

REPORT OF AUDIT  
NORTHWEST TECHNOLOGY CENTER #V-10  
ALVA - WOODS COUNTY - OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014

NORTHWEST TECHNOLOGY CENTER #V-10  
ALVA - WOODS COUNTY – OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014

OFFICERS

DEAN MEYER	PRESIDENT
THOMAS V. RUSSELL	VICE-PRESIDENT
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GINA MARTIN	BUSINESS MANAGER
DAREN SLATER	ASST. SUPERINTENDENT
COLT SHAW	ASST. SUPERINTENDENT
DR. GERALD W. HARRIS	SUPERINTENDENT

AUDIT BY

PATRICK W. CARROLL  
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

NORTHWEST TECHNOLOGY CENTER #V-10  
ALVA - WOODS COUNTY - OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014

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NORTHWEST TECHNOLOGY CENTER #V-10  
ALVA - WOODS COUNTY - OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014

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# Chas. W. Carroll, P.A.

Hiland Tower – Suite 406  
302 N. Independence

Enid, Oklahoma 73701  
Phone 580-234-5468  
Fax 580-234-5425

## 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, 2014, 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, 2014, 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 America require that the management's discussion and analysis on pages M-1 - M-7 and budgetary comparison information on Schedules A-1 and A-2 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is 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 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 2, 2015 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 in considering the District's internal control over financial reporting and compliance.



Chas. W. Carroll, P.A.  
March 2, 2015

**NORTHWEST TECHNOLOGY CENTER  
ALVA/FAIRVIEW  
Management's Discussion and Analysis  
June 30, 2014**

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**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.

During fiscal year 2013-2014, the District served 241 students in full-time programs. There were 15,851 students served through industry specific, safety, training for existing industry and firefighter training and 963 adults in adult and career training classes.

**Financial Highlights**

During fiscal year 2014 there were not any significant increases or decreases in the income or expenditures of the district. In relation to 2014 figures the total revenues were up 8.8% and total expenditures up 35%.

## **Overview of the Financial Statements**

The financial statements consist of three parts – Management’s Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information. The three parts together provide a comprehensive overview of the financial condition of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

### ***Government-wide Financial Statements***

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District’s assets and liabilities, with the difference reported as net assets. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net assets and how they have changed. Net assets, the difference between the assets and the liabilities, are one way to measure the District’s financial health or position.

Over time, increases or decreases in the District net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, changes in funding by the federal and state governments, and the conditions of facilities.

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the District’s *funds*, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. State law requires the use of certain funds.

The District has two kinds of funds:

*Government Funds* - Most of the District’s activities are included in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. The governmental fund statements provide a detailed short-term view of the District operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. The relationship (or differences) between governmental activities (reported in the State of Net Assets and the

Statement of Activities) and governmental funds is reconciled in the financial statements.

*Fiduciary Funds* – The District is the trustee, or fiduciary, for the assets that belong to others. The District is responsible for ensuring that assets reported as these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operation.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

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

**Net Assets**

The District’s total net assets were \$ 9,284,505.40 at June 30, 2014.

<b>Net Assets</b>	
<b>Fiscal Year Ended June 30, 2014</b>	
<b>GOVERNMENTAL ACTIVITIES</b>	
Assets:	
Cash	509,066.09
Investments	4,123,300.00
Other	<u>4,907,235.71</u>
Total Assets	9,539,601.80
Liabilities:	
	<u>180,406.47</u>
<b>FUND BALANCE</b>	<b>9,359,195.33</b>
Capital Assets:	4,731,434.98
Accrued Compensated Absences:	<u>74,689.93</u>
<b>TOTAL NET ASSETS</b>	<b>4,553,070.42</b>

Most of the District’s net assets are invested in capital assets (buildings, land, and equipment). The restricted assets are reserved for purchase commitments already made. The remaining net assets are unrestricted. These unrestricted funds are used to fund the cash flow needs during the first half of the fiscal year as well as to accumulate funds for future building and improvement projects.

## Changes in Net Assets

### Changes in Net Assets Fiscal Year Ended June 30, 2014

	Governmental Activities
Beginning Net Assets (July 1, 2013)	\$9,243,651.31
Net assets – June 30, 2014	<u>9,284,505.40</u>
Change in Net Assets - Increase/(Decrease)	40,854.09

### Government Activities

There were no significant differences in revenues or expenditures FY12 versus FY13. This is eighth year using GAAP basis of accounting. Northwest Technology Center continues to provide Existing Industry funding to promote economic development in the area and Firefighter Training for area Fire Departments. The ODCTE has continued to allocate more funds that originally budgeted in both these categories.

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 State of Revenue, 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 (Expenses)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the 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:

Ad Valorem property tax:	Taxes for current year and prior years, and revenue in lieu of taxes
Interest:	Interest earning on investments and taxes
Tuition:	Tuition for full-time adult classes, short-term adult classes, safety training, and customized industry training
Other Local Sources:	Rental of school facilities and property other than school facilities, sale of real estate and surplus equipment, course fees, bookstore, live-work revenue, insurance loss recoveries, miscellaneous refunds/reimbursements, interest, and district contracts for shared services

State Revenue: Formula operations, Student Financial Aid (OTAG), Existing Industry Initiative, Fire Fighter Training, Training for Industry Program, Safety Training, Welfare to Work, CNA I & II, Lottery funds, TANF state money, Implement Stamps, Exempt Manufacturing reimbursements, Mentor Teacher reimbursements, State Land reimbursements, and reimbursement from the State Department of Ed for National Board Teacher stipends.

Federal Revenue: TANF, Carl Perkins Secondary, Carl Perkins Supplemental, FEMA, PILT, Student Financial Aid (PELL Grants), and VA reporting fees.

### THE DISTRICT'S FUNDS

The following schedule presents a summary of general, special revenue (building fund), and expenditures for the fiscal year ended June 30, 2014, and the fiscal year end June 30, 2013.

Revenues:	FYE 14 Amount	Percent Of Total	FYE 13 Amount	Percent Of Total
Property Taxes	3,969,939.02	59.40%	3,564,060.60	59.04%
Tuition & Fees	267,546.50	4.00%	261,522.59	4.34%
Investment Income	37,602.94	0.56%	25,472.26	0.42%
State Sources	1,903,489.58	28.48%	1,789,763.14	29.65%
Federal Sources	341,750.09	5.12%	117,098.62	1.94%
Federal Financial Aid	96,111.00	1.44%	126,155.00	2.09%
Miscellaneous	66,710.25	1.00%	152,088.20	2.52%
<b>TOTAL REVENUE</b>	<b>6,683,149.38</b>	<b>100.00%</b>	<b>6,036,160.41</b>	<b>100.00%</b>

The net cost of all governmental activities this year was \$6,462,486.82. The governmental activities of the District include instruction, support services, operation of noninstructional programs, site improvements, and other uses. Examples of the types of expenses that can be found in these categories include:

*Instruction* – expenditures for direct classroom activities.

*Support Services* – expenditures to provide administrative, technical, and logistical support to facilitate and enhance instruction.

*Noninstructional Services* – Activities concerned with providing non-instructional services to students, staff, and community.

*Facilities Acquisition and Construction* – Expenditures involved with the acquisition of land and buildings, remodeling building, the construction of

buildings and additions to buildings, installation or extension of service systems and other built-in equipment, and improvement to sites.

Expenditures:	FYE 14 Amount	Percent Of Total	FYE 13 Amount	Percent Of Total
Instruction	2,697,658.77	41.74%	1,954,274.62	38.20%
Support Services	3,073,403.46	47.56%	2,743,584.11	53.67%
Non- Instructional Services	78,855.00	1.22%	32,314.54	0.63%
Facilities Acquisition & Construction	226,265.92	3.50%	3,525.12	0.07%
Unallocated Depreciation	380,171.14	5.88%	243,125.15	4.76%
Other Outlays & Uses	6,132.53	0.10%	130,384.88	2.67%
Total Expenditures	6,462,486.82	100%	5,107,208.42	100.00%

### **Financial Analysis of Northwest Technology Center's Funds**

As of June 30, 2014, the District's governmental funds reported a combined fund balance of \$ 4,475,245.98. The primary source of revenue for the governmental funds is ad valorem property tax, which is not received evenly throughout the fiscal year. The majority of property tax revenues are received between January 1 and April 30 of each year. The governmental funds must carry forward a fund balance large enough to finance the first six months of the fiscal year.

#### **General Fund**

The General Fund year-end balance is \$2,367,363.98 net of encumbrances. These unrestricted funds are required to meet the labor intensive and operating expenses for the first six months of the fiscal year 2015. \$74,689.93 is reserved for compensated leave.

#### **Building Fund**

The Building Fund year-end balance is \$2, 17,882.00 net of encumbrances. The remaining unrestricted funds are targeted for remodeling of current facilities, site improvements, new construction projects, equipment for the programs and building furniture needs.

#### **Fiduciary Funds**

The Fiduciary Funds (Activity Funds) reported a total net restricted fund balance of \$48,949.70.

## Capital Assets

As of June 30, 2014, the District had \$4,731,434.98 net of depreciation, in governmental funds invested in a broad range of capital assets, including land, buildings, furniture, and equipment.

## Contacting the 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 Martin, Business Manager

NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY, OKLAHOMA  
Statement of Net Assets  
For the Year Ending June 30, 2014

EXHIBIT A

	Governmental Activities
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$509,066.09
Investments	4,123,300.00
Property taxes receivable	23,286.36
Due from other governments	152,514.37
	4,808,166.82
Total Current Assets	
Noncurrent Assets:	
Capital Assets:	
Land	183,860.00
Building	6,089,552.66
Construction in progress	0.00
Furniture and Equipment	1,288,637.53
Automobiles	271,886.45
Less: Accumulated Depreciation	(3,102,501.66)
	4,731,434.98
Capital assets, net of accumulated depreciation	
Total Assets	9,539,601.80
<b>LIABILITIES</b>	
Accounts Payable and accrued liabilities	180,406.47
Other Payables	74,689.93
	255,096.40
Total Liabilities	255,096.40
<b>Net Assets</b>	
Invested in capital assets, net of related debt	4,731,434.98
Unrestricted	4,553,070.42
	\$9,284,505.40
Total Net Assets	\$9,284,505.40

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

NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY, OKLAHOMA  
Statements of Activities  
For the Year Ending June 30, 2014

EXHIBIT B

Function/Programs	Expenses	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$2,697,658.77	\$267,546.50	\$15,986.50		(\$2,414,125.77)
Support Services-Operational	3,073,403.46				(3,073,403.46)
Non-instructional services	78,855.00				(78,855.00)
Facilities acquisition and construction	226,265.92				(226,265.92)
Depreciation unallocated	380,171.14				(380,171.14)
Other Outlay	2,494.53				(2,494.53)
Other Uses	3,638.00		80,124.50		76,486.50
<b>Total governmental activities</b>	<b>6,462,486.82</b>	<b>267,546.50</b>	<b>96,111.00</b>	<b>0.00</b>	<b>(6,098,829.32)</b>
<b>General Revenues:</b>					
Taxes:					
Property Taxes, levied for general purposes					3,969,939.02
Federal Aid					341,750.09
State Aid					1,903,489.58
Interest from investments					37,602.94
Other general revenues					66,710.25
Special items:					
Disposal of assets (Net)					(178,930.97)
Adjustment for Accrued Compensation					(877.50)
<b>Change net assets</b>					<b>40,854.09</b>
<b>Net Assets - Beginning</b>					<b>9,243,651.31</b>
<b>Net Assets - Ending</b>					<b>\$9,284,505.40</b>

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

NORTHWEST TECHNOLOGY CENTER #V-10  
 WOODS COUNTY, OKLAHOMA  
 Balance Sheet-Governmental Funds  
 For the Year Ending June 30, 2014

	General Fund	Building Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$346,161.19	\$162,904.90	\$509,066.09
Investments	2,178,300.00	1,945,000.00	4,123,300.00
Property taxes receivable	17,911.45	5,374.91	23,286.36
<i>Total Assets</i>	=====	=====	=====
	2,542,372.64	2,113,279.81	4,655,652.45
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable and accrued liabilities	175,008.66	5,397.81	180,406.47
Other payables	<u>0.00</u>	<u>0.00</u>	<u>\$0.00</u>
<i>Total Liabilities</i>	<u>175,008.66</u>	<u>5,397.81</u>	<u>180,406.47</u>
Fund Balance			
Non-spendable	0.00	0.00	0.00
Restricted	0.00	2,107,882.00	2,107,882.00
Committed	821,824.88	0.00	821,824.88
Assigned	0.00	0.00	0.00
Unassigned	<u>1,545,539.10</u>	<u>0.00</u>	<u>1,545,539.10</u>
<i>Total Fund Balances</i>	<u>2,367,363.98</u>	<u>2,107,882.00</u>	<u>4,475,245.98</u>
<b>Total Liabilities and Fund Balances</b>	=====	=====	=====
	\$2,542,372.64	\$2,113,279.81	\$4,655,652.45

Reconciliation to Statement of Net Assets to Fund Balances:

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

Capital assets used in governmental activities of \$7,833,936.64, net of accumulated depreciation of \$3,102,501.66, are not financial resources and, therefore, are not reported in the funds. 4,731,434.98

Other long-term assets are not available for current-period expenditures and therefore are deferred in the funds: 152,514.37

Other long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds. (74,689.93)

Accrued compensated absences: \$9,284,505.40

Net assets of governmental activities

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

NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY, OKLAHOMA

EXHIBIT D

Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds  
For the Year Ending June 30, 2014

	General Fund	Building Fund	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$3,053,557.40	\$916,381.62	\$3,969,939.02
Tuition and fees	267,546.50		267,546.50
State sources	1,810,853.04	6,020.90	1,816,873.94
Federal sources	371,955.69	6.67	371,962.36
Local sources	66,710.25		66,710.25
Investments Income	<u>23,712.47</u>	<u>13,890.47</u>	<u>37,602.94</u>
Total Revenue	5,594,335.35	936,299.66	6,530,635.01
<b>Expenditures</b>			
Current:			
Instruction	2,696,630.77	1,028.00	2,697,658.77
Support Services-Instructional/Operational	2,844,422.87	451,541.75	3,295,964.62
Non-Instructional Services	78,855.00		78,855.00
Facilities Acquisition and Construction	21,106.64	208,459.28	229,565.92
Other Outlays	2,494.53		2,494.53
Other Uses	3,638.00	0.00	3,638.00
Total Expenditures	<u>5,647,147.81</u>	<u>661,029.03</u>	<u>6,308,176.84</u>
Excess (deficiency) of revenues over expenditures	(52,812.46)	275,270.63	222,458.17
<b>Adjustments to prior year cash fund balances</b>			
Estopped warrants	0.00	0.00	0.00
Total adjustments	0.00	0.00	0.00
Net Change In Fund Balances	(52,812.46)	275,270.63	222,458.17
Fund Balance - Beginning of Year	2,352,942.94	1,489,183.73	3,842,126.67
Fund Balance - End of Year	<u>\$2,300,130.48</u>	<u>\$1,764,454.36</u>	<u>\$4,064,584.84</u>

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



NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY, OKLAHOMA  
Statements of Net Assets  
Fiduciary Funds  
June 30, 2014

EXHIBIT E

	<u>Agency Funds</u> <u>Total</u> <u>Activity Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$48,949.70
Investments	0.00
Total Assets	<u>\$48,949.70</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Liabilities:</b>	
Warrants/checks payable	\$27,032.41
Due to student accounts	21,917.29
Total Liabilities	<u>48,949.70</u>
<b>Net Assets:</b>	
Reserved	0.00
Unreserved/undesignated	0.00
Total Net Assets	0.00
Total Liabilities and Net Assets	<u>\$48,949.70</u>

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

## NOTES TO BASIC FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

The financial statements of Northwest Technology Center, (the "District") complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statement for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless the pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

#### I.A. Financial 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 District is part of the public school system of Oklahoma under the general direction and control of the State Board of Career and Technology Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

The Board constituting an on-going entity is the level of government, which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the local Independent School District. The Board receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources entities.

However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

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

The District's financial reporting entity comprises the following:

Primary Government: Northwest Technology Center #V-10

Component Units: There are no component units

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 34, "The Financial Reporting Entity," and includes component units of which the District appointed a voting majority of the units' board; the District is either able to impose its will on the unit or a financial benefit or burden relationship exists. Based upon the application of these criteria, there are no potential component units included in the District reporting entity.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**I.B. Basis of Presentation**

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental proprietary categories. A fund is considered major if it is the primary operating fund of the school or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds or that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expense of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

**General Fund** - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the school except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The General Fund includes federal and state restricted monies that must be expended for specific programs.

**Special Revenue Fund** - The special revenue fund is the District's Building Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and other expenditures permitted by statute.

Fiduciary Fund Type (not included in government-wide statements)

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, either a non-expendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**I.B. Basis of Presentation (continued)**

Agency Fund - The Agency fund is the School Activity Fund which is used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds.

**Major and Non-major Funds**

The funds are further classified as major or non-major as follows:

<b>Major Funds</b>	<b>Brief Description</b>
General Fund	See above for description
Special Revenue Fund: Building Fund	See above for description
<b>Non-major Funds</b>	
None	The District has no non-major fund to report

**I.C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Propriety fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**Basis of Accounting**

In the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**NOTES TO BASIC FINANCIAL STATEMENTS**

Page 4

**I.C. Measurement Focus and Basis of Accounting (continued)**

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expense are recorded when the liability is incurred or economic asset used.

**I.D. Assets, Liabilities and Fund Equity**

Cash and Investments - For the purpose of the Statement of Net Assets, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposits of the District. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investment with an original maturity of three months or less.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash investment disclosures are presented in Notes 2.C and 3.A

Inter-fund Receivables and Payables - There were not any inter-fund receivables or payables.

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. All accounts receivable are considered collectable at year-end. Major receivable balances for the governmental activities include property taxes, grants, and contracts.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, grants and contracts and other similar intergovernmental revenue since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Inventories - The value of consumable inventories at June 30, 2014 is not material to the financial statements. Purchases for inventory items are considered expenditures at the time of purchase.

Fixed Assets - The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to report the majority of the buildings and infrastructures. Historical cost was used to report land, furniture, and equipment.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**I.D. Assets, Liabilities and Fund Equity (continued)**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings	25-40 years
- Improvements	7-40 years
- Machinery and Equipment	7-40 years

In the government-wide financial statements, all machinery, equipment, furniture, and automobiles costing \$2,500 or more have been capitalized and depreciated over the estimated useful life. Repairs, remodeling and/or construction costing \$25,000 or more has been capitalized and depreciated over the estimated useful life.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Restricted Assets - The District had no restricted assets.

Long-term Debt - The District has no bonded indebtedness.

Compensated Absences - The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. 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. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Fund Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

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

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**I.D. Assets, Liabilities and Fund Equity (continued)**

- **Non-spendable**: 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.
- **Restricted**: This classification includes amount 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. Debt service resources are to be used for future servicing of the general obligation bonds and are restricted through debt covenants. Capital project revenue from bond proceeds is restricted by State Statute and is legally segregated for funding of voter approved uses.
- **Committed**: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned**: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility 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 government 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.

**I.E. Revenues, Expenditures and Expenses**

**Property Tax Revenue** - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the 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 one-half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. 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 BASIC FINANCIAL STATEMENTS**

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**I.E. Revenues, Expenditures and Expenses (continued)**

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Career and Technology Education administer 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 State Department of 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. State Board of Career and Technology Education rules require that revenue ear-marked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical program. The State Board of Career and Technology Education require that categorical educational program revenues be accounted for in the General Fund.

Expenditures/Expenses - In the government-wide financial statements, expenses are classified by function of governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by Character: Current (further classified by function)  
Debt Service  
Capital Outlay

**2. Detail Notes on Transaction Classes/Accounts**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expense.

**2.A. Cash Fund Balance**

The District's investments policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Deposits - The District's cash deposits at June 30, 2014 are categorized to give an indication of the level of risk assumed by the District at year end as follows:

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2.A. Cash Fund Balance (continued)**

Deposit Categories of Credit Risk

- (A) Insured or collateralized with securities held by the District or by its agent in the District's name.  
(B) Collateralized with securities held by the pledging financial institution's trust department or agent in District's name.  
(C) Uncollateralized.

	<u>Category</u>			<u>Bank</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>Balance</u>
Cash and cash equivalents	\$297,604.70	\$ 255,790.55	\$ 0.00	\$ 553,395.25
Investments	0.00	4,132,000.00	0.00	4,132,000.00
	<u>\$297,604.70</u>	<u>\$4,387,790.55</u>	<u>\$ 0.00</u>	<u>\$4,685,395.25</u>
Reconciliation to Government-wide Statement of Net Assets:				
Unrestricted cash, including time deposits				\$4,637,790.55
Agency fund cash, including time deposits (not included in government-wide statement) (Activity Fund)				<u>47,604.70</u>
				<u>\$4,685,395.25</u>

**2.B. Other Receivables**

Other receivables of the governmental activities consist of tuition and fees and reimbursement. Receivables detail at June 30, 2014 was as follows:

	<u>Governmental</u>
	<u>Activities</u>
Tuition and fees receivable	\$ <u>152,514.37</u>

**2.C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>Balance at</u>		<u>Disposals</u>	<u>Balance at</u>
	<u>7/01/13</u>	<u>Additions</u>		<u>6/30/14</u>
<u>Governmental activities:</u>				
Land	\$ 183,860.00	\$ 0.00	\$ 0.00	\$ 183,860.00
Buildings	6,086,252.66	3,300.00	0.00	6,089,552.66
Construction in progress	0.00	0.00	0.00	0.00
Equipment & Autos	<u>1,700,908.42</u>	<u>222,561.16</u>	<u>(362,945.60)</u>	<u>1,560,523.98</u>
Totals at historical cost	<u>7,971,021.08</u>	<u>225,861.16</u>	<u>(362,945.60)</u>	<u>7,833,936.64</u>
Less accumulated depreciation				
Buildings	(2,123,316.21)	(211,161.67)	0.00	( 2,334,477.88)
Equipment & Autos	<u>( 783,028.94)</u>	<u>(169,009.47)</u>	<u>184,014.63</u>	<u>( 768,023.78)</u>
Total accumulated depreciation	<u>(2,906,345.15)</u>	<u>(380,171.14)</u>	<u>184,014.63</u>	<u>( 3,102,501.66)</u>
Governmental activities capital assets, net	<u>\$ 5,064,675.93</u>	<u>\$ (154,309.98)</u>	<u>\$(178,930.97)</u>	<u>\$ 4,731,434.98</u>

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2.C. Capital Assets**

Depreciation expense was charged to governmental activities as unallocated. Activity types would be as follows:

	<u>Equipment, Furniture, Fixtures and Automobiles</u>	<u>Buildings</u>	<u>Total</u>
General government:			
Instruction	\$ 109,856.15	\$ 147,813.16	\$ 257,669.31
Support	<u>59,153.32</u>	<u>63,348.51</u>	<u>122,501.83</u>
Total depreciation expense-			
Governmental activities	<u>\$ 169,009.47</u>	<u>\$ 211,161.67</u>	<u>\$ 380,071.14</u>

**2.D. Accounts Payable**

Accounts payables in the general fund and building fund are composed of payables to vendors. There are no accrued salaries or benefits as of year-end.

Inter-fund Receivables and Payables - There were no inter-fund receivables or payables at June 30, 2014.

**2.E. Other Payables**

Other payables in the general fund and building fund are composed of outstanding warrants. These warrants have been released as of June 30, 2014. There were not any "other payables" in the Enterprise Funds.

**2.F. Long-term Debt**

Governmental Activities - As of June 30, 2014 the governmental long-term debt of the financial reporting entity consisted of:

Accrued Compensated Absences	\$ <u>74,689.93</u>
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**2.G. Capital Leases**

The District has entered into no lease-purchase agreements as lessee for financing the acquisition of equipment.

**2.H. Operating Leases**

The District has elected not to present a liability for operating leases. All operating leases contain a mutual ratification clause for both parties; therefore, the District does not consider the obligation to be for a period extending beyond the current fiscal year.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**3. Other Notes**

**3.A. Inter-fund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2014.

**3.B. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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. Accordingly, actual results could differ from those estimates.

**3.C. Other Post Employment Benefits**

The District does not offer any early retirement incentive plans.

**3.D. Employee Retirement System**

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues an independent financial report, financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P. O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

A participant with 5 years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00, and the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

NOTES TO BASIC FINANCIAL STATEMENTS

**3.D. Employee Retirement System (continued)**

The 2013-14 contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2014. An additional 8.25% of compensation is required for federal grants. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating member is 7% up to a maximum compensation level.

The total contributions for employees of Northwest Technology Center #V-10 covered by the System for the year 2014, 2013 and 2012 were \$508,214.07, \$418,041.73 and \$399,064.22, respectively.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The non-funded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2013, is as follows:

Total pension obligation	\$ 18,973,166,739
Net assets available for benefits, at cost	<u>10,861,057,537</u>
Non-funded pension benefit obligation	<u>\$ 8,112,109,202</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teachers Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

**3.E. Budgets and Budgetary Accounting**

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

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

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.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**3.E. Budgets and Budgetary Accounting (continued)**

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.

**3.F. Risk Management**

Insurance Coverage

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

The School also participates in a risk pool for 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 pool is the Oklahoma School Assurance group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is 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 for any and all claims submitted to them during the plan year. As a member of OSAG, the District is required to pay fees set by 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. 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.

The District is also a member of the Oklahoma Public School Unemployment Compensation Program. In this program, the District is required to make a deposit based on past experience for potential unemployment claims. The funds for each District are kept separate. The money contributed by each District does not earn interest and is fully insured. If the District has claims in excess of the amount of their account, they would be liable for the excess.

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, 2013 to July 1, 2014. Coverage is for the following positions:

Superintendent  
Business Manager

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Surety Bonds (continued)**

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-2012, dated July 1, 2013 to July 1, 2014. Coverage includes the following positions:

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

**4. Contingencies**

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.

**5. Subsequent Events**

Management has evaluated subsequent events through March 2, 2015, which is the date the financial statements were available to be issued.

NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY, OKLAHOMA  
Budgetary Comparison Schedule-Regulatory Basis  
General Fund  
For the Year Ending June 30, 2014

SCHEDULE A-1

Revenues	General Fund		Actual Amounts	Variance with Final Budget Positive(Negative)
	Budgeted Amounts			
	Original	Final		
Local sources	\$3,141,436.08	\$3,141,436.08	\$3,495,204.00	\$353,767.92
Intermediate Sources	0.00	0.00	0.00	0.00
State Sources	1,850,601.00	1,850,601.00	1,847,088.29	(3512.71)
Federal Sources	421,851.00	421,851.00	374,581.69	(47269.31)
Other	0.00	0.00	5,131.93	5131.93
<b>Total Revenue</b>	<b>\$5,413,888.08</b>	<b>\$5,413,888.08</b>	<b>\$5,722,005.91</b>	<b>\$308,117.83</b>
<b>Expenditures</b>				
Instruction	3,075,884.78	3,075,884.78	2,676,953.77	398,931.01
Support Services	4,300,330.27	4,300,330.27	2,844,467.87	1,455,862.40
Operation of non-instructional services	112,850.00	112,850.00	53,295.29	59,554.71
Facilities acquisition and construction	46,711.00	46,711.00	21,106.64	25,604.36
Other Outlay	3,045.81	3,045.81	2,494.53	551.28
Other Uses	204,000.00	204,000.00	102,480.00	101,520.00
<b>Total Expenditures</b>	<b>\$7,742,821.86</b>	<b>\$7,742,821.86</b>	<b>\$5,700,798.10</b>	<b>\$2,042,023.76</b>
<b>Excess (-deficiency) of revenues over expenditures</b>	<b>(\$2,328,933.78)</b>	<b>(\$2,328,933.78)</b>	<b>\$21,207.81</b>	<b>\$2,350,141.59</b>
<b>Other Financing Sources (Uses)</b>				
Transfer In				0.00
Transfer Out	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net change in fund Balances</b>	<b>(2,328,933.78)</b>	<b>(2,328,933.78)</b>	<b>21,207.81</b>	<b>2,350,141.59</b>
Fund Balance - Beginning of Year	2,328,933.78	2,328,933.78	2,328,933.78	0.00
<b>Fund Balance - End of Year</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,350,141.59</b>	<b>\$2,350,141.59</b>

Amounts reported for budgetary comparison schedule-regulatory basis to the GAAP basis presentation is different because:

Accounts receivable not recognized as revenue:	
Receivables from other governments	17,911.45
Other receivables	0.00
Liabilities payable recognized as expenditures	
Encumbrances Payable	1,948.34
Adjustment to beginning Fund Balance:	
Prior Year Reserves cancelled	(2,637.40)
<b>Fund Balance - June 30 - GAAP Basis</b>	<b>\$2,367,363.98</b>

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

NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY, OKLAHOMA  
Budgetary Comparison Schedule-Regulatory Basis  
Building Fund  
For the Year Ending June 30, 2014

SCHEDULE A-2

Revenues	Building Fund		Actual Amounts	Variance with Final Budget Positive(Negative)
	Budgeted Amounts			
	Original	Final		
Local sources	\$850,505.84	\$850,505.84	\$931,377.13	\$80,871.29
Intermediate Sources	0.00	0.00	0.00	0.00
State Sources	0.00	0.00	6,020.90	6020.90
Federal Sources	0.00	0.00	24.30	24.30
Other	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<b>850,505.84</b>	<b>850,505.84</b>	<b>937,422.33</b>	<b>86,916.49</b>
<b>Expenditures</b>				
Instruction	1,028.00	1,028.00	1,028.00	0.00
Support Services	402,626.86	402,626.86	402,626.86	0.00
Operation of non-instructional services	0.00	0.00	0.00	0.00
Facilities acquisition and construction	2,224,049.88	2,224,049.88	604,359.28	1,619,690.60
Other Outlay	0.00	0.00	0.00	0.00
Other Uses	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>	<b>2,627,704.74</b>	<b>2,627,704.74</b>	<b>1,008,014.14</b>	<b>1,619,690.60</b>
<b>Excess (-deficiency) of revenues over expenditures</b>	<b>(1,777,198.90)</b>	<b>(1,777,198.90)</b>	<b>(70,591.81)</b>	<b>1,706,607.09</b>
<b>Other Financing Sources (Uses)</b>				
Transfer In	0.00	0.00	0.00	0.00
Transfer Out	0.00	0.00	0.00	0.00
<b>Total Other Financing Sources (Uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net change in fund Balances</b>	<b>(1,777,198.90)</b>	<b>(1,777,198.90)</b>	<b>(70,591.81)</b>	<b>1,706,607.09</b>
Fund Balance - Beginning of Year	1,777,198.90	1,777,198.90	1,777,198.90	0.00
<b>Fund Balance - End of Year</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,706,607.09</b>	<b>\$1,706,607.09</b>

Amounts reported for budgetary comparison schedule-regulatory basis to the GAAP basis presentation is different because:

Accounts receivable not recognized as revenue:	5,374.91
Liabilities payable recognized as expenditures:	395,900.00

Fund Balance - June 30 - GAAP Basis	<b>\$2,107,882.00</b>
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The notes to financial statements are an integral part of this statement

NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY, OKLAHOMA  
Combining Balance Sheet-Fiduciary Funds  
For the Year Ending June 30, 2014

SCHEDULE B-1

	Fiduciary Funds (Agency)		
	Alva Student Activity Fund	Fairview Student Activity Fund	Total Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$33,237.27	\$15,712.43	\$48,949.70
Investments	0.00	0.00	0.00
<i>Total Assets</i>	<u>33,237.27</u>	<u>15,712.43</u>	<u>48,949.70</u>
	=====	=====	=====
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Warrants/checks payable	23,252.41	3,780.00	27,032.41
Due to Student Accounts	<u>9,984.86</u>	<u>11,932.43</u>	<u>21,917.29</u>
<i>Total Liabilities</i>	<u>33,237.27</u>	<u>15,712.43</u>	<u>48,949.70</u>
Fund Balance			
Unreserved	\$0.00	\$0.00	\$0.00
Unreserved, unrestricted, reported in:	\$0.00	\$0.00	\$0.00
Special revenue funds	\$0.00	\$0.00	\$0.00
<i>Total Fund Balances</i>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$33,237.27</u>	<u>\$15,712.43</u>	<u>\$48,949.70</u>
	=====	=====	=====

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

NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY, OKLAHOMA

SCHEDULE B-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balance-Fiduciary Funds  
For the Year Ending June 30, 2014

	Fiduciary Funds (Agency)		Total Agency Funds
	Alva Student Activity Fund	Fairview Student Activity Fund	
<b>Revenues</b>			
Local sources	\$227,462.38	\$135,753.16	\$363,215.54
Investments Income	<u>317.30</u>	<u>60.51</u>	<u>\$377.81</u>
<i>Total Revenue</i>	<u>227,779.68</u>	<u>135,813.67</u>	<u>363,593.35</u>
<b>Expenditures</b>			
Current:			
Instruction	227,824.44	133,331.90	361,156.34
Other Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<i>Total Expenditures</i>	<u>227,824.44</u>	<u>133,331.90</u>	<u>361,156.34</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(44.76)	2,481.77	2,437.01
<b>Adjustments to prior year cash fund balances</b>			
Lapsed reserves	0.00	0.00	0.00
Estopped warrants/checks	<u>0.00</u>	<u>9.93</u>	<u>9.93</u>
<i>Total adjustments</i>	0.00	-9.93	(9.93)
<i>Net Change In Fund Balances</i>	(44.76)	2,491.70	2,446.94
<i>Fund Balance - Beginning of Year</i>	<u>10,029.62</u>	<u>9,432.59</u>	<u>19,462.21</u>
<i>Fund Balance - End of Year</i>	<u>\$9,984.86</u>	<u>\$11,924.29</u>	<u>\$21,909.15</u>

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

NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY - OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
ALLOCATIONS & EXPENDITURES  
07/01/13 TO 06/30/14

FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2013	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2014
<b><u>U.S Department of Education -</u></b>						
<b><u>Direct Programs</u></b>						
	84.063	\$95,981.00	\$2,626.00	\$94,927.00	\$95,981.00	\$3,680.00
	84.063	130.00	0.00	130.00	130.00	0.00
		Total Student Financial Assistance Cluster	2,626.00	95,057.00	96,111.00	3,680.00
	64.111	36.00	0.00	36.00	36.00	0.00
<b><u>Oklahoma Department of Career and</u></b>						
<b><u>Technology Education -</u></b>						
	84.048	147,797.00	23,613.24	145,293.79	147,565.42	25,884.87
	93.558	157,304.80	38,344.45	132,238.93	130,228.34	36,333.86
<b><u>Other Federal Assistance</u></b>						
	97.036	1,875.00	0.00	1,875.00	1,875.00	0.00
	15.617	105.27	0.00	105.27	105.27	0.00
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$64,583.69</b>	<b>\$374,605.99</b>	<b>\$375,921.03</b>	<b>\$65,898.73</b>

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

NOTE B: The were no amounts passed to subrecipients.

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

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

NORTHWEST TECHNOLOGY CENTER DISTRICT #V-10  
WOODS COUNTY - OKLAHOMA  
STUDENT FINANCIAL ASSISTANCE PROGRAM  
07/01/13 to 06/30/14

SCHEDULE 1-01

	<u>Detail</u>	<u>Total</u>
PELL GRANT PROGRAM		
Beginning Accrued Balance Receivable - 6/30/2013		(\$2,626.00)
<u>Allocation Collected</u>		
Student Grants (13)	2,626.00	
Student Grants (14)	92,301.00	
Administrative Allocation	130.00	
Total Allocated	<u>95,057.00</u>	
<u>Expenditures</u>		
Student Grants	95,981.00	
Administrative Cost Allowance	130.00	
Total Expenditures	<u>96,111.00</u>	
Accrued Balance Receivable 06/30/2014		<u><u>(\$3,680.00)</u></u>

NORTHWEST TECHNOLOGY CENTER #V-10  
WOODS COUNTY - OKLAHOMA  
ALVA CAMPUS ACTIVITY FUND  
REVENUES, EXPENDITURES, AND BALANCES  
07/01/13 TO 06/30/14

<u>ACCOUNT</u>	<u>07/01/13</u>	<u>REVENUES</u>	<u>ADJUSTMENTS</u>	<u>TRANSFERS</u>	<u>EXPENDITURES</u>	<u>06/30/14</u>
DAY TUITION	\$0.00	\$26,908.00	\$0.00	(\$187.00)	\$26,721.00	\$0.00
SHORT TERM TUITION	0.00	112,442.36		(30.00)	112,412.36	0.00
DAY TUITION (OD) POST SECONDARY	0.00	2,408.00		627.00	3,035.00	0.00
DAY TUITION (OD) SECONDARY	0.00	165.00		(165.00)	0.00	0.00
FEES	50.00	49,166.67		(541.00)	48,675.67	0.00
INTEREST	0.00	317.30			317.30	0.00
RENTAL OF SCHOOL FACILITIES	0.00	1.00			1.00	0.00
INCUBATOR CLIENT RENT	0.00	2,478.00			2,478.00	0.00
BOOKSTORE REVENUE	0.00	7,952.00		296.00	8,248.00	0.00
LIVEWORK	0.00	16,213.98			16,213.98	0.00
VENDING	3,808.86	2,765.87			2,891.63	3,683.10
STUDENT ORGANIZATIONS	6,170.76	1,211.50			1,080.50	6,301.76
STUDENT AID	0.00	5,550.00			5,550.00	0.00
PETTY CASH	0.00	200.00			200.00	0.00
PARTNERS W/ OTHER ORGANIZATION	0.00	0.00			0.00	0.00
<b>TOTALS</b>	<b>\$10,029.62</b>	<b>\$227,779.68</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$227,824.44</b>	<b>\$9,984.86</b>

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  
07/01/13 TO 06/30/14

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	31,892.27	
DEPOSIT IN TRANSIT	<u>1,345.00</u>	
 TOTAL DEPOSITORY		 <u><u>\$33,237.27</u></u>
<u>FUND</u>		
LEDGER BALANCE	9,984.86	
ADD: 2013-14 OUTSTANDING	<u>23,252.41</u>	
 TOTAL DEPOSITORY		 <u><u>\$33,237.27</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  
07/01/13 TO 06/30/14

	<u>TOTAL</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>PRIOR</u>	<u>INVESTMENTS</u>
BEGINNING CASH AND INVESTMENTS	\$18,727.43	\$10,029.62	\$8,697.81	\$0.00	\$0.00	\$0.00
<u>REVENUES</u>						
DEPOSITS	226,117.38	226,117.38				
INTEREST	317.30	317.30				
REDEPOSITS	0.00	0.00				
CHECKS STOPPED	0.00	0.00				
TOTAL REVENUES	226,434.68	226,434.68	0.00	0.00	0.00	0.00
<u>EXPENDITURES</u>						
CHECKS PAID	212,726.78	204,028.97	8,697.81			
CREDIT CARD RETURNS	150.00	150.00				
CREDIT CARD FEES	383.06	383.06				
RETURNED CHECKS/FEES	0.00	0.00				
BANK FEES	10.00	10.00				
TOTAL EXPENDITURES	213,269.84	204,572.03	8,697.81	0.00	0.00	0.00
ENDING BALANCES	\$31,892.27	\$31,892.27	\$0.00	\$0.00	\$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  
07/01/13 TO 06/30/14

<u>ACCOUNT</u>	<u>07/01/13</u>	<u>REVENUES</u>	<u>ADJUSTMENTS</u>	<u>TRANSFERS</u>	<u>EXPENDITURES</u>	<u>06/30/14</u>
ADULT DAY TUITION IN-DISTRICT	\$0.00	\$6,018.50	\$0.00	\$0.00	\$6,018.50	\$0.00
SHORT TERM TUITION	0.00	89,183.50		341.00	89,524.50	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	12,423.50		(21.00)	12,402.50	0.00
INTEREST	0.00	60.51	9.93		70.44	0.00
RENTAL OF SCHOOL FACILITIES	0.00	700.00			700.00	0.00
INCUBATOR CLIENT RENT	0.00	0.00			0.00	0.00
BOOKSTORE REVENUE	0.00	9,095.45		(320.00)	8,775.45	0.00
LIVEWORK	0.00	8,325.57			8,325.57	0.00
VENDING	5,092.94	3,249.50			1,586.82	6,755.62
STUDENT ORGANIZATIONS	4,339.65	4,157.14			3,328.12	5,168.67
STUDENT AID	0.00	2,400.00			2,400.00	0.00
PETTY CASH	0.00	200.00			200.00	0.00
NWOSU/ALVA CHAMBER PARTNERSHIP	0.00	0.00			0.00	0.00
<b>TOTALS</b>	<b>\$9,432.59</b>	<b>\$135,813.67</b>	<b>\$9.93</b>	<b>\$0.00</b>	<b>\$133,331.90</b>	<b>\$11,924.29</b>

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  
07/01/13 TO 06/30/14

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	<u>15,712.43</u>	
TOTAL DEPOSITORY		<u><u>\$15,712.43</u></u>
 <u>FUND</u>		
LEDGER BALANCE	11,924.29	
ADD: 2013-14 OUTSTANDING	3,780.00	
ADJ: JUNE 2014 INTEREST NOT POSTED	<u>8.14</u>	
TOTAL DEPOSITORY		<u><u>\$15,712.43</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  
07/01/13 TO 06/30/14

	<u>TOTAL</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>PRIOR</u>	<u>INVESTMENTS</u>
BEGINNING CASH AND INVESTMENTS	\$14,172.52	\$9,442.52	\$4,730.00	\$0.00	\$0.00	\$0.00
<u>REVENUES</u>						
DEPOSITS	135,753.16	135,753.16				
INTEREST	68.65	68.65				
CHECKS STOPPED	0.00	0.00				
TOTAL REVENUES	135,821.81	135,821.81	0.00	0.00	0.00	0.00
<u>EXPENDITURES</u>						
CHECKS PAID	133,109.39	128,379.39	4,730.00			
RET CKS/FEEES	120.00	120.00				
CREDIT CARD FEES	1,052.36	1,052.36				
BANK FEES/CK PRNT CHGS	0.15	0.15				
TOTAL EXPENDITURES	134,281.90	129,551.90	4,730.00	0.00	0.00	0.00
ENDING BALANCES	\$15,712.43	\$15,712.43	\$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  
Special Revenue Fund

Trust and Agency 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**

Page 2

**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, 2014 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.

# Chas. W. Carroll, P.A.

Hiland Tower – Suite 406  
302 N. Independence

Enid, Oklahoma 73701  
Phone 580-234-5468  
Fax 580-234-5425

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

Honorable Board of Education  
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, 2014, 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 2, 2015.

### **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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 2, 2015

NORTHWEST TECHNOLOGY CENTER #V-10  
ALVA - WOODS COUNTY - OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014

DISPOSITION OF PRIOR YEAR FINDINGS  
JUNE 30, 2014

No reportable conditions were noted during the 2012-13 fiscal.

NORTHWEST TECHNOLOGY CENTER #V-10  
ALVA - WOODS COUNTY - OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014

SCHEDULE OF FINDINGS  
JUNE 30, 2014

Section 1 - Summary of Auditor's Results

- A) No reportable conditions, either material or immaterial, were noted or brought to my attention during 2013-14 fiscal year.

NORTHWEST TECHNOLOGY CENTER #V-10  
ALVA - WOODS COUNTY - OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014

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".