

**ANNUAL FINANCIAL REPORT  
WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014**

**AUDITED BY  
KERRY JOHN PATTEN, C.P.A.**

WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
SCHOOL CENTER OFFICIALS  
JUNE 30, 2014

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**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
JUNE 30, 2014**

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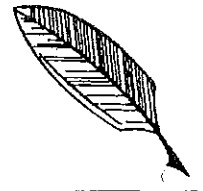
**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
JUNE 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Western Technology Center No. 12  
Burns Flat, Oklahoma

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Technology Center No. 12, Washita County, Oklahoma, as of and for the year ended June 30, 2014, which collectively comprise the basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Western Technology Center as of June 30, 2014, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Required Supplementary Information**

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

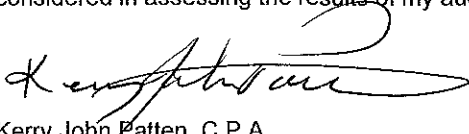
**Other Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basis financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information including the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated March 2, 2015, on my consideration of Western Technology Center No. 12, Washita County, Oklahoma's, internal control over financial reporting and on 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 the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.  
Broken Arrow, OK  
March 2, 2015

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Western Technology Center District No. 12**  
**Washita County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2014**

Within the management's discussion and analysis of the Western Technology Center District No. 12 (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, 2014. 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) *for State and Local governments*, which also requires certain comparative information between the current year and the prior year to be presented.

**Financial Highlights**

- The District's assets on an accrual basis exceeded its liabilities by \$20,558,664 (net position) for the fiscal year ended June 30, 2014, an increase during the fiscal year of \$1,035,684.
- Total net position, as of June 30, 2014, are comprised of the following:
  - Capital assets, net of related debt, of \$8,690,758, which includes property and equipment net of accumulated depreciation reduced for the outstanding debt related to the purchase or construction of capital assets.
  - Restricted for Capital Outlay of \$2,705,385, which represents the portion of net position that is restricted for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing equipment, furniture, and computer software.
  - Unrestricted net position of \$9,162,521, which represents the portion of net position available to maintain the District's continuing obligations to citizens and creditors.
- General fund revenues for the year ended June 30, 2014, exceeded expenditures by \$421,205.
- Building fund expenditures for the year ended June 30, 2014, exceeded revenues by \$1,001,686.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction of the Western Technology Center District No.12'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 of the basic financial statements themselves.

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

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



**Western Technology Center District No. 12**  
**Washita County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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

The district-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include technical education, industry training, transportation, and administration.

The district-wide financial statements can be found on pages 9-10 of this report.

**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. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The district has two kinds of 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 evaluating the District's short-term financing requirements. Most of the District's basic services are included in governmental funds. Property taxes, federal grants, state grants, and state formula aid finance most of these activities.

The District maintains two 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 and building fund, which are considered to be major funds. Because this information does not encompass the additional long term focus of the district-wide statements, we provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The basic governmental fund financial statements can be found on pages 11-13 of this report.

*Fiduciary funds* are funds for which the District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets of the funds are used only for their intended purposes and by whom the assets belong. The District currently has two fiduciary funds, the student activity fund and Pell grant fund. Fiduciary fund financial statements report resources that are not available to fund District programs and are not included in the district-wide financial statements as a result.

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

See disclaimer in accompanying Independent Auditor's Report.

**Western Technology Center District No. 12**  
**Washita County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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 16-26 of this report.

Other information is provided in addition to the basic financial statements and accompanying notes. This report also presents certain required supplementary information, including budgetary comparison schedules for the general and building funds.

**Financial Analysis of the District as a Whole**

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

The District's net position at fiscal year-end is \$20,558,664; this is a \$1,035,684 increase over last year's net position of \$19,522,980.

The largest portion of the District's net position, \$8,690,758, reflects its investment in capital assets, less any related debt net of related cash balances that is still outstanding used to acquire those assets. The District uses these capital assets to provide instruction, support, and transportation services; consequently, these assets are not available for future spending.

Although the District's investment in capital assets is reported net of related debt, net of related cash balances, 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.

An additional portion of the District's net position, \$2,705,385 represents resources that are subject to certain restrictions on how they may be used. The remaining balance of unrestricted net position, \$9,162,521 be used to meet the District ongoing obligations to citizens and creditors.

The following table provides a summary of the District's net position as of the years ended June 30, 2013, and 2014:

<b>Western Technology Center District No. 12</b>			
<b>Net Position</b>			
<b>June 30, 2013 and 2014</b>			
		<b>Government Activities</b>	
		<u>2013</u>	<u>2014</u>
Current Assets	\$	12,406,397	\$ 11,979,293
Capital and other assets		7,332,850	8,690,758
Total assets		<u>19,739,247</u>	<u>20,670,051</u>
Current Liabilities		216,267	111,387
Long-term liabilities		-	-
Total liabilities		<u>216,267</u>	<u>111,387</u>
<b>Net Position:</b>			
Invested in capital assets			
net of related debt		7,332,850	8,690,758
Restricted		3,707,071	2,705,385
Unrestricted		8,483,059	9,162,521
Total net position	\$	<u>19,522,980</u>	\$ <u>20,670,051</u>

See disclaimer in accompanying Independent Auditor's Report

**Western Technology Center District No. 12**  
**Washita County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2014**

The following table provides a summary of the District's operating results for the years ended June 30, 2013, and 2014:

**Western Technology Center District No. 12**  
**Statement of Activities**  
June 30, 2013 and 2014

	Governmental Activities	
	2013	2014
Program revenue:		
Charges for services	\$ 862,338	\$ 768,110
Grant/contributions	218,012	195,301
General revenues:		
Property taxes	7,489,138	8,070,325
State aid	2,235,542	2,228,868
Interest	98,294	97,719
Other	1,173,540	480,586
Total revenues	12,076,864	11,840,909
Expenses:		
Instruction	3,993,787	3,697,341
Support services	5,704,138	5,711,148
Non-instruction services	445,678	477,436
Other outlays	32,721	85,293
Other Use	963	1,706
Capital outlay	651,346	832,301
Total expenses	10,828,633	10,805,225
Increase(decrease)in net position	1,248,231	1,035,684
Net position, beginning	18,274,749	19,522,980
Net position, ending	\$ 19,522,980	\$ 20,558,664

**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, unreserved 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, 2014, the District's governmental funds reported combined ending fund balances of \$11,175,798 decrease of \$574,481 in comparison with the prior year. Of the year-end-total, approximately \$8,202,679 is unreserved fund balance, which is available for spending at the District's discretion. Restricted fund balance includes \$2,624,222 committed for building construction, repair, and operation.

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, 2014, the unreserved fund balance of the general fund was \$8,202,679 an increase of \$525,851 from the prior year.

See disclaimer in accompanying Independent Auditor's Report

**Western Technology Center District No. 12**  
**Washita County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2014**

As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 85.2% of total general fund expenditures.

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

The following table reflects total costs for the year ended June 30, 2013, and 2014.

	Total Costs	
	2013	2014
Instruction	\$ 3,273,855	\$ 3,028,472
Support Service	5,732,250	5,677,886
Non-instruction services	445,678	447,436
Other outlays	32,721	85,293
Other uses	963	1,706
Capital outlay	1,683,828	2,892,341
Total cost of services	<u>\$ 11,169,295</u>	<u>\$ 12,163,134</u>

The cost of all governmental funds this year was \$ 12,163,134 as compared to \$11,169,295 for the prior fiscal year.

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

	Total Revenues	
	2013	2013
Local Sources	\$ 10,166,899	\$ 8,883,406
Intermediate Sources	-	-
State sources	2,499,803	2,433,254
Federal sources	192,066	168,274
Interest	98,294	97,719
Other	-	-
Total sources of revenue	<u>\$ 12,957,062</u>	<u>\$ 11,582,653</u>

**General Fund Budgetary Highlights**

There were no differences between the general fund's original budget and the final budget.

**Western Technology Center District No. 12  
Washita County, Oklahoma  
Management's Discussion and Analysis  
June 30, 2014**

**Capital Asset and Debt Administration**

**Capital Assets** - The District's investment in capital assets for its governmental activities, as of June 30, 2014, amounted to \$8,690,758 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, construction in progress, and equipment and vehicles.

**Western Technology Center District No. 12**

Capital Assets, net		<u>June 30, 2013 and 2014</u>	
	<u>2013</u>	<u>2014</u>	
Land	\$ 29,500	\$ 29,500	
Buildings and improvements	15,442,213	15,442,213	
Equipment and vehicles	2,951,654	3,071,196	
Construction in progress	<u>673,487</u>	<u>2,689,990</u>	
Capital assets	19,096,854	21,232,899	
Accumulated depreciation	<u>(11,764,005)</u>	<u>(12,542,141)</u>	
Capital assets, net	<u>\$ 7,332,850</u>	<u>\$ 8,690,758</u>	

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

**Long-Term Liabilities** - As of June 30, 2014, the District had no outstanding debt.

**Economic Factors and Next Year's Budgets**

The State of Oklahoma is still being affected by the current national economic downturn. The State's overall operating budget remains below pre-downturn levels and continues to impact allocations to the District from the State of Oklahoma. The short term outlook for the State of Oklahoma's economic does not appear strong, mainly due to decreased gas exploration and sales tax collections in the State.

**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, Western Technology Center District No. 12, Post Office Box 1469, Burns Flat, Oklahoma 73624.

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

**WESTERN TECHNOLOGY CENTER NO. 12  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current Assets	
Cash	\$ 4,424,654
Investments	6,250,000
Property tax receivable	1,029,395
Due from other governments	82,700
Due from activity fund	71,448
Prepays	121,096
Noncurrent Assets	
Capital assets, net of accumulated depreciation	<u>8,690,758</u>
Total Assets	<u>\$ 20,670,051</u>
<b><u>LIABILITIES</u></b>	
Current liabilities	
Accounts payable	<u>\$ 111,387</u>
Total Liabilities	<u>\$ 111,387</u>
<b><u>NET POSITION</u></b>	
Invested in Capital Assets, net of related debt	\$ 8,690,758
Restricted for:	
Capital outlay	2,705,385
Unrestricted	<u>9,162,521</u>
Total Net Position	<u>\$ 20,558,664</u>

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

**WESTERN TECHNOLOGY CENTER NO. 12  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDING JUNE 30, 2014**

	Expenses	Program Revenues		Capital Grants & Contributions	Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants & Contributions		Government Activities
Governmental Activities					
Instruction	\$ (3,697,341)	\$ 486,442	\$ 195,301	\$ -	\$ (3,015,598)
Support services-Instructional	(598,101)				(598,101)
Support services-Operational	(5,113,047)	281,668			(4,831,379)
Non-instruction	(477,436)				(477,436)
Capital outlay	(832,301)				(832,301)
Other uses	(1,706)				(1,706)
Other outlays	(85,293)				(85,293)
<b>Total governmental activities</b>	<b>\$ (10,805,225)</b>	<b>\$ 768,110</b>	<b>\$ 195,301</b>	<b>\$ -</b>	<b>\$ (9,841,814)</b>

**General revenues**

Taxes:

Property taxes, levied for general purposes	\$ 8,070,325
Other Taxes	13,447

State aid not restricted to specific purposes

General	2,228,868
Other	126,090
Interest and investment earnings	97,719
Miscellaneous	341,049
<b>Total general revenues</b>	<b>\$ 10,877,498</b>

Changes in net position	1,035,684
Net position - beginning	19,522,980
<b>Net position - ending</b>	<b>\$ 20,558,664</b>

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



**FUND FINANCIAL STATEMENTS**

WESTERN TECHNOLOGY CENTER NO. 12  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

<u>ASSETS</u>	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Cash	\$ 1,769,649	\$ 2,655,005	\$ 4,424,654
Investments	6,250,000	-	6,250,000
Receivables:			
Property taxes	850,286	179,109	1,029,395
Due from other governments	82,700	-	82,700
Due from activity fund	71,448	-	71,448
Prepaid Insurance	121,096	-	121,096
<b>Total assets</b>	<b>\$ 9,145,179</b>	<b>\$ 2,834,114</b>	<b>\$ 11,979,293</b>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts Payable	\$ 111,387	\$ -	\$ 111,387
Deferred revenue	563,379	128,729	692,108
<b>Total liabilities</b>	<b>\$ 674,766</b>	<b>\$ 128,729</b>	<b>\$ 803,495</b>
Fund Balance:			
Nonspendable Fund Balances:			
Prepaid Items	121,096	-	121,096
Restricted Fund Balances:			
Restricted by Statute	-	2,624,222	2,624,222
Other Restrictions of Fund Balances	-	-	-
Committed Fund Balances:			
Contractual obligations	-	-	-
Assigned Fund Balances:			
Encumbrances	146,638	81,163	227,801
Unassigned	8,202,679	-	8,202,679
<b>Total Fund Balances:</b>	<b>\$ 8,470,413</b>	<b>\$ 2,705,385</b>	<b>\$ 11,175,798</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 9,145,179</b>	<b>\$ 2,834,114</b>	<b>\$</b>
<b>Amounts reported for governmental activities in the statement of assets, liabilities, and net assets are different because:</b>			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$21,232,899 and the accumulated depreciation of \$12,542,141.			8,690,758
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.			692,108
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>			<b>\$ 20,558,664</b>

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

**WESTERN TECHNOLOGY CENTER NO. 12**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Local sources	\$ 7,453,402	\$ 1,527,723	\$ 8,981,125
Intermediate sources	-	-	-
State sources	2,430,976	2,278	2,433,254
Federal sources	168,274	-	168,274
	<u>10,052,652</u>	<u>1,530,001</u>	<u>11,582,653</u>
<b>Total revenues</b>	<b>\$ 10,052,652</b>	<b>\$ 1,530,001</b>	<b>\$ 11,582,653</b>
<b>Expenditures:</b>			
Instructional	\$ 3,028,472	\$ -	\$ 3,028,472
Support Services	5,677,886	-	5,677,886
Noninstructional	477,436	-	477,436
Capital Outlay	360,654	2,531,687	2,892,341
Other Outlays	85,293	-	85,293
Other Uses	1,706	-	1,706
	<u>9,631,447</u>	<u>2,531,687</u>	<u>12,163,134</u>
<b>Total expenditures:</b>	<b>\$ 9,631,447</b>	<b>\$ 2,531,687</b>	<b>\$ 12,163,134</b>
Excess of revenues over (under) expenses before adjustments to prior year encumbrances	<u>\$ 421,205</u>	<u>\$ (1,001,686)</u>	<u>\$ (580,481)</u>
Excess of revenues and other sources of funds over (under) expenditures	<u>\$ 421,205</u>	<u>\$ (1,001,686)</u>	<u>\$ (580,481)</u>
Fund balance, beginning of year	<u>\$ 8,049,208</u>	<u>\$ 3,707,071</u>	<u>\$ 11,756,279</u>
Fund balance, end of year	<u><u>\$ 8,470,413</u></u>	<u><u>\$ 2,705,385</u></u>	<u><u>\$ 11,175,798</u></u>

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

**WESTERN TECHNOLOGY CENTER NO. 12  
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, 2014**

Net change in fund balances - governmental funds \$ (580,481)

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

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

Capital outlay expenditures	\$	2,136,045	
Depreciation expense		<u>(778,136)</u>	1,357,909

Because some revenues will not be collected for several months after the  
fiscal year end, they are not considered "available" and are deferred in  
the governmental funds. Deferred revenues increased by this amount  
this year.

258,256

Change in Net Position of Governmental Activities	\$	<u><u>1,035,684</u></u>
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The notes to the financial statements are an integral part of this statement.

**WESTERN TECHNOLOGY CENTER NO. 12  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	Agency Funds		
	Student Financial Aid Fund	Activity Fund	Total
<b><u>ASSETS</u></b>			
Cash	\$ 1	\$ 34,432	\$ 34,433
Miscellaneous Receivables	-	71,447	71,447
Total assets	\$ 1	\$ 105,879	\$ 105,880
<b><u>LIABILITIES AND NET POSITION</u></b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to student organizations	-	34,432	34,432
Due to other funds	-	71,447	71,447
Total liabilities	\$ -	\$ 105,879	\$ 105,879
Net position:	\$ 1	-	1
Unreserved/undesignated			
Total liabilities and net position	\$ 1	\$ 105,879	\$ 105,880

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

**WESTERN TECHNOLOGY CENTER NO. 12  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN NET POSITION - FEDERAL PELL GRANT FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Pell Grant Fund
Revenues	
Federal sources	
Pell Grants	\$ <u>321,623</u>
Total revenues	\$ <u>321,623</u>
Expenditures	
Other outlays	
Student Financial Assistance	\$ 202,278
Tuition and Books	<u>119,345</u>
Total expenditures	\$ <u>321,623</u>
Excess of revenues over expenditures	\$ <u>-</u>
Net position, beginning of year	\$ <u>1</u>
Net position, end of year	\$ <u><u>1</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**1. Summary of Significant Accounting Policies**

The financial statements of the Western Technology Center No. 12 (the "Center") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Center's accounting policies are described below.

**A. Reporting Entity**

In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the Center has presented the entities which comprise the primary government in the fiscal year 2014 financial statements.

The Center is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The Center is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

As required by accounting principles generally accepted in the United States of America, the financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Center's financial statements to be misleading or incomplete.

**B. Basis of Presentation**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Center. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**Fund Financial Statements**

The Technology Center segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Statements for governmental activities present each fund as a separate column on the fund financial statements.

Governmental funds are used to account for all or most of a government's general activities. The measurement focus of governmental funds is on the sources uses and balance of current financial resources. The Center has presented the following governmental funds:



**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

General Fund – The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the State Department of Career Technology formula operations program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs, maintenance, and school construction.

Special Revenue Fund – The special revenue funds are used for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Center. When these assets are held under the terms of a formula trust agreement, either a private purpose trust fund or a permanent fund is used.

The terms "permanent" and "private purpose" refer to whether or not the Center is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the Center holds on behalf of others as their agent and do not involve measurement of results of operations.

The Center's Fiduciary Funds have been excluded from the government-wide financial statements.

Agency Fund – The Center's Agency Fund consists of the Activity fund and the Federal Pell Grant fund. The Center's Activity fund is used to account for monies collected that are held on behalf of others as their agent and do not involve the measurement of results of operations. The Federal Pell Grant fund is used to account for student financial aid which is collected by the Center and disbursed to eligible students or to pay educational costs on their behalf. The administration is responsible under the authority of the Board, for collecting, disbursing and accounting for these funds.

Account Groups

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental column in the government-wide statement of net assets.

C. Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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.

**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

Property taxes and interest and certain state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**D. Budgets and Budgetary Accounting**

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund that includes revenues and expenditures. These budgets are prepared on a budgetary basis of accounting. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriations at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable fund balance – is utilized in all governmental funds of the Center. Appropriations which are not spent lapse at the end of the fiscal year and encumbrances are reversed. On the first day of the following fiscal year, the encumbrances are reinstated and the expenditures are applied against that year's budget.

**E. Management Estimates – 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.

**F. Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categories of investment in fixed assets (net of related debt), restricted net position, and unrestricted net position.

Investment in Fixed Assets – is intended to reflect the portion of net assets, which are associated with non-liquid capital related debt. The net related debt is debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position – are liquid assets generated from revenues and not bond proceeds, which have third party (statutory bond covenant or granting agency) limitations on their use. The Center would typically use restricted net position first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted Net Position – represent unrestricted liquid assets.

Governmental Fund Financial Statements – The Center has adopted Governmental Accounting Standards Board Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Center is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available in the governmental fund financial statements are as follows:

Nonspendable – Amounts that are not in a spendable form such as prepaid expenses, inventory, or required to be maintained intact such as the corpus of permanent fund.

Restricted – Amounts that are designated for specific purposes by their providers such as bondholders, grantors, or imposed by law through constitutional provisions or enabling legislation. The Building Fund is restricted by statute to certain capital related costs.

**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

Committed – Amounts designated for specific purposes by the Center's highest level of decision making authority (Board of Education) and cannot be used for any other purposes unless the same highest level (Board of Education) takes action to remove or change the designation.

The Center commits a portion of the fund balance to honor the commitments made by the Center for encumbrances (purchase orders) for which goods or services have not yet been received. The fund balance committed to encumbrances will be equivalent to the purchase orders rolled forward from one fiscal year to the next fiscal year.

Assigned – Amount the Center intends to use for specific purposes; intent can be expressed by the governing body or by an official to which the governing body delegates the authority.

The Center assigns a portion of the fund balance in both the general fund and building fund for funding the cash flow needs during the first half of each fiscal year. The superintendent and the chief financial officer will determine the amount of assigned fund balance at the end of each fiscal year.

Unassigned – Amounts that are available for any purposes; reported only in the general fund. Fund balance represents the funds not restricted in use by statute nor encumbered by purchase order or legal contract.

**G. Assets, Liabilities and Cash Fund Balances**

Cash – Cash consists of currency and checks on hand, and demand deposits with banks and other financial institutions.

Investments – Investments consist of direct obligations of the United States Government and Agencies. All investments are recorded at cost, which approximates market value.

Property Tax Revenue and Receivables – The Center is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the Center. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of taxes becomes delinquent on April 1 of the year following the year of assessment. If taxes are delinquent and unpaid for a period of three years or more the real estate may be sold for such taxes.

Uncollected taxes assessed on valuations made each year are recorded in the Center's combined financial statements. Uncollectible personal and real property taxes are deemed to be immaterial because the property can be sold for the amount of taxes due.

Inventories – The cost of consumable materials and supplies on hand are immaterial to the financial statements, and the Technology Center has therefore chosen to report these items as expenditures/expenses at the time of purchase.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements.

All purchased capital assets are valued at cost when historical records exist and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their fair market value on the date donated.

**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements that add value or extend the asset lives are capitalized and depreciated over twenty-five years.

Assets capitalized have an original cost of \$5,000 or more, and a useful life over one year. Depreciation has been calculated on each class of depreciable property using the modified half-year convention straight-line method. Estimated useful life's are as follows:

Buildings and structures	25 years
Improvements	25 years
Equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

Compensated Absences – All twelve-month employees are eligible for ten (10) days to eighteen (18) days paid vacation each year depending on classification and length of service. Sick days accrue at one day per month. Vacation days must be taken by June 30 of the year following the end of the fiscal year it is earned, and is forfeited if not taken by June 30. Upon retirement or termination, the Center does not purchase any leave accumulated under policy guidelines. No liability for unused leave has been included in the accompanying financial statements, since no payment is made upon an employee leaving employment with the District.

Long-Term Debt – Long-term debt is recognized as a liability of the applicable governmental activities statement on net assets.

Fund Equity – Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

H. Revenue, Expenses and Expenditures

Revenues are classified by source as follows:

Local – Revenue from local sources is revenue produced within the Center, which includes ad valorem taxes. It is available for current educational expenses and for other purposes authorized by the Technology Center.

Intermediate – Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit or political sub-division, like a county or municipality, and redistributed to the Technology Center.

State – Those revenues received from the State, which are dedicated or are appropriated by the State legislature. Some of this aid is restricted for specific purposes.

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

Federal – Revenue from Federal sources is money originating from the Federal government and made available to the Technology Center either as direct grants or under various programs passed-through the State Department of Career & Technology Education.

**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

Expenditures are classified by function as follows:

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Examples of expenditures that might be included here are the activities of teacher assistant of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators, and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objective of instruction, community services and enterprise programs, rather than as entities within them.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff, and the community.

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

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

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

**2. Deposit Categories of Credit Risk**

Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The Center's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.

**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Deposit Categories of Credit Risk (continued)**

5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

The Center's investment policy instructs the treasurer to minimize risks by diversifying the investment portfolio; structuring investments so that securities mature in time to meet cash requirements; and by investing the full amount of all accounts of the Center.

**Custodial Credit Risk:**

Deposits and Investments - The District's demand deposits are required by law to be collateralized by the amount that is not federally insured.

Securities pledged as collateral are held by a third party or Federal Reserve Bank. Joint custody safekeeping receipts are held in the name of the depositing institution, but are pledged to the Center. The security cannot be released, substituted, or sold without the technology center Treasurer's approval and release of the security.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2014, the Center had no deposits exposed to custodial credit risk.

The Center investments consist of direct obligations of the U.S. government and agencies' securities.

**Interest Rate Risk:**

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the Center has no formal written policy addressing interest rate risk.

WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014

**Deposit Categories of Credit Risk (continued)**

Credit Risk:

The Center has no formal written policy addressing credit risk.

At June 30, 2014, the Center has no investments that are not guaranteed by the full faith and credit of the United States Government.

**3. Receivables**

Receivables at June 30, 2014, for the Center's individual major funds, net of applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total</u>
Receivables, net:			
Property taxes, delinquent	\$ 850,286	\$ 179,109	\$ 1,029,395
Grants	82,700	-	82,700
Other	<u>71,448</u>	<u>-</u>	<u>71,448</u>
Total receivables, gross	<u>1,004,434</u>	<u>179,109</u>	<u>1,183,543</u>
Less: Deferred revenue	(563,379)	(128,729)	(692,108)
Total receivables, net	\$ <u>441,055</u>	\$ <u>50,380</u>	\$ <u>491,435</u>

**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**4. Capital Assets**

<u>Capital Assets Not Being Depreciated</u>	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2014</u>
Land	\$ 29,500	\$ -	\$ -	\$ 29,500
Construction in progress	<u>673,487</u>	<u>2,016,503</u>	<u>-</u>	<u>2,689,990</u>
<b>Total Assets Not Being Depreciated</b>	<b>\$ <u>702,987</u></b>	<b>\$ <u>2,016,503</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>2,719,490</u></b>
 <u>Capital Assets Being Depreciated</u>				
Buildings & Improvements	\$ 15,442,213	\$ -	\$ -	\$ 15,442,213
Vehicles & Equipment	<u>2,951,654</u>	<u>119,542</u>	<u>-</u>	<u>3,071,196</u>
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 18,393,867</b>	<b>\$ 119,542</b>	<b>\$ -</b>	<b>\$ 18,513,409</b>
Less:				
Accumulated Depr.	<u>(11,764,005)</u>	<u>(778,136)</u>	<u>-</u>	<u>(12,542,141)</u>
<b>Total Assets Being Depr. - Net</b>	<b>\$ <u>6,629,863</u></b>	<b>\$ <u>(658,594)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>5,971,268</u></b>
<b>Total Capital Assets Net</b>	<b>\$ <u><u>7,332,849</u></u></b>	<b>\$ <u><u>1,357,909</u></u></b>	<b>\$ <u><u>-</u></u></b>	<b>\$ <u><u>8,690,758</u></u></b>

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

Governmental activities:

Instruction	\$ 684,760
Support services	<u>93,376</u>
Total governmental activities	<u>\$ 778,136</u>

**5. Leases**

The Center had no capital lease commitments at June 30, 2014.

**6. Interfund Transactions**

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund, or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.



**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**7. Employee Retirement System**

Description of Plan

The System is a qualified governmental defined benefit retirement plan. For GASB purposes it is a cost-sharing multiple-employer Public Employee Retirement System. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34. The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2014, is as follows:

		<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$	19,576
Actuarial Value of Assets		12,369
Unfunded Actuarial Accrued Liability	\$	7,207

Funding Policy

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. A participant leaving employment before attaining retirement age, but completing five years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The employers' contribution rate is 9.5%. Employees contribute 7.0% of covered compensation.

**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Employee Retirement System (continued)**

Annual Pension Cost

The District's total contribution for 2015, 2013, and 2012 were \$786,984, \$803,681, and \$734,709, respectively. The District's total payroll for fiscal year 2013-14 amounted to \$4,853,180.

On Behalf Contributions

The State of Oklahoma makes retirement contributions each year for teachers employed by Oklahoma School Districts. The contribution amounts are based on the teacher's years of service and amounts paid are prescribed by O.S. 70 Section 17-108.2 subsection A. During fiscal year 2013-14, the State of Oklahoma's contribution was \$36,875. The Center recognized revenue and expenditures of this amount during the year.

**8. General Long-Term Debt**

State statutes prohibit the Center from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the Center's voters.

At June 30, 2014, the Center had no long-term debt.

**9. Litigation**

The Center is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the Center at June 30, 2014.

**10. Contingent Liabilities**

The Center receives significant financial assistance from the United States government in the form of grants and other federal assistance. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the Center. The Center estimates that no material liabilities will result from such audits.

**11. Affiliated Organizations**

A foundation associated with the Center, but not included in the financial statements, is the Western Technology Center Foundation (the Foundation). Trustees for the Foundation include the Superintendent of the District. Trustees for the Foundation are, essentially, independent of the Center, i.e., the Center's Board of Education does not exercise any oversight authority over the Foundation and there are no financial interdependencies.

**12. Surety Bonds**

Employees are covered by an employee blanket bond, coverage for employee dishonesty by American States Insurance Company, Bond Number 01-CG-208497-8, for the penal sum of \$150,000 for the term of July 1, 2013 to July 1, 2014.

**REQUIRED SUPPLEMENTARY INFORMATION**

WESTERN TECHNOLOGY CENTER NO. 12  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 7,291,483	\$ 7,291,483	\$ 7,291,483	\$ -
Revenues:				
Local sources	\$ 6,954,835	\$ 6,954,835	\$ 7,591,028	\$ 636,193
Intermediate sources	-	-	-	-
State sources	2,352,276	2,352,276	2,421,941	69,665
Federal sources	143,849	143,849	136,302	(7,547)
Total revenues	\$ 9,450,960	\$ 9,450,960	\$ 10,149,271	\$ 698,311
Expenditures:				
Instruction	\$ 4,399,829	\$ 4,399,829	\$ 2,986,408	\$ 1,413,421
Support services	8,386,453	8,386,453	5,703,459	2,682,994
Non-instructional services	565,840	565,840	477,782	88,058
Capital outlay	2,733,000	2,733,000	343,459	2,389,541
Other outlays	-	-	54,936	(54,936)
Other uses	657,321	657,321	-	657,321
Total expenditures	\$ 16,742,443	\$ 16,742,443	\$ 9,566,044	\$ 7,176,399
Excess of revenues over (under) expenses before adjustments to prior year encumbrances	\$ -	\$ -	\$ 7,874,710	\$ 7,874,710
Adjustments to prior year encumbrances			7	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			(1,706)	
Total other financing sources (uses)			\$ (1,706)	
Cash fund balance end of year - Budgetary Basis			\$ 7,873,011	
Reconciliation of budgetary fund balance with GAAP fund balance				
Budgetary fund balance June 30, 2014			\$ 7,873,011	
Accounts receivable not recognized as revenue			441,055	
Expenses not recognized in budgetary basis (accounts payable)			(111,387)	
Prepaid insurance			121,096	
Expenses not recognized in GAAP basis (reserves)			146,638	
GAAP basis fund balance June 30, 2014			\$ 8,470,413	

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

**WESTERN TECHNOLOGY CENTER NO. 12  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
BUILDING FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Fund balances, beginning of year	\$ 3,615,491	\$ 3,615,491	\$ 3,615,491	\$ -
Revenues:				
Local sources	\$ 1,227,268	\$ 1,227,268	\$ 1,566,680	\$ 339,412
Intermediate sources	-	-	-	-
State sources	-	-	2,278	2,278
Federal sources	-	-	-	-
Total revenues	<u>\$ 1,227,268</u>	<u>\$ 1,227,268</u>	<u>\$ 1,568,958</u>	<u>\$ 341,690</u>
Expenditures:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	-	-	-	-
Non-instructional services	-	-	-	-
Capital outlay	4,842,759	4,842,759	2,610,607	2,232,152
Other uses	-	-	-	-
Total expenditures	<u>\$ 4,842,759</u>	<u>\$ 4,842,759</u>	<u>\$ 2,610,607</u>	<u>\$ 2,232,152</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,573,842</u>	<u>\$ 2,573,842</u>
Adjustments to prior year encumbrances			<u>-</u>	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			-	
Total other financing sources (uses)			<u>\$ -</u>	
Cash fund balance end of year - Budgetary Basis			<u>\$ 2,573,842</u>	
Reconciliation of budgetary fund balance with GAAP fund balance				
Budgetary fund balance June 30, 2014			\$ 2,573,842	
Accounts receivable not recognized as revenue			50,380	
Expenses not recognized in GAAP basis (reserves)			81,163	
GAAP basis fund balance June 30, 2014			<u>\$ 2,705,385</u>	

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

**SUPPORTING SCHEDULES**

WESTERN TECHNOLOGY CENTER NO. 12  
 SCHEDULE OF FEDERAL AWARDS EXPENDED  
 FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
<u>U.S. Department of Education</u>		
Direct Programs:		
<u>2013-2014 Programs</u>		
Pell Grant	84.063	P063P133380
Sub-Total		
Passed-Through Oklahoma Department of Career and Technology Education		
<u>2013-2014 Programs</u>		
TANF	93.558	N/A
Carl Perkins	84.048	N/A
Sub-Total		
Passed-Through Oklahoma Department of Rehabilitation Services		
<u>2013-2014 Programs</u>		
Rehabilitation	84.128	N/A
Sub-Total		
TOTAL FEDERAL ASSISTANCE		

The accompanying notes are an integral part of this schedule

Balance at July 1, 2013	Revenue	Expenditures	Balance at June 30, 2014
\$ -	\$ 322,073	\$ 322,073	\$ -
\$ -	\$ 322,073	\$ 322,073	\$ -
\$ -	\$ 59,838	\$ 59,838	\$ -
\$ -	89,550	89,550	\$ -
\$ -	\$ 149,388	\$ 149,388	\$ -
\$ -	\$ 6,296	\$ 6,296	\$ -
\$ -	\$ 6,296	\$ 6,296	\$ -
\$ -	\$ 477,757	\$ 477,757	\$ -



**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

1. For all federal programs, the Center uses the fund types prescribed by the Oklahoma State Department of Career and Technology Education and conforms to the system of accounting authorized by the State of Oklahoma. General and Building Funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the General Fund. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net position.

The modified accrual basis of accounting is used for the Governmental Fund types and accrual basis of accounting for Agency funds. This basis of accounting recognizes revenue from all sources when they are received. Federal grant funds are considered to be recognized when encumbered or reserved to the extent of expenditures made under the provisions of the grant.

**WESTERN TECHNOLOGY CENTER NO. 12**  
**SCHOOL ACTIVITY FUND**  
**STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE**  
**BURNS FLAT CAMPUS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Activities	Balance 7-1-13	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-14
Construction Trades	\$ 2,653	\$ -	\$ -	\$ -	\$ 2,653
Health Careers	2,646	1,926	-	1,905	2,667
Auto Collision	117	4	-	-	121
Auto Service	259	114	(102)	-	271
Bio Med Academy	267	896	13	560	616
NTHS	1,260	786	-	1,127	919
Refund	-	432,343	27,750	460,093	-
Bus Tech/Web Design	114	1,064	775	1,906	47
Cosmetology	538	7,357	-	7,615	280
Diesel Service	96	-	-	-	96
Networking	280	43	-	-	323
Culinary Arts	182	50	-	70	162
Printing & Digital Design	154	-	(30)	-	124
OSSM	546	-	(386)	160	-
Petty Cash	-	200	-	200	-
Welding	691	-	-	-	691
Snack Bar	4,159	50,598	960	47,391	8,326
Service Careers	63	321	(93)	184	107
<b>Grand Total</b>	<b>\$ 14,025</b>	<b>\$ 495,702</b>	<b>\$ 28,887</b>	<b>\$ 521,211</b>	<b>\$ 17,403</b>

**WESTERN TECHNOLOGY CENTER NO. 12**  
**SCHOOL ACTIVITY FUND**  
**STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE**  
**SAYRE CAMPUS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Activities	Balance 7-1-13	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-14
Refund	\$ -	\$ 31,755	\$ -	\$ 31,755	\$ -
Snack Bar	707	9,573	-	8,920	1,360
Business/Web Design	7,452	7,716	-	7,380	7,788
Health/Science	466	101	-	-	567
Cosmetology	2,793	2,488	-	2,912	2,369
Automotive/Ag	3,100	540	-	1,103	2,537
National Honor	431	3,488	-	3,154	765
Marketing	13	-	-	-	13
Petty Cash	-	200	-	200	-
Grand Total	<u>\$ 14,962</u>	<u>\$ 55,861</u>	<u>\$ -</u>	<u>\$ 55,424</u>	<u>\$ 15,399</u>

**WESTERN TECHNOLOGY CENTER NO. 12**  
**SCHOOL ACTIVITY FUND**  
**STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE**  
**WEATHERFORD CAMPUS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Activities	Balance 7-1-13	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-14
Refund	\$ -	\$ 309,019	\$ -	\$ 309,019	\$ -
Snack Bar	104	52	-	-	156
Hygiene	279	534	-	787	26
Petty Cash	-	200	-	200	-
Dental Asst.	624	3,581	-	2,756	1,449
<b>Grand Total</b>	<b>\$ 1,007</b>	<b>\$ 313,386</b>	<b>\$ -</b>	<b>\$ 312,762</b>	<b>\$ 1,631</b>

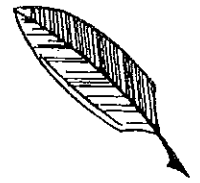
**WESTERN TECHNOLOGY CENTER NO. 12**  
**SCHOOL ACTIVITY FUND**  
**STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE**  
**HOBART CAMPUS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Activities	Balance 7-1-13	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-14
Refund	\$ -	\$ 16,546	\$ -	\$ 16,546	\$ -
Petty Cash	-	200	-	200	-
Grand Total	<u>\$ -</u>	<u>\$ 16,746</u>	<u>\$ -</u>	<u>\$ 16,746</u>	<u>\$ -</u>

# KERRY JOHN PATTEN, C.P.A.

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FAX Number (918) 250-9853

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of Education  
Western Technology Center No. 12  
Washita County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Western Technology Center No. 12, Washita County, Oklahoma (Center), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Center's financial statements, and have issued my report thereon dated March 2, 2015.

### Internal Control over Financial Reporting

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

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

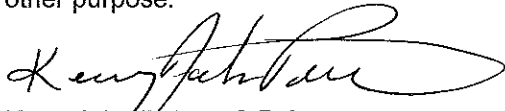
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center'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*.

### **Purpose of this Report**

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



Kerry John Patten, C.P.A.  
Broken Arrow, OK  
March 2, 2015

**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
JULY 1, 2013 TO JUNE 30, 2014**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The Center had no prior year audit findings relative to federal award programs.



**WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
SCHEDULE OF COMMENTS  
JULY 1, 2013 TO JUNE 30, 2014**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Western Technology Center No. 12 had not complied with significant compliance rules and regulations of the Oklahoma State Department of Career & Technology Education.

**Previous Year's Audit Comments**

There were no items in the school's 2012-13 audit report, which required resolution during the year ended June 30, 2014.

I would like to express my appreciation for the courtesies and cooperation extended to us by Center administrators and employees during the course of this audit.

WESTERN TECHNOLOGY CENTER NO. 12  
WASHITA COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2013 TO JUNE 30, 2014

State of Oklahoma )  
County of Tulsa )

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

Kerry John Patten, C.P.A.  
AUDITING FIRM

BY

*Kerry John Patten*  
AUTHORIZED AGENT



Subscribed and sworn to before me on this

2<sup>nd</sup> day of March, 2015

*Missy Fox*  
NOTARY PUBLIC

My commission expires on:

3<sup>rd</sup> day of June, 2018