

**ANNUAL FINANCIAL REPORT
WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
JULY 1, 2014 TO JUNE 30, 2015**

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

WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
SCHOOL CENTER OFFICIALS
JUNE 30, 2015

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**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
JUNE 30, 2015**

TABLE OF CONTENTS

	Page
Report of Independent Auditor	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements - Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet- Governmental Funds.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances-Government Funds to the Statement of Activities-Government-Wide Financial Statements	15
Statement of Net Position-Fiduciary Funds.....	16
Statement of Revenues, Expenditures and Changes in Net Position – Pell Grant Fund.....	17
Notes to the Financial Statements	18
Required Supplementary Information	
Budgetary Comparison Schedule – Budgetary Basis General Fund.....	34
Budgetary Comparison Schedule – Budgetary Basis Building Fund.....	25
Supporting Schedules	
Schedule of Expenditures of Federal Awards	36
Notes to the Schedule of Expenditures of Federal Awards.....	37
School Activity Fund – Statement of Revenues, Expenditures, and Fund Balances – Burns Flat Campus	38
School Activity Fund – Statement of Revenues, Expenditures, and Fund Balances – Sayre Campus	39
School Activity Fund – Statement of Revenues, Expenditures, and Fund Balances – Weatherford Campus	40
School Activity Fund – Statement of Revenues, Expenditures, and Fund Balances – Elk City Campus	41

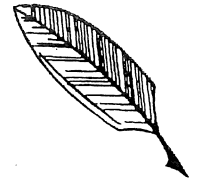
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**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
JUNE 30, 2015**

School Activity Fund – Statement of Revenues, Expenditures, and Fund Balances – Hobart Campus	42
<i>Reports Required by Government Auditing Standards</i>	
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 <i>Government Auditing Standards</i>	43
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures Of Federal Awards Required by OMB Circular A-133	45
Schedule of Findings and Questioned Costs.....	47
Summary of Prior Audit Findings	48
Schedule of Comments	49
Schedule of Accountant's Professional Liability Insurance Affidavit	50

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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, 2015, 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, 2015, 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.

Emphasis of Matters

As discussed in Note 1, in 2015 Western Technology Center adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The provisions of GASB Statements No. 68 and 71 required Western Technology Center to adjust its net position as of July 1, 2014, upon adoption. My opinion is not modified with respect to this matter.

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 February 1, 2016, 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
February 1, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Western Technology Center District No. 12
Washita County, Oklahoma
Management's Discussion and Analysis
June 30, 2015

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, 2015. 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 \$14,795,828 (net position) for fiscal year ended June 30, 2015.
- Total net position, as of June 30, 2015 are comprised of the following:
 - Capital assets, net of related debt, of \$9,892,759, 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 \$2,589,705, 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 \$2,313,364, which represents the portion of net position available to maintain the District's continuing obligations to citizens and creditors. The unrestricted portion is showing a decrease in position under last fiscal year due to the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. GASB No. 68, requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. The technology center's share of the Teachers Retirement System's net pension liability as of June 30, 2015 was \$6,602,102.
- General fund revenues for the year ended June 30, 2015, exceeded expenditures by \$606,669.
- Building fund expenditures for the year ended June 30, 2015, exceeded revenues by \$115,680.

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 districts 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.

See disclaimer in accompanying Independent Auditor's Report.

Western Technology Center District No. 12
Washita County, Oklahoma
Management's Discussion and Analysis
June 30, 2015

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 decreased in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

See disclaimer in accompanying Independent Auditor's Report.

Western Technology Center District No. 12
Washita County, Oklahoma
Management's Discussion and Analysis
June 30, 2015

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 the 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.

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 position at fiscal year-end is \$14,795,828; this is a \$5,762,836 decrease under last year's net position of \$20,558,664. The fiscal year 2015 net position indicates a substantial decline compared to fiscal year 2014. This is largely due to the implementation of GASB No. 68 and the required presentation of pension data from the Oklahoma Teacher's Retirement System in the fiscal year 2015 net position. The fiscal year 2014 information has not been restated because the actuarial determination for prior fiscal year is not available from the Oklahoma Teacher's Retirement System.

The largest portion of the District's net position, \$9,892,759, reflects its investments 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.

See disclaimer in accompanying Independent Auditor's Report.

Western Technology Center District No. 12
Washita County, Oklahoma
Management's Discussion and Analysis
June 30, 2015

An additional portion of the District's net position, \$2,589,705 represents resources that are subject to certain restrictions on how they may be use. The remaining balance of unrestricted net position, \$2,313,364 may be used to meet the District's 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, 2014, and 2015:

Western Technology Center District No. 12
Net Position
June 30, 2014 and 2015

	<u>Government Activities</u>	
	<u>2014</u>	<u>2015</u>
Current Assets	\$ 11,979,293	\$ 12,509,021
Non-Current Assets	8,690,758	9,892,759
Total Assets	20,670,051	22,401,780
Deferred Outflows of Resources	\$ -	\$ 819,730
Current Liabilities	\$ 111,387	\$ 116,937
Non-Current Liabilities	-	6,602,102
Total Liabilities	111,387	6,719,039
Deferred Inflows of Resources	\$ -	\$ 1,706,643
Net Position		
Invested in Capital Assets	\$ 8,690,758	\$ 9,892,759
Restricted	2,705,385	2,589,705
Unrestricted	9,162,521	2,313,364
Total Net Position	\$ <u>20,558,664</u>	\$ <u>14,795,828</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, 2015

The following table provides a summary of the District's operating results for the years ended June 30, 2014 and 2015.

Western Technology Center District No. 12
Statement of Activities
June 30, 2014 and 2015

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2015</u>
Program Revenue:		
Charges for services	\$ 768,110	\$ 660,570
Grant/Contributions	195,301	180,996
General Revenues:		
Property taxes	8,070,325	8,529,376
State aid	2,228,868	2,814,456
Interest	97,719	76,997
Other	480,586	172,113
Total Revenues	\$ 11,840,909	\$ 12,434,508
Expenses:		
Instruction	\$ 3,697,341	\$ 3,151,364
Support services	5,711,148	5,630,676
Non-instruction services	477,436	412,868
Other outlays	85,293	65,778
Other use	1,706	-
Capital outlay	832,301	651,496
Total Expenses	\$ 10,805,225	\$ 9,912,182
Increase (decrease) in net position	\$ 1,035,684	\$ 2,522,326
Net position, beginning	19,522,980	20,558,664
Adjustment to net position, GASB 68	-	-8,285,162
Net position end of year	\$ <u>20,558,664</u>	\$ <u>14,795,828</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, 2015

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, 2015, the District's governmental funds reported combined ending fund balances of \$11,666,787, increase of \$490,989 in comparison with the prior year. Of the year-end-total, approximately \$8,900,331 is unreserved fund balance, which is available for spending at the District's discretion. Restricted fund balance includes \$2,474,988 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, 2015, the unreserved fund balance of the general fund was \$8,900,331, an increase of \$697,652 from the prior year.

As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditure. Unreserved fund balance represents 85.6% 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 activity and governmental aid provided for specific programs.

The following table reflects total cost for the year ended June 30, 2014 and 2015.

	<u>Total Cost</u>	
	<u>2014</u>	<u>2015</u>
Instruction	\$ 3,028,472	\$ 3,204,957
Support Service	5,677,886	6,291,676
Non-instruction services	477,436	412,868
Other outlays	85,293	65,778
Other uses	1,706	-
Capital Outlay	<u>2,892,341</u>	<u>1,935,051</u>
Total cost of services	<u>\$ 12,163,134</u>	<u>\$ 11,910,330</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, 2015

The cost of all governmental funds this year was \$11,910,330 as compared to \$12,163,134 for the prior fiscal year.

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

	<u>Total Revenues</u>	
	<u>2014</u>	<u>2015</u>
Local sources	\$ 8,883,406	\$ 9,320,839
Intermediate sources	-	-
State sources	2,433,254	2,822,487
Federal sources	168,274	180,996
Interest	97,719	76,997
Other	-	-
Total source of revenue	<u>\$ 11,584,667</u>	<u>\$ 12,401,319</u>

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets – The District's investment in capital assets for its governmental activities as of June 30, 2015 amounted to \$9,892,759 net of accumulated depreciation. This investment in capital assets includes land, building and improvements, construction in progress, and equipment and vehicles.

Western Technology Center District No. 12
Capital Assets, net
June 30, 2014 and 2015

	<u>2014</u>	<u>2015</u>
Land	\$ 29,500	\$ 29,500
Buildings and improvements	15,442,213	19,658,749
Equipment and vehicles	3,071,196	3,227,411
Construction in progress	<u>2,689,990</u>	<u>183,000</u>
Capital assets	21,232,899	23,098,660
Accumulated depreciation	<u>-12,542,141</u>	<u>-13,205,901</u>
Capital assets, net	<u>\$ 8,690,758</u>	<u>\$ 9,892,759</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, 2015

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

Long-Term Liabilities

As the result of the adaption of a new accounting standard required by the Governmental Accounting Standards Board (GASB 68), future pension benefits as accrued through the Oklahoma Teacher's Retirement System must not be shown as a long-term liability on the financial statements of the individual government entities accruing the benefit. A new long-term liability named "Net OTRS Pension Liability" is included in the statements. While the effect of adapting GASB 68 has no change in OTRS or the Vocational Technical Center, its presentation creates a significant long-term liability and difference in net position. The Vocational Technical Center has no other long-term liabilities at June 30, 2015.

Economic Factors and Next Year's Budgets

The State of Oklahoma economy has suffered significantly due to declining oil and gas revenues. State appropriations for fiscal year 2016 have been decreased by approximately 3½% with additional decreases possible. Reduced support from state appropriations has resulted in greater reliance on Ad Valorem revenues and student tuition to fund increases in mandatory costs. Management is constantly monitoring expenses to ensure resources continue to be used in the most effective and efficient manner possible.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customer, 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.

See disclaimer in accompanying Independent Auditor's Report.

GOVERNMENT WIDE FINANCIAL STATEMENTS

**WESTERN TECHNOLOGY CENTER NO. 12
STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 5,140,016
Investments	6,250,000
Property tax receivable	791,532
Due from other governments	75,615
Due from activity fund	118,147
Prepays	133,711
Noncurrent Assets	
Capital assets, net of accumulated depreciation	9,709,759
Construction in process	<u>183,000</u>
Total Assets	<u>\$ 22,401,780</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>\$ 819,730</u>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	<u>\$ 116,937</u>
Non-current liabilities	
Net OTRS pension liability	\$ 6,602,102
Total Liabilities	<u>\$ 6,719,039</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>\$ 1,706,643</u>
<u>NET POSITION</u>	
Invested in Capital Assets, net of related debt	\$ 9,892,759
Restricted for:	
Capital outlay	2,589,705
Unrestricted	<u>2,313,364</u>
Total Net Position	<u><u>\$ 14,795,828</u></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, 2015**

		Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Government Activities
Governmental Activities					
Instruction	\$ (3,151,364)	\$ 394,030	\$ 180,996	\$ -	\$ (2,576,338)
Support services-Instructional	(728,360)				(728,360)
Support services-Operational	(4,902,316)	266,540			(4,635,776)
Non-instruction	(412,868)				(412,868)
Capital outlay	(651,496)				(651,496)
Other uses	-				-
Other outlays	(65,778)				(65,778)
Total governmental activities	\$ (9,912,182)	\$ 660,570	\$ 180,996	\$ -	\$ (9,070,616)
General revenues					
Taxes:					
Property taxes, levied for general purposes				\$	8,519,766
Other Taxes					9,610
State aid not restricted to specific purposes					
General					2,814,456
Other					-
Interest and investment earnings					76,997
Miscellaneous					172,113
Total general revenues				\$	11,592,942
Changes in net position					
Net position - beginning, as restated					2,522,326
Net position - ending				\$	14,795,828

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, 2015

ASSETS	General Fund	Building Fund	Total Governmental Funds
Cash	\$ 2,485,610	\$ 2,654,406	\$ 5,140,016
Investments	6,250,000	-	6,250,000
Receivables:			
Property taxes	662,499	129,033	791,532
Due from other governments	75,615	-	75,615
Due from activity fund	118,147	-	118,147
Prepaid Insurance	133,711	-	133,711
Total assets	\$ 9,725,582	\$ 2,783,439	\$ 12,509,021
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	\$ 41,957	\$ 74,980	\$ 116,937
Deferred revenue	606,543	118,754	725,296
Total liabilities	\$ 648,500	\$ 193,734	\$ 842,233
Fund Balance:			
Nonspendable Fund Balances:			
Prepaid Items	133,711	-	133,711
Restricted Fund Balances:			
Restricted by Statute	-	2,474,988	2,474,988
Other Restrictions of Fund Balances	-	-	-
Committed Fund Balances:			
Contractual obligations	-	-	-
Assigned Fund Balances:			
Encumbrances	43,040	114,717	157,757
Unassigned	\$ 8,900,331	\$ -	\$ 8,900,331
Total Fund Balances:	\$ 9,077,082	\$ 2,589,705	\$ 11,666,787
Total Liabilities and Fund Equity	\$ 9,725,582	\$ 2,783,439	\$
Amounts reported for governmental activities in the statement of assets, liabilities, and net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$23,098,660 and the accumulated depreciation of \$13,205,901.			9,892,760
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.			725,296
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds.			(886,913)
Net pension obligations are not due and payable in the current period and therefore, are not reported in the funds.			(6,602,102)
NET POSITION OF GOVERNMENTAL ACTIVITIES			\$ 14,795,828

WESTERN TECHNOLOGY CENTER NO. 12
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Local sources	\$ 7,999,045	\$ 1,398,791	\$ 9,397,836
Intermediate sources	-	-	-
State sources	2,822,487	-	2,822,487
Federal sources	180,996	-	180,996
	<u>11,002,528</u>	<u>1,398,791</u>	<u>12,401,319</u>
Total revenues	\$	\$	\$
Expenditures:			
Instructional	\$ 3,204,957	\$ -	\$ 3,204,957
Support Services	6,291,676	-	6,291,676
Noninstructional	412,868	-	412,868
Capital Outlay	420,580	1,514,471	1,935,051
Other Outlays	65,778	-	65,778
Other Uses	-	-	-
	<u>10,395,859</u>	<u>1,514,471</u>	<u>11,910,330</u>
Total expenditures:	\$	\$	\$
Excess of revenues over (under) expenses before adjustments to prior year encumbrances	\$ <u>606,669</u>	\$ <u>(115,680)</u>	\$ <u>490,989</u>
Excess of revenues and other sources of funds over (under) expenditures	\$ <u>606,669</u>	\$ <u>(115,680)</u>	\$ <u>490,989</u>
Fund balance, beginning of year	\$ <u>8,470,413</u>	\$ <u>2,705,385</u>	\$ <u>11,175,798</u>
Fund balance, end of year	\$ <u><u>9,077,082</u></u>	\$ <u><u>2,589,705</u></u>	\$ <u><u>11,666,787</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, 2015**

Net change in fund balances - governmental funds \$ 490,989

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	\$	1,980,751	
Depreciation expense		<u>(778,750)</u>	1,202,001

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. 33,189

Governmental funds report district pension contributions as expenditures. However, the Statement of Activities reports the cost of pension benefits earned net of employee contributions as pension expense. 796,147

Change in Net Position of Governmental Activities \$ 2,522,326

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, 2015**

	Agency Funds		
	Student Financial Aid Fund	Activity Fund	Total
<u>ASSETS</u>			
Cash	\$ 1	\$ 27,489	\$ 27,490
Miscellaneous Receivables	-	118,147	118,147
Total assets	\$ 1	\$ 145,636	\$ 145,637
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to student organizations	-	27,489	27,489
Due to other funds	-	118,147	118,147
Total liabilities	\$ -	\$ 145,636	\$ 145,636
Net position:	\$ 1	\$ -	\$ 1
Unreserved/undesignated			
Total liabilities and net position	\$ 1	\$ 145,636	\$ 145,637

The notes to the financial statements are a 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, 2015**

	Pell Grant Fund
Revenues	
Federal sources	
Pell Grants	\$ <u>348,784</u>
Total revenues	\$ <u>348,784</u>
Expenditures	
Other outlays	
Student Financial Assistance	\$ 164,118
Student Tuition and Books	184,221
Administrative	<u>445</u>
Total expenditures	\$ <u>348,784</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 an 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, 2015**

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 2015 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, 2015**

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, 2015**

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, 2015**

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, 2015**

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 and Deferred Outflows/Inflows of Resources

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, 2015**

Summary of Significant Accounting Policies (continued)

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.

Deferred Outflows of Resources: Deferred outflows are the consumption of net position by the school district that are applicable to a future reporting period. At June 30, 2015, the school district's deferred outflows of resources were comprised of deferred outflows related to pensions.

Deferred Inflows of Resources: Deferred inflows are the acquisition of net position by the school district that are applicable to a future reporting period. At June 30, 2015, the school district deferred inflows of resources were comprised of deferred inflows to pensions.

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements Adopted in Fiscal Year 2015: The school district adopted the following new accounting pronouncement during the year ended June 30, 2015:

Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 (GASB No. 68) establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. The provisions of the statement are effective for fiscal periods beginning after June 15, 2014. The adoption of GASB No. 68 resulted in a decrease in Net Position of \$7,489,015.

Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date— an amendment of GASB Statement No. 68 (GASB No. 71) was issued in November 2013 and amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement were required to be adopted simultaneously with the adoption of GASB Statement 68. The adoption of GASB No. 71 resulted in the recording of a deferred outflow of \$819,730 for contributions after the measurement date of the beginning net pension liability.

New Accounting Pronouncements Issued Not Yet Adopted: The GASB has also issued several new accounting pronouncements which will be effective for the school district in future fiscal years. A description of the new accounting pronouncements and the school districts consideration of the impact of these pronouncements are described below:

Statement No. 72, Fair value Measurement and Application (GASB No. 72) was issued in February 2015 and requires investments to be measured at fair value. Investments are defined as any security or other asset that (a) the government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. The statement requires measurement at acquisition value for donated capital assets, donated works of art, historical treasures and similar assets and capital assets received in a service concession arrangement. This statement is effective for financial statements for periods beginning after June 15, 2015.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (GASB No. 73) was issued in June 2015, will be effective for the school districts beginning with its fiscal year ending June 30, 2016. Those provisions of the statement that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68 are effective beginning with fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68 which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Summary of Significant Accounting Policies (continued)

Statement No. 74, Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans (GASB No. 74) was issued in June 2015 and replaces Statements No. 43 Financial Reporting for Postemployment Benefits Plans Other than Pension Plans, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The provisions of Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB No. 75) was issued in June 2015, will be effective for the school district beginning with its fiscal year ending June 30, 2018. The Statement replaces the requirements of GASB Statement No 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and requires governments to report a liability on the face of the financial statements for the OPEB they provide and outlines the reporting requirements by governments for defined benefit OPEB plans administered through a trust, cost-sharing OPEB plans administered through a trust and OPEB not provided through a trust. The Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances, called special funding situations, the Statement requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

Statement No. 76, The Hierarchy of Generally Accepted accounting Principles for State and Local Governments (GASB No. 76) was issued in June 2015 and supersedes Statement No. 55, The Hierarchy of Generally Accepted accounting Principles for State and Local Governments. The requirements of this Statements are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

The school district is currently evaluating the impact that these new standards will have on its financial statements.

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, 2015**

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, 2015, 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, 2015**

Deposit Categories of Credit Risk (continued)

Credit Risk:

The Center has no formal written policy addressing credit risk.

At June 30, 2015, 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, 2015, 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	\$ 662,499	\$ 129,033	\$ 791,532
Grants	75,615	-	75,615
Other	<u>118,147</u>	<u>-</u>	<u>118,147</u>
Total receivables, gross	856,261	129,033	985,294
Less: Deferred revenue	<u>(606,543)</u>	<u>(118,754)</u>	<u>(725,297)</u>
Total receivables, net	\$ <u>249,718</u>	\$ <u>10,279</u>	\$ <u>259,997</u>

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

4. Capital Assets

<u>Capital Assets Not Being Depreciated</u>	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2015</u>
Land	\$ 29,500	\$ -	\$ -	\$ 29,500
Construction in progress	<u>2,689,990</u>	<u>1,709,546</u>	<u>4,216,536</u>	<u>183,000</u>
 Total Assets Not Being Depreciated	 \$ <u>2,719,490</u>	 \$ <u>1,709,546</u>	 \$ <u>4,216,536</u>	 \$ <u>212,500</u>
 <u>Capital Assets Being Depreciated</u>				
Buildings & Improvements	\$ 15,442,213	\$ 4,216,536	\$ -	\$ 19,658,749
Vehicles & Equipment	<u>3,071,196</u>	<u>271,205</u>	<u>114,900</u>	<u>3,227,411</u>
 Total Capital Assets Being Depreciated	 \$ 18,513,409	 \$ 4,487,741	 \$ 114,900	 \$ 22,886,160
Less: Accumulated Depr.	<u>(12,542,141)</u>	<u>(778,750)</u>	<u>(114,900)</u>	<u>(13,205,901)</u>
 Total Assets Being Depr. - Net	 \$ <u>5,971,268</u>	 \$ <u>3,708,991</u>	 \$ <u>-</u>	 \$ <u>9,680,259</u>
 Total Capital Assets Net	 \$ <u><u>8,690,758</u></u>	 \$ <u><u>5,418,537</u></u>	 \$ <u><u>4,216,536</u></u>	 \$ <u><u>9,892,759</u></u>

Depreciation expense for the year ended June 30, 2015, was charged to functions of the Center as follows:

Governmental activities:

Instruction	\$ 685,300
Support services	<u>93,450</u>
Total governmental activities	\$ <u><u>778,750</u></u>

5. Capital Leases

The Center had no capital lease commitments at June 30, 2015.

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, 2015**

7. Employee Retirement System

Description of Plan

The District participates in the state-administrated Teacher's Retirement System of Oklahoma (the "system"), which 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 District has no responsibility or authority for the operation and administration of the system nor has it any liability, except for contribution requirements. 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, 2015, is as follows:

		<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$	20,693
Actuarial Value of Assets		<u>13,772</u>
Unfunded Actuarial Accrued Liability	\$	<u>6,921</u>

Contributions

The contribution rates for the vocational center and its employees, which are prescribed by Oklahoma State statutes, are based on employee's earnings, plus employer-paid fringe benefits. The vocational center is required to contribute 9.5% of applicable employee compensation. The vocational center is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contributions for participating members is 7%. The State of Oklahoma, a non-employee contributing entity, provides funds through 5% of the state's sales, use, corporate, and individual income tax collected. The system also receives 1% of the cigarette tax collected by the state and 5% of the net lottery proceeds collected by the state. Employers of OTRS members whose compensation is paid from federal funds are required to match the contributions of these members on that portion of compensation paid from federal funds. The federal match rate is set by the OTRS Board of Trustees and as of April 1, 2015 is 8.25%.

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Employee Retirement System (continued)

Annual Pension Cost

The District's total contribution for 2015, 2014, and 2013 were \$819,730, \$786,984, and \$803,681, respectively. The District's total payroll for fiscal year 2014-15 amounted to \$4,921,225.

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 2014-15, the State of Oklahoma's contribution was \$33,994. The Center recognized revenue and expenditures of this amount during the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the school district reported a liability of \$6,602,102 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The school district's proportion of the net pension liability was based on the school district's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the school district's proportion was .12271869 percent.

For the year ended June 30, 2015, the school district recognized pension expense of \$386,591. At June 30, 2015, the school district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$		\$ 18,822
Net difference between projected and actual earnings on pension plan investments			1,597,821
School District contributions subsequent to the measurement date		819,730	
Total	\$	819,730	\$ 1,706,643

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Employee Retirement System (continued)

Deferred pension outflows totaling \$819,730 resulting from the school district's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflows totaling \$1,597,821 resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense over five years. The deferred inflows totaling \$108,822 resulting from differences between expected and actual experience will be recognized in pension expense using the average expected remaining service life of the plan participants. The average expected remaining life of the plan participants is determined by taking the calculated total future service years of the plan participants divided by the number of people in the Plan including retirees. The total future service years of the plan participants are estimated at 6.32 years at June 30, 2014 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended</u>	
2016	\$ 333,167
2017	333,167
2018	333,167
2019	333,167
2020	333,167
Thereafter,	<u>40,808</u>
	<u>\$ 1,706,643</u>

Actuarial Assumptions: The total pension liability was determined based on an actuarial valuation prepared as of July 1, 2014 using the following actual assumptions:

- Actuarial Cost method-Entry Age Normal
- Amortization Method-Level Percentage of Payroll
- Amortization Period-Amortization over an open 30-year period
- Asset Valuation Method-5 year smooth market
- Inflation-3.0 percent
- Salary Increases-Composed of 3.0 percent inflation, plus 1.0 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return-8.0 percent
- Retirement Age-Experience-based table of rates based on age, service, and gender. Adopted by the Board in September 2010 in conjunction with the five year experience study for the period ending June 30, 2009
- Mortality-RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Employee Retirement System (continued)

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	23.50%	6.60%
Domestic Equity	57.50%	6.80%
Private Equity	5.00%	7.90%
Real Estate	7.00%	5.50%
Limited Partnerships	<u>7.00%</u>	7.90%
	<u>100.00%</u>	

Discount rate – A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2013, and 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Sensitivity of the Center’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Center’s proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Center’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current rate:

	1% Discount <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Center’s proportionate share of the net pension liability	<u>\$ 9,339,347</u>	<u>\$ 6,602,102</u>	<u>\$ 6,830,495</u>

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

8. Long-Term Liabilities

As the result of the adaption of a new accounting standard required by the Governmental Accounting Standards Board (GASB 68), future pension benefits as accrued through the Oklahoma Teacher’s Retirement System must not be shown as a long-term liability on the financial statements of the individual government entities accruing the benefit. A new long-term liability named “Net OTRS Pension Liability” is included in the statements. While the effect of adapting GASB 68 has no change in OTRS or the Vocational Technical Center, its presentation creates a significant long-term liability and difference in net position. The Vocational Technical Center has no other long-term liabilities at June 30, 2015.

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, 2015.

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS – GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2014 to July 1, 2015.

13. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. Restatement Beginning Net Position

Beginning net position as previously reported	\$ 20,558,664
Implementation of GASB Statement 68 & 71	<u>(8,285,162)</u>
Beginning net position, restated	<u>\$ 12,273,502</u>

REQUIRED SUPPLEMENTARY INFORMATION

SUPPORTING SCHEDULES

WESTERN TECHNOLOGY CENTER NO. 12
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 7,873,011	\$ 7,873,011	\$ 7,873,011	\$ -
Revenues:				
Local sources	\$ 7,274,991	\$ 7,274,991	\$ 8,183,295	\$ 908,304
Intermediate sources	-	-	-	-
State sources	2,399,330	2,399,330	2,788,493	389,163
Federal sources	155,653	155,653	188,081	32,428
Total revenues	\$ 9,829,974	\$ 9,829,974	\$ 11,159,869	\$ 1,329,895
Expenditures:				
Instruction	\$ 4,714,036	\$ 4,714,036	\$ 3,182,109	\$ 1,531,927
Support services	9,855,400	9,855,400	6,281,288	3,574,112
Non-instructional services	599,300	599,300	412,521	186,779
Capital outlay	1,975,000	1,975,000	398,626	1,576,374
Other outlays	142,212	142,212	65,768	76,444
Other uses	417,037	417,037	-	417,037
Total expenditures	\$ 17,702,985	\$ 17,702,985	\$ 10,340,312	\$ 7,362,673
Excess of revenues over (under) expenses before adjustments to prior year encumbrances	\$ -	\$ -	\$ 8,692,568	\$ 8,692,568
Adjustments to prior year encumbrances			-	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			-	
Total other financing sources (uses)			\$ -	
Cash fund balance end of year - Budgetary Basis			\$ 8,692,568	
Reconciliation of budgetary fund balance with GAAP fund balance				
Budgetary fund balance June 30, 2015			\$ 8,692,568	
Accounts receivable not recognized as revenue			249,718	
Expenses not recognized in budgetary basis (accounts payable)			(41,957)	
Prepaid insurance			133,711	
Expenses not recognized in GAAP basis (reserves)			43,042	
GAAP basis fund balance June 30, 2015			\$ 9,077,082	

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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Fund balances, beginning of year	\$ 2,573,842	\$ 2,573,842	\$ 2,573,842	\$ -
Revenues:				
Local sources	\$ 1,290,326	\$ 1,290,326	\$ 1,437,314	\$ 146,988
Intermediate sources	-	-	-	-
State sources	-	-	1,579	1,579
Federal sources	-	-	-	-
Total revenues	\$ 1,290,326	\$ 1,290,326	\$ 1,438,893	\$ 148,567
Expenditures:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	-	-	-	-
Non-instructional services	-	-	-	-
Capital outlay	3,864,168	3,864,168	1,473,046	2,391,122
Other uses	-	-	-	-
Total expenditures	\$ 3,864,168	\$ 3,864,168	\$ 1,473,046	\$ 2,391,122
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 2,539,689	\$ 2,539,689
Adjustments to prior year encumbrances			-	
Other financing sources (uses):				
Operating transfers in/out			\$ -	
Bank charges			-	
Total other financing sources (uses)			\$ -	
Cash fund balance end of year - Budgetary Basis			\$ 2,539,689	
Reconciliation of budgetary fund balance with GAAP fund balance				
Budgetary fund balance June 30, 2015			\$ 2,539,689	
Accounts receivable not recognized as revenue			10,279	
Expenses not recognized in GAAP basis (reserves)			114,717	
Expenses not recognized in budget basis			(74,980)	
GAAP basis fund balance June 30, 2015			\$ 2,589,705	

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

WESTERN TECHNOLOGY CENTER NO. 12
 SCHEDULE OF FEDERAL AWARDS EXPENDED
 FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
<u>U.S. Department of Education</u>		
Direct Programs:		
<u>2014-2015 Programs</u>		
* Pell Grant	84.063	P063P143380
Sub-Total		
Passed-Through Oklahoma Department <u>of Career and Technology Education</u>		
<u>2014-2015 Programs</u>		
TANF	93.558	N/A
Carl Perkins	84.048	N/A
Sub-Total		

TOTAL FEDERAL ASSISTANCE

* Major Program

The accompanying notes are an integral part of this schedule

Balance at July 1, 2014	Revenue	Expenditures	Balance at June 30, 2015
\$ -	\$ 348,784	\$ 348,784	\$ -
\$ -	\$ 348,784	\$ 348,784	\$ -
\$ -	\$ 75,618	\$ 75,618	\$ -
\$ -	100,335	100,335	\$ -
\$ -	\$ 175,953	\$ 175,953	\$ -
\$ -	\$ 524,737	\$ 524,737	\$ -

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015

Activities	Balance 7-1-14	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-15
Construction Trades	\$ 2,653	\$ -	\$ -	\$ -	\$ 2,653
Health Careers	2,667	273	-	900	2,040
Auto Collision	121	1,391	(111)	1,365	36
Auto Service	271	60	-	-	331
Bio Med Academy	616	234	-	-	850
NTHS	919	2,773	-	3,632	60
Refund	-	516,619	17,795	460,433	73,981
Bus Tech/Web Design	47	-	-	-	47
Cosmetology	280	10,258	-	9,888	650
Diesel Service	96	-	-	-	96
Networking	323	30	-	77	276
Culinary Arts	162	152	-	35	279
Printing & Digital Design	124	825	-	453	496
Petty Cash	-	284	-	284	-
Welding	691	-	-	-	691
Snack Bar	8,326	50,152	668	58,175	971
Service Careers	107	12	-	-	119
Grand Total	\$ 17,403	\$ 583,063	\$ 18,352	\$ 535,242	\$ 83,576

WESTERN TECHNOLOGY CENTER NO. 12
SCHOOL ACTIVITY FUND
STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE
SAYRE CAMPUS
FOR THE YEAR ENDED JUNE 30, 2015

Activities	Balance 7-1-14	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-15
Refund	\$ -	\$ 16,214	\$ -	\$ 16,214	\$ -
Snack Bar	1,360	10,453	-	10,258	1,555
Business/Web Design	7,788	11,492	-	11,768	7,512
Health/Science	567	434	-	622	379
Cosmetology	2,369	4,742	-	3,183	3,928
Automotive/Ag	2,537	1,015	-	927	2,625
National Honor	765	-	-	645	120
Criminal Justice	13	485	-	452	46
Petty Cash	-	218	-	218	-
Grand Total	<u>\$ 15,399</u>	<u>\$ 45,053</u>	<u>\$ -</u>	<u>\$ 44,287</u>	<u>\$ 16,165</u>

WESTERN TECHNOLOGY CENTER NO. 12
SCHOOL ACTIVITY FUND
STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE
WEATHERFORD CAMPUS
FOR THE YEAR ENDED JUNE 30, 2015

Activities	Balance 7-1-14	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-15
Refund	\$ -	\$ 343,552	\$ -	\$ 305,307	\$ 38,245
Snack Bar	156	28	-	-	184
Hygiene	26	480	-	225	281
Petty Cash	-	200	-	200	-
Dental Asst.	1,449	2,692	-	2,925	1,216
Grand Total	<u>\$ 1,631</u>	<u>\$ 346,952</u>	<u>\$ -</u>	<u>\$ 308,657</u>	<u>\$ 39,926</u>

WESTERN TECHNOLOGY CENTER NO. 12
SCHOOL ACTIVITY FUND
STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE
ELK CITY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2015

Activities	Balance 7-1-14	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-15
Refund	\$ -	\$ 27,875	\$ -	\$ 23,935	\$ 3,940
Snack Bar		366		317	
Petty Cash	-	415	-	415	-
Grand Total	<u>\$ -</u>	<u>\$ 28,656</u>	<u>\$ -</u>	<u>\$ 24,667</u>	<u>\$ 3,989</u>

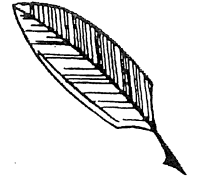
WESTERN TECHNOLOGY CENTER NO. 12
SCHOOL ACTIVITY FUND
STATEMENT OF REVENUE, EXPENDITURES, AND FUND BALANCE
HOBART CAMPUS
FOR THE YEAR ENDED JUNE 30, 2015

Activities	Balance 7-1-14	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-15
Refund	\$ -	\$ 18,591	\$ -	\$ 16,611	\$ 1,980
Petty Cash	-	200	-	200	-
Grand Total	<u>\$ -</u>	<u>\$ 18,791</u>	<u>\$ -</u>	<u>\$ 16,811</u>	<u>\$ 1,980</u>

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.
Broken Arrow, OK 74012
Phone Number (918) 250-8838
FAX Number (918) 250-9853



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, 2015, and the related notes to the financial statements, which collectively comprise the Center's financial statements, and have issued my report thereon dated February 1, 2016 .

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
February 1, 2016

KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.
Broken Arrow, OK 74012
Phone Number (918) 250-8838
FAX Number (918) 250-9853



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

I have audited the compliance of Western Technology Center No. 12, Washita County, Oklahoma (Center's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2015. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Center's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In my opinion, Western Technology Center, No. 12, Washita County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

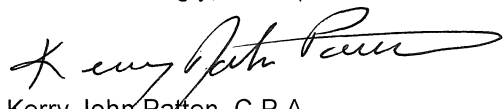
Report on Internal Control Over Compliance

Management of Western Technology Center No. 12, Washita County, Oklahoma (Center), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Kerry John Patten, C.P.A.
Broken Arrow, OK
February 1, 2016

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Western Technology Center.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Western Technology Center which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Western Technology Center expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with OMB Circular A-133 relative to major federal award programs for Western Technology Center.
7. The programs tested as major programs included: Student Financial Assistance Cluster (84.063).
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Western Technology Center did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

1. No matters were reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. No matters were reported.

**WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
SUMMARY OF PRIOR AUDIT FINDINGS
JULY 1, 2014 TO JUNE 30, 2015**

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, 2014 TO JUNE 30, 2015**

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 2013-14 audit report, which required resolution during the year ended June 30, 2015.

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.

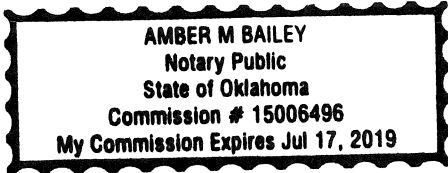
WESTERN TECHNOLOGY CENTER NO. 12
WASHITA COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2014 TO JUNE 30, 2015

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 2014-15.

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

BY Kerry John Patten
AUTHORIZED AGENT



Subscribed and sworn to before me on this
2nd day of February, 2016

Amber M Bailey
NOTARY PUBLIC

My commission expires on:
17th day of July, 2019