

**ANNUAL FINANCIAL REPORT**  
**NORTHEAST TECHNOLOGY CENTER NO. 11**  
**MAYES COUNTY, OKLAHOMA**  
**JULY 1, 2010 TO JUNE 30, 2011**

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

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
CENTER OFFICIALS  
JUNE 30, 2011**

Board of Education

President	Billy Hendrickson
Vice-President	John Long
Clerk	Joe Hutchison
Member	Justin Miller
Member	Rosalie Griffith

Superintendent of Schools

Fred Probis

Technology Center Treasurer

Roger Crutchfield

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
JUNE 30, 2011**

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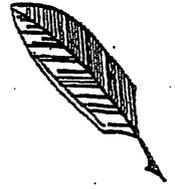
**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
JUNE 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Northeast Technology Center No. 11  
Pryor, Oklahoma

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Technology Center No. 11, Mayes County, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Technology Center management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Technology Center No. 11, Mayes County, Oklahoma, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 8, 2012, on my consideration of the Northeast Technology Center's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Northeast Technology Center basic financial statements. The combining financial statements, individual fund financial statements and schedule of expenditures of federal awards listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Northeast Technology Center. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis on pages 2 through 5 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, I did not audit the information and express no opinion on it.

Kerry John Patten, C.P.A.  
March 8, 2012

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**Northeast Technology Center District 11  
Mayes County**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

The discussion and analysis of Northeast Technology Center's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the accompanying notes to enhance their understanding of the District's financial performance.

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

**Organization**

Northeast Technology Center School District 11 is a political subdivision of the Oklahoma Department of Career and Technology Education. The school operates under the local control of a five member board of education with a designated superintendent/chief executive officer. The Northeast Technology Center School District includes most of five counties, Ottawa, Delaware, Mayes, Craig, and Rogers, and parts of Wagoner, Nowata and Cherokee counties.

**FINANCIAL STATEMENTS**

The financial statements consist of three parts: management discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of Northeast Technology Center. The first two statements, pages 6 and 7, are district-wide financial statements, the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about Northeast Technology Center's overall financial status.

The remaining statements are fund financial statements, pages 8, 9, and 10, that focus on individual parts of Northeast Technology Center's operations in more detail than the district-wide statements. The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending. The governmental funds are the General Fund and Building Fund.

The financial statements also include notes, beginning on page 11, that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and reports the financial statements.

**District-Wide Statements**

The two district-wide statements: Statement of Net Assets and the Statement of Activities, report Northeast Technology Center's net assets and how they have changed. Net assets, the difference between Northeast Technology Center's assets and liabilities, is one way to measure Northeast Technology Center's financial health or position.

**Northeast Technology Center District 11  
Mayes County**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**District-Wide Statements**

Over time, increases or decreases in Northeast Technology Center's net assets are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall financial health of Northeast Technology Center, you need to consider additional factors, such as changes in the ad valorem valuation and the projected student enrollment.

The district-wide statements report information about the District using the accrual basis of accounting, which is similar to accounting methods used by private sector companies.

**Fund Financial Statements**

Northeast Technology Center's financial statements provide detailed information about each fund – not Northeast Technology Center as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs; state law requires certain funds.

- Governmental funds – Most of Northeast Technology Center's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method prescribed by Oklahoma Statutes. This statutory method of accounting provides for recording income (revenue) when received, and encumbering expenditures when the purchase commitment is made (purchase order is issued). The governmental fund statements provide a detailed short-term view of Northeast Technology Center's operations and the services it provides.
- Fiduciary funds - Northeast Technology Center is the trustee, or fiduciary, for the activity funds. Northeast Technology Center is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Northeast Technology Center excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Fund Financial Statements are prepared using a modified accrual method of accounting. This method of accounting recognizes revenues as soon as they are both measurable and available and expenses are recognized when the liability is incurred.

**Financial Highlights**

The FY 11 general fund "fund balance" at 6-30-11 was \$10,040,800. The building fund balance was \$5,799,614.

Total FY 10-11 general fund revenues collected district-wide were \$19,037,203 compared to \$19,345,568 in FY 09-10. Total general fund expenditures district-wide for FY 10-11 were \$18,425,800 compared to \$18,336,800 in FY 09-10. The building fund revenues collected for FY 10-11 were \$1,401,953 compared to 1,548,130 in FY 09-10. The building fund expenditures for FY 10-11 were \$234,304. This compares to FY 09-10 expenditures of \$284,003.

**Northeast Technology Center District 11  
Mayes County**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**Financial Highlights (continued)**

The District had the following General Fund revenue sources for FY 2010-11:

	<u>Revenues</u>	<u>% of Total</u>
Local Sources	\$14,515,103	76%
State sources	3,363,304	18%
Federal sources	<u>1,158,796</u>	<u>6%</u>
<b>Total Revenue</b>	<b><u>\$19,037,203</u></b>	<b><u>100%</u></b>

The District had the following General Fund net costs of governmental activities during FY 2010-11:

	<u>Net cost of Services</u>	<u>% of Total</u>
Instructional	\$ 6,662,457	36%
Support services	8,796,912	48%
Non instructional	383,665	2%
Capital outlay	1,399,317	8%
Other outlays	172,708	1%
Other uses	<u>1,010,741</u>	<u>5%</u>
<b>Total</b>	<b><u>\$18,425,800</u></b>	<b><u>100%</u></b>

The District had the following General Fund revenue sources for FY 2009-10:

	<u>Revenues</u>	<u>% of Total</u>
Local sources	\$ 14,700,998	76%
State sources	3,371,758	17%
Federal sources	<u>1,261,812</u>	<u>7%</u>
<b>Total Revenue</b>	<b><u>\$ 19,345,568</u></b>	<b><u>100%</u></b>

The District had the following net costs of governmental activities during FY 2009-10:

	<u>Net cost of Services</u>	<u>% of Total</u>
Instructional	\$7,061,707	38%
Support services	8,971,883	48%
Non instructional	367,820	2%
Capital outlay	1,166,666	6%
Other outlays	78,857	.4%
Other uses	943,870	5%
Repayments	<u>30,000</u>	<u>.1%</u>
<b>Total</b>	<b><u>\$18,620,803</u></b>	<b><u>100%</u></b>

See disclaimer in accompanying Independent Auditor's Report

**Northeast Technology Center District 11  
Mayes County**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

The figures used in these comparisons are taken from Statement of Revenues, Expenditures and Changes in Fund Balance-Government Funds for the years ended June 30, 2010, and June 30, 2011, respectively.

**BUDGETARY HIGHLIGHTS**

Northeast Technology Center prepares budgets in compliance with Oklahoma statutes. The preliminary budget is prepared prior to the beginning of the fiscal year when certain factors are uncertain, such as the final net assessed property values. The final budget was approved after the property values were ascertained.

**CAPITAL ASSETS**

As of June 30, 2011, Northeast Technology Center had \$27,086,767 (net of depreciation) in Governmental Funds invested in a broad range of capital assets, including land, school buildings, equipment, and vehicles.

	<u>2010</u>	<u>2011</u>
Total	<u>\$37,899,889</u>	<u>\$38,750,779</u>

**FACTORS BEARING ON NORTHEAST TECHNOLOGY CENTER'S FUTURE**

The District is not aware of any factors, that have a reasonable possibility of occurring, which will negatively impact the District's future operations. Northeast Technology Center will continue to upgrade equipment, improve buildings and grounds and change programming to remain current in its educational offerings to the public.

**CONTACTING NORTHEAST TECHNOLOGY CENTER**

This financial report is designed to provide citizens, taxpayers, parents, students and creditors with a general overview of Northeast Technology Center's finances and to show accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Superintendent's Office, Northeast Technology Center, P. O. Box 487, Pryor, OK 74362.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**NORTHEAST TECHNOLOGY CENTER NO. 11  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash	\$ 15,114,470
Property tax receivable	887,329
Due from other governments	393,805
Due from activity fund	354,970
Prepaid insurance	50,602
Capital assets	
Land	1,051,572
Other capital assets, net of accumulated depreciation	<u>20,898,031</u>
 Total Assets	 \$ <u>38,750,779</u>
<b><u>LIABILITIES</u></b>	
Current liabilities	
Accounts payable	\$ 132,928
Leases payable - Due within one year	<u>228,692</u>
Total current liabilities	<u>361,620</u>
Non-current liabilities	
Compensated absences	218,754
Voluntary separation payable	290,000
Leases payable - Due in more than one year	<u>10,793,638</u>
Total non-current liabilities	<u>11,302,392</u>
 Total Liabilities	 \$ <u>11,664,012</u>
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets, net of related debt	\$ 11,155,965
Unrestricted	<u>15,930,802</u>
 Total Net Assets	 \$ <u><u>27,086,767</u></u>

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

**NORTHEAST TECHNOLOGY CENTER NO. 11  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants & Contributions	
<b>Governmental Activities:</b>				
Instruction	\$ (6,605,461)	\$ 766,877	\$ 1,158,796	\$ -
<b>Support Services:</b>				
Students	(1,004,652)	-		-
Instructional Staff	(12,935)	-	-	-
General Administration	(591,842)	-	-	-
School Administration	(2,966,425)	-	-	-
Business	(1,327,304)	-	-	-
Operation of Plant	(2,369,675)	-	-	-
Student Transportation	(549,413)	-	-	-
Non Instructional	(383,665)	-	-	-
Other Outlays	(172,708)	-	-	-
Other Uses	(1,010,741)	-	-	-
Capital Outlay	(951,862)	-	-	-
Depreciation - Unallocated	(1,250,121)	-	-	-
<b>Governmental Activities</b>	<b>\$ (19,196,804)</b>	<b>\$ 766,877</b>	<b>\$ 1,158,796</b>	<b>\$ -</b>

**General revenues**

Taxes:

    Property taxes, levied for general purposes

    Other Taxes

Federal and State aid not restricted to specific purposes:

    General

    Other

Interest and investment earnings

Miscellaneous

    Total general revenues

Changes in net assets

Net assets - beginning

Net assets - ending

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

Net (Expenses)  
Revenue and  
Changes in Net  
Assets

Government  
Activities

\$ (4,679,788)

(1,004,652)

(12,935)

(591,842)

(2,966,425)

(1,327,304)

(2,369,675)

(549,413)

(383,665)

(172,708)

(1,010,741)

(951,862)

(1,250,121)

\$ (17,271,131)

\$ 14,626,076

-

3,363,304

-

225,373

87,362

18,302,115

1,030,984

26,055,783

\$ 27,086,767

**FUND FINANCIAL STATEMENTS**

**NORTHEAST TECHNOLOGY CENTER NO. 11  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General Fund	Building Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 9,325,233	\$ 5,789,237	\$ 15,114,470
Property taxes receivable	828,606	58,723	887,329
Due from other governments	393,805	-	393,805
Due from activity fund	354,970	-	354,970
Prepaid insurance	50,602	-	50,602
<b>Total assets</b>	<b>\$ 10,953,216</b>	<b>\$ 5,847,960</b>	<b>\$ 16,801,176</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 118,158	\$ 14,770	\$ 132,928
Leases payable - current	228,692	-	228,692
Deferred revenue	566,195	33,576	599,771
<b>Total liabilities</b>	<b>913,045</b>	<b>48,346</b>	<b>961,391</b>
<b>Fund balances:</b>			
<b>Nonspendable Fund Balances:</b>			
<i>Prepaid Items</i>	50,602	-	50,602
<b>Restricted Fund Balances:</b>			
<i>Restricted by Statute</i>	-	5,653,854	5,653,854
<b>Assigned Fund Balances:</b>			
<i>Encumbrances</i>	1,247,891	145,760	1,393,651
<i>Other Assigned Fund Balances</i>	-	-	-
Unassigned	8,741,678	-	8,741,678
<b>Total Fund Balances</b>	<b>10,040,171</b>	<b>5,799,614</b>	<b>15,839,785</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,953,216</b>	<b>\$ 5,847,960</b>	

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 \$34,318,783 and the accumulated depreciation is \$12,369,180.

21,949,603

Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

(11,302,392)

Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds.

599,771

Net Assets of Governmental Activities

\$ 27,086,767

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

**NORTHEAST TECHNOLOGY CENTER NO. 11  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Local sources	\$ 14,515,103	\$ 1,395,635	\$ 15,910,738
Intermediate sources	-	6,318	6,318
State sources	3,363,304	-	3,363,304
Federal sources	1,158,796	-	1,158,796
	<u>19,037,203</u>	<u>1,401,953</u>	<u>20,439,156</u>
<b>Total revenues</b>	<b>\$ 19,037,203</b>	<b>\$ 1,401,953</b>	<b>\$ 20,439,156</b>
<b>Expenditures:</b>			
Instructional	\$ 6,662,457	\$ -	\$ 6,662,457
Support Services:			
Students	1,004,652	-	1,004,652
Instructional Staff	12,935	-	12,935
General Administration	591,842	-	591,842
School Administration	2,966,425	-	2,966,425
Business	1,327,304	-	1,327,304
Operation of Plant	2,344,341	25,333	2,369,674
Student Transportation	549,413	208,971	758,384
Noninstructional	383,665	-	383,665
Capital Outlay	1,399,317	-	1,399,317
Other Outlays	172,708	-	172,708
Other Uses	1,010,741	-	1,010,741
Repayments	-	-	-
	<u>18,425,800</u>	<u>234,304</u>	<u>18,660,104</u>
<b>Total expenditures</b>	<b>\$ 18,425,800</b>	<b>\$ 234,304</b>	<b>\$ 18,660,104</b>
Excess of revenues over (under) expenditures	\$ 611,403	\$ 1,167,649	\$ 1,779,052
Adjustments to prior year encumbrances	\$ -	\$ -	\$ -
Excess of revenues and other sources of funds over (under) expenditures	\$ 611,403	\$ 1,167,649	\$ 1,779,052
Fund balance, beginning of year	\$ 9,428,768	\$ 4,631,965	\$ 14,060,733
Fund balance, end of year	<u>\$ 10,040,171</u>	<u>\$ 5,799,614</u>	<u>\$ 15,839,785</u>

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

**NORTHEAST TECHNOLOGY CENTER NO. 11  
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, 2011**

Net change in fund balances - governmental funds \$ 1,779,052

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	\$	427,734	
Depreciation expense		<u>(1,250,121)</u>	(822,387)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 228,692

Some expenses (compensated absences and voluntary separation payable) reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. 56,996

Property taxes receivable will be collected this year, but are not available soon enough to pay current period's expenditures, therefore they are deferred in the funds. (211,369)

Change in Net Assets of Governmental Activities \$ 1,030,984

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

**NOTES TO THE FINANCIAL STATEMENTS**

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. Summary of Significant Accounting Policies**

The financial statements of the Northeast Technology Center No. 11 (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 2011 basic 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 basic 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 basic financial statements to be misleading or incomplete.

**B. Basis of Presentation**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the 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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) tuition or fees paid by students or citizens of the Center 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:

**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 Foundation and Incentive Aid Program.

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt.

Special Revenue Fund – The Center's Building Fund is a Special Revenue Fund and consists of monies derived from property taxes levied for the purpose of creating, remodeling or repairing buildings and for purchasing furniture and equipment.

**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 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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.

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

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. Net Assets and Fund Balances**

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

Investment in Fixed Assets (net of related debt) – 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 Assets – 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 assets 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 Assets – represent unrestricted liquid assets.

Governmental Fund Financial Statements – The District 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 District 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, or are required to be maintained intact such as the corpus of permanent fund.

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

Committed – The District commits a portion of the accrual basis fund balance to honor the commitments made by the District for encumbrances (purchase orders) for which goods or services have not yet been received. The fund balance committed for encumbrances will be equivalent of the purchase orders rolled forward from the old year to the new year. The Director of Finance will determine the balance of committed fund balance as a part of the accrual conversion for the audit.

Amounts that are constrained by a government itself using its highest level of decision making authority (Board of Education); to be reported as committed, amounts cannot be used for any purpose unless the government takes the same highest level action (vote of Board of Education) to remove or change the constraint. Action to constrain resources should occur before the end of the fiscal year.

Assigned – The District has assigned a portion of fund balance in both the General and Building Fund for funding the cash flow needs during the first half of each fiscal year. The collection of property taxes occurs mainly in December through March. This creates a temporary cash flow deficit during the first part of each fiscal year. The assigned fund balance is used to finance this temporary cash flow deficit. The Treasurer and Director of Finance will determine the amount of assigned fund balance at the end of the fiscal year.

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

Unassigned - Fund balance represents the funds not restricted in use by statute nor encumbered by purchase orders or legal contracts. Amounts that are available for any purpose; these amounts are reported only in the General Fund.

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

Cash and Cash Equivalents – The Center considers all cash on hand, demand deposits and investments to be cash and cash equivalents. 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 are 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 not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

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.

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 are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets capitalized have an original cost of \$2,500 or more. Depreciation has been calculated using a modified method of straight-line depreciation called half-year averaging convention. Under the half-year averaging convention, an asset is treated as though it were placed in service or disposed of on the first day of the seventh month of the fiscal year. One-half of a full year's depreciation is allowed for the asset in its first year placed in service, regardless of when it was actually placed in service during that year.

Buildings and structures	40 years
Improvements	Remaining Life
Equipment	3-20 years
Furniture and fixtures	10 years

Compensated Absences – The Center's policy allows certified teachers to accumulate unused sick leave up to 125 days. Upon termination, the certified teacher is paid a daily salary rate for unused sick days in excess of 60 days up to a maximum of 20 days.

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

Employees of the Center receive varying amounts of vacation depending on the number of months contracted each year and the years of service completed with the Center. The maximum annual leave that may accumulate and carry forward to the next calendar year is 35 days. Upon termination of employment, unused vacation may be paid to the employee upon approval of the Board of Education.

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 appropriate for expenditure or legally segregated for a specific future use.

**G. Revenue, Expenses and Expenditures**

Revenues are classified by source as follows:

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

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

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

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

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

Expenditures are classified by function as follows:

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

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

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

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

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.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayments, non-qualified expenditures, and other refunds to be repaid from Center funds.

**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.
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 Center 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 Center 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 Center 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 Center.

**NORTHEAST TECHNOLOGY CENTER NO. 11  
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**Deposit Categories of Credit Risk (continued)**

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 Center'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 directs the Treasurer to place primary emphasis on safety and liquidity of any investments. All investments must be designed to maximize yield within the class of investment instrument, consistent with safety of the funds invested.

**Custodial Credit Risk:**

**Deposits and Investments** - The Center's demand deposits are required by law to be collateralized by the amount that is not federally insured. The Center has a written investment policy, which permits investments as authorized by State Statute.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2011, the Center had no deposits exposed to custodial credit risk.

**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.

**Credit Risk:**

The Center has no formal written policy addressing credit risk.

**3. 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.

**4. Accounts Receivable**

Accounts receivables of the governmental activities consist of Ad Valorem tax, miscellaneous local, State grants, and Federal grant programs. Receivables detail by fund at June 30, 2011, is as follows:

Accounts Receivable	<u>General Fund</u>	<u>Building Fund</u>
Ad Valorem	\$ 828,606	\$ 58,723
Due from Activity Fund	354,970	-
Other Miscellaneous	16,749.73	-
State Grants	60,617	-
Federal Grants	316,439	-
Gross receivables	<u>1,577,382</u>	<u>58,723</u>
Less: deferred taxes	<u>566,195</u>	<u>33,576</u>
Net Receivables	<u>\$ 1,011,186</u>	<u>\$ 25,147</u>

**NORTHEAST TECHNOLOGY CENTER NO. 11  
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**5. Capital Assets**

A summary of changes in general fixed assets for the year ended June 30, 2011, follows:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Land	\$ 1,051,572	\$ -	\$ -	\$ 1,051,572
Total Assets Not Being Depreciated	\$ 1,051,572	\$ -	\$ -	\$ 1,051,572
Building & Improvements	\$ 26,514,564	\$ 63,313	\$ -	\$ 26,577,877
Machinery & Equipment	4,047,188	292,542	94,838	4,244,892
Vehicles	2,420,288	71,879	47,725	2,444,442
Total Capital Assets Being Depreciated	32,982,040	427,734	142,563	33,267,211
Less: Accumulated Depreciation	11,261,622	1,250,121	142,563	12,369,180
Total Capital Assets Being Depreciated - Net	21,720,418	(822,387)	-	20,898,031
Total Capital Assets - Net	\$ 22,771,990	\$ (822,387)	\$ -	\$ 21,949,603

**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.

**7. Employee Retirement System**

Description of Plan

The Center participates in the state-administered Oklahoma Teachers' Retirement System. The System, which is a cost-sharing multiple-employer public employee retirement system, which is a defined benefit pension plan covering all employees of the public school system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

**NORTHEAST TECHNOLOGY CENTER NO. 11  
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NOTES TO THE FINANCIAL STATEMENTS  
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**Employee Retirement System (continued)**

**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 schools. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2011, is as follows:

		<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$	17,561.
Actuarial Value of Assets		<u>9,961.</u>
Unfunded Actuarial Accrued Liability	\$	<u>7,600.</u>

**Funding Policy**

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

The contribution rates for the center's, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The employers' contribution rate is scheduled to increase to 9.5%. Employees contribute 7.0% of covered compensation.

**Annual Pension Cost**

The Center's contribution to the System for the year ending June 30, 2011, was \$1,415,378. The Center's total payroll for fiscal year 2010-11 amounted to \$9,167,602.

**NORTHEAST TECHNOLOGY CENTER NO. 11  
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**8. General Long-Term Debt**

The Center's long term debt consisted of non-current compensated absences and estimated voluntary separation incentive payments. Compensated absences represent the estimated liability for employees' accrued vacation and sick leave for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund or Building Fund based upon the assignment of the employee at termination.

Center policy provides certain conditions for employee participation in the Center's early retirement incentive program.

Eligible participants electing the retirement must be active full-time employees with 20 years of creditable service, the last 5 years of which must be consecutive service as a full-time certified employee of the Center. The benefit is a one-time payment of \$10,000. The one-time payment will occur on or before June 30 of the year the retirement becomes effective. The Center has reported a liability in the financial statements at June 30, 2011, totaling \$290,000 for accrued voluntary retirement incentive pay.

The following is a summary of the long-term debt transactions for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011
Leases Payable	\$ 11,228,411	\$ -	\$ 206,082	\$ 11,022,329
Compensated Absences	245,750	-	26,996	218,754
Voluntary Separation Payable	320,000	-	30,000	290,000
<b>Total</b>	<b>\$ 11,794,161</b>	<b>\$ -</b>	<b>\$ 263,078</b>	<b>\$ 11,531,083</b>
Less: Amounts Due Within One Year				228,692
<b>Total Long-Term Debt</b>				<b>\$ 11,302,391</b>

**9. Lease Commitments**

**Lease-Purchase – Claremore Campus**

The Center's lease-purchase commitments include property financed through a technique referred to as "conduit financing." Conduit financing involves the use of a public trust, which issues conduit debt obligations (limited-obligations revenue bonds, certificates of participation, or similar debt instruments) for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The public trust has no obligation for such debt beyond the resources provided by a lease or loan with the third party, on whose behalf the debt is issued.

The Center entered into a Ground Lease Agreement with Claremore Industrial and Economic Development Authority on January 1, 2008, for certain real property owned by the Center. The Ground Lease extends to June 20, 2027, and rent was prepaid in an amount equal to ten dollars (\$10) and other equitable consideration. The Ground Lease Agreement was made to facilitate the issuance of \$8,400,000 in revenue bonds by the Authority to provide funds to construct and equip buildings.

The Center entered into a Lease Purchase Agreement with Claremore Industrial and Economic Development Authority on January 1, 2008, wherein the real property subject to the Ground Lease mentioned in the previous paragraph is subleased to the Center to enable the Center to utilize proceeds of the \$8,400,000 revenue bonds issued by Claremore Industrial and Economic Development Authority, for the construction of the real property and to provide a method for the Center to obtain title to the property.

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Lease Commitments (continued)**

Lease-Purchase with Claremore Industrial and Economic Development Authority:

Year ending June 30,	Principal	Interest	Total
2012	\$ 75,613	\$ 363,336	\$ 438,949
2013	92,206	359,911	452,117
2014	109,946	355,734	465,680
2015	128,896	350,754	479,651
2016	149,125	344,915	494,040
2017-2021	1,098,897	1,602,718	2,701,615
2022-2026	4,354,578	1,033,997	5,388,575
2027	2,011,914	91,134	2,103,048
<b>Totals</b>	<b>\$ 8,021,177</b>	<b>\$ 4,502,499</b>	<b>\$ 12,523,676</b>

**Lease-Purchase – Afton Campus**

The Center entered into a Ground Lease Agreement with Afton Economic Development Authority on August 1, 2007, for certain real property owned by the Center. The Ground Lease extends to June 30, 2023, and rent was prepaid in an amount equal to ten dollars (\$10) and other equitable consideration. The Ground Lease Agreement was made to facilitate the issuance of \$3,500,000 in revenue bonds by the Authority to provide funds to construct and equip buildings.

The Center entered into a Lease Purchase Agreement with Afton Economic Development Authority on August 1, 2007, wherein the real property subject to the Ground Lease mentioned in the previous paragraph is subleased to the Center to enable the Center to utilize proceeds of the \$3,500,000 revenue bonds issued by Afton Economic Development Authority, for the construction of the real property and to provide a method for the Center to obtain title to the property.

Year ending June 30,	Principal	Interest	Total
2012	\$ 153,079	\$ 139,553	\$ 292,632
2013	168,976	132,435	301,411
2014	185,876	124,578	310,454
2015	203,832	115,935	319,767
2016	222,904	106,457	329,360
2017-2021	1,443,979	357,097	1,801,077
2022-2023	622,507	40,952	663,459
<b>Totals</b>	<b>\$ 3,001,153</b>	<b>\$ 1,017,008</b>	<b>\$ 4,018,161</b>

**10. 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, 2011.

**11. 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.

**NORTHEAST TECHNOLOGY CENTER NO. 11  
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**12. Risk Management**

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Center purchases commercial insurance to cover these risks. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The Center participates in the Oklahoma Public Schools Unemployment Compensation Account under the sponsorship of the Oklahoma State School Boards Association and the cooperative council for Oklahoma School Administration. The account was established to let school s self-insure unemployment benefits for school employees. The funds are held in the name of each center as reserves to pay unemployment claims. Each center is individually liable for that portion of the benefits paid from the fund attributable to wages paid by the center in the same manner as if no group account had been established. The reserve funds may be withdrawn from the account upon request of the center. At June 30, 2011, the Northeast Technology Center had reserves on deposit with the Oklahoma Public Schools Unemployment Compensation Accounting totaling \$6,110. This amount has been shown as prepaid insurance on the financial statements.

**13. Surety Bonds**

The treasurer is bonded by The Ohio Casualty Insurance Company, bond number 5031780 for the penal sum of \$100,000.

The superintendent is bonded by Old Republic Surety Company, bond number W150026977, for the penal sum of \$100,000.

The director of finance is bonded by Old Republic Surety Company, bond number W1500276678, for the penal sum of \$100,000.

**14. Related Entities**

The following entity is separately constituted and, accordingly, their financial position and results of operations have not been presented in the accompanying financial statements. Officers are not appointed by the school board. The school board is not responsible for approving budgets, contracts, key personnel, fiscal matters or day-to-day operations of the foundation.

Northeast Vo-Tech Foundation

**COMBINING FINANCIAL STATEMENTS**

**NORTHEAST TECHNOLOGY CENTER NO. 11  
COMBINING BALANCE SHEET - FIDUCIARY FUND  
JUNE 30, 2011**

	Agency Fund		
	Claremore Campus Activity Fund	North Campus Activity Fund	East Campus Activity Fund
<b>ASSETS</b>			
Cash	\$ 77,099	\$ 173,486	\$ 115,097
Miscellaneous Receivables	-	-	-
<b>Total assets</b>	<b>\$ 77,099</b>	<b>\$ 173,486</b>	<b>\$ 115,097</b>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Due to General Fund	\$ 65,826	\$ 90,526	\$ 93,412
Due to Student Groups	11,273	82,960	21,685
<b>Total liabilities</b>	<b>77,099</b>	<b>173,486</b>	<b>115,097</b>
Fund equity:			
Unreserved/undesignated	-	-	-
<b>Total Fund Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund equity</b>	<b>\$ 77,099</b>	<b>\$ 173,486</b>	<b>\$ 115,097</b>

South Campus Activity Fund		Total	
\$	152,704	\$	518,386
	-		-
\$	<u>152,704</u>	\$	<u>518,386</u>
\$	105,206	\$	354,970
	47,498		163,416
	<u>152,704</u>		<u>518,386</u>
	-		-
	-		-
\$	<u>152,704</u>	\$	<u>518,386</u>

## **SUPPORTING SCHEDULES**

**NORTHEAST TECHNOLOGY CENTER NO. 11  
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual
Fund balances, beginning of year	\$ 8,272,325	\$ 8,272,325	\$ 8,272,325
Revenues collected:			
Local sources	12,802,950	12,802,950	14,449,515
Intermediate sources	-	-	1,040
State sources	2,997,338	2,997,338	3,302,688
Federal sources	759,650	759,650	988,133
	16,559,938	16,559,938	18,741,376
Total revenues collected			
Expenditures paid:			
Instruction	7,641,598	7,641,598	6,852,313
Support services	9,787,287	9,787,287	9,299,377
Non-instructional services	479,366	479,366	389,135
Capital outlay	1,338,335	1,338,335	1,334,291
Other outlays	4,318,177	4,318,177	172,708
Other uses	1,267,500	1,267,500	1,038,448
Repayments	-	-	-
	24,832,263	24,832,263	19,086,272
Total expenditures paid			
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ 7,927,429
Adjustments to prior year encumbrances			149,913
Cash fund balance end of year			\$ 8,077,342
Explanation of differences between Budgetary Basis year end fund balance and GAAP year end fund balance:			
Fund Balance, June 30, 2011 - Budgetary basis			\$ 8,077,342
Accounts receivable not recognized as revenue			1,011,186
Expenses not recognized in GAAP basis (reserves)			1,247,891
Expenses not recognized in Budgetary basis			(296,248)
Net Assets of Governmental Activities			\$ 10,040,171

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

**NORTHEAST TECHNOLOGY CENTER NO. 11  
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
BUILDING FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Fund balances, beginning of year	\$ 4,569,292	\$ 4,569,292	\$ 4,569,292
Revenues collected:			
Local sources	1,184,778	1,184,778	1,390,103
Intermediate sources	-	-	-
State sources	-	-	6,318
Federal sources	-	-	-
Total revenues collected	<u>1,184,778</u>	<u>1,184,778</u>	<u>1,396,421</u>
Expenditures paid:			
Instruction	-	-	-
Support services	150,000	150,000	25,334
Capital outlay	300,000	300,000	334,424
Other outlays	5,304,070	5,304,070	-
Total expenditures paid	<u>5,754,070</u>	<u>5,754,070</u>	<u>359,758</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,605,955</u>
Adjustments to prior year encumbrances			37,523
Cash fund balance end of year			<u><u>\$ 5,643,478</u></u>
Explanation of differences between Budgetary Basis year end fund balance and GAAP year end fund balance:			
Fund Balance, June 30, 2011 - Budgetary Basis			\$ 5,643,478
Accounts receivable not recognized as revenue			25,147
Expenses not recognized in Budgetary Basis			(14,770)
Expenses not recognized in GAAP basis (reserves)			145,759
Net Assets of Governmental Activities			<u><u>\$ 5,799,614</u></u>

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

**NORTHEAST TECHNOLOGY CENTER NO. 11  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number
<u>U.S. Department of Education</u>		
Direct Programs:		
<u>2010-2011 Programs</u>		
* Pell Grant	84.063	P063P103643
* S.E.O.G.	84.007	P007A103427
* College Work Study	84.033	P033A103427
Sub-Total		
Passed-Through State Department of Career and Technology Education:		
<u>2010-2011 Programs</u>		
Tech Centers That Work	84.243	N/A
Tech Prep	84.243	N/A
Carl Perkins Secondary	84.048	N/A
Carl Perkins Post Secondary	84.048	N/A
Cooperative Alliance Prog. Fee Waivers	84.243	N/A
Bid Assistance Center	12.002	N/A
Sub-Total		
<u>U. S. Department of Labor</u>		
Passed-Through State Department of Career and Technology Education:		
<u>2010-2011 Programs</u>		
Cooperativ Alliance Prog. Fee Waivers	17.259	N/A
Sub-Total		

TOTAL FEDERAL ASSISTANCE

\* Major program

	Balance at July 1, 2010		Revenue		Expenditures		Balance at June 30, 2011
\$	3,987	\$	875,327	\$	879,314	\$	-
	4,244		14,909		19,153		-
	7,568		(1,835)		5,733		-
	<u>15,799</u>		<u>888,401</u>		<u>904,200</u>		<u>-</u>
\$	-	\$	10,099	\$	10,099	\$	-
	-		54,958		54,958		-
	-		156,329		156,329		-
	-		24,042		24,042		-
	-		1,040		1,040		-
	-		20,415		20,415		-
	<u>-</u>		<u>266,883</u>		<u>266,883</u>		<u>-</u>
\$	-	\$	3,512	\$	3,512	\$	-
\$	-	\$	3,512	\$	3,512	\$	-
\$	<u>15,799</u>	\$	<u>1,158,796</u>	\$	<u>1,174,595</u>	\$	<u>-</u>

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

1. For all federal programs, the District uses the fund types prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. The 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 and Building Funds.
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, which is a Governmental Fund type. 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 current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

3. Reconciliation of the Schedule of Expenditures of Federal Awards to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

Total Federal Revenue as reflected on		
"Schedule of Federal Awards Expended"	\$	<u><u>1,158,796</u></u>
Total Federal Revenue as reflected on		
"Statement of Revenue, Expenditures and Changes In Fund Balance"	\$	<u><u>1,158,796</u></u>
Reconciled Total	\$	<u><u>1,158,796</u></u>

**NORTHEAST TECHNOLOGY CENTER NO. 11**  
**SCHOOL ACTIVITY FUND**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NORTH CAMPUS**  
**JULY 1, 2010 TO JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
Adult Ed	\$ -	\$ 325,936	\$ 7,534	\$ 333,470	\$ -
Industry Specific	15,710	84,110	(4,820)	95,000	-
<b>Shop Income</b>					
Auto Collision	-	11,657	1,678	12,634	701
Automotive Service	-	480	1,219	501	1,198
Information Tech. & Fin. Services	-	-	129	-	129
Carpentry	-	66,170	3,900	27,826	42,244
Interactive Media	-	1,103	310	970	443
Cosmetology	-	10,232	255	9,889	598
Culinary Arts	-	1,665	136	1,681	120
Diesel	-	590	1,733	926	1,397
Electricity	-	1,000	2,409	876	2,533
Food Service	-	54,185	5,987	53,650	6,522
Marine Power Technology	-	5,469	1,152	5,401	1,220
Masonry	-	-	273	273	-
Occ. Domestic Student Shop	-	479	1,344	406	1,417
Occ. Industrial	-	80	5,417	347	5,150
Practical Nursing Class Fund	-	7,806	13,063	9,764	11,105
Welding	-	949	28	-	977
Practical Nursing Class Fund	-	-	-	-	-
<b>Miscellaneous</b>					
Sub	1,605	2,159	(194)	2,125	1,445
Sportswear	181	158	-	71	268
Food Service Uniforms	51	84	-	89	46
NE Vo-Tech Foundation	24	6,100	750	6,874	-
Vending	8,791	15,906	42	20,706	4,033
Flower Fund	153	432	20	275	330
Facility Usage	-	20	(20)	-	-
Practical Nursing Emergency Fund	396	-	-	-	396
<b>Student Organizations</b>					
BPA	85	832	(12)	848	57
FCCLA	13	456	-	428	41
HOSA	53	555	-	555	53
VICA-Auto Collision	10	60	-	60	10
Vica-Auto Service	-	12	-	12	-
VICA-Carpentry	30	36	-	36	30
VICA-Cosmetology	173	428	36	464	173
VICA-Diesel	145	252	-	252	145
VICA-Electricity	18	48	-	48	18
VICA-Masonry	23	-	(23)	-	-
VICA-Marine Power Tech	-	24	-	24	-

(continued)

**NORTHEAST TECHNOLOGY CENTER NO. 11**  
**SCHOOL ACTIVITY FUND**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NORTH CAMPUS**  
**JULY 1, 2010 TO JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
VICA-Occ. Industrial	1	120	-	120	1
VICA-Welding	16	180	36	216	16
National Tech Honor Society	128	222	-	217	133
OSSM	13	2,344	-	2,357	-
Tech Prep	1,011	-	-	1,000	11
<b>Total Activities</b>	<b>\$ 28,630</b>	<b>\$ 602,339</b>	<b>\$ 42,382</b>	<b>\$ 590,391</b>	<b>\$ 82,960</b>

**NORTHEAST TECHNOLOGY CENTER NO. 11  
SCHOOL ACTIVITY FUND  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
EAST CAMPUS  
JULY 1, 2010 TO JUNE 30, 2011**

Activities	Balance 7-01-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
Adult Education	\$ -	\$ 323,221	\$ 29,163	\$ 352,384	\$ -
Flower Fund	43	-	-	43	-
Shop Income	-	15,599	8,506	13,847	10,258
Misc. Fund	1,534	243	(19)	346	1,412
Vending	9,406	35,397	-	35,392	9,411
Surplus Equipment Sale	-	-	72	72	-
<b>Student Organizations</b>					
BPA	175	379	-	390	164
BPA Community Service	108	-	-	71	37
HOSA	207	822	-	921	108
HOSA Community Service	98	183	-	144	137
National Tech Honor Society	55	276	-	246	85
VICA Electrical	-	12	-	12	-
VICA Welding	-	144	-	144	-
VICA Automotive	73	-	-	-	73
<b>Total Activities</b>	<b>\$ 11,699</b>	<b>\$ 376,276</b>	<b>\$ 37,722</b>	<b>\$ 404,012</b>	<b>\$ 21,685</b>

**NORTHEAST TECHNOLOGY CENTER NO. 11  
SCHOOL ACTIVITY FUND  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
SOUTH CAMPUS  
JULY 1, 2010 TO JUNE 30, 2011**

Activities	Balance 7-1-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
Adult Education	\$ -	\$ 352,293	\$ (23,104)	\$ 329,189	\$ -
<b>Shop Income</b>					
Auto Collision	-	1,028	1,545	522	2,051
Automotive Service	-	1,554	542	1,054	1,042
Computer Repair	-	180	-	180	-
Cosmetology	-	1,926	1,489	2,421	994
Diesel	-	500	1,206	-	1,706
Food Service	-	53,803	6,100	52,778	7,125
Horticulture	-	2,940	3	2,943	-
Construction Trades	-	48,500	121	30,213	18,408
Welding	-	-	39	-	39
Practical Nursing Class	-	5,527	4,110	7,240	2,397
Industry Specific Tuition	-	-	-	-	-
Industry Specific Resale Textbooks	-	-	-	-	-
Industry Specific Resale Supplies	-	-	-	-	-
<b>Miscellaneous</b>					
Sub Miscellaneous	151	1	15	-	167
Cosmetology Uniforms	3,054	9,394	-	6,177	6,271
N.E. Vo-Tech Foundation	-	-	-	-	-
Student Emergency Fund	2	-	(2)	-	-
Flower Fund	29	-	-	-	29
Vending	3,693	12,384	895	10,092	6,880
<b>Student Organizations</b>					
BPA	50	112	-	112	50
FCCLA	120	239	-	344	15
DECA	19	1,359	-	1,248	130
HOSA	15	1,335	-	1,350	-
VICA-Auto Collision	-	336	-	336	-
VICA-Auto Service	-	84	-	84	-
VICA-Construction Trades	-	24	-	24	-
VICA-Cosmetology	2	456	-	265	193
VICA-Diesel	1	36	-	36	1
VICA-Electricity	-	108	-	108	-
VICA-Welding	-	384	-	384	-
VICA-Horticulture	-	72	-	72	-
National Tech. Honor Society	-	626	-	626	-
OSSM	-	-	-	-	-
Title IV	-	142	-	142	-
Oltha Grimes Scholarship	-	3,000	300	3,300	-
<b>Total Activities</b>	<b>\$ 7,136</b>	<b>\$ 498,343</b>	<b>\$ (6,741)</b>	<b>\$ 451,240</b>	<b>\$ 47,498</b>

**NORTHEAST TECHNOLOGY CENTER NO. 11  
SCHOOL ACTIVITY FUND  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
CLAREMORE CAMPUS  
JULY 1, 2010 TO JUNE 30, 2011**

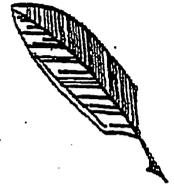
Activities	Balance 7-01-10	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-11
Adult Education	\$ -	\$ 151,813	\$ (18,981)	\$ 132,832	\$ -
<b>Industry Specific</b>					
Tuition	-	11,997	472	12,469	-
Resale Textbooks	-	2,602	(1,333)	1,269	-
Resale Supplies	-	6,883	8,534	15,417	-
Small Bus. Management	-	-	227	227	-
<b>Shop Income</b>					
Food Service	-	25,603	3,511	22,867	6,247
Practical Nursing Class Fund	-	7,977	1,059	5,556	3,480
Environmental & Special Tech.	-	1,248	55	503	800
<b>Miscellaneous</b>					
NE Vo-Tech Foundation	350	1,393	-	1,743	-
Retirement Gift	-	450	-	450	-
Vending	858	2,104	-	2,257	705
Facility Usage	-	-	-	-	-
Flower Fund	27	167	-	153	41
<b>Student Organizations</b>					
HOSA	-	431	(20)	411	-
HOSA Comm. Service Proj.	-	327	-	327	-
Home Tech. Intergration	-	84	-	84	-
Environmental & Special Tech.	-	20	(20)	-	-
<b>Total Activities</b>	<b>\$ 1,235</b>	<b>\$ 213,099</b>	<b>\$ (6,496)</b>	<b>\$ 196,565</b>	<b>\$ 11,273</b>

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

# KERRY JOHN PATTEN, C.P.A.

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Broken Arrow, OK 74012  
Phone Number (918) 250-8838  
FAX Number (918) 250-9853

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

The Honorable Board of Education  
Northeast Technology Center No. 11  
Mayes County, Oklahoma

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Technology Center No. 11 (the "Center"), Pryor, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise Northeast Technology Center's basic financial statements and have issued my report thereon dated March 8, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, 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.

My consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

### Compliance and Other Matters

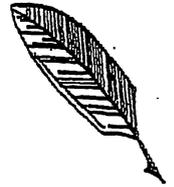
As part of obtaining reasonable assurance about whether Northeast Technology Center's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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*.

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

Kerry John Patten, C.P.A.  
March 8, 2012

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## INDEPENDENT AUDITOR'S REPORT COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of Education  
Northeast Technology Center No. 11  
Mayes County, Oklahoma

### Compliance

I have audited the compliance of Northeast Technology Center 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 its major federal programs for the year ended June 30, 2011. The Center's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northeast Technology Center's management. My responsibility is to express an opinion on Northeast Technology Center's compliance based on my audit.

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 type of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Technology Center's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Northeast Technology Center's compliance with those requirements.

In my opinion, Northeast Technology Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The management of Northeast Technology Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Northeast Technology Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A *deficiency in internal control over compliance* 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 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses, as defined above.

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



Kerry John Patten, CPA  
March 8, 2012

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Northeast 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 Northeast Technology Center which would be required to be reported in accordance with Government Auditing Standards were disclosed in 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 Northeast Technology Center expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to major federal award programs for Northeast Technology Center that are required to be reported in accordance with OMB Circular A-133.
7. The programs tested as major programs included: Student Financial Assistance Cluster (84.063, 84.007, &84.033).
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Northeast Technology Center was determined to be a low-risk auditee for purposes of determining overall percentage of Federal compliance testing.

**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.

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
JULY 1, 2010 TO JUNE 30, 2011**

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.

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
SCHEDULE OF COMMENTS  
JULY 1, 2010 TO JUNE 30, 2011**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Northeast Technology Center No. 11 had not complied with significant compliance rules and regulations of the Oklahoma State Department of Education.

**Previous Year's Audit Comments**

There are no items in the Center's 2009-10 audit report, which have been repeated in this report.

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.

**NORTHEAST TECHNOLOGY CENTER NO. 11  
MAYES COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2010 TO JUNE 30, 2011**

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 Northeast Technology Center for the audit year 2010-11.

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

BY *Kerry John Patten*  
\_\_\_\_\_  
AUTHORIZED AGENT



Subscribed and sworn to before me on this  
8<sup>th</sup> day of March, 2012

*Linda Kellick 05010870*  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires on:  
30 day of November, 2013