

REPORT OF AUDIT
SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE - CARTER COUNTY - OKLAHOMA
JULY 1, 2012 TO JUNE 30, 2013

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE - CARTER COUNTY – OKLAHOMA
JULY 1, 2012 TO JUNE 30, 2013

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AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Report on Audit of Financial Statements
June 30, 2013

Table of Contents

	<u>Pages</u>
<u>Financial Section</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to the Financial Statements	16
<u>Required Supplementary Information</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – General Fund (Unaudited)	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – Building Fund (Unaudited)	32
Notes to Required Supplementary Information	33
<u>Supplementary Information</u>	
Balance Sheet – Combining General Fund	34
Statement of Revenues, Expenditures, and Changes in Fund Balances – Combining General Fund	35
Schedule of Expenditures of Federal Awards	36

Compliance and Internal Control

Independent Auditor's 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>	37
Disposition of Prior Years Findings	39
Schedule of Findings	40
Schedule of Accountants' Professional Liability Insurance Affidavit	41

Chas. W. Carroll, P.A.

Hiland Tower – Suite 406
302 N. Independence

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Southern Oklahoma Technology Center #V-20
Carter County, Oklahoma

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position for year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of American require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 31-33 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. I have applied certain limited procedures to the require d 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly I do not express an opinion or provide any assurance on them.

Sincerely,



Chas. W. Carroll, P.A.
November 7, 2013

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)
June 30, 2013

Within the management's discussion and analysis of the Southern Oklahoma Technology Center, District No. 20 (the District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section. The reports are prepared using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, which also requires certain comparative information between the current year and the prior year to be presented.

I. Financial Highlights

- The District's government-wide assets on an accrual basis exceeded its liabilities by \$22,035,514 (Net Position) for the fiscal year ended June 30, 2013.
- Total governmental-wide Net Position as of June 30, 2013, are comprised of the following:
 - Capital assets net of related debt of \$13,033,205 which includes property and equipment net of accumulated depreciation in the amount of \$16,376,900 less unspent funds in capital project funds of \$56,305 less related debt of \$3,400,000.
 - Net Position of \$2,704,831 are restricted by constraints imposed by sources from outside the District such as grantors, laws, or regulations. This Net Position consist of the building fund in the amount of \$1,442,886, permanent endowments fund in the amount of \$85,075, debt service in the amount of \$1,052,809, and activity fund in the amount of \$124,061.
 - Unrestricted Net Position of \$6,297,487 which represents the portion available to maintain the District's continuing obligations to citizens and creditors.
- General fund revenues of \$7,933,844 on a budgetary basis for the year ended June 30, 2013, were less than expenditures of \$8,031,559 by (\$97,715) or 1.23% of total revenues. The fund balance on the budgetary basis at June 30, 2013 totals \$2,492,288.
- Building fund revenues of \$1,020,989 on a budgetary basis for the year ended June 30, 2013, were more than expenditures of \$755,544 by \$265,855. The fund balance on the budgetary basis at June 30, 2013 totals \$1,681,185.
- The District's regular full and part time employee salaries/benefits totaled 46% of the budget for fiscal year 2012/2013 as compared with 36% of the budget for fiscal year 2011/2012. It is currently estimated that the total for salaries/benefits for fiscal year 2013/2014 will be approximately 44% of the budget.

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)

- Property valuation of the district for fiscal year 2012/2013 is up .10.5 % from 2011/2012.
- Official student enrollment was 610 full time equivalents (FTE's) in fiscal year 2012/2013 compared to 592 FTE's in fiscal year 2011/2012. Enrollment and attendance are critical components in the continuation of a full-time program qualified for the inclusion of state funding, under a formula generated through the Oklahoma Department of Career and Technology Education.

II. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Southern Oklahoma Technology Center, District No. 20's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) District-wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position represents district-wide information on all of the District's assets and liabilities, with the difference between assets and liabilities reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents district-wide information showing how the District's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave which is available for redemption upon retirement).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include vocational and technical education focusing on career development and administration.

The district-wide financial statements can be found on pages 12-13 in this report.

2) Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the

Southern Oklahoma Technology Center, District No. 20

Carter County, Ardmore, Oklahoma

Management Discussion and Analysis (Unaudited)

District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Since there is only one non-major fund, the activity fund, it is reported alongside the major funds.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spending resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financing requirements. Most of the District's basic services are included here, such as vocational and technical education focusing on career development and administration. Property taxes, bond proceeds, federal grants, state grants, and state formula aid finance most of these activities.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District internally maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, building fund, capital projects fund and sinking fund, all of which are considered to be major funds.

General Fund: The general fund is the chief operating fund of the District. The general fund accounts for all financial resources not accounted for within another fund. This includes funds included within the internal Sturm fund which includes amounts committed by Board resolution to be maintained permanently but without a defined purpose.

Special Revenue Funds: Special revenue funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. The proceeds of specific revenue sources are the foundation for the fund. The District reports the building fund, grant fund and the student activity portion of the internal activity fund as special revenue funds.

Capital Projects Fund: Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays. The District reports unspent bond proceeds in the capital projects fund

Debt Service Fund: Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The

Southern Oklahoma Technology Center, District No. 20

Carter County, Ardmore, Oklahoma

Management Discussion and Analysis (Unaudited)

District reports resources collected from property taxes levied for bond payments in the debt service fund along with interest earnings on funds accumulated.

Permanent Fund: Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs. The District reports the Green Endowment as a permanent fund.

The District adopts an annual appropriated budget for its general and building funds. Budgetary comparison statements have been provided for the general fund and building fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 14-15 of this report.

3) Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. Notes to the financial statements can be found on pages 17-29 of this report.

Other information, in addition to the basic financial statements and accompanying notes, includes certain required supplementary information including budgetary comparison schedules for the general and building funds.

Required supplementary information can be found on pages 31-32 of this report.

III. Financial Analysis of the District as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in Net Position may be observed and used to discuss the changing financial position of the District as a whole.

The District's Net Position at June 30, 2013 is \$22,035,514. The unrestricted portion of Net Position in the amount of \$6,297,482 (28.58% of Net Position) may be used to meet the District's ongoing obligations to citizens and creditors.

An additional portion of the District's Net Position, \$2,704,832 (12% of total Net Position), represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net Position, \$13,033,205 is the investment in capital assets less related debt. The District uses these capital assets to provide instruction, support, and transportation services; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the District is able to report positive a balance in Net Position. The same situation held true for the prior fiscal year. Comparative data is accumulated and presented to assist analysis.

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)

The following provides a summary of the District's Net Position for the year ended 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Current Assets	\$ 9,351,480	\$ 10,984,876
Capital Assets	16,376,901	14,292,899
Other Assets	30,168	45,251
Total assets	<u>25,758,549</u>	<u>25,323,026</u>
Liaibilities due within a year	1,847,340	2,029,605
Long-term liabilities	1,875,690	3,550,335
Total liabilities	<u>3,723,030</u>	<u>5,579,940</u>
Net Position		
Invested in capital assets	13,033,205	10,494,239
Restricted	2,704,832	2,308,687
Unrestricted	6,297,482	6,940,160
Total net position	<u>22,035,519</u>	<u>19,743,086</u>

The following table provides a summary of the District's operating results for the year ended June 30:

	<u>2013</u>	<u>2012</u>
General Revenues		
Advalorem taxes	\$ 7,609,870	\$ 7,700,156
Other	287,705	358,156
State sources (including on-behalf payments of \$29,819 and \$28,540)	2,041,739	1,944,075
Program Revenues		
Charges for services	544,819	547,030
Operating grants	639,491	603,459
Total revenue	<u>11,123,624</u>	<u>11,152,876</u>
Expenses		
Instruction	3,925,347	3,146,126
Support services	4,699,536	4,894,617
Other outlays	70,526	1,291,259
Interest expense	135,783	173,750
Total expenses	<u>8,831,192</u>	<u>9,505,752</u>
Change in Net position	2,292,432	1,647,124
Net position, beginning of year	<u>19,743,087</u>	<u>18,095,962</u>
Net position, end of year	<u>\$ 22,035,519</u>	<u>\$ 19,743,086</u>

IV. Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with budgetary and finance-related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)

District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the District's governmental funds reported combined ending fund balances of \$8,282,475. Of the year-end total, \$849,600 is unassigned funds, nonspendable funds of \$85,075 and \$2,26,848, which is restricted by either statutory or grant provisions. Committed and assigned fund balances are \$3,289,573 and \$1,791,379, respectively.

The general fund is the chief operating fund of the District and the largest source of day-to-day educational delivery. As of June 30, 2013, the unassigned fund balance of the general fund was \$849,600, while total fund balance was \$5,245,271. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance at June 30, 2013 represents 10.4% of total general fund expenditures compared to 11.6% at June 30, 2012.

The District's main activities are instruction, support services, non-instruction services, and capital outlay. The following table shows each activity's total cost before any offsets for fees generated by the activities and intragovernmental aid provided for specific programs.

The following table of total costs for the general fund for the years ended June 30, 2013 and 2012 show the financial burden that was placed on the State of Oklahoma, federal government, and the District's taxpayers by each of these functions.

	<u>2013</u>	<u>2012</u>
Instruction	3,833,889	2,957,208
Support services	4,234,971	4,378,460
Facilities acquisition & construction cost	4,270	616,058
Other outlays	75,087	71,306
Total cost of services	<u>\$ 8,148,217</u>	<u>\$ 8,023,032</u>

The cost of all governmental funds this year was \$12,596,209.

- Most of the District's costs are financed by District taxpayers and the taxpayers of our state by a combination of \$7,611,945 in property taxes and \$2,260,438 of state aid.
- Some of the cost, \$544,819, was financed by the users of the District's programs.
- Federal grants provided \$216,788.

Sources of revenue for the District's governmental funds are as follows:

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)

Governmental Revenue

Total Revenues	<u>2013</u>	<u>%</u>	<u>2012</u>	<u>%</u>
Local sources	\$ 8,663,125	78%	\$ 8,728,959	79%
State aid	2,260,438	20%	2,136,479	19%
Federal sources	216,788	2%	162,117	1%
	<u>\$ 11,140,351</u>		<u>\$ 11,027,555</u>	

The District spent \$1,245,133 on construction projects which reduced the beginning fund balance in the capital projects fund. The reduction was expected because the beginning of this year included the proceeds from the 2008 bond issue to finance the projects. Although these capital expenditures reduce available fund balances, they create new assets as reported in the Statement of Net Position.

V. General Fund Budgetary Highlights

During the year, the Board adopted amendments to the budget. Differences between the general fund's original budget and the final amended budget were relatively minor.

VI. Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of June 30, 2013 and 2012 amounted to \$16,376,900 and \$14,292,899, respectively, net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, vehicles and mineral interests.

	<u>2013</u>	<u>2012</u>
Land	\$ 242,601	\$ 242,601
Construction in progress	<u>6,744,344</u>	<u>4,558,301</u>
Total capital assets not depreciated	<u>6,986,945</u>	<u>4,800,902</u>
Buildings	12,345,505	12,345,505
Computers and printers	1,107,590	854,091
Furniture and small equipment	1,553,060	1,415,766
Tools and large equipment	2,070,383	1,878,544
Vehicles	442,250	577,391
Mineral interests	<u>82,063</u>	<u>82,063</u>
Total capital assets being depreciated	17,600,851	17,153,360
Less accumulated depreciation	<u>(8,210,895)</u>	<u>(7,661,363)</u>
	<u>9,389,956</u>	<u>9,491,997</u>
Total capital assets	<u>\$ 16,376,901</u>	<u>\$ 14,292,899</u>

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)

The Automated Manufacturing building was completed July, 2012; the Automotive Collision Center was completed October, 2012; and The Health Academy building was complete by August, 2013.

Additional information concerning the District's capital assets is contained in the notes to the financial statements.

Debt. At year-end, the District had the bonds outstanding.

	<u>2013</u>	<u>2012</u>
General Obligation Bonds	<u>\$ 3,400,000</u>	<u>\$ 5,100,000</u>

Oklahoma statutes limit the general obligation debt that can be issued to 10% of the assessed valuation for the District. The District's outstanding debt is 6.3% of the imposed limit of approximately \$53,790,000.

More information about the District's long-term liabilities is presented in the notes to the financial statements.

VII. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Southern Oklahoma Technology Center, District No. 20, 2610 Sam Noble Parkway, Ardmore, Oklahoma 73401.

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and cash investments	\$ 8,002,531
Investments	85,000
Accounts receivable, net	1,263,949
Capital assets not being depreciated	6,986,945
Capital assets being depreciated, net of depreciatoin	9,389,956
Debt issuance cost, net of amortization	<u>30,168</u>
Total assets	<u>25,758,549</u>
LIABILITIES	
Accounts payable	66,055
Accrued interest payable	14,450
Long-term Liabilities	
Due within one year	1,766,835
Due in more than one year	<u>1,875,690</u>
Total liabilities	<u>3,723,030</u>
NET POSITION	
Net investment in capital assets	13,033,205
Restricted - nonexpendable	85,075
Restricted for:	
Building fund	1,442,886
Debt service	1,052,809
Activity fund	124,062
Unrestricted	<u>6,297,482</u>
Total net position	<u>\$ 22,035,519</u>

The accompanying notes are an integral part of these financial statements

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs:	Expenses	Charges for Services	Program Revenues		Net (Expenses) and Changes in Net Assets
			Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 3,925,347	\$ 469,483	\$ 595,313	\$ -	\$ (2,860,551)
Support services	4,699,536	48,217	-	-	(4,651,319)
Non-instruction	70,526	27,119	44,178	-	771
Interest expense	135,783	-	-	-	(135,783)
Total governmental activities	\$ 8,831,192	\$ 544,819	\$ 639,491	\$ -	(7,646,882)
General Revenues:					
Local sources -					
Ad valorem taxes					7,609,870
Interest income					287,705
State appropriations					2,041,739
Total general revenues					9,939,314
Change in net assets					2,292,432
Net position, beginning					19,743,087
Net position, ending					\$ 22,035,519

The accompanying notes are an integral part of these financial statements

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2013

	General	Building Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
ASSETS						
Cash and Cash Investments	\$ 5,006,830	\$ 1,930,477	\$ 75,012	\$ 675,742	\$ 314,473	\$ 8,002,534
Investments	-	-	-	-	85,000	85,000
Accounts receivable	897,246	93,155	-	273,083	465	1,263,949
Due from Other Funds	55,200	-	-	-	-	55,200
Total assets	<u>\$ 5,959,276</u>	<u>\$ 2,023,632</u>	<u>\$ 75,012</u>	<u>\$ 948,825</u>	<u>\$ 399,938</u>	<u>\$ 9,406,683</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 28,642	\$ 18,708	\$ 18,708	\$ -	\$ -	\$ 66,058
Accrued employee benefits	66,835	-	-	-	-	66,835
Due to Other Funds	-	-	-	-	55,200	55,200
Deferred income	618,528	74,555	-	243,033	-	936,116
Total Liabilities	<u>714,005</u>	<u>93,263</u>	<u>18,708</u>	<u>243,033</u>	<u>55,200</u>	<u>1,124,209</u>
Fund Balances:						
Nonspendable	-	-	-	-	85,075	85,075
Restricted	-	1,443,288	-	699,499	124,061	2,266,848
Committed	2,976,772	256,497	56,304	-	-	3,289,573
Assigned	1,418,899	230,584	-	6,293	135,603	1,791,379
Unassigned	849,600	-	-	-	-	849,600
Total fund balances	<u>5,245,271</u>	<u>1,930,369</u>	<u>56,304</u>	<u>705,792</u>	<u>344,739</u>	<u>8,282,475</u>
Total liabilities and fund balances	<u>\$ 5,959,276</u>	<u>\$ 2,023,632</u>	<u>\$ 75,012</u>	<u>\$ 948,825</u>	<u>\$ 399,939</u>	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in government activities are not financial resources and therefore not reported in the funds.						16,376,901
Compensated absences which are not due and payable in the current period and therefore are not reported in the funds.						(164,810)
Early retirement which are not due and payable in the current period and therefore are not reported in the funds						(10,880)
Interest expense accrued on outstanding bonds is recorded in the funds until due.						(14,450)
Property taxes receivable 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.						936,115
Bond issuance costs are amortized over the life of the bonds but are reported as expenditures in the funds.						30,168
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.						(3,400,000)
Net assets of governmental activities						<u>\$ 22,035,519</u>

The accompanying notes are an integral part of these financial statements

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2013

	General	Building Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
REVENUES						
Local sources						
Property taxes	\$ 5,000,992	\$ 1,002,796	\$ -	\$ 1,608,157	\$ -	\$ 7,611,945
Tuition and fees	421,203	-	-	-	-	421,203
Interest	4,585	702	99	299	3,890	9,575
Other local	376,932	13,103	-	-	230,367	620,402
State sources	2,259,355	410	-	673	-	2,260,438
Federal sources	216,788	-	-	-	-	216,788
Total revenues	<u>8,279,855</u>	<u>1,017,011</u>	<u>99</u>	<u>1,609,129</u>	<u>234,257</u>	<u>11,140,351</u>
EXPENDITURES						
Curent:						
Instruction	3,833,889	-	-	-	159,282	3,993,171
Support services	4,234,971	664,924	18,708	-	-	4,918,603
Facilities acquisition and construction services	4,270	463,789	1,226,425	-	-	1,694,484
Other outlays	75,087	-	-	-	87,364	162,451
Debt Service						
Principal	-	-	-	1,700,000	-	1,700,000
Interest	-	-	-	127,500	-	127,500
Total expenditures	<u>8,148,217</u>	<u>1,128,713</u>	<u>1,245,133</u>	<u>1,827,500</u>	<u>246,646</u>	<u>12,596,209</u>
OTHER FINANCING SOURCES (USES):						
Transfers	(1,826)	-	-	-	1,826	-
NET CHANGE IN FUND BALANCE	129,812	(111,702)	(1,245,034)	(218,371)	(10,563)	(1,455,858)
FUND BALANCES, beginning	5,115,459	2,042,071	1,301,338	924,163	355,302	9,738,333
FUND BALANCES, ending	<u>\$ 5,245,271</u>	<u>\$ 1,930,369</u>	<u>\$ 56,304</u>	<u>\$ 705,792</u>	<u>\$ 344,739</u>	<u>\$ 8,282,475</u>

The accompanying notes are an integral part of these financial statements

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures,
And Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balance	\$(1,455,858)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and net cost from disposition of equipment in the current period.	2,098,545
Losses on the disposal of capital assets that do not use current financial resources are reported as expenses .	(14,543)
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.	(2,075)
Interest expense is accrued when owed on outstanding bonds but is reported as an expenditure when due in the funds.	6,800
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,684,918
The liability for early retirement incentive program that does not require use of current financial resources. Therefore, it is not reported as an expenditure in the governmental funds	(10,911)
The liability for compensated absences does not require the use of current financial resources because it is measured by the amounts earned during the year rather than the amounts actually paid. Therefore, it is not reported as expenditures in the governmental funds.	<u>(14,444)</u>
Change in net assets in governmental activities	<u><u>\$ 2,292,432</u></u>

The accompanying notes are an integral part of these financial statements

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

I. Organization

Southern Oklahoma Technology Center, District No. 20, Carter County, Ardmore, Oklahoma (the District), is a corporate body for public purposes created under Title 70 of *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 Oklahoma Department of Career Technology, and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the *Oklahoma School Code* contained in Title 70, *Oklahoma Statutes*.

The governing body of the District is the board of education, which is composed of five elected members. An appointed superintendent is the chief executive officer of the District. David Powell, Ed.D, was the superintendent for the year ended June 30, 2013. Board members as of June 30, 2013 are Robert Thomason, Bill Coleman, Dana Gossvener Georganne Westfall, and Richard Chadwick.

II. Summary of significant accounting policies

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements are as follows:

Reporting Entity – In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus*. Potential component units are evaluated based on whether the District is financially accountable. The District is considered financially accountable if it appoints a voting majority of the organization's board and (1) it is able to impose its will on the organization or (2) there is the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District. Based upon the application of these criteria, there are no component units included in the District's reporting entity.

District-wide and Fund Financial Statements – The district-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

II. Summary of significant accounting policies - continued

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurements Focus, Basis of Accounting, and Financial Statement Presentation – The district-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. Grant and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

For the year ended June 30, 2013 the District reports the following major governmental funds:

The general fund is the District's primary operating fund, which 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 state funding formula. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction, and other long-term liabilities. The general fund includes federal and state restricted monies that must be expended for specific programs.

The building fund is a special revenue fund used to account for revenue sources restricted or committed to expenditure for specified purposes. Building fund monies are derived from property taxes levied for the following purposes: erecting, remodeling, repairing, or maintaining school buildings; purchasing furniture, equipment, and computer software to be used on or for school district property; paying energy and utility costs; purchasing telecommunications services; paying fire and casualty insurance premiums for school facilities; purchasing security systems; and paying salaries of security personnel. Restricted Net Position are restricted by enabling legislation.

Capital project funds are used to account for proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

The debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Additionally, the District reports the following funds in other governmental funds:

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

II. Summary of significant accounting policies – continued

The permanent fund represents the Green endowment and assigned funds. Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

The activity fund is a special revenue fund used to account for the proceeds of revenue sources from student activities that are restricted by law. This fund is administered by the District's administrative staff, under the authority of the board of education, for collecting, disbursing, and accounting for specific activities to further the educational programs of the District.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenue include 1) tuition and fees charged to students, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated general resources are reported as general revenue rather than as program revenue. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and fund equity, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

Budget – The following is the budget development process for all funds. A public hearing is held within 45 days of the beginning of the fiscal year. The budget shall be approved by the board of education within 30 days of the beginning of the fiscal year. The District shall amend the budget after July 1 whenever the State Incentive Aid and certified property tax valuations become available.

The board of education will not exceed the level of appropriation for each fund as established by the budget and may amend the budget by budget amendment, according to law. The budget is updated and reported to the superintendent and board of education in the fiscal year, as needed. At the end of the fiscal year, unencumbered appropriations (balances) lapse and become a part of fund balance.

The following is the budget administration and management process. Each fund has a budget that is assigned by project, allocated to a control account by function (to third digit) and object. The District's budget is administered by a person authorized by the superintendent to monitor and control the budget as per board of education policy. Budget expenditures are monitored through the financial management system to prevent expenditures from increasing above appropriated budget or project levels within the budget unless authorized within total available appropriations. Requisitions are submitted for purchase orders along with blanket salary reserves and employee contracts to the board of education as encumbrances against legal appropriations by fund.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

II. Summary of significant accounting policies - continued

Cash and cash investments – The District considers all cash on hand, demand deposits, and interest-bearing checking accounts and certificate of deposits, held at an individual bank which are subject to early withdraw penalties no matter what the maturity period, to be cash.

Investments – Investments may consist of direct obligations of the United States government and agencies; savings accounts; and warrants, bonds, or judgments of the District. All investments are recorded at cost, which approximates market value.

Receivables – Uncollected taxes assessed on valuations made each year are recorded in the District’s governmental fund financial statements. Delinquent taxes that are not collected within 60 days of year-end are recorded in the governmental fund financial statements as deferred revenue. Uncollectible personal and real property taxes are deemed to be immaterial because the real property can be sold for the amount of taxes due.

Activities between funds represent the time lag between the dates transactions are recorded and the payments between funds are made.

Inventories – Inventories in the governmental funds are carried at cost and are recorded as expenditures when consumed on a first-in/first-out (FIFO) method rather than when purchased. Inventories include curriculum materials held for resale.

Restricted Assets – Contributions from private and governmental grantors are classified as restricted assets, since their use is restricted by applicable grant agreements.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$200 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The District incurred no interest expense for construction of capital assets for business-type activities during the year ended June 30, 2013.

Capital assets are depreciated using the straight-line method over the following useful lives:

Type of Asset	Years
Land	N/A
Buildings	40
Computers and Printers	3
Furniture and Small Equipment	6
Tools and Large Equipment	10
Vehicles	5

Mineral interests are depleted using the declining balance basis at the rate of 7% per year.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

II. Summary of significant accounting policies - continued

Long-Term Liabilities – In district-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of assets.

Debt Issuance Costs -- Bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. In the governmental fund financial statements, issuance costs are recognized during the current period as expenditures.

Compensated Absences – The liability for compensated absences attributable to the District's governmental funds is recorded in the district-wide financial statements. Payment for vested compensated absence balances is made only upon terminating employment; therefore, it is the District's policy to record all vested compensated absence balances as a long-term liability.

The Board/District will provide one day of sick leave per month of duty contract. The right to such leave shall vest at the beginning of the contract period. The maximum number of days of accumulated sick leave that may be carried forward from one contract year to the next shall be unlimited, with a maximum of 120 days earned in the District accumulated for purposes of retirement/reimbursement. The Board will pay the standard rate normally paid a substitute teacher (currently \$60 per day), as approved by the Board, per day/no fringes, per day reimbursement, for accumulated sick leave/personal leave earned within the District, up to 120 days maximum payable at retirement, resignation and/or termination of employment. The general fund is used to liquidate compensated absences.

Fund Equity

Government-wide Statements

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets net of accumulated depreciation and capital asset debt
- b. Restricted net position – consists of net position with constraints on the use either by (1) external groups or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “Net investment in capital assets”.

Fund 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 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 has classified the donation from Green as being Nonspendable as the principal amount of the donation was permanently restricted by the donor to be maintained. Net appreciation may be spent for District programs based on a total-return policy.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

II. Summary of significant accounting policies - continued

- 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. Debt service resources are to be used for future servicing of the general obligation bonds and are restricted through debt covenants. Capital project revenue from bond proceeds are restricted by State Statute and are legally segregated for funding of voter approved uses. Funds received from certain student activities are restricted by State Statute.
- 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.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the superintendant through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned interest earnings to the funds where earned for the purposes defined by the fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

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 Oklahoma Department of Career Technology administers the allocation of state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the Oklahoma Department of Career Technology 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 revenues of the year when the adjustment is made.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

II. Summary of significant accounting policies - continued

The District receives revenues from the State to administer certain categorical educational programs. Oklahoma Department of Career Technology rules require that revenues earmarked for these programs be expended only for the program for which the money is provided and require that 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 Technology requires that categorical educational program revenues be accounted for in the general fund.

Property Tax Revenue – 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 Carter 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 15 days of receipt of the tax rolls. The first half of taxes is due prior to January 1 and the second half is due prior to April 1.

If the first half of tax payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes are 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 taxes and penalty owed. If, at the end of two years, the owner has not paid the taxes, the purchaser is issued a deed to the property.

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

Subsequent Event - The District has evaluated subsequent events through October X, 2013, the date which the financial statements were available to be issued.

III. Deposits, investments, and collateral

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policies are governed by *Oklahoma Statutes*. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan association and bank and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest changes. The District has no policy on interest rate risk.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

III. Deposits, investments, and collateral - continued

A summary of investments at June 30, 2013 is as follows:

<u>Investment Type</u>	<u>Value</u>	<u>1-5 Years</u>
U.S. Treasury Bills	<u>\$ 85,000</u>	<u>\$ 85,000</u>

IV. Receivables

Receivables at June 30, 2013, for the District's individual major funds are as follows:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Property taxes	\$ 771,547	\$ 100,125	\$ 295,923	\$ -	\$ -	\$ 1,167,595
Grants	176,788	-	-	-	-	176,788
Student receivables/Other	8,831	-	-	-	-	8,831
Interest receivable	-	-	-	465	-	465
Less allowance for doubtful accounts	<u>(59,920)</u>	<u>(6,970)</u>	<u>(22,840)</u>	-	-	<u>(89,730)</u>
Total receivables	<u>\$ 897,246</u>	<u>\$ 93,155</u>	<u>\$ 273,083</u>	<u>\$ 465</u>	<u>\$ -</u>	<u>\$ 1,263,949</u>

V. Long term liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Amounts Due within One Year</u>
Bonds payable	\$ 5,100,000	\$ -	\$(1,700,000)	\$ 3,400,000	\$ 1,700,000
Early Retirement					
Incentive	12,900	19,600	(10,385)	22,115	11,235
Compensated absences	201,900	74,070	(55,560)	220,410	55,600
Total governmental activity long-term liabilities	<u>\$ 5,314,800</u>	<u>\$ 93,670</u>	<u>\$(1,765,945)</u>	<u>\$ 3,642,525</u>	<u>\$ 1,766,835</u>

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

V. Long term liabilities continued

Bonds payable at June 30, 2013 are composed of the following individual general obligation bond issue:

Purpose	Issue Amount	Date	Annual Payment	Final Payment	Maturity Date	Interest Rate	Total Outstanding
Building	\$ 8,500,000	5/1/2009	\$ 1,700,000	\$ 1,700,000	5/1/2015	2.2%-2.7%	<u>\$3,400,000</u>

Payments on bonds are made by the debt service fund with property taxes. Compensated absences are generally liquidated by the general fund.

Then annual requirements to amortize all bond debt outstanding as of June 30, 2013 including interest payments are as follows:

Period Ending June 30	Principal	Interest	Total Debt Service
2014	1,700,000	86,700	1,786,700
2015	1,700,000	44,200	1,744,200
	<u>\$ 3,400,000</u>	<u>\$ 130,900</u>	<u>\$ 3,530,900</u>

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 have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2013 is approximately \$48,531,000.

Proceeds of general obligation bond issues are recorded in the Capital Projects Fund and at least 85% of the proceeds are restricted to the use for which they were approved in the bond election.

See Note VII for Early Retirement Incentive information.

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

VI. Capital assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 242,601	\$ -	\$ -	\$ 242,601
Construction in progress	4,558,301	2,186,043	-	6,744,344
Total capital assets not depreciated	<u>4,800,902</u>	<u>2,186,043</u>	<u>-</u>	<u>6,986,945</u>
Capital assets being depreciated				
Buildings	12,345,505	-	-	12,345,505
Computers and printers	1,072,208	111,832	(76,450)	1,107,590
Furniture and small equipment	1,365,149	226,063	(38,152)	1,553,060
Tools and large equipment	1,878,544	248,514	(56,675)	2,070,383
Vehicles	409,892	32,358	-	442,250
Mineral interests	82,063	-	-	82,063
Total assets	<u>17,153,361</u>	<u>618,767</u>	<u>(171,277)</u>	<u>17,600,851</u>
Less Accumulated depreciation				
Buildings	(4,361,374)	(235,928)	-	(4,597,302)
Computers and printers	(858,590)	(128,165)	77,935	(908,820)
Furniture and small equipment	(887,527)	(157,833)	30,761	(1,014,599)
Tools and large equipment	(1,194,351)	(127,141)	48,037	(1,273,455)
Vehicles	(281,974)	(55,830)	-	(337,804)
Mineral interests	(77,547)	(1,368)	-	(78,915)
Total Accumulated depreciation	<u>(7,661,363)</u>	<u>(706,265)</u>	<u>156,733</u>	<u>(8,210,895)</u>
Total Capital assets being depreciated, net	<u>9,491,998</u>	<u>(87,498)</u>	<u>(14,544)</u>	<u>9,389,956</u>
Capital assets, net	<u>\$ 14,292,900</u>	<u>\$ 2,098,545</u>	<u>\$ (14,544)</u>	<u>\$ 16,376,901</u>

Depreciation expense for the year ended June 30, 2013, was charged to functions of the District as follows:

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

VI. Capital assets continued

Governmental activities:	
Instruction	\$ 494,385
Support services	<u>211,879</u>
Total depreciation expense	<u>\$ 706,264</u>

VII. Employee pension plans

Southern Oklahoma Technology Center, District No. 20 participates in the state-administered Teachers' Retirement System of Oklahoma (the System), which is a cost-sharing multiple-employer public employee retirement system. Additionally, the District provides an employer-funded pension plan for eligible employees offered an Early Retirement Incentive Plan.

Teachers' Retirement System of Oklahoma

Plan Description – The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. That report may be obtained by writing to the Teachers' Retirement System of Oklahoma, 2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

Funding Policy – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2013, qualifying employee contributions were reduced by a retirement credit of \$29,819 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2013, the District had a statutory contribution rate of 9.5% plus 8% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2013, the District funded the employees required contribution, and District contributions to the System for employees and employer were \$756,622, including the state credit of \$29,819 on covered payroll of \$4,585,586 and total payroll was \$4,407,070.

The District also recognizes on-behalf payments made to the System by the State of Oklahoma. These payments do not represent a direct or indirect payment of the District. The District's prorated share of these payments for the year ended June 30, 2013, totaled approximately \$29,819. These amounts are recognized as state aid revenues and compensation expense in the accompanying financial statements.

Trend information for the District's annual required contribution to the System is as follows:

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

VII. Employee pension plans -continued

Fiscal Year	Required Contribution	Percentage Contributed
2011	\$344,289	100%
2012	\$361,651	100%
2013	\$437,030	100%

Early Retirement Incentive Program

Program Description - The purpose of the Early Retirement Incentive Program (“ERIP”) is (1) to serve the needs of the District as they may be related to productivity, salary expenditures, and staff reductions and (2) to afford longtime District employees the opportunity to retire before they would ordinarily be able to do so.

In accordance with the year-by-year approval of the board of education, the District may or may not offer the Early Retirement Incentive. The board sets forth the conditions for participation in the early retirement incentive program in those years that it is offered. The program will include full-time certified and full-time non-certified employees, who actually retire under the Oklahoma Teacher’s Retirement System directly from full-time employment at the District.

Total amount outstanding for the ERIP as of June 30, 2013 was \$22,115 with the \$11,235 due during fiscal year 2014.

VIII. Commitments and contingencies

The District receives grant funds from various federal and state grantor agencies. Under the terms of the grants, periodic audits are required and certain costs may be questioned as not being allowable expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. The District management believes disallowances, if any, would be immaterial to the accompanying financial statements.

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; and natural disasters. During the period ended June 30, 2013, the District managed its risks by maintaining insurance from a commercial carriers including health insurance for its employees; liability insurance for risks related to torts, theft or damage of property, errors and omissions of public officials; and liability insurance for workmen’s compensation. The District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the Oklahoma Employment Security Commission.

The District utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order is issued and accordingly, encumbrances outstanding at year end are report as expenditures in the year issued for budgetary purposes. Significant encumbrances included in the governmental fund balances as committed are as follows:

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

VIII. Commitments and contingencies continued

General Fund	\$ 694,991
Capital Project Fund	56,303
Building Fund	230,584
	\$ 981,878

The District has outstanding commitments for capital projects of approximately \$200,000 as of June 30, 2013.

IX. Fund Balances – Governmental Funds

As of June 30, 2013, fund balances, other than unassigned are composed of the following:

	General	Building Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds
Nonspendable					
Green Endowment	\$ -	\$ -	\$ -	\$ -	\$ 85,075
Restricted					
Buildings	-	1,443,288	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	699,499	-
Student Activities	-	-	-	-	124,061
Committed					
Catastrophic Loss	1,976,772	-	-	-	-
Sturm Fund	1,000,000	-	-	-	-
Capital Projects	-	-	56,304	-	-
Buildings	-	256,497	-	-	-
Assigned					
Buildings	-	230,584	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	6,293	-
Student Activities	-	-	-	-	49,150
Cash Flow	723,910	-	-	-	-
District Programs	694,989	-	-	-	86,453
Unassigned	849,600	-	-	-	-
	\$ 5,245,271	\$ 1,930,369	\$ 56,304	\$ 705,792	\$ 344,739

X Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between Governmental Fund Balance Sheet and the Statement of Net Position – Governmental Activities

Capital Assets used in governmental funds are not financial and, therefore, are not reported in the funds

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

X Reconciliation of Government-Wide and Fund Financial Statements (continued)

Capital assets not being depreciated	
Land	\$ 242,601
Construction in progress	<u>6,744,344</u>
Total capital assets not depreciated	<u>\$ 6,986,945</u>
Capital assets being depreciated	
Buildings	\$ 12,345,505
Computers and printers	1,107,590
Furniture and small equipment	1,553,060
Tools and large equipment	2,070,383
Vehicles	442,250
Mineral interests	<u>82,063</u>
Total assets	\$ 17,600,851
Less Accumulated depreciation	<u>(8,210,895)</u>
Total Capital assets being depreciated, net	<u>\$ 9,389,956</u>
Capital assets, net	<u><u>\$ 16,376,901</u></u>

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

Bonds Payable	<u><u>\$ (3,400,000)</u></u>
---------------	------------------------------

Explanation of certain differences between governmental fund statement of revenue, expenditures and changes in fund balance and the government-wide statement of activities.

Capital Outlay	\$ 2,804,810
Depreciation Expense	<u>(706,265)</u>
	<u><u>\$ 2,098,545</u></u>
Debt Principal Payment	\$ 1,700,000
Amortization of Issuance Costs	<u>(15,082)</u>
	<u><u>\$ 1,684,918</u></u>

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2013

X Surety Bonds

<u>Bonding Company</u>	<u>Position Covered</u>	<u>Bond Number</u>	<u>Coverage Amount</u>	<u>Effective Dates</u>
CNA Surety	Activity Fund Custodian	69489622	\$100,000	7/1/12-7/1/13
	Superintendent	69489622	100,000	7/1/12-7/1/13
RLI	Treasurer	FID8002506	50,000	7/1/12-7/1/13

XI New GASB Standard

In Fiscal year 2013, the District implemented GASB Statement 63, *Reporting Deferred Outflows, Deferred Inflows, and Net Position*. This statement includes a title change from the "Statement of Net Assets" to "Statement of Net Position", requires deferred outflows to be reported in a separate section after assets, deferred inflows reported as a separate section after liabilities. Only those items specifically defined by GASB may be reported as deferred outflows or inflows. The only effect on the financial statements for the District was the change in terminology "net assets" to "net position".

Southern Oklahoma Technology Center, District No. 20
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Budget Basis) – General Fund (Unaudited)
For the Year Ended June 30, 2013

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES COLLECTED				
Local sources	\$ 4,957,664	\$ 5,131,817	\$ 5,518,778	\$ 386,961
State sources	2,013,173	2,325,819	2,255,104	(70,715)
Federal sources	123,414	227,534	159,962	(67,572)
Total revenues collected	<u>7,094,251</u>	<u>7,685,170</u>	<u>7,933,844</u>	<u>248,674</u>
EXPENDITURES PAID				
Instruction	3,051,127	3,874,583	3,666,147	208,436
Support services	3,741,217	4,490,024	4,288,005	202,019
Other outlays	2,751,866	1,910,566	77,407	1,833,159
Total expenditures paid	<u>9,544,210</u>	<u>10,275,173</u>	<u>8,031,559</u>	<u>2,243,614</u>
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	(2,449,959)	(2,590,003)	(97,715)	2,492,288
Adjustments to prior year encumbrances	-	78,503	78,503	-
Excess of revenues collected over (under) expenditures paid	(2,449,959)	(2,511,500)	(19,212)	2,492,288
FUND BALANCES, beginning	<u>2,449,959</u>	<u>2,511,500</u>	<u>2,511,500</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,492,288</u>	<u>\$ 2,492,288</u>

Adjustments to reconcile the ending statutory fund balance to the fund balance reported on the governmental funds balance sheet:

Accounts receivable not recorded on statutory statements	851,721
Tuition revenue not transferred from activity accounts	55,200
Deferred revenue not recorded on statutory statements	(618,528)
Compensated absences not recorded on statutory statements	(66,835)
Encumbrances expensed on the statutory statements	<u>679,863</u>
	<u>\$ 3,393,709</u>

Southern Oklahoma Technology Center, District No. 20
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Budget Basis) – Building Fund (Unaudited)
For the Year Ended June 30, 2013

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
REVENUES COLLECTED				
Local sources	\$ 908,613	\$ 955,337	\$ 1,020,989	\$ 65,652
State sources	-	-	410	410
Total revenues collected	<u>908,613</u>	<u>955,337</u>	<u>1,021,399</u>	<u>66,062</u>
EXPENDITURES PAID				
Support services	808,250	808,250	753,544	54,706
Facilities acquisition and construction services	5,000	5,000	2,000	3,000
Other Outlay	1,194,408	1,557,418	-	1,557,418
Total expenditures paid	<u>2,007,658</u>	<u>2,370,668</u>	<u>755,544</u>	<u>1,615,124</u>
Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances	(1,099,045)	(1,415,331)	265,855	1,681,186
Adjustments to prior year encumbrances	-	308,385	308,385	-
Excess of revenues collected over (under) expenditures paid	(1,099,045)	(1,106,946)	574,240	1,681,186
FUND BALANCES, beginning	<u>1,099,045</u>	<u>1,106,946</u>	<u>1,106,945</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,681,185</u>	<u>\$ 1,681,186</u>

Adjustments to reconcile the ending statutory fund balance to the fund balance reported on the governmental funds balance sheet:

Accounts receivable not recorded on statutory statements	93,155
Deferred revenue not recorded on statutory statements	(74,555)
Encumbrances expensed on the statutory statements	<u>230,584</u>
	<u>\$ 1,930,369</u>

Southern Oklahoma Technology Center, District No. 20
Notes to Required Supplementary Information
For the Year Ended June 30, 2013

Note 1: Budgeting and Budgetary Control

Oklahoma statutes require the District to prepare an annual budget. The various county excise boards formally approve the annual budget for the general fund, building fund, sinking fund and gifts and endowment fund. The District adopts its budget at the fund level.

Note 2: Budgetary Basis of Accounting

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

Note 3: Reconciliation of GAAP with Budgetary basis

The accompanying budget to actual financial statements are presented on the budget basis. The following provides reconciliation of the budget and generally accepted accounting principles (GAAP) basis financial statements

	General Fund	Building Fund
I. Sources/inflows of resources:		
Actual amounts (budget basis) available for appropriation from the budgetary comparison schedule	\$ 7,933,844	\$ 1,021,399
Differences – budget to GAAP:		
Sturm Fund Revenues not part of General fund on budgetary basis	281,338	-
On-behalf payments to Oklahoma Teachers Retirement System	29,819	-
Short-term accounts receivable is considered a current year budgetary revenue.	34,854	(4,388)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	\$ 8,279,855	\$ 1,017,011
II. Uses/outflows of resources:		
Actual amounts (budget basis) total charges to appropriations from the budgetary comparison schedule	\$ 8,031,559	\$ 755,544
Differences – budget to GAAP:		
On-behalf payment to Oklahoma Teachers Retirement System	29,819	-
Early retirement incentive payments are not recorded as expenditures for budgetary purposes until paid	4,769	-
Expenditures from Sturm Fund not treated as General fund for budgetary purposes	119,794	-
Compensated absences are not recorded as expenditures for budgetary purposes until paid	(2,400)	-
Transfer shown as other outlay	(200)	-
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial report purposes	(35,124)	373,169
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	\$ 8,148,217	\$ 1,128,713

Southern Oklahoma Technology Center, District No. 20
Supplemental Schedule
Combining Balance Sheet – General Fund
June 30, 2013

	General Fund	Sturm Fund	General Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 3,200,794	\$ 1,806,036	\$ 5,006,830
Due from other funds	55,200	-	55,200
Accounts receivable	851,719	45,527	897,246
Total assets	<u>\$ 4,107,713</u>	<u>\$ 1,851,563</u>	<u>\$ 5,959,276</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Liabilities:			
Accounts payable	\$ 28,642	\$ -	\$ 28,642
Accrued employee benefits	66,835	-	66,835
Deferred income	618,528	-	618,528
Total Liabilities	<u>\$ 714,005</u>	<u>\$ -</u>	<u>\$ 714,005</u>
 Fund Balances:			
Committed	\$ 1,976,772	\$ 1,000,000	\$ 2,976,772
Assigned	1,416,936	1,963	1,418,899
Unassigned	-	849,600	849,600
Total fund balances	<u>3,393,708</u>	<u>1,851,563</u>	<u>5,245,271</u>
Total liabilities and fund balances	<u>\$ 4,107,713</u>	<u>\$ 1,851,563</u>	<u>\$ 5,959,276</u>

**Southern Oklahoma Technology Center, District No. 20
Supplemental Schedule
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance – General Fund
For the Year Ended June 30, 2013**

	General Fund	Sturm Fund	Total General Fund
REVENUES			
Local sources			
Property taxes	\$ 5,000,992	\$ -	\$ 5,000,992
Tuition and fees	421,203	-	421,203
Interest	1,407	3,179	4,586
Other local	98,773	278,159	376,932
State sources	2,259,355	-	2,259,355
Federal sources	216,788	-	216,788
	<hr/>	<hr/>	<hr/>
Total revenues	7,998,518	281,338	8,279,856
EXPENSES			
Current:			
Instruction	3,833,889	-	3,833,889
Support services	4,119,447	115,524	4,234,971
Facilities acquisition and construction services	-	4,270	4,270
Other outlays	75,088	-	75,088
	<hr/>	<hr/>	<hr/>
Total expenditures	8,028,424	119,794	8,148,218
EXCESS OF REVENUES OVER EXPENDITURES	(29,906)	161,544	131,638
OTHER FINANCING SOURCES (USES):			
Transfer Out	(200)	(1,626)	(1,826)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(30,106)	159,918	129,812
FUND BALANCES, beginning	3,423,814	1,691,645	5,115,459
	<hr/>	<hr/>	<hr/>
FUND BALANCES, ending	\$ 3,393,708	\$ 1,851,563	\$ 5,245,271
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Southern Oklahoma Technology Center, District No. 20
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Grantor's Project Number</u>	<u>Deferred Revenue (Accounts Receivable) 6/30/12</u>	<u>Federal Grant Receipts</u>	<u>Total Grant Expenditures</u>	<u>Matching Expenditures</u>	<u>Federal Grant Expenditures</u>	<u>Deferred Revenue (Accounts Receivable) 6/30/13</u>
<u>U.S. Department of Education</u>								
Direct Programs-Student Financial Aid								
Federal Pell Grant Program	84.063	474	\$ -	\$ 267,441	\$ 267,441	\$ -	\$ 267,441	\$ -
Pell Admin Fee	84.063	n/a	-	500	500	-	500	-
Federal Supplemental Educational Opportunity Grant	84.007	477	-	6,833	6,833	-	6,833	-
Total Student Financial Aid Cluster			-	274,774	274,774	-	274,774	-
Carl Perkins Vocational Education Act								
Passed through Oklahoma Department of Career Technology Education								
Carl Perkins Secondary	84.048	421	(12,761)	111,451	121,826		121,826	(23,136)
Carl Perkins Supplemental	84.048	424	-	5,889	22,782		22,782	(16,893)
Tech Centers That Work	84.048	429	(2,000)	6,997	12,000		12,000	(7,003)
Career and Technical Education Total			(14,761)	124,337	156,608		156,608	(47,032)
Carl Perkins Tech Prep	84.243	428	(6,108)	6,108	-		-	-
Total Pass Through Programs			(20,869)	130,445	156,608	-	156,608	(47,032)
Total U.S. Department of Education			(20,869)	423,992	450,155	-	450,155	(47,032)
<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	-	29,016	86,043	25,946	60,097	(31,081)
Total U.S. Department of Health and Human Services			-	29,016	86,043	25,946	60,097	(31,081)
Total Expenditures of Federal Awards			\$ (20,869)	\$ 434,235	\$ 517,425	\$ 25,946	\$ 491,479	\$ (78,113)

Chas. W. Carroll, P.A.

Hiland Tower – Suite 406
302 N. Independence

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

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

Honorable Board of Education
Southern Oklahoma Technology Center #V-20
Carter County, Oklahoma

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma, as listed in the Table of Contents, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated November 7, 2013.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings, as item 13-02, to be a material weakness.

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. I consider the deficiency described in the accompanying schedule of findings, as item 13-01, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Response to Findings

The District's response to the findings identified in my audit is described in the accompanying school's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

Sincerely,



Chas. W. Carroll, P.A.

November 7, 2013

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE – CARTER COUNTY - OKLAHOMA
JULY 1, 2012 TO JUNE 30, 2013

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2013

No reportable conditions were noted during the 2011-12 fiscal.

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE – CARTER COUNTY - OKLAHOMA
JULY 1, 2012 TO JUNE 30, 2013

SCHEDULE OF FINDINGS
JUNE 30, 2013

Financial Statement Findings:

Section 1 – Summary of Auditors Results

13-01 Finding

Statement of Condition – A construction project greater than \$25,000.00 but less than \$50,000 was let without requesting written bids.

Criteria – Construction contracts equal to or greater than Twenty-five thousand dollars (\$25,000.00) but less than Fifty-thousand dollars (\$50,000.00), shall be let and awarded to the lowest responsible bidder by receipt of written bids.

Cause/Effect of Condition – The District approved additional work to be performed by a construction company, which was already on site, without properly requesting written bids.

Recommendation – The District should follow procedures to meet all requirements of the Public Competitive Bid Act of 1974.

13-02 Finding - Material

Statement of Condition – A District employee used the credit of the entity by applying the reward points earned through District purchases to the individual's personal benefit.

Criteria – Good internal control requires procedures and segregation of duties be in place for effective oversight of District purchasing and safeguard of assets.

Cause/Effect of Condition – One individual had primary control of purchases involving rewards points and their maintenance and use. Reward points were assigned to the individuals name and were used to discount the cost of personal items.

Recommendation – The District should establish corrective actions to ensure all purchases, including online credit card use, are properly tracked and monitored according to District policy. The business office should maintain records, all billing statements, accumulated reward points and their use for the District's benefit.

SOUTHERN OKLAHOMA TECHNOLOGYCENTER #V-20
CARTER COUNTY – OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2012 TO JUNE 30, 2013

STATE OF OKLAHOMA)
)
COUNTY OF GARFIELD)

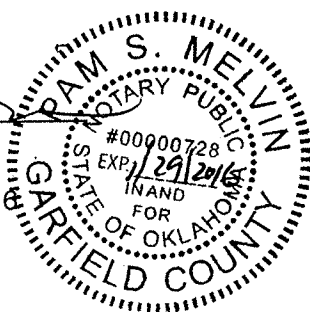
The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with the Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma, for the audit year 2012-13.

Chas. W. Carroll, P.A.
Auditing Firm

By: *Chas. W. Carroll*

Subscribed and sworn to before me this 7th day of November, 2013.

Ram S. Melvin
Notary Public



My Commission expires January 29, 2016