transfers during the 2011-12 fiscal year.

**2. CASH AND INVESTMENTS**

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government, agencies and instrumentalities; obligations of the State of Oklahoma; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; money market mutual funds which invest in obligations of the United States, its agencies and instrumentalities; qualified investment pools and warrants, bonds or judgments of the District. Collateral is required to be pledged with the state treasurer for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Cash – The District's cash deposits at June 30, 2012, are categorized to give an indication of the level of risk assumed by the District at year end. The difference between the bank balance and book balance are the outstanding checks at June 30, 2012.

Investments – The District's investments consist of U.S. Agency and Instrumentality bonds, State of Oklahoma bonds, certificates of deposit, savings, money market mutual funds, and qualified investment pools at June 30, 2012, and are categorized to give an indication of the level of risk assumed by the District at year's end.

Custodial Credit Risk: At June 30, 2012, the district held deposits of approximately \$6,300,000, at financial institutions. The district's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the district or by its agent in the district's name. Credit risk measures the ability of the issuer to meet its obligation. The District's investment policy is designed to minimize credit risk.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**2. CASH AND INVESTMENTS – cont'd**

Interest Rate Risk: Interest rate risk is the risk that changes in interest rate will adversely affect the fair value on an investment. The length of an investment has an inverse relationship with interest rate risk. Short-term investments have very little interest rate risk. As the length of an investment increases, the interest rate risk also increases. The District strives to maintain a balance between the investment yield and acceptable interest rate risk.

Investment Credit Risk: The district has no policy that limits its investment choices other than the limitation of state law as described in Title 70 § 5-114.

**3. CAPITAL ASSETS AND PROPERTY, PLANT AND EQUIPMENT**

Capital assets activity for the year ended June 30, 2012, was as follows:

Class	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Land	\$ 1,735,590			1,735,590
Buildings, Equip., Veh.	54,322,725	2,021,187	(464,582)	55,879,330
Totals	<u>56,058,315</u>	<u>2,021,187</u>	<u>(464,582)</u>	<u>57,614,920</u>
<b>Less accumulated depreciation for:</b>				
Buildings, Equip., Veh.	<u>(21,154,410)</u>	<u>(965,651)</u>	<u>464,582</u>	<u>(21,655,479)</u>
Totals	<u>(21,154,410)</u>	<u>(965,651)</u>	<u>464,582</u>	<u>(21,655,479)</u>
Capital Assets, Net	<u>\$ 34,903,905</u>	<u>1,055,536</u>	<u>-</u>	<u>35,959,441</u>

Under the District's capitalization policy assets with a value of less than \$1,000, are not reported in the financial statements nor in depreciation calculations..

**4. INTERFUND RECEIVABLES AND PAYABLES**

On June 30, 2012, there were no inter-fund receivables or payables.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**5. GENERAL LONG-TERM DEBT**

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues can be approved by the voters and issued by the District for various capital improvements. These bonds are then required to be fully paid serially within 25 years of the date of issue.

General long-term debt of the District normally would consist of building bonds payable. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

The District had no outstanding long-term debt as of June 30, 2012.

**6. LEASE PURCHASE AGREEMENTS**

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, state of the art 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 Metro Technology Center to make monthly base rental payments, commencing on January 25, 2010. According to the agreement Metro Technology Center 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 the required payments under the lease.)

Base rental payment are due monthly and are 1/12<sup>th</sup> of the principal and interest payments due (approximately \$83,450) on the certificates of participation for each 12-month period and are reset annually.

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**6. LEASE PURCHASE AGREEMENTS – cont'd**

The lease payments will be as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012-13	\$ 515,000	486,754	1,001,754
2013-14	525,000	476,454	1,001,454
2014-15	540,000	463,329	1,003,329
2015-16	555,000	448,757	1,003,757
2016-17	570,000	432,099	1,002,099
2017-18	590,000	413,574	1,003,574
2018-19	610,000	393,514	1,003,514
2019-20	630,000	371,554	1,001,554
2020-21	655,000	347,929	1,002,929
2021-22	680,000	322,711	1,002,711
2022-23	710,000	295,511	1,005,511
2023-24	735,000	266,401	1,001,401
2024-25	770,000	235,531	1,005,531
2025-26	800,000	202,806	1,002,806
2026-27	835,000	165,806	1,000,806
2027-28	875,000	127,187	1,002,187
2028-29	915,000	86,719	1,001,719
2029-30	<u>960,000</u>	<u>44,400</u>	<u>1,004,400</u>
Totals	<u>\$ 12,470,000</u>	<u>5,581,036</u>	<u>18,051,036</u>

**7. EMPLOYEE RETIREMENT SYSTEM**

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be access on the Oklahoma Teachers' Retirement website at [www.ok.gov/TRS](http://www.ok.gov/TRS).

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**7. EMPLOYEE RETIREMENT SYSTEM – cont'd**

Basis of Accounting

The System's financial statements are prepared in accordance with generally accepted accounting principals and using the economic resources measurement focus. The System's financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of Oklahoma Statutes. Administrative expenses are funded through investment earnings.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation; the District pays the employee contribution for full-time employees as allowed by Oklahoma Teachers' Retirement System. The District's contribution rate is 9.5% of total compensation. In addition, the District is required to match the State's contribution rate on salaries that are paid with federal funds.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Contributions to the fund are set by statute, not actuarially determined. Benefits, also set by Statute, are calculated based upon a defined benefit formula. As noted in the System's 2011 audited financial statement the system has an unfunded actuarial accrued liability (the UAAL) of approximately \$7.6 million. Based upon the present funding schedule, TRS is reporting 22 year funding period. Under the present funding schedule, the statutory contribution rates are projected to be insufficient to amortize the UAAL.

Annual Pension Cost

The District's total contributions for 2012, 2011 and 2010 were \$3,576,662, 2,978,864 and 2,536,008, respectively.



METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS –  
FOR THE YEAR ENDED JUNE 30, 2012

**8. 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; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal 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 interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

**9. CONTINGENCIES**

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2011-12 fiscal year. The revised *OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations*, established uniform audit requirements for nonfederal entities which expended more than \$500,000 in federal awards. Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District settlement of which would have a material effect on the financial statements of the District.

**10. PRIOR PERIOD ADJUSTMENT**

A capital lease was not booked in the prior fiscal year when the assets were capitalized and included in fixed assets, therefore an adjustment was necessary to the net assets.

**Metro Tech Technology Center School District No. 22**  
**Oklahoma City, Oklahoma**  
 Budgetary Comparison Schedule – General Fund – Regulatory Basis  
 For the Year Ended June 30, 2012

	<b>General Fund</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
Revenues Collected:				
Local sources	19,593,697	21,125,304	21,124,674	(630)
State sources	4,952,021	5,300,358	5,300,358	
Federal sources	608,913	832,162	832,162	
Total revenues collected	<u>25,154,631</u>	<u>27,257,824</u>	<u>27,257,194</u>	<u>(630)</u>
Expenditures:				
Instruction	9,800,000	10,000,000	10,250,494	(250,494)
Support services	15,100,000	15,550,000	15,512,952	37,048
Operation of noninstructional services	1,250,000	1,400,000	1,391,066	8,934
Facilities acquisition and construction services				
Other outlays:				
Other uses	146,739	1,449,932	33,197	1,416,735
Repayments				
Total expenditures	<u>26,296,739</u>	<u>28,399,932</u>	<u>27,187,709</u>	<u>1,212,223</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(1,142,108)	(1,142,108)	69,485	1,211,593
Other financing sources (uses)				
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>267,279</u>	<u>0</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(1,142,108)	(1,142,108)	336,764	1,211,593
Cash fund balance, beginning of year	<u>1,142,108</u>	<u>1,142,108</u>	<u>1,142,108</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,478,873</u>	<u>1,478,873</u>
Reconciliation of budgetary comparison statutory basis to GAAP basis:				
Accounts receivable not recognized as revenue			724,640	
Leave payable			<u>(2,030,559)</u>	
Fund balance end of year GAAP basis			<u>\$ 172,954</u>	

**Metro Tech Technology Center School District No. 22**  
**Oklahoma City, Oklahoma**  
 Budgetary Comparison Schedule – Building Fund – Regulatory Basis  
 For the Year Ended June 30, 2012

	<b>Building Fund</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues Collected:</b>				
Local sources	\$ 6,831,394	6,831,394	7,765,310	933,916
Non revenue	238,687	238,687	238,687	-
Total revenues collected	<u>7,070,081</u>	<u>7,070,081</u>	<u>8,003,997</u>	<u>933,916</u>
<b>Expenditures:</b>				
Instruction	1,300,000	900,000	850,658	49,342
Support services	4,500,000	4,950,000	4,859,062	90,938
Operation of noninstructional services	100,000	40,000	32,083	7,917
Facilities acquisition and construction services	2,500,000	2,900,000	2,866,157	33,843
Other uses	935,383	545,383	545,383	545,383
Total expenditures	<u>9,335,383</u>	<u>9,335,383</u>	<u>8,607,960</u>	<u>727,423</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(2,265,302)	(2,265,302)	(603,963)	1,661,339
Other financing sources (uses)				
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>222,944</u>	<u>222,944</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(2,265,302)	(2,265,302)	(381,019)	1,884,283
Cash fund balance, beginning of year	<u>2,265,302</u>	<u>2,265,302</u>	<u>2,265,302</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,884,283</u>	<u>1,884,283</u>
<b>Reconciliation of budgetary comparison statutory basis to GAAP basis:</b>				
Accounts receivable not recognized as revenue			158,978	
Leave payable			<u>(113,779)</u>	
Fund balance end of year GAAP basis			<u>\$ 1,929,482</u>	

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. VT-22, OKLAHOMA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Revenue Collected	Total Expenditures
<b>U.S. Department of Education</b>					
<b>Direct Programs:</b>					
*Pell grants - Aid Year 2011-2012	84.063	P063P122650	\$ 1,871,908	1,866,094	1,871,908
Pell grants - Aid Year 2010-2011 - Note	84.063	P063P112650		52,436	
Pell grant administrative allowance - Note	84.063	P063P112650		755	
*Direct Student Loans - Aid Year 2011-2012	84.268	P268K122650	2,421,069	2,042,223	2,042,223
*Direct Student Loans - Aid Year 2010-2011	84.268	P268K112650	168,670	168,670	168,670
Sub Total			<u>4,461,647</u>	<u>4,130,178</u>	<u>4,082,801</u>
<b>Passed Through Oklahoma Department of Career and Technology Education:</b>					
Carl Perkins	84.048		164,003	125,094	163,429
Carl Perkins - Note	84.048			166,448	
Carl Perkins - Post Secondary	84.048		32,959	32,959	32,959
Carl Perkins - Post Secondary - Note	84.048			29,382	
Carl Perkins - Supplemental	84.048		57,500	4,221	38,304
Temporary Assistance to Needy Families	93.558		274,054	130,786	267,948
Temporary Assistance to Needy Families - Note	93.558			67,104	
Temporary Assistance to Needy Families - Job Readiness	93.558		100,000	47,802	93,377
Temporary Assistance to Needy Families - Job Readiness - Note	93.558			16,020	
Tech Prep	84.243		31,908	2,269	25,459
Tech Prep - Note	84.243			30,171	
Tech Centers that Work	84.048		12,000	12,000	12,000
Tech Centers that Work - Note	84.048			11,141	
High Growth - Note	84.048			46,701	
Career Guidance - Note	84.048			15,311	
Post Secondary Transitions - Note	84.048			24,115	
Youth Grant Local Workforce - Note	17.259			2,856	
Mentor Program - Note	84.048			2,750	
Sub Total			<u>672,424</u>	<u>767,130</u>	<u>633,476</u>
<b>U.S. Department of Labor</b>					
<b>Passed Through Oklahoma State University</b>					
Wind Turbine Technology	17.269	AF-5-50920-02	209,571	52,720	122,020
Sub Total			<u>209,571</u>	<u>52,720</u>	<u>122,020</u>
<b>Department of Rehabilitation Services:</b>					
Project SEARCH	84.126		57,983	57,983	57,983
Project SEARCH - Note	84.126			6,225	
Sub Total			<u>57,983</u>	<u>64,208</u>	<u>57,983</u>
Total Federal Assistance			<u>\$ 5,401,625</u>	<u>5,014,235</u>	<u>4,896,280</u>

**\* Major programs**

Note - Prior year amounts represent reimbursements for prior year expenditures which were received in the current fiscal year.

Note 1 - The accompanying schedule of expenditures of federal awards includes the federal grant activity of VT-22, Metro Technology Center, and is presented on the regulatory basis of accounting, as permitted by the Oklahoma State Department of Career Technology Education. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

The Honorable Board of Education  
Metro Technology Center School District No. 22  
Oklahoma City, Oklahoma 73111

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Metro Technology Center School District No. 22 (the District), Oklahoma City, Oklahoma, as of and for the year ended June 30, 2012, which, collectively comprise the District's basic financial statements and have issued our report thereon dated February 28, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States, 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

Management of the District is responsible for establishing and maintaining effective 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 opinion 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 preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be 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 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or 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. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

### **2012-1 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 to the financial software's general ledger.

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. Both reports will also be reconciled to the bank statements and general ledger, in addition to any internal financial reports that are prepared.

Cause/Effect: Without proper reconciliations 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. Also, we recommend that 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 periodic and year-end financial statements.

### **2012-2 Supplemental Appropriations**

Condition: We observed during the audit that the applicable forms for adding supplemental appropriations were not properly completed in a timely manner. This resulted in the general fund expenditures exceeding approved appropriations for a period of time during the fiscal year, however, the District had an adequate amount of cash on hand to cover all of the expenditures made.

Criteria: A good system of internal control provides for the appropriation ledger to be continuously monitored and reconciled with expenditure reports to ensure that the District does not exceed appropriations as required by Oklahoma Statutes. (Reference: 62 O.S. 2001 § 310.02)

Cause/Effect: Without proper monitoring of appropriations there is a possibility that the District will exceed its approved legal appropriations.

Recommendation: We recommend that the District implement procedures to ensure that supplemental appropriation forms be completed and executed in a timely manner and that the appropriations ledger be reconciled periodically with expenditure reports to ensure that expenditures do not exceed approved appropriations at any time, in any fund, during the year.

#### Compliance and Other Matters

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

We noted certain other matters that we reported to management in a separate letter dated February 28, 2013.

The District's response 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 response and, accordingly, we express no opinion on it

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

February 28, 2013



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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Board of Education  
Metro Technology Center School District No. 22  
Oklahoma City, Oklahoma 73111

Compliance

We have audited Metro Technology Center School District No. 22, (the District) Oklahoma City, Oklahoma's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. 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 consider 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, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.



Internal Control Over Compliance

Management of the District 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 to determine our 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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.

This report is intended solely for the information of the school board, management, the Oklahoma State Department of Career and Technology Education and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

February 28, 2013

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND  
MATERIAL INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2012

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, 2012

**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 significant deficiencies in the internal controls over financial reporting.
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

**2012-1 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 to the financial software's general ledger.

**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. Both reports will also be reconciled to the bank statements and general ledger, in addition to any internal financial reports that are prepared.

Cause/Effect: Without proper reconciliations 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. Also, we recommend that 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 periodic and year-end financial statements.

District Response:

### **2012-2 Supplemental Appropriations**

Condition: We observed during the audit that the applicable forms for adding supplemental appropriations were not properly completed in a timely manner. This resulted in the building fund expenditures exceeding approved appropriations for a period of time during the fiscal year, however, the District had an adequate amount of cash on hand to cover all of the expenditures made.

Criteria: A good system of internal control provides for the appropriation ledger to be continuously monitored and reconciled with expenditure reports to ensure that the District does not exceed appropriations as required by Oklahoma Statutes. (Reference: 62 O.S. 2001 § 310.02)

Cause/Effect: Without proper monitoring of appropriations there is a possibility that the District will exceed it's approved legal appropriations.

Recommendation: We recommend that the District implement procedures to ensure that supplemental appropriation forms be completed and executed in a timely manner and that the appropriations ledger be reconciled periodically with expenditure reports to ensure that expenditures do not exceed approved appropriations at any time, in any fund, during the year.

District Response:

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

None

METRO TECHNOLOGY CENTER  
SCHOOL DISTRICT NO. 22, OKLAHOMA COUNTY  
SCHEDULE OF ACCOUNTANT’S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2011 TO JUNE 30, 2012

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 Metro Technology Center School for the audit year 2011-2012.

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

By \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
This 28<sup>th</sup> day of February 2013

\_\_\_\_\_  
Notary Public (or Clerk or Judge)

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