

REPORT OF AUDIT

SOUTHEN OKLAHOMA TECHNOLOGY CENTER #V-20

ARDMORE - CARTER COUNTY - OKLAHOMA

JULY 1, 2011 TO JUNE 30, 2012

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Report on Audit of Financial Statements
June 30, 2012

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SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE - CARTER COUNTY – OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

OFFICERS

| | |
|------------------------|---------------------------------------|
| KEVIN STAGGS | PRESIDENT |
| BOB THOMASON | VICE-PRESIDENT |
| BILL COLEMAN | CLERK |
| DANA GOSSVENER | MEMBER |
| GEORGANNE WESTFALL | MEMBER |
| CONNIE L. PELTON | CHIEF FINANCIAL OFFICER/ TREASURER |
| JAYNE HUFFMAN | ASST. SUPERINTENDENT |
| DAVID L. POWELL, ED.D. | SUPERINTENDENT |

AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

Chas. W. Carroll, P.A.

The Broadway Tower – Suite 805
114 E. Broadway

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, 2012, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma, as of June 30, 2012, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated October 12, 2012 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion. 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 my audit.

Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it.

My audit was conducted for the purpose of forming opinions on the basic financial statements of the Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma taken as a whole. The combining General Fund financial statements, the Schedule of Expenditures of Federal Awards and the Schedule of Accountant's Professional Liability Insurance Affidavits are presented for purposes of additional analysis, and are not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly I express no opinion on it.

Sincerely,



Chas. W. Carroll, P.A.
October 12, 2012

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)
June 30, 2012

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, 2010. 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 \$19,743,069 (net assets) for the fiscal year ended June 30, 2012.
- Total governmental-wide net assets as of June 30, 2012, are comprised of the following:
 - Capital assets net of related debt of \$10,494,239 which includes property and equipment net of accumulated depreciation in the amount of \$14,292,899 less unspent funds in capital project funds of \$1,301,339 less related debt of \$5,100,000.
 - Net assets of \$2,308,687 are restricted by constraints imposed by sources from outside the District such as grantors, laws, or regulations. These net assets consist of the building fund in the amount of \$892,947, permanent endowments fund in the amount of \$85,075, debt service in the amount of \$1,203,120, and activity fund in the amount of \$127,545.
 - Unrestricted net assets of \$6,940,143 which represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- General fund revenues of \$7,698,0438 on a budgetary basis for the year ended June 30, 2012, were more than expenditures of \$7,254,166 by \$443,877 or 5.77% of total revenues. The fund balance on the budgetary basis at June 30, 2012 totals \$2,610,144.
- Building fund revenues of \$982,247 on a budgetary basis for the year ended June 30, 2012, were less than expenditures of \$2,280,211 by (\$1,297,964). The fund balance on the budgetary basis at June 30, 2012 totals \$1,106,962.
- The District's full time employee salaries/benefits totaled 38% of the budget for fiscal year 2011/2012 as compared with 38% of the budget for fiscal year 2010/2011. It is currently estimated that the total for salaries/benefits for fiscal year 2012/2013 will be approximately 36%

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Management Discussion and Analysis (Unaudited)
June 30, 2012

of the budget which represents management's continuing effort to reduce administration and support staff costs in order to increase the amount of school funds to be spent in the classroom.

- Property valuation of the district for fiscal year 2011/2012 is up .26 % from 2010/2011.
- Official student enrollment was 521 full time equivalents (FTE's) in fiscal year 2011/2012 compared to 521 FTE's in fiscal year 2010/2011. 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 assets represents district-wide information on all of the District's assets and liabilities, with the difference between assets and liabilities reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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.

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Management Discussion and Analysis (Unaudited)
June 30, 2012

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 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.

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June 30, 2012

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 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 assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at June 30, 2012 are \$19,743,069. The unrestricted portion of net assets in the amount of \$6,940,143 (35.15% of net assets) may be used to meet the District's ongoing obligations to citizens and creditors.

An additional portion of the District's net assets, \$2,308,687 (12% of total net assets), represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, \$10,494,239 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

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Management Discussion and Analysis (Unaudited)
June 30, 2012

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 assets. The same situation held true for the prior fiscal year. Comparative data is accumulated and presented to assist analysis.

The following provides a summary of the District's net assets for the year ended 2012 and 2011:

| | <u>2012</u> | <u>2011</u> |
|-------------------------------|-------------------|-------------------|
| Current Assets | \$ 10,984,859 | \$ 15,323,369 |
| Capital Assets | 14,292,899 | 9,797,532 |
| Other Assets | 45,251 | 60,334 |
| Total assets | <u>25,323,009</u> | <u>25,181,235</u> |
| | | |
| Liabilities due within a year | 2,029,605 | 1,835,515 |
| Long-term liabilities | 3,550,335 | 5,249,760 |
| Total liabilities | <u>5,579,940</u> | <u>7,085,275</u> |
| | | |
| Net assets | | |
| Invested in capital assets | 10,494,239 | 5,467,900 |
| Restricted | 2,308,687 | 3,824,639 |
| Unrestricted | 6,940,143 | 8,803,421 |
| Total net assets | <u>19,743,069</u> | <u>18,095,960</u> |

Property tax revenues increased this year because of an increase in the valuation.

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

| | <u>2012</u> | <u>2011</u> |
|---|----------------------|----------------------|
| General Revenues | | |
| Advalorem taxes | \$ 7,700,156 | \$ 7,375,004 |
| Other | 358,156 | 438,690 |
| State sources (including on-behalf payments of \$28,540 and \$27,022) | 1,944,075 | 2,195,622 |
| Program Revenues | | |
| Charges for services | 547,030 | 608,110 |
| Operating grants | 603,459 | 559,413 |
| Total revenue | <u>11,152,876</u> | <u>11,176,839</u> |
| | | |
| Expenses | | |
| Instruction | 3,146,126 | 3,276,315 |
| Support services | 4,894,617 | 4,579,232 |
| Other outlays | 1,291,276 | 197,571 |
| Interest expense | 173,750 | 218,233 |
| Total expenses | <u>9,505,769</u> | <u>8,271,351</u> |
| | | |
| Change in net assets | 1,647,107 | 2,905,488 |
| Net assets, beginning of year | <u>18,095,962</u> | <u>15,190,472</u> |
| | | |
| Net assets, end of year | <u>\$ 19,743,069</u> | <u>\$ 18,095,960</u> |

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)
June 30, 2012

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 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, 2012, the District's governmental funds reported combined ending fund balances of \$9,738,315. Of the year-end total, \$930,657 is unassigned funds, and \$1,921,134, which is restricted by either statutory or grant provisions. Committed and assigned fund balances are \$3,267,136 and \$3,534,310, 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, 2012, the unassigned fund balance of the general fund was \$930,657, while total fund balance was \$5,115,459. 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, 2012 represents 18% of total general fund expenditures compared to 45% at June 30, 2011.

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, 2012 and 2011 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>2012</u> | <u>2011</u> |
|---|---------------------|---------------------|
| Instruction | 2,957,208 | 2,883,563 |
| Support services | 4,378,460 | 4,511,243 |
| Facilities acquisition & construction cost | 616,058 | 29,668 |
| Other outlays | 71,306 | 68,776 |
| Total cost of services | <u>\$ 8,023,032</u> | <u>\$ 7,493,250</u> |

The cost of all governmental funds this year was \$15,696,043.

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June 30, 2012

- Most of the District's costs are financed by District taxpayers and the taxpayers of our state by a combination of \$7,570,500 in property taxes and \$2,136,479 of state aid.
- Some of the cost, \$737,492, was financed by the users of the District's programs.
- Federal grants provided \$162,117.

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

| Governmental Revenue | <u>2012</u> | <u>%</u> | <u>2011</u> | <u>%</u> |
|----------------------|----------------------|----------|----------------------|----------|
| Total Revenues | | | | |
| Local sources | \$ 8,728,959 | 79% | \$ 8,425,488 | 78% |
| State aid | 2,136,479 | 19% | 2,195,622 | 20% |
| Federal sources | 162,117 | 1% | 186,658 | 2% |
| | <u>\$ 11,027,555</u> | | <u>\$ 10,807,768</u> | |

The District spent \$4,031,353 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 Assets.

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, 2012 and 2011 amounted to \$14,292,899 and \$9,797,532, respectively, net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, vehicles and mineral interests.

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)
June 30, 2012

| | <u>2012</u> | <u>2011</u> |
|--|----------------------|---------------------|
| Land | \$ 242,601 | \$ 242,601 |
| Construction in progress | <u>4,558,301</u> | <u>4,129,701</u> |
| Total capital assets not depreciated | <u>4,800,902</u> | <u>4,372,302</u> |
| | | |
| Buildings | 12,345,505 | 8,170,075 |
| Computers and printers | 854,091 | 905,589 |
| Furniture and small equipment | 1,415,766 | 1,249,147 |
| Tools and large equipment | 1,878,544 | 1,679,818 |
| Vehicles | 577,391 | 461,390 |
| Mineral interests | <u>82,063</u> | <u>82,063</u> |
| Total capital assets being depreciated | 17,153,360 | 12,548,082 |
| Less accumulated depreciation | <u>(7,661,363)</u> | <u>(7,122,852)</u> |
| Total capital assets | <u>\$ 14,292,899</u> | <u>\$ 9,797,532</u> |

Recently completed construction projects include a Diesel Technology facility and newly remodeled Business Development Center and A Building Fascia Remodel.

In addition, the District has major construction projects in process. An Automated Manufacturing building is currently in the process of construction and should be completed by spring of 2012. Two other new buildings, the Health Academy building and the Automotive Collision Center are both set to be complete by late fall of 2012.

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>2012</u> | <u>2011</u> |
|--------------------------|---------------------|---------------------|
| General Obligation Bonds | <u>\$ 5,100,000</u> | <u>\$ 6,800,000</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 11% of the imposed limit of approximately \$48,500,000.

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

Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Management Discussion and Analysis (Unaudited)
June 30, 2012

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 Assets
June 30, 2012

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and cash investments | \$ 9,616,638 |
| Investments | 99,920 |
| Accounts receivable, net | 1,268,301 |
| Capital assets not being depreciated | 4,800,902 |
| Capital assets being depreciated, net of depreciaton | 9,491,997 |
| Debt issuance cost, net of amortization | <u>45,251</u> |
| Total assets | <u>25,323,009</u> |
| LIABILITIES | |
| Accounts payable | 243,890 |
| Accrued interest payable | 21,250 |
| Long-term Liabilities | |
| Due within one year | 1,764,465 |
| Due in more than one year | <u>3,550,335</u> |
| Total Liabilities | <u>5,579,940</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 10,494,239 |
| Restricted for: | |
| Nonspendable | 85,075 |
| Building fund | 892,947 |
| Debt service | 1,203,120 |
| Activity fund | 127,545 |
| Unrestricted | <u>6,940,143</u> |
| Total net assets | <u>\$ 19,743,069</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, 2012

| | Program Revenues | | | Net (Expenses) |
|-------------------------------|------------------|-------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| | | | | Revenues and Changes Net Assets |
| Functions/Programs: | | | | |
| Governmental Activities: | | | | |
| Instruction | \$ 3,146,126 | \$ 488,122 | \$ 538,664 | \$ (2,119,340) |
| Support services | 4,894,617 | 46,189 | - | (4,848,428) |
| Non-instruction | 1,291,276 | 12,719 | 64,795 | (1,213,762) |
| Interest expense | 173,750 | - | - | (173,750) |
| Total governmental activities | \$ 9,505,769 | \$ 547,030 | \$ 603,459 | \$ (8,355,280) |
| General Revenues: | | | | |
| Local sources - | | | | |
| Ad valorem taxes | | | | 7,700,156 |
| Interest income | | | | 338,903 |
| Other | | | | 19,253 |
| State appropriations | | | | 1,944,075 |
| Total general revenues | | | | 10,002,387 |
| Change in net assets | | | | 1,647,107 |
| Net assets, beginning | | | | 18,095,962 |
| Net assets, ending | | | | \$ 19,743,069 |

The accompanying notes are an integral part of these financial statements
13

**Southern Oklahoma Technology Center, District No. 20
Carter County, Ardmore, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2012**

| ASSETS | General | Building Fund | Capital Projects Fund | Debt Service Fund | Other Governmental Funds | Total |
|---------------------------|---------------------|---------------------|-----------------------|---------------------|--------------------------|----------------------|
| Cash and Cash Investments | \$ 4,891,915 | \$ 2,159,958 | \$ 1,404,339 | \$ 885,546 | \$ 274,884 | \$ 9,616,642 |
| Investments | - | - | - | - | 99,920 | 99,920 |
| Accounts receivable | 870,167 | 98,001 | - | 299,570 | 563 | 1,268,301 |
| Due from Other Funds | 20,066 | - | - | - | - | 20,066 |
| Total assets | \$ 5,782,148 | \$ 2,257,959 | \$ 1,404,339 | \$ 1,185,116 | \$ 375,367 | \$ 11,004,929 |

LIABILITIES AND FUND BALANCES

Liabilities:

| | | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|---------------|------------------|
| Accounts payable | \$ 6,465 | \$ 140,892 | \$ 103,000 | \$ - | \$ - | \$ 250,357 |
| Accrued employee benefits | 58,000 | - | - | - | - | 58,000 |
| Due to Other Funds | - | - | - | - | 20,066 | 20,066 |
| Deferred income | 602,224 | 75,013 | - | 260,954 | - | 938,191 |
| Total Liabilities | 666,689 | 215,905 | 103,000 | 260,954 | 20,066 | 1,266,614 |

Fund Balances:

| | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|----------------------|
| Nonspendable | - | - | - | - | 85,075 | 85,075 |
| Restricted | - | 875,428 | - | 918,165 | 127,544 | 1,921,137 |
| Committed | 1,973,166 | 113,631 | 1,180,339 | - | - | 3,267,136 |
| Assigned | 2,211,636 | 1,052,995 | 121,000 | 5,997 | 142,682 | 3,534,310 |
| Unassigned | 930,657 | - | - | - | - | 930,657 |
| Total fund balances | 5,115,459 | 2,042,054 | 1,301,339 | 924,162 | 355,301 | 9,738,315 |
| Total liabilities and fund balances | \$ 5,782,148 | \$ 2,257,959 | \$ 1,404,339 | \$ 1,185,116 | \$ 375,367 | \$ 11,004,929 |

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.

14,292,899

Compensated absences which are not due and payable in the current period and therefore are not reported in the funds.

(143,900)

Early retirement which are not due and payable in the current period and therefore are not reported in the funds

(6,435)

Interest expense accrued on outstanding bonds is recorded in the funds until due.

(21,250)

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.

938,189

Bond issuance costs are amortized over the life of the bonds but are reported as expenditures in the funds.

45,251

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

(5,100,000)

Net assets of governmental activities

\$ 19,743,069

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, 2012

| REVENUES | General | Building Fund | Capital Projects Fund | Debt Service Fund | Other Governmental Funds | Total |
|--|------------------|------------------|-----------------------|-------------------|--------------------------|-------------------|
| Local sources | | | | | | |
| Property taxes | \$ 4,907,517 | \$ 986,264 | \$ - | \$ 1,676,719 | \$ - | \$ 7,570,500 |
| Tuition and fees | 396,830 | - | - | - | - | 396,830 |
| Interest | 8,592 | 2,969 | 9,523 | 472 | 2,581 | 24,137 |
| Other local | 418,013 | 264 | 19,253 | 45 | 299,917 | 737,492 |
| State sources | 2,135,155 | 482 | - | 842 | - | 2,136,479 |
| Federal sources | 161,694 | 149 | - | 274 | - | 162,117 |
| Total revenues | <u>8,027,801</u> | <u>990,128</u> | <u>28,776</u> | <u>1,678,352</u> | <u>302,498</u> | <u>11,027,555</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Instruction | 2,957,208 | - | - | - | 176,468 | 3,133,676 |
| Support services | 4,378,460 | 423,361 | - | - | - | 4,801,821 |
| Facilities acquisition and construction services | 616,058 | 1,073,279 | 4,031,353 | - | - | 5,720,690 |
| Other outlays | 71,306 | - | - | - | 103,650 | 174,956 |
| Debt Service | | | | | | |
| Principal | - | - | - | 1,700,000 | - | 1,700,000 |
| Interest | - | - | - | 164,900 | - | 164,900 |
| Total expenditures | <u>8,023,032</u> | <u>1,496,640</u> | <u>4,031,353</u> | <u>1,864,900</u> | <u>280,118</u> | <u>15,696,043</u> |
| NET CHANGE IN FUND BALANCE | 4,769 | (506,512) | (4,002,577) | (186,548) | 22,380 | (4,668,488) |
| FUND BALANCES, beginning | 5,110,690 | 2,548,566 | 5,303,916 | 1,110,710 | 332,921 | 14,406,803 |

The accompanying notes are an integral part of these financial statements
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**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, 2012**

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

| | |
|---|----------------------------|
| Net change in fund balance | \$(4,668,488) |
| 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. | 4,499,359 |
| Losses on the disposal of capital assets that do not use current financial resources are reported as expenses . | (3,993) |
| 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. | 129,655 |
| Interest expense is accrued when owed on outstanding bonds but is reported as an expenditure when due in the funds. | 6,231 |
| 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 | (5,775) |
| 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>5,200</u> |
| Change in net assets in governmental activities | <u><u>\$ 1,647,107</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, 2012

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, 2012. Board members as of June 30, 2012 are Kevin Staggs, Robert Thomason, Bill Coleman, Dana Gossvener, and Georganne Westfall.

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. 14, The Financial Reporting Entity. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluation potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. 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 assets 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, 2012

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, 2012 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 assets 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, 2012

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, 2012

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, 2012.

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

| <u>Type of Asset</u> | <u>Years</u> |
|-------------------------------|--------------|
| 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, 2012

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 assets and displayed in three components:

- a. Invested in capital assets -- consists of capital assets net of accumulated depreciation.
- b. Restricted net assets -- consists of net assets with constraints on the use either by (1) external groups or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets -- All other net assets that do not meet the definition of "restricted" or "invested 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, 2012

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 superintendent through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned interest earnings to the funds where earned for the purposes defined by the fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District 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, 2012

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 September 28, 2012, 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, 2012

III. Deposits, investments, and collateral - continued

A summary of investments at June 30, 2012 is as follows:

| <u>Investment Type</u> | <u>Value</u> | <u>Less Than 1 Year</u> | <u>1-5 Years</u> |
|------------------------|------------------|---------------------------------|------------------|
| U.S. Treasury Bills | <u>\$ 99,920</u> | <u>\$ 14,920</u> | <u>\$ 85,000</u> |

IV. Receivables

Receivables at June 30, 2012, 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 | 800,170 | 105,901 | 313,420 | - | - | 1,219,491 |
| Grants | 125,159 | - | - | - | - | 125,159 |
| Student receivables/Other | 31,666 | - | - | - | - | 31,666 |
| Interest receivable | 982 | - | - | 563 | - | 1,545 |
| Less allowance for doubtful accounts | <u>(87,810)</u> | <u>(7,900)</u> | <u>(13,850)</u> | <u>-</u> | <u>-</u> | <u>(109,560)</u> |
| Total receivables | <u>\$ 870,167</u> | <u>\$ 98,001</u> | <u>\$ 299,570</u> | <u>\$ 563</u> | <u>\$ -</u> | <u>\$ 1,268,301</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 | \$ 6,800,000 | \$ - | \$(1,700,000) | \$ 5,100,000 | \$ 1,700,000 |
| Early Retirement | | | | | |
| Incentive | 25,140 | - | (12,240) | 12,900 | 6,465 |
| Compensated absences | 205,860 | 53,220 | (57,180) | 201,900 | 58,000 |
| Total governmental activity long-term liabilities | <u>\$ 7,031,000</u> | <u>\$ 53,220</u> | <u>\$(1,769,420)</u> | <u>\$ 5,314,800</u> | <u>\$ 1,764,465</u> |

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2012

V. Long term liabilities continued

Bonds payable at June 30, 2012 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>\$ 5,100,000</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, 2012 including interest payments are as follows:

| Period Ending June 30 | Principal | Interest | Total Debt Service |
|-----------------------|---------------------|-------------------|---------------------|
| 2013 | 1,700,000 | 127,500 | 1,827,500 |
| 2014 | 1,700,000 | 86,700 | 1,786,700 |
| 2015 | 1,700,000 | 44,200 | 1,744,200 |
| | <u>\$ 5,100,000</u> | <u>\$ 258,400</u> | <u>\$ 5,358,400</u> |

State statues 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, 2012 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.

VI. Capital assets

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2012

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|---------------------------|---------------------------|-----------------------------|----------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 242,601 | \$ - | \$ - | \$ 242,601 |
| Construction in progress | 4,129,701 | 4,604,030 | (4,175,430) | 4,558,301 |
| Total capital assets not depreciated | 4,372,302 | 4,604,030 | (4,175,430) | 4,800,902 |
| Capital assets being depreciated | | | | |
| Buildings | 8,170,075 | 4,175,430 | - | 12,345,505 |
| Computers and printers | 905,589 | - | (51,498) | 854,091 |
| Furniture and small equipment | 1,249,147 | 172,988 | (6,369) | 1,415,766 |
| Tools and large equipment | 1,679,818 | 219,229 | (20,503) | 1,878,544 |
| Vehicles | 461,390 | 148,450 | (32,449) | 577,391 |
| Mineral interests | 82,063 | - | - | 82,063 |
| Total assets | 12,548,082 | 4,716,097 | (110,819) | 17,153,360 |
| Less Accumulated depreciation | | | | |
| Buildings | (4,148,680) | (212,694) | - | (4,361,374) |
| Computers and printers | (740,477) | (124,484) | 6,371 | (858,590) |
| Furniture and small equipment | (780,148) | (137,174) | 29,795 | (887,527) |
| Tools and large equipment | (1,107,970) | (110,618) | 24,237 | (1,194,351) |
| Vehicles | (269,398) | (59,000) | 46,424 | (281,974) |
| Mineral interests | (76,179) | (1,368) | - | (77,547) |
| Total Accumulated depreciation | (7,122,852) | (645,338) | 106,827 | (7,661,363) |
| Total Capital assets being depreciated, net | 5,425,230 | 4,070,759 | (3,992) | 9,491,997 |
| Capital assets, net | <u>\$9,797,532</u> | <u>\$8,674,789</u> | <u>\$(4,179,422)</u> | <u>\$14,292,899</u> |

Depreciation expense for the year ended June 30, 2012, was charged to functions of the District as follows:

Southern Oklahoma Technology Center, District No. 20
Notes to Financial Statements
June 30, 2012

VI. Capital assets continued

| | |
|----------------------------|-------------------|
| Governmental activities: | |
| Instruction | \$ 451,736 |
| Support services | <u>193,601</u> |
| Total depreciation expense | <u>\$ 645,337</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, 2012, qualifying employee contributions were reduced by a retirement credit of \$27,022 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2012, the District had a statutory contribution rate of 9.00% effective January 1, 2009 through December 31, 2009 and 9.5% effective January 1, 2010 through December 31, 2010 plus 7.5% 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, 2012, the District funded the employees required contribution, and District contributions to the System for employees and employer were \$622,896, including the state credit of \$28,540 on covered payroll of \$3,324,341; and total payroll was \$3,789,212.

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, 2012, totaled approximately \$28,540. 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, 2012

VII. Employee pension plans -continued

| Fiscal Year | Required Contribution | Percentage Contributed |
|----------------|--------------------------|---------------------------|
| 2010 | \$325,260 | 100% |
| 2011 | \$344,289 | 100% |
| 2012 | \$361,651 | 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, 2012 was \$12,900 with the amount due during fiscal year 2013 of \$6,465.

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, 2012, 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, 2012

VIII. Commitments and contingencies continued

| | |
|----------------------|---------------------------|
| General Fund | \$ 751,887 |
| Capital Project Fund | 1,161,975 |
| Building Fund | <u>1,052,995</u> |
| | <u><u>\$2,966,857</u></u> |

The District has outstanding commitments for capital projects of approximately \$2,644,000 as of June 30, 2012.

IX. Fund Balances – Governmental Funds

As of June 30, 2012, 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 | - | 875,428 | - | - | - |
| Capital Projects | - | - | - | - | - |
| Debt Service | - | - | - | 918,165 | - |
| Student Activities | - | - | - | - | 127,544 |
| Committed | | | | | |
| Catastrophic Loss | 973,166 | - | - | - | - |
| Storm Fund | 1,000,000 | - | - | - | - |
| Capital Projects | - | - | 1,180,339 | - | - |
| Buildings | - | 113,631 | - | - | - |
| Assigned | | | | | |
| Buildings | - | 1,052,995 | - | - | - |
| Capital Projects | - | - | 121,000 | - | - |
| Debt Service | - | - | - | 5,997 | - |
| Student Activities | - | - | - | - | 61,745 |
| Cash Flow | 1,459,749 | - | - | - | - |
| District Programs | 751,887 | - | - | - | 80,937 |
| Unassigned | 930,657 | - | - | - | - |
| | <u>\$5,115,459</u> | <u>\$2,042,054</u> | <u>\$ 1,301,339</u> | <u>\$ 924,162</u> | <u>\$355,301</u> |

X Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between Governmental Fund Balance Sheet and the Statement of Net Assets – 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, 2012

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

| | |
|---|-----------------------------|
| Capital assets not being depreciated | |
| Land | \$ 242,601 |
| Construction in progress | 4,558,301 |
| Total capital assets not depreciated | <u>\$ 4,800,902</u> |
| Capital assets being depreciated | |
| Buildings | \$ 12,345,505 |
| Computers and printers | 854,091 |
| Furniture and small equipment | 1,415,766 |
| Tools and large equipment | 1,878,544 |
| Vehicles | 577,391 |
| Mineral interests | 82,063 |
| Total assets | \$ 17,153,360 |
| Less Accumulated depreciation | <u>(7,661,363)</u> |
| Total Capital assets being depreciated, net | <u>\$ 9,491,997</u> |
| Capital assets, net | <u><u>\$ 14,292,899</u></u> |

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

| | |
|---------------|-----------------------|
| Bonds Payable | <u>\$ (5,100,000)</u> |
|---------------|-----------------------|

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

| | |
|--------------------------------|----------------------------|
| 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
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Budget Basis) – General Fund (Unaudited)
For the Year Ended June 30, 2012

| | Budget | | Actual | Variance - Favorable (Unfavorable) |
|---|------------------|---------------------|---------------------|--|
| | Original | Final | | |
| REVENUES COLLECTED | | | | |
| Local sources | \$ 5,182,787 | \$ 5,117,384 | \$ 5,424,607 | \$ 307,223 |
| State sources | 2,068,895 | 2,103,949 | 2,103,885 | (64) |
| Federal sources | 161,558 | 158,257 | 169,551 | 11,294 |
| Total revenues collected | <u>7,413,240</u> | <u>7,379,590</u> | <u>7,698,043</u> | <u>318,453</u> |
| EXPENDITURES PAID | | | | |
| Instruction | 2,823,268 | 3,371,253 | 3,232,216 | 139,037 |
| Support services | 3,984,250 | 4,274,891 | 4,014,857 | 260,034 |
| Other outlays | 2,673,337 | 1,899,711 | 7,093 | 1,892,618 |
| Total expenditures paid | <u>9,480,855</u> | <u>9,545,855</u> | <u>7,254,166</u> | <u>2,291,689</u> |
| Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances | (2,067,615) | (2,166,265) | 443,877 | 2,610,142 |
| Adjustments to prior year encumbrances | - | 98,645 ¹ | 98,645 | - |
| Excess of revenues collected over (under) expenditures paid | (2,067,615) | (2,067,620) | 542,522 | 2,610,142 |
| FUND BALANCES, beginning | <u>2,067,615</u> | <u>2,067,620</u> | <u>2,067,622</u> | <u>-</u> |
| FUND BALANCES, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,610,144</u> | <u>\$ 2,610,142</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 | 835,696 |
| Tuition revenue not transferred from activity accounts | 20,066 |
| Deferred revenue not recorded on statutory statements | (602,224) |
| Compensated absences not recorded on statutory statements | (58,000) |
| Encumbrances expensed on the statutory statements | <u>618,133</u> |
| | <u>\$ 3,423,815</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, 2012

| | Budget | | Actual | Favorable (Unfavorable) |
|---|------------------|------------------|---------------------|----------------------------|
| | Original | Final | | |
| REVENUES COLLECTED | | | | |
| Local sources | \$ 981,797 | \$ 956,797 | \$ 981,616 | \$ 24,819 |
| State sources | - | - | 482 | 482 |
| Federal sources | - | - | 149 | 149 |
| Total revenues collected | <u>981,797</u> | <u>956,797</u> | <u>982,247</u> | <u>25,450</u> |
| EXPENDITURES PAID | | | | |
| Support services | 558,000 | 558,000 | 446,410 | 111,590 |
| Facilities acquisition and construction services | 2,051,000 | 2,051,000 | 1,833,801 | 217,199 |
| Other Outlay | 754,863 | 752,723 | - | 752,723 |
| Total expenditures paid | <u>3,363,863</u> | <u>3,361,723</u> | <u>2,280,211</u> | <u>1,081,512</u> |
| Excess of revenues collected over (under) expenditures paid before adjustments to prior year encumbrances | (2,382,066) | (2,404,926) | (1,297,964) | 1,106,962 |
| Adjustments to prior year encumbrances | - | 22,860 | 22,860 | - |
| Excess of revenues collected over (under) expenditures paid | (2,382,066) | (2,382,066) | (1,275,104) | 1,106,962 |
| FUND BALANCES, beginning | <u>2,382,066</u> | <u>2,382,066</u> | <u>2,382,066</u> | <u>-</u> |
| FUND BALANCES, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,106,962</u> | <u>\$ 1,106,962</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 | | | 98,001 | |
| Deferred revenue not recorded on statutory statements | | | (75,013) | |
| Encumbrances expensed on the statutory statements | | | <u>912,104</u> | |

Southern Oklahoma Technology Center, District No. 20
Notes to Required Supplementary Information
For the Year Ended June 30, 2012

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 | \$ 7,698,043 | \$ 982,247 |
| Differences -- budget to GAAP: | | |
| Sturm Fund Revenues not part of General fund on budgetary basis | 320,130 | - |
| On-behalf payments to Oklahoma Teachers Retirement System | 28,540 | - |
| Short-term accounts receivable is considered a current year budgetary revenue. | (18,912) | 7,881 |
| | <u>\$ 8,027,801</u> | <u>\$ 990,128</u> |
| II. Uses/outflows of resources: | | |
| Actual amounts (budget basis) total charges to appropriations from the budgetary comparison schedule | \$ 7,254,166 | \$ 2,280,211 |
| Differences -- budget to GAAP: | | |
| On-behalf payment to Oklahoma Teachers Retirement System | 28,540 | - |
| Early retirement incentive payments are not recorded as expenditures for budgetary purposes until paid | (5,775) | - |
| Expenditures from Sturm Fund not treated as General fund for budgetary purposes | 735,648 | - |
| Compensated absences are not recorded as expenditures for budgetary purposes until paid | (11,000) | - |
| 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 | 21,453 | (783,571) |
| | <u>\$ 8,023,032</u> | <u>\$ 1,496,640</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances -- governmental funds. | | |

Southern Oklahoma Technology Center, District No. 20
Supplemental Schedule
Combining Balance Sheet – General Fund
June 30, 2012

| | General Fund | Sturm Fund | General Fund |
|--------------------------------------|---------------------|---------------------|---------------------|
| | ----- | ----- | ----- |
| ASSETS | | | |
| Cash | \$ 3,234,743 | \$ 1,657,171 | \$ 4,891,914 |
| Due from other funds | 20,066 | - | 20,066 |
| Accounts receivable | 835,694 | 34,473 | 870,167 |
| Total assets | <u>\$ 4,090,503</u> | <u>\$ 1,691,644</u> | <u>\$ 5,782,147</u> |
| | | | |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Liabilities: | | | |
| Accounts payable | \$ 6,465 | \$ - | \$ 6,465 |
| Accrued employee benefits | 58,000 | - | 58,000 |
| Deferred income | 602,224 | - | 602,224 |
| Total Liabilities | <u>\$ 666,689</u> | <u>\$ -</u> | <u>\$ 666,689</u> |
| | | | |
| Fund Balances: | | | |
| Committed | \$ 973,166 | \$ 1,000,000 | \$ 1,973,166 |
| Assigned | 2,182,992 | 28,644 | 2,211,636 |
| Unassigned | 267,656 | 663,000 | 930,656 |
| Total fund balances | <u>3,423,814</u> | <u>1,691,644</u> | <u>5,115,458</u> |
| Total liabilities and fund balances | <u>\$ 4,090,503</u> | <u>\$ 1,691,644</u> | <u>\$ 5,782,147</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, 2012

| | General Fund | Sturm Fund | Total General Fund |
|--|-----------------|---------------|--------------------------|
| REVENUES | | | |
| Local sources | | | |
| Property taxes | \$ 4,907,517 | \$ - | \$ 4,907,517 |
| Tuition and fees | 396,830 | - | 396,830 |
| Interest | 2,602 | 5,990 | 8,592 |
| Other local | 103,873 | 314,140 | 418,013 |
| State sources | 2,135,155 | - | 2,135,155 |
| Federal sources | 161,694 | - | 161,694 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 7,707,671 | 320,130 | 8,027,801 |
| EXPENSES | | | |
| Current: | | | |
| Instruction | 2,945,034 | 12,174 | 2,957,208 |
| Support services | 4,271,044 | 107,416 | 4,378,460 |
| Facilities acquisition and construction services | - | 616,058 | 616,058 |
| Other outlays | 71,306 | - | 71,306 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 7,287,384 | 735,648 | 8,023,032 |
| EXCESS OF REVENUES OVER EXPENDITURES | 420,287 | (415,518) | 4,769 |
| FUND BALANCES, beginning | 3,003,527 | 2,107,162 | 5,110,689 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCES, ending | \$ 3,423,814 | \$ 1,691,644 | \$ 5,115,458 |
| | <hr/> | <hr/> | <hr/> |

**Southern Oklahoma Technology Center District #V-20
Carter County - Oklahoma
Schedule of Expenditures of Federal Awards
Allocations and Expenditures
07/01/11 TO 06/30/12**

| FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE | FEDERAL CFDA NUMBER | AGENCY CONTRACT / PROJECT NUMBER | PROGRAM OR AWARD AMOUNT | CASH/ACCRUED OR (DEFERRED) Revenue at | | RECEIPTS OR REVENUE RECOGNIZED | DISBURSEMENTS/ EXPENDITURES | CASH/ACCRUED OR (DEFERRED) Revenue at JUNE 30, 2012 |
|--|---------------------|----------------------------------|-------------------------|---------------------------------------|----------|--------------------------------|-----------------------------|---|
| | | | | July 1, 2011 | | | | |
| <u>US DEPARTMENT OF TRANSPORTATION - DIRECT PROGRAMS</u> | | | | | | | | |
| PELL PROGRAM | 84.063 | 474 | \$246,694.24 | \$0.00 | | \$246,694.24 | | \$0.00 |
| PELL ADMINISTRATION | 84.063 | 474 | 933.00 | 0.00 | 933.00 | 933.00 | | 0.00 |
| FSEOG | 84.007 | 477 | 7,033.00 | 0.00 | 7,033.00 | 7,033.00 | | 0.00 |
| <u>STATE DEPARTMENT OF CAREER TECH EDUCATION</u> | | | | | | | | |
| TECH PREP | 84.243 | 428 | 26,590.00 | 2,671.53 | | 18,676.59 | 22,113.37 | 6,108.31 |
| CARL PERKINS | 84.048 | 423 | 127,996.00 | 19,620.62 | | 133,374.66 | 126,514.62 | 12,760.58 |
| TECH CENTERS THAT WORK | 84.243 | 429 | 12,000.00 | 4,705.30 | | 14,094.70 | 11,389.40 | 2,000.00 |
| TECH PREP COLLEGE ALLIANCE | 84.243 | 428 | 0.00 | 1,638.00 | | 1,638.00 | 0.00 | 0.00 |
| COLLEGE ALLIANCE ARRA | 17.259 | 693 | 0.00 | 90.00 | | 90.00 | 0.00 | 0.00 |
| <u>OTHER FEDERAL ASSISTANCE</u> | | | | | | | | |
| IN LIEU of TAXES | 12.112 | 771 | 1,166.83 | 0.00 | | 1,166.83 | 1,166.83 | 0.00 |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | | \$28,725.45 | | \$423,701.02 | \$415,844.46 | \$20,868.89 |

NOTE A: Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Southern Oklahoma Technology Center and is presented on a regulatory basis of accounting conforming with the accounting practices prescribed by the Oklahoma Department of Education and the budget laws of the State of Oklahoma which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method expenditures are recognized when an approved purchase order is issued.

NOTE B: There were no amounts passed to subrecipients.

NOTE C: Grantor provides adequate insurance coverage against loss on assets purchased with Federal Awards.

Chas. W. Carroll, P.A.

The Broadway Tower – Suite 805
114 E. Broadway

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 the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma, as of and for the year ended June 30, 2012, and have issued my unqualified report thereon dated October 12, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a reasonable possibility that a misstatement of the District's financial statements that is more than inconsequential will not be prevented, or detected and corrected by the District's internal control on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

Internal Control/Compliance Report
Southern Oklahoma Technology Center #V-20
Page Two

This report is intended solely for the information and use of the School Board, management, federal awarding agencies and pass-through entities and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Chas. W. Carroll, P.A.".

Chas. W. Carroll, P.A.
October 12, 2012

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE – CARTER COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2012

No reportable conditions were noted during the 2010-11 fiscal.

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
CARTER COUNTY – OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2011 TO JUNE 30, 2012

STATE OF OKLAHOMA)
)
COUNTY OF GARFIELD)

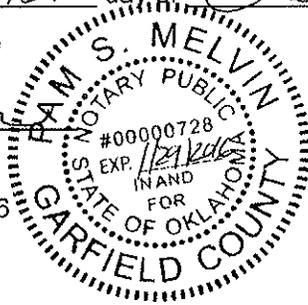
The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with the Southern Oklahoma Technology Center #V-20, Carter County, Oklahoma, for the audit year 2011-12.

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

By: *Chas. W. Carroll*

Subscribed and sworn to before me this 12th day of October 2012.

Sam S. Melvin
Notary Public



My Commission expires January 29, 2016

SOUTHERN OKLAHOMA TECHNOLOGY CENTER #V-20
ARDMORE – CARTER COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

SCHEDULE OF FINDINGS
JUNE 30, 2012

Section 1 - Summary of Auditor's Results

- A) No reportable conditions, either material or immaterial, were noted or brought to my attention during 2011-12 fiscal year.