

REPORT OF AUDIT
NORTHWEST TECHNOLOGY CENTER #V-10
ALVA - WOODS COUNTY - OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

NORTHWEST TECHNOLOGY CENTER #V-10
ALVA - WOODS COUNTY – OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

OFFICERS

DEAN MEYER	PRESIDENT
ELDEN EDENFIELD	VICE-PRESIDENT
STANLEY KLINE	CLERK
ANDY REED	MEMBER
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DAVID MANNING, County Treasurer	TREASURER
GINA KENDRICK	BUSINESS MANAGER
DAREN SLATER	ASST. SUPERINTENDENT
COLT SHAW	ASST. SUPERINTENDENT
GERALD W. HARRIS	SUPERINTENDENT

AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

Chas. W. Carroll, P.A.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Northwest Technology Center #V-10
Woods County, Oklahoma

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northwest Technology Center #V-10, Woods County, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *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 opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position for year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of American require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the 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 Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 6, 2017 on my consideration of the District'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.

Sincerely,



Chas. W. Carroll, P.A.

March 6, 2017

NORTHWEST TECHNOLOGY CENTER #V-10

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**NORTHWEST TECHNOLOGY CENTER #V-10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

Our discussion and analysis of the Northwest Technology Center, School District #V-10's, performance provides an overview of the School District's financial activities for the year ended June 30, 2016. Please read it in conjunction with the District's financial statements, which immediately follows this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. For governmental activities, the fund statements tell how these services were financed in the short term as well as what remains for future spending.

Northwest Technology Center (the District)

The District is a part of the public *CareerTech* system of Oklahoma, under the direction and control of the Oklahoma State Board of Career and Technology Education. The District has two campuses – Alva and Fairview. The District serves eight public school districts, including Aline-Cleo, Alva, Canton, Cherokee (joined FY 2012), Fairview, Freedom Ringwood and Waynoka. The District encompasses all of Woods County plus parts of Alfalfa, Blaine, Dewey, Harper, Major and Woodward counties.

The District has three basic areas or types of instruction:

Full-Time Programs – The District offers 16 full-time programs. These programs are designed to lead to industry certifications, licenses, employment, and/or continuing education.

Adult and Career Development – These classes are designed around specific curriculum and are designed to provide an introduction to or enhance knowledge of specific topics.

Business and Industry Services – This division strives to meet the training and development needs of business and industry including their safety training needs.

During fiscal year 2015-2016, the District served 232 students in full-time programs. There were 13,058 students served through industry specific, safety, training for existing industry and firefighter training and 708 adults in adult and career development classes.

FINANCIAL HIGHLIGHTS

The District's financial status declined from the last year. Total net position increased 61 percent. This decrease is primarily due to the implementation of GASB statement 68 which requires the District to include its proportionate share of the Oklahoma Teachers' Retirement System's unfunded pension liability. See Note 9 for further discussion of the effect of this implementation.

**NORTHWEST TECHNOLOGY CENTER #V-10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

- Overall revenues were \$8.9 million and overall expenses were \$67.5 million
- The District decreased its outstanding long-term debt \$539,000.
- The District's share of the cost sharing retirement plan net pension obligation increased long-term liabilities \$5.1 million.

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes in them. You can think of the School District's net position – the difference between assets and liabilities – as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we report the following:

Governmental activities – The School District's basic services are reported here, including the educational activities for daytime high school and adults, short term training for adults, services and training for business and industry, and general administration. Also, the School District charges a fee to customers to help defray expenses involved in providing the services for Bookstore activities

Reporting the School District's Most Significant Funds

Fund Financial Statements

Some funds are required to be established by State law and by bond covenants. All of the School District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

**NORTHWEST TECHNOLOGY CENTER #V-10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required and other supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

THE SCHOOL DISTRICT AS A WHOLE

	<u>2015</u>	<u>2016</u>
Current and Other Assets	\$ 5,575,173	\$ 5,498,160
Capital Assets	<u>8,523,535</u>	<u>9,977,716</u>
Total Assets	<u>\$ 14,098,708</u>	<u>\$ 15,475,876</u>
Deferred Outflows of Resources	<u>328,313</u>	<u>564,647</u>
Long-term Liabilities	\$ 3,525,071	\$ 3,001,310
Other Liabilities	881,725	643,124
Net Pension Liability	4,495,047	5,059,400
Total Liabilities	\$ 8,901,843	\$ 8,703,834
Deferred Inflows of Resources	<u>1,409,123</u>	<u>725,606</u>
Net Position		
Invested in capital assets, net of debt	\$ 4,523,535	\$ 6,516,739
Restricted	2,390,326	1,966,742
Unrestricted	<u>(2,797,806)</u>	<u>(1,872,398)</u>
Total Net Position	<u>\$ 4,116,055</u>	<u>\$ 6,611,083</u>

Net Position. The District's combined net assets, as restated, were more on June 30, 2016, than they were the year before – increasing by 61% from \$4.1 million to \$6.6 million. Most of this increase is mainly due to the decrease in expenses. The increase in noncurrent liabilities is primarily due to the increase in the net pension liability added for the District's portion of the unfunded liability of the Teachers Retirement System

For the years ended June 30, 2016 and 2015, net position changed as follows:

**NORTHWEST TECHNOLOGY CENTER #V-10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

	<u>2015</u>	<u>2016</u>	<u>Percent</u> <u>Change</u>
Beginning net position	\$ 3,670,882	4,136,055	
Revenues			
Program revenues			
Charges for services	488,531	569,742	
Operating Grants /contributions	495,452	431,279	
General revenues			
Property taxes	4,648,583	5,752,814	
Federal and State grants	2,273,400	2,234,124	
Loss from disposals	(19,967)	(23,630)	
Investment earnings	47,350	37,857	
Other Revenue	(19,799)	(15,475)	
Total revenues	<u>\$ 7,913,550</u>	<u>\$ 8,986,711</u>	13.56%
Expenses			
Program expenses			
Instruction	\$ 3,171,772	\$ 3,222,241	
Support services	3,408,760	2,788,632	
Non-instruction	562,038	160,692	
Interest on long-term debt	69,409	70,933	
Depreciation-unallocated	287,050	300,413	
Total expenses	<u>\$ 7,499,029</u>	<u>\$ 6,542,911</u>	-12.75%
Increase (Decrease) in net position	<u>414,521</u>	<u>2,443,800</u>	489.55%
Ending net position	<u>\$ 4,085,403</u>	<u>\$ 6,579,855</u>	61.06%

Changes in Net Position. The District's total revenues increased 14 percent to \$9 million. Property taxes accounted for most of the increase. Property taxes accounted for 64 percent of the District's collections. Another 6 percent came from tuition and fees.

Total revenues surpassed expenses, increasing net position \$.4 million over the past year.

The District's total expenditures decreased by 13 percent to \$6.5- million. The District's expenses are primarily related to education, training and support of students and business clients.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the School District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

District Sources of Revenue:

**NORTHWEST TECHNOLOGY CENTER #V-10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

Ad Valorem property tax	Taxes for current year and prior years, revenue in lieu of taxes
Interest	Interest earning of investments and taxes
Tuition and Fees	Tuition and fees for Full-time adult classes, Short-term adult classes, Safety Training, Industry Specific, Assessment and Health Certification
Local Sources	Local grants, district contracts, rental of school facilities and property, sale of surplus equipment, bookstore revenue, reimbursement for insurance loss recoveries, damages to school property, and rebates.
State Revenue	Formula operation, Existing Industry Initiative, training for industry programs, Safety Training, Welfare to Work, and Firefighter Training.
Federal Revenue - Grants	TANF Grant and Carl Perkins Grants
Federal Revenue	- PELL Grants

THE SCHOOL DISTRICT'S FUNDS

The following schedule presents a summary of general, special revenue (building fund), other governmental fund (activity fund), and expenditures for the fiscal year ended June 30, 2016 and 2015.

Revenues:	2015		2016	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>
Property Taxes	\$ 4,648,583	58.36%	\$ 5,395,410	64.03%
Interest	47,350	0.59%	37,857	0.45%
Tuition and Fees	389,701	4.89%	372,002	4.41%
State Revenue	1,922,492	24.13%	1,775,480	21.07%
Federal Sources	352,213	4.42%	209,072	2.48%
Miscellaneous	<u>605,546</u>	7.60%	<u>637,176</u>	7.56%
Total Revenues	<u>\$ 7,965,885</u>	<u>100%</u>	<u>\$ 8,426,997</u>	<u>100%</u>

Expenditures

Instruction	Expenditures for direct classroom activities
Support Services	Expenditures for administrative, technical and logistical support to facilitate and enhance education.
Non-Instructional Services	Activities concerned with providing non-instructional services to students, staff, or community.

**NORTHWEST TECHNOLOGY CENTER #V-10
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

Equipment Lease/Purchase Agreements

On August 12, 2014, the District entered in a equipment lease/purchase agreement with Woods County Industrial Development Authority (the Authority). The agreement called for the Authority to issue \$4,000,000 in lease/purchase funds. The proceeds were used to partially fund the construction additions on the Fairview and Alva Campus.

By the terms of the agreement, the lease payments are guaranteed with the District's ad valorem collections. The payment is \$616,623.18 per year for seven (7) years. The amount of the capitalized lease at June 30, 2016 was \$3,460,977.

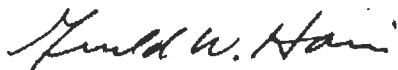
See Note 3 for additional information on long-term liabilities.

Net Pension Liability

Implementation of GASB Statement 68, resulted in the recognition of the District's long-term obligation for pension benefits as a liability. The District's share of the Teachers' Retirement System's net pension liability as of June 30, 2015 was \$5,059,400. This was an increase of \$564,000 from the prior year (2014) primarily due to investment losses by the Teachers' Retirement System in 2015, which was the measurement year for the net pension liability as of June 30, 2016. See Note 4 for additional information on the net pension liability.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Northwest Technology Center's financial position to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's Office at Northwest Technology Center, 1801 Eleventh Street, Alva, OK 73717.



Dr. Gerald W. Harris, Superintendent



Gina Kendrick, Business Manager

NORTHWEST TECHNOLOGY CENTER #V-10
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and cash investments	\$ 5,044,020
Property taxes receivable (net)	399,605
Due from other governments	52,371
Other receivables	2,164
Nondepreciated capital assets	183,860
Depreciated capital assets, net of depreciation	<u>9,793,856</u>
 Total assets	 <u>15,475,876</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>564,647</u>
LIABILITIES	
Accounts payable and other current liabilities	28,104
Accrued interest payable	60,242
Long-term obligations	
Due within one year	554,778
Due beyond one year	<u>8,060,710</u>
 Total liabilities	 <u>8,703,834</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred oinflows of resources related to pensions	<u>725,606</u>
NET POSITION	
Net Investment in capital assets	6,516,739
Restricted for:	
Buildings	1,947,268
School organizations	19,474
Unrestricted	<u>(1,872,398)</u>
 Total Net Position	 <u><u>\$ 6,611,083</u></u>

**NORTHWEST TECHNOLOGY CENTER #V-10
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	Program Revenues		Net (Expense) Revenue and Changes in Net position
	Charges for Services	Operating Grants and Contributions	
Functions/programs	Expenses		Total Governmental Activities
Governmental activities:			
Instruction	3,222,241	407,939	431,169 \$
Support services	2,788,632	-	(2,383,133)
Non-instruction services	160,692	161,803	(2,788,632)
Interest on long-term debt	70,933	-	110
Depreciation - unallocated	300,413	-	(70,933)
			(300,413)
Total school district	\$ 6,542,911	\$ 569,742	\$ 431,279
General revenues:			
Taxes			
Property taxes, levied for general purposes			4,424,504
Property taxes, levied for building purposes			1,328,310
Other taxes			7,598
State aid - formula grants			2,025,077
Federal aid - formula grants			209,047
Loss from asset disposal			(23,630)
Other revenue			8,155
Interest income			37,857
Total general revenues			8,016,918
Change in Net position			2,475,028
Net position, beginning of year, as restated			4,136,055
Net position, end of year			\$ 6,611,083

NORTHWEST TECHNOLOGY CENTER #V-10
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Building Fund	Other Governmental Fund Activity Fund	Totals Governmental Funds
ASSETS				
Cash	\$ 36,548	\$ 2,998	\$ 19,474	\$ 59,020
Investments	3,074,000	1,911,000	-	4,985,000
Property taxes receivable, net	306,987	92,618	-	399,605
Other receivables	1,270	-	-	1,270
Due from other governments	52,371	894	-	53,265
Total assets	\$ 3,471,176	\$ 2,007,510	\$ 19,474	\$ 5,498,160
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 28,104	-	-	28,104
Total liabilities	28,104	-	-	28,104
Deferred Inflows of resources:				
Deferred property taxes	275,065	82,314	-	357,379
Total deferred inflows of resources	275,065	82,314	-	357,379
Fund balances				
Restricted	-	1,908,421	-	1,908,421
Committed	-	-	19,474	19,474
Assigned	3,110,548	16,775	-	3,127,323
Unassigned	57,459	-	-	57,459
Fund balances, end of year	3,168,007	1,925,196	19,474	5,112,677
Total liabilities, deferred inflows of resources and fund balances	\$ 3,471,176	\$ 2,007,510	\$ 19,474	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$13,610,313 and the accumulated depreciation is \$3,632,597 9,977,716

Property taxes receivable and other receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds 357,379

Net pension obligation is not due and payable in the current period and, therefore is not reported in the funds (5,059,400)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds. This includes deferred outflows of \$564,647 and deferred inflows of \$725,606 (160,959)

Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Capital lease payable	\$	(3,460,977)	
Accrued interest		(60,242)	
Compensated absences		(95,111)	(3,616,330)

Total net assets - governmental activities \$ 6,611,083

NORTHWEST TECHNOLOGY CENTER #V-10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General Fund	Building Fund	Other Governmental Fund Activity Fund	Totals Governmental Funds
Revenues				
Property taxes	\$ 4,149,414	\$ 1,245,996	\$ -	\$ 5,395,410
Interest	20,643	16,775	439	37,857
Tuition and fees	372,003	-	-	372,003
State revenue	1,756,484	18,995	-	1,775,479
Federal revenue	209,065	7	-	209,072
Other	206,007	-	431,169	637,176
Total revenues	6,713,616	1,281,773	431,608	8,426,997
Expenditures				
Current				
Instruction	2,760,940	-	435,183	3,196,123
Support services	3,318,319	140,006	-	3,458,325
Non-instruction services	54,778	-	-	54,778
Capital outlay	192,754	1,034,134	-	1,226,888
Other outlays	66,262	-	-	66,262
Debt service	-	77,600	-	77,600
Interest paid	-	541,523	-	541,523
Principal retirement	-	-	-	-
Total expenditures	6,393,053	1,793,263	435,183	8,621,499
Net Change in Fund Balance	320,563	(511,490)	(3,575)	(194,502)
Beginning fund balance	2,847,444	2,436,686	23,049	5,307,179
Ending fund balance	\$ 3,168,007	\$ 1,925,196	\$ 19,474	\$ 5,112,677

See Notes to Financial Statements

**NORTHWEST TECHNOLOGY CENTER #V-10
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL
 FUNDS TO STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2016**

The change in net assets reported in the statement of activities is 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 allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceed capital outlays during the period.

Capital Outlays	\$ 1,758,224	
Depreciation Expense	(300,413)	1,457,811

Because the cost of capital assets acquired are reported in governmental funds as expenditures in the year of purchase, the proceeds from their sale are reported as revenue. However, the costs of these assets must be included as a reduction of the sales proceeds in the statement of activities.

(23,630)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as deferred revenues. They are however, recorded as revenues in the statement of activities.

357,379

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave earned exceeded amounts used.

(25,719)

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

98,303

Support for pension contributions from nonemployer contributing entities not in a special funding situation does not provide current financial resources so are not recorded in governmental funds but are recorded as revenue in the statement of activities

257,196

The issuance of long-term debt provides current financial resources to governmental funds, while the

Accrued Interest	9,167	
New Capital Leases	-	
Payments on Capital Leases	539,023	548,190

Change in net position of governmental activities

\$ 2,475,028

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northwest Technology Center #V-10 (the District) 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 District 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 of the Oklahoma Statutes.

The District's financial statements are prepared in accordance with generally accepted accounting principles promulgated by The Governmental Accounting Standards Board (GASB).

The Reporting Entity

The District 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 governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. There are no component units included within the reporting entity.

The School Education Foundation is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the Foundation.

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental Activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue. The District does not have any activities classified as business-type activities.

In the government-wide Statement of Net Position, the District's governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts – net investment in capital assets; restricted net position and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Direct expenses are those that are clearly identifiable with a specific function. Program revenues must be directly associated with the function. Charges for services include charges and fees to students, or customers who purchase, use or directly benefit from the goods, services, or privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

NOTES TO FINANCIAL STATEMENTS

The net costs are normally covered by general revenue (property taxes, State and Federal aid, other taxes etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Basic Financial Statements – Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. The fund financial statements provide reports on the financial condition and results of operations of governmental fund category.

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund is used to account for monies derived from the building fund levy and rental of facilities to be used for erecting, remodeling, repairing or maintaining school buildings, paying energy and utility costs; paying fire and casualty insurance premiums for school facilities, security systems and personnel.

Additionally, the District reports the following fund:

Activity Fund – The District accounts for resources collected from student or extracurricular activities including admission fees, concession income, fund raising and dues. The Board of Education exercises control over all of these funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual: The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year in 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.

Modified Accrual: The funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of

NOTES TO FINANCIAL STATEMENTS

accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School buildings	25-40 years
Site improvements	7- 40 years
Business machines and computers	7-40 years
Vehicles	7 years

Compensated Absences

The District's policies allow for payment for unpaid sick leave upon retirement (based on the OTRS rules for retirement and 10 years of services in the district) up to 60 days. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for the purposes of taking public comments. The final budget may be revised upon approval of the board of education in open meeting.

Under current Oklahoma Statutes a formal budget is required for general, building, sinking, child nutrition and coop funds, as applicable to the district. Budgets are presented include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to subsequent year.

A budget is legally adopted by the Board of Education for the General Fund and Building Fund that includes revenues and expenditures.

NOTES TO FINANCIAL STATEMENTS

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting -- under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund -- is utilized in all governmental funds of the District.

The unencumbered balance of current fiscal year appropriations and the unexpended reserve appropriations of the previous fiscal year are lapsed and become a part of the beginning fund balance for the succeeding fiscal year.

Cash

The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

Investments

The District's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government and Agencies
2. Obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged
3. Certificates of deposit of savings and loan associations and bank and trust companies secured by acceptable collateral
4. Savings accounts or savings certificates of savings and loan associations that are fully insured
5. County, municipal and school district direct debt obligations
6. Money market mutual funds regulated by the Securities and Exchange Commission
7. Warrants, bonds or judgments of the school district
8. Qualified pooled investment programs

Property Tax Revenues

The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the 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 1. Second half taxes become 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.

NOTES TO FINANCIAL STATEMENTS

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2014 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Property tax receivables are net of an allowance for uncollectible taxes of \$6,900 in the general fund and \$1,530 in the building fund. The allowance represents the estimated amount that is deemed uncollectible based on past collection history.

Deferred Outflows of Resources – The District reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30,2015) and the end of the current fiscal year (June 30, 2016). No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources – The District’s statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period.

Deferred inflows of resources are reported in the statement of net position for (1) the actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year. (2) the difference between expected and actual experience that the pension plan actuary uses to develop expectations such as future salary increases and inflation. This deferred inflow of resources is amortized to pension expense over the average expected remaining service life of the Plan. (3) The changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan.

In its governmental funds, the only deferred inflow of resources is for revenues not considered available. The District will not recognize the related revenues until available (collected no later than 60 days after the end of the District’s fiscal year) under the modified accrual basis of accounting that qualifies to be reported in this category. Accordingly, deferred property taxes are reported in the governmental funds balance sheet.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Teacher Retirement System (TRS) and additions to/deductions from TRS’s fiduciary net position have been determined on the same basis as they are reported to TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

State Revenues

Revenues from state sources for current operations are primarily governed by the joint resolution of the Oklahoma House of Representatives and Senate. The Oklahoma Department of Career and Technical

NOTES TO FINANCIAL STATEMENTS

Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the Oklahoma Department of Career and Technical Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. Oklahoma Department of Career and Technical Education rules require that revenue earmarked for these programs be expended only for the programs 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 Oklahoma Department of Career and Technical Education requires that categorical educational program revenues be accounted for in the general fund.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting referred to above 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.

Net Position and Fund Balance

District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets– The component of net position that consists of the historical cost of capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Buildings – The component of net position that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District's buildings.

Restricted for School Organizations – The component of net position that report the assets restricted for use by student organizations and extracurricular activities.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

Governmental Fund Financial Statements

NOTES TO 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 used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District does not have any funds classified as nonspendable as of June 30, 2016.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Building Fund revenue from levy as being restricted because the use is restricted by State Statute for capital expenditures.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities as being committed because their use is imposed by the Board of Education regarding use of the funds.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the superintendant through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned interest earnings to the funds where earned for the purposes defined by the fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Subsequent Events

Management has evaluated subsequent events through March 6, 2017, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS

Deposits

At June 30, 2016, the bank balance of deposits was \$5,231,368.

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The District policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2016, the District was not exposed to custodial credit risk.

Investments

The District’s investments consist of certificates of deposit which are considered deposits for purpose of deposit and investment risk.

NOTE 3 - LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated absences	\$ 69,392	\$ 25,719	\$ -	\$ 95,111	\$ 5,298
Capital leases					
2014 Capital Lease	4,000,000	-	539,023	3,460,977	549,480
	<u>\$ 4,069,392</u>	<u>\$ 25,719</u>	<u>\$ 539,023</u>	<u>\$ 3,556,088</u>	<u>\$ 554,778</u>
Net pension liability				5,059,400	
Total governmental activity long-term liabilities				<u>\$ 8,615,488</u>	

Payments on the leases are made through the general fund and building fund with property taxes. Compensated absences are generally liquidated by the general fund.

The Woods County Industrial Development Authority and the District have entered into a ground lease agreement dated August 12, 2014 (the "Lease"), whereby the District has leased to the Authority certain real property together with all improvements thereon and to be placed thereon for a term extending to August 12, 2021 and so long thereafter as any indebtedness of the Authority secured by its leasehold therein remains outstanding and unpaid. The Authority has sub-leased the property covered by the Ground Lease to the District by a sub-lease dated August 12, 2014 (the "Sublease") which extends to June 30, 2015, and is renewable for successive (1) year terms thereafter at the option of the District until the Lease is paid in full. Failure to renew the Sublease will terminate the Sublease and all further options of the District to renew it.

NOTES TO FINANCIAL STATEMENTS

Upon the payment in full of the Lease, the Sublease and the Ground Lease both will expire and possession of and title to the Improvements will be vested in the District.

The District's interest expense for 2016 was \$68,433.

Leased buildings and construction in progress under capital leases in capital assets at June 30, 2016, include the following:

Buildings	\$ 5,478,316
Less accumulated depreciation	<u> </u>
	<u>\$ 5,478,316</u>

Amortization of leased buildings under capital assets is included with depreciation expense.

Future minimum lease payments are:

<u>Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>	<u>Interest Rate</u>
2017	549,480	67,143	616,623	
2018	560,140	56,483	616,623	
2019	571,007	45,616	616,623	
2020	582,084	34,539	616,623	
2021	593,378	23,539	616,917	
2022	604,888	11,735	616,623	
	<u>\$ 3,460,977</u>	<u>\$ 239,055</u>	<u>\$ 3,700,032</u>	

NOTE 4 - EMPLOYEE RETIREMENT SYSTEM

Teachers' Retirement Plan of Oklahoma

Plan Description – The Oklahoma Teachers' Retirement Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Teachers' Retirement System (the System). The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. The System issues a publically available financial report that can be obtained at <http://www.ok.gov/trs/>.

Benefits Provided – The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. * For the year ended June 30, 2016, qualifying employee

NOTES TO FINANCIAL STATEMENTS

contributions were reduced by a retirement credit of \$27,596 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2016, the District had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2016, the District contributions to the System for were \$340,549.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was \$257,196.

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

At June 30, 2016, the District reported a liability of \$5,059,400 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.08244891%, which was a decrease of its proportion measured as of June 30, 2014.

For the year ended June 30 2016, the District recognized pension expense of \$288,879. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 170,808
Changes of assumptions	239,747	204,352
Net difference between projected and actual earnings on pension plan investments	-	350,446
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	324,900	-
	<u>\$ 564,647</u>	<u>\$ 725,606</u>

\$324,900 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTES TO FINANCIAL STATEMENTS

Year Ended	
2017	\$ 191,494
2018	191,494
2019	191,494
2020	(80,474)
2021	(6,543)
Thereafter	<u>(1,606)</u>
	<u>\$ 485,859</u>

Actuarial assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- 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 – 3.00%

Salary Increases – Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

Investment Rate of Return – 8.00%

Retirement Age – Experience-based table of rates based on age, service, and gender.

Mortality – RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

The actuarial assumptions used in the 2015 valuation were based upon 2015 Actuarial Experience Study Report dated May 13, 2015.

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 expecting inflation.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2015, 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	7.00%	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, 2014 and 2015. This single discount rate was based solely on the expected rate of return on pension

NOTES TO FINANCIAL STATEMENTS

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 the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection also assumed the state’s contribution plus the matching contributions will remain a constant percent of the projected member payroll based on the past five years of actual contributions.

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

– The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the District’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:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's Proportionate share of the net pension liability	\$ 6,954,453	\$ 5,059,400	\$ 3,413,743

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/>.

NOTE 5 – CONTINGENCIES AND COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The School also participates in a risk pool for general liability, errors and omissions, commercial crime, and fleet and workers' compensation coverage in which there is a transfer or pooling risks amount the participants of that pool. In accordance with professional standards, the District reports the required contribution to the pool, net of refunds, as insurance expense. The risk pools are the Oklahoma School Insurance Group (OSIG) and the Oklahoma School Assurance group (OSAG). OSIG and OSAG are responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense

NOTES TO FINANCIAL STATEMENTS

for any and all claims submitted to them during the plan year. As a member of OSIG and OSAG, the District is required to pay fees set by OSIG and OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the District's losses for the last five years. OSIG and OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years, it is returned to them with no interest.

NOTE 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Surety Bonds

The Woods County Treasurer is designated as the Official School District Treasurer and Depository and no additional surety bond is required other than the statutory provisions of that elected office.

The District maintains a Public Official Position Schedule Bond with the Western Surety Company in the amount of \$100,000.00 per position. The bond number is 15342027, dated July 1, 2015 to July 1, 2016.

Coverage is for the following positions:

Superintendent
Business Manager

The District maintains an Employee Dishonesty Bond with Oklahoma Schools Insurance Group, in the amount of \$10,000.00 per occurrence. The policy number is OSIG-2014, dated July 1, 2015 to July 1, 2016. Coverage includes the following positions:

Activity Fund Custodian - Alva
Activity Fund Custodian - Fairview
Financial Aid Director
Encumbrance & Minute Clerk

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

NOTES TO FINANCIAL STATEMENTS

	Beginning Balances	Restatement	Increases	Decreases	Ending Balances
Capital assets not being depreciated:					
Land	\$ 183,860		\$ -	\$ -	\$ 183,860
Construction in progress	3,934,161	20,000	1,524,155	5,478,316	-
Total capital assets not being depreciated	<u>4,118,021</u>	<u>20,000</u>	<u>1,524,155</u>	<u>5,478,316</u>	<u>183,860</u>
Capital assets being depreciated:					
Buildings and improvements	6,089,553		5,478,316	-	11,567,869
Equipment & Autos	<u>1,701,713</u>		<u>234,069</u>	<u>77,198</u>	<u>1,858,584</u>
Total capital assets being depreciated	<u>1,701,713</u>		<u>5,712,385</u>	<u>77,198</u>	<u>13,426,453</u>
Less accumulated depreciation for:					
Buildings and improvements	2,490,307		154,824	-	2,645,131
Equipment & Autos	<u>895,445</u>		<u>145,589</u>	<u>53,568</u>	<u>987,466</u>
Total accumulated depreciation	<u>3,385,752</u>		<u>300,413</u>	<u>53,568</u>	<u>3,632,597</u>
Total capital assets being depreciated, net	<u>(1,684,039)</u>		<u>5,411,972</u>	<u>23,630</u>	<u>9,793,856</u>
Governmental activity capital assets, net	<u>\$ 2,433,982</u>	<u>\$ 20,000</u>	<u>\$ 6,936,127</u>	<u>\$ 5,501,946</u>	<u>\$ 9,977,716</u>

Depreciation expense was not allocated to the various functions because the District believes all functions are supported equally.

NOTE 8 – New GASB Standards

The District implemented the following GASB Statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*, revises the definition of fair value, outlines appropriate measurement approaches and inputs to determine fair value, and establishes measurement principles. In addition, the statement outlines disclosures that are intended to help users understand how the governmental unit has applied the principles of fair value measurement.
- GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* which revises the GAAP hierarchy for governmental entities and condenses the levels to two categories of authoritative GAAP.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was issued in response to recent changes in Securities and Exchange Commission's (SEC) Rule 2a7 for money market funds that are effective in 2016. GASBS No. 79 removes the references to SEC Rule 2a7 and establishes a list of criteria similar to current Rule 2a7. In essence, this statement provides external investment pools and their participants with the ability to continue measuring and reporting their investments or position in the pool at amortized cost as they did prior to the effect of the change in Rule 2a7. In addition, the statement requires additional note disclosures for certain external investment pools and for their participants.

The following pronouncements will be effective in the future:

- GASB Statement No. 77, *Tax Abatement Disclosures*, requires new disclosures about tax abatement agreements and their impact on the governmental unit's financial position. GASBS No. 77 is effective for periods beginning after December 15, 2015.

NOTE 9 – PRIOR PERIOD RESTATEMENT

Governmental Activities: The Government-Wide statements, has been restated by \$20,000 due to construction in progress that was not captured last year. This resulted in an increase in current year beginning net position for the governmental activities and increased the change in nete position for the prior year. There was no impact on the current year change in net position.

**NORTHWEST TECHNOLOGY CENTER #V-10
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget	
	Original	Final		Original to Final	Final to Actual
				Positive	(Negative)
Budgetary fund balance, July 1	2,484,560	2,484,560	2,484,560	-	\$ -
Resources (inflows)					
Local sources	4,507,490	4,507,490	4,712,597	-	205,107
State sources	1,705,873	1,705,873	1,763,694	-	57,821
Federal Sources	264,970	264,970	281,569	-	16,599
Other	-	-	12,135	-	12,135
Total resources	6,478,333	6,478,333	6,769,995	-	291,662
Amounts available for appropriation	8,962,893	8,962,893	9,254,555	-	291,662
Charges to appropriations (outflows)					
Instruction	5,408,637	5,408,637	2,642,723	-	2,765,914
Support services	3,255,234	3,255,234	3,255,234	-	-
Non-instruction services	52,187	52,187	52,187	-	-
Capital outlay	177,954	177,954	177,954	-	-
Other outlays	68,881	68,881	68,881	-	-
Total charges to appropriations	8,962,893	8,962,893	6,196,979	-	2,765,914
Budgetary fund balance, June 30	\$ -	\$ -	\$ 3,057,576	-	\$ 3,057,576
Accounts receivable not recognized as revenue for budgetary basis			360,627		
Accounts Payable not recognized as expenditures for budgetary basis			(28,102)		
Revenue Deferred for GAAP Basis			(275,065)		
Encumbrances not recognized as expenditures for GAAP basis			52,971		
Fund Balance, End of year GAAP Basis			\$ 3,168,007		

**NORTHWEST TECHNOLOGY CENTER #V-10
BUDGETARY COMPARISON SCHEDULE – BUILDING FUND (UNAUDITED)
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary fund balance, July 1	\$ 1,300,650	\$ 1,300,650	\$ 1,300,650	\$ -	\$ -
Resources (inflows)					
Local sources	1,201,545	1,201,545	1,253,087	-	51,542
State sources	-	-	30,466	-	30,466
Federal sources	-	-	7	-	7
Other	-	-	89,636	-	89,636
Total resources	1,201,545	1,201,545	1,373,196	-	171,651
Amounts available for appropriation	2,502,195	2,502,195	2,673,846	-	171,651
Charges to appropriations (outflows)					
Instruction	-	-	-	-	-
Support services	227,525	227,525	140,006	-	87,519
Non-instruction services	-	-	-	-	-
Capital outlay	1,034,924	1,034,924	720	-	1,034,204
Other Outlays	1,239,746	1,239,746	619,123	-	620,623
Total charges to appropriations	2,502,195	2,502,195	759,849	-	1,742,346
Budgetary fund balance, June 30	\$ -	\$ -	\$ 1,913,997	\$ -	\$ 1,913,997
Accounts receivable not recognized as revenue for budgetary basis			93,512		
Accounts Payable not recognized as expenditures for budgetary basis			-		
Encumbrances not recognized as expenditures for GAAP basis			-		
Deferred Revenue for GAAP basis			(82,313)		
Fund Balance, End of year GAAP Basis			1,925,196		

NORTHWEST TECHNOLOGY CENTER #V-10
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (UNAUDITED)
YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 328,313	\$ 316,179	\$ 266,326
Contributions in relation to the contractually required contribution	328,313	316,179	266,326
Contribution deficiency (excess)	-	-	-
District's covered payroll	3,455,926	3,328,200	2,803,432
Contributions as a percentage of Covered employee Payroll	9.50%	9.50%	9.50%

NORTHWEST TECHNOLOGY CENTER #V-10
SCHEDULE OF DISTRICT'S CONTRIBUTIONS (UNAUDITED)
YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's portion of the net pension liability (asset)	0.08244891%	0.08355313%	0.08355313%
District's proportionate share of the net pension liability (asset)	5,059,400	4,495,047	5,980,212
District's covered employee payroll	3,455,926	3,328,200	2,803,432
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	146.40%	135.06%	213.32%
Plan fiduciary net position as a percentage of the total pension liability	70.31%	72.43%	62.18%

NORTHWEST TECHNOLOGY CENTER #V-10
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016

Note 1: Budgeting and Budgetary Control

The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for the purposes of taking public comments. The final budget may be revised upon approval of the board of education in open meeting.

Under current Oklahoma Statutes a formal budget is required for general, building, sinking, child nutrition and coop funds, as applicable to the district. Budgets are presented include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to subsequent year.

A budget is legally adopted by the Board of Education for the General Fund and Building Fund that includes revenues and expenditures.

Note 2: Changes of Assumptions

The actuarial assumptions used in the 2015 valuation were based upon 2015 Actuarial Experience Study Report dated May 13, 2015. The current actuarial assumptions were adopted by the TRS Board of Trustees in May, 2015 and first utilized in June 30, 2015 actuarial valuation report. Among the changes since the prior valuation are the treatment of the administrative expenses, payroll growth rate, healthy post-retirement mortality rates, termination rates and rates for unreduced retirement.

**NORTHWEST TECHNOLOGY CENTER #V-10
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016**

U.S. Department of Education	Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Deferred Revenue (Accounts Receivable) 6/30/15	Federal Grant Receipts	Total Grant Expenditures	Matching Expenditures	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) 6/30/16
Direct Programs-									
	Student Financial Aid								
	Federal Pell Grant Program	84 063	474	\$ (644)	\$ 64,401	\$ 63,757	\$ -	\$ 63,757	\$ -
	Pell Admin Fee	84 063	n/a	-	85	85	-	85	-
	Total Student Financial Aid Cluster			(644)	64,486	63,842	-	63,842	-
	VA Reporting Fee	64 111	468	-	27	27	-	27	-
	Payment in Lieu of Taxes on Federal Land	15 617	774	-	32	32	-	32	-
	Carl Perkins Vocational Education Act								
	Passed through Oklahoma Department of Career Technology Education								
	Carl Perkins Secondary	84 048	421	(12,107)	43,912	46,809	-	46,809	(15,004)
	Carl Perkins Supplemental	84 048	424	(13,363)	13,363	-	-	-	-
	Total Pass Through Programs			(25,470)	57,275	46,809	-	46,809	(15,004)
	Total U.S. Department of Education			(26,114)	121,820	110,710	-	110,710	(15,004)
	U.S. Passed through Oklahoma Department of Human Services and Oklahoma Department of Career Technology Education								
	TANF	93 558	452	(61,121)	159,483	135,211	-	135,211	(36,849)
	Total U.S. Department of Health and Human Services			(61,121)	159,483	135,211	-	135,211	(36,849)
	Total Expenditures of Federal Awards			\$ (87,235)	\$ 281,303	\$ 245,921	\$ -	\$ 245,921	\$ (51,853)

NORTHWEST TECHNOLOGY CENTER #V-10
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northwest Technology Center, District No. 10 under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 220, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northwest Technology Center, District No. 10 it is not intended to and does not present financial position, changes in financial position or cash flows.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on using the cash basis of accounting. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

Note C: Indirect Cost Rate

Northwest Technology Center, District No. 10 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D: Subrecipients

Northwest Technology Center, District No. 10 did not have any awards that have been passed through to sub recipients.

NORTHWEST TECHNOLOGY CENTER DISTRICT #V-10
WOODS COUNTY - OKLAHOMA
STUDENT FINANACIAL ASSISTANCE PROGRAM
07/01/15 TO 06/30/16

	<u>Detail</u>	<u>Total</u>
PELL GRANT PROGRAM		
Beginning Accrued Balance		
Receivable - 6/30/2014		(\$644.00)
<u>Allocation Collected</u>		
SFA Grants (15)	644.00	
SFA Grants (16)	63,757.00	
Administrative Allocation	85.00	
Total Allocated	<u> </u>	64,486.00
<u>Expenditures</u>		
SFA Grants	63,757.00	
Administrative Cost Allowance	85.00	
Total Expenditures	<u> </u>	<u>63,842.00</u>
Accrued Balance Receivable 06/30/2016		<u><u> </u></u> \$0.00

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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

Honorable Board of Education
Northwest Technology Center #V-10
Woods County, Oklahoma

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northwest Technology Center #V-10, Woods County, Oklahoma, as listed in the Table of Contents, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated March 7, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Chas. W. Carroll, P.A.
March 7, 2016

NORTHWEST TECHNOLOGY CENTER #V-10
ALVA - WOODS COUNTY - OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2016

No reportable conditions were noted during the 2014-15 fiscal.

NORTHWEST TECHNOLOGY CENTER #V-10
ALVA - WOODS COUNTY - OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

SCHEDULE OF FINDINGS
JUNE 30, 2016

Section 1 - Summary of Auditor's Results

- A) No reportable conditions, either material or immaterial, were noted or brought to my attention during 2015-16 fiscal year.

NORTHWEST TECHNOLOGY CENTER #V-10
ALVA - WOODS COUNTY - OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous years audit report".

NORTHWEST TECHNOLOGY CENTER #V-10
WOODS COUNTY - OKLAHOMA
ALVA CAMPUS ACTIVITY FUND
REVENUES, EXPENDITURES, AND BALANCES
07/01/15 TO 06/30/16

<u>ACCOUNT</u>	<u>07/01/15</u>	<u>REVENUES</u>	<u>ADJUSTMENTS</u>	<u>TRANSFERS</u>	<u>EXPENDITURES</u>	<u>06/30/16</u>
DAY TUITION	\$0.00	\$28,558.00	\$0.00	(\$60.00)	\$28,498.00	\$0.00
SHORT TERM TUITION	0.00	168,502.49	20.00	160.00	168,682.49	0.00
DAY TUITION (OD) POST SECONDARY	0.00	0.00			0.00	0.00
DAY TUITION (OD) SECONDARY	0.00	0.00			0.00	0.00
FEES	0.00	76,374.00		(1,796.00)	74,578.00	0.00
INTEREST	0.00	411.61			411.61	0.00
RENTAL OF SCHOOL FACILITIES	0.00	1.00			1.00	0.00
INCUBATOR CLIENT RENT	0.00	0.00			0.00	0.00
BOOKSTORE REVENUE	0.00	9,307.00	30.00	1,736.00	11,073.00	0.00
LIVEWORK	0.00	7,633.03			7,633.03	0.00
VENDING	3,918.33	2,891.70		50.00	4,143.54	2,716.49
STUDENT ORGANIZATIONS	6,321.76	50.00		(50.00)	0.00	6,321.76
STUDENT AID	0.00	5,450.00			5,450.00	0.00
PETTY CASH	0.00	200.00			200.00	0.00
PARTNERS W/ OTHER ORGANIZATION	0.00	40.00		(40.00)	0.00	0.00
TOTALS	\$10,240.09	\$299,418.83	\$50.00	\$0.00	\$300,670.67	\$9,038.25

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

NORTHWEST TECHNOLOGY CENTER #V-10
WOODS COUNTY - OKLAHOMA
ALVA CAMPUS ACTIVITY FUND
RECONCILIATION STATEMENT
07/01/15 TO 06/30/16

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	<u>10,390.43</u>	
 TOTAL DEPOSITORY		 <u><u>\$10,390.43</u></u>
 <u>FUND</u>		
LEDGER BALANCE	9,038.25	
ADD: 2015-16 OUTSTANDING	1,248.74	
2014-15 OUTSTANDING	48.44	
2013-14 OUTSTANDING	<u>55.00</u>	
 TOTAL DEPOSITORY		 <u><u>\$10,390.43</u></u>

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

NORTHWEST TECHNOLOGY CENTER #V-10
WOODS COUNTY - OKLAHOMA
ALVA CAMPUS ACTIVITY FUND
CASH STATEMENT
07/01/15 TO 06/30/16

	<u>TOTAL</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>PRIOR</u>	<u>INVESTMENTS</u>
BEGINNING CASH AND INVESTMENTS	\$54,231.84	\$10,240.09	\$43,936.75	\$55.00	\$0.00	\$0.00
<u>REVENUES</u>						
DEPOSITS	299,007.22	299,007.22				
INTEREST	411.61	411.61				
PY DEPOSIT IN TRANSIT	0.00	0.00				
CHECKS STOPPED	0.00	50.00	(50.00)			
TOTAL REVENUES	299,418.83	299,468.83	(50.00)	0.00	0.00	0.00
<u>EXPENDITURES</u>						
CHECKS PAID	342,639.67	298,801.36	43,838.31			
CREDIT CARD RETURNS	0.00	0.00				
CREDIT CARD FEES	610.57	610.57				
RETURNED CHECKS/FEES	0.00	0.00				
BANK FEES	10.00	10.00				
TOTAL EXPENDITURES	343,260.24	299,421.93	43,838.31	0.00	0.00	0.00
ENDING BALANCES	\$10,390.43	\$10,286.99	\$48.44	\$55.00	\$0.00	\$0.00

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

NORTHWEST TECHNOLOGY CENTER #V-10
WOODS COUNTY - OKLAHOMA
FAIRVIEW CAMPUS ACTIVITY FUND
REVENUES, EXPENDITURES, AND BALANCES
07/01/15 TO 06/30/16

<u>ACCOUNT</u>	<u>07/01/15</u>	<u>REVENUES</u>	<u>ADJUSTMENTS</u>	<u>TRANSFERS</u>	<u>EXPENDITURES</u>	<u>06/30/16</u>
ADULT DAY TUITION IN-DISTRICT	\$0.00	\$6,113.00	\$0.00	\$0.00	\$6,113.00	\$0.00
SHORT TERM TUITION	0.00	92,987.20		20.00	93,007.20	0.00
DAY TUITION OUT-OF-DISTRICT	0.00	0.00			0.00	0.00
SECONDARY OUT-OF-DISTRICT	0.00	0.00			0.00	0.00
FEES	0.00	7,612.31			7,612.31	0.00
INTEREST	0.00	67.00	5.04		72.04	0.00
RENTAL OF SCHOOL FACILITIES	0.00	850.00			850.00	0.00
INCUBATOR CLIENT RENT	0.00	0.00			0.00	0.00
BOOKSTORE REVENUE	0.00	10,342.44			10,342.44	0.00
LIVEWORK	0.00	7,471.47		(20.00)	7,451.47	0.00
VENDING	6,950.28	3,030.14			3,806.26	6,174.16
STUDENT ORGANIZATIONS	5,858.92	2,568.62			4,165.81	4,261.73
STUDENT AID	0.00	1,100.00			1,100.00	0.00
PETTY CASH	0.00	200.00			200.00	0.00
NWOSU/ALVA CHAMBER PARTNERSHIP	0.00	0.00			0.00	0.00
TOTALS	\$12,809.20	\$132,342.18	\$5.04	\$0.00	\$134,720.53	\$10,435.89

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

NORTHWEST TECHNOLOGY CENTER #V-10
 WOODS COUNTY - OKLAHOMA
 FAIRVIEW CAMPUS ACTIVITY FUND
 RECONCILIATION STATEMENT
 07/01/15 TO 06/30/16

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	<u>18,507.18</u>	
 TOTAL DEPOSITORY		 <u><u>\$18,507.18</u></u>
 <u>FUND</u>		
LEDGER BALANCE	10,435.89	
ADD: 2015-16 OUTSTANDING	8,060.33	
ADJ: JUNE 2016 INTEREST NOT POSTED	<u>10.96</u>	
 TOTAL DEPOSITORY		 <u><u>\$18,507.18</u></u>

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

NORTHWEST TECHNOLOGY CENTER #V-10
WOODS COUNTY - OKLAHOMA
FAIRVIEW CAMPUS ACTIVITY FUND
CASH STATEMENT
07/01/15 TO 06/30/16

	<u>TOTAL</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>PRIOR</u>	<u>INVESTMENTS</u>
BEGINNING CASH AND INVESTMENTS	\$20,900.89	\$12,814.24	\$8,086.65	\$0.00	\$0.00	\$0.00
<u>REVENUES</u>						
DEPOSITS	132,275.18	132,275.18				
INTEREST	77.96	77.96				
CHECKS STOPPED	0.00	0.00				
TOTAL REVENUES	132,353.14	132,353.14	0.00	0.00	0.00	0.00
<u>EXPENDITURES</u>						
CHECKS PAID	134,024.03	125,937.38	8,086.65			
RET CKS/FEEES	0.00	0.00				
CREDIT CARD RETURNS	54.00	54.00				
CREDIT CARD FEES	668.82	668.82				
BANK FEES/CK PRNT CHGS	0.00	0.00				
TOTAL EXPENDITURES	134,746.85	126,660.20	8,086.65	0.00	0.00	0.00
ENDING BALANCES	\$18,507.18	\$18,507.18	\$0.00	\$0.00	\$0.00	\$0.00

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

NOTES FOR OTHER SUPPLEMENTARY INFORMATION

The other supplemental schedules of Northwest Technology Center #V-10 have been prepared on a statutory basis of accounting. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The accounting policies are prescribed by the State Board of Career and Technology Education and conform to the system of accounting authorized by the State of Oklahoma. The following is a summary of the more significant accounting policies:

A. Fund Accounting

The Schedules use funds and account groups to present the District's financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories; governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

The following funds are utilized by the Northwest Technology Center #V-10.

Governmental Fund Types -

Fiduciary Fund Types -

General Fund

Trust and Agency Fund

Special Revenue Fund

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the District. Land, buildings, nonstructural improvements, and all other physical assets in all funds are considered expenditures in the year of acquisition and are not recorded as assets for financial statements purposes. The District does not present the General Fixed Asset Account Group.

Memorandum Only - Total Column

The total column on the general purpose financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

NOTES FOR OTHER SUPPLEMENTARY INFORMATION

B. Basis of Presentation

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and expendable trust funds are accounted for using the statutory basis of accounting. Revenues, except for certain grant revenues, are recognized when they are received rather than earned. Under the Statutory basis of accounting, expenditures are generally recognized when encumbered/ reserved rather than at the time the related fund liability is incurred. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from generally accepted accounting principles.

C. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund--is utilized in all governmental funds of the District. Appropriations not used or encumbered lapse at the end of the year.

D. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents - The District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - Investments consist of certificates of deposits issued by banks with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Inventories - The value of consumable inventories at June 30, 2016 are not presented in accordance with the statutory basis of accounting.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented.

