

**TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18,
TULSA, OKLAHOMA**

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

JUNE 30, 2013

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013

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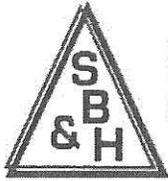
SCHOOL DISTRICT TREASURER

Sue Wimmer

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Tulsa Technology Center School District No. 18
Tulsa, Oklahoma 74147

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tulsa Technology Center School District No. 18 (the District), Tulsa County, Oklahoma, as of and for the year ended June 30, 2013, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Building Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-19 and 41-42, 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our 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 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2014, on our consideration of the District's internal control over financial reporting and on our 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 our 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.



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

March 12, 2014

Management's Discussion and Analysis

Tulsa Technology Center School District No. 18

Tulsa, Oklahoma

Management's Discussion and Analysis June 30, 2013

This section of Tulsa Technology Center's (the District) annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2013. To fully understand the District's financial performance, read it in conjunction with the basic financial statements and the notes to the financial statements.

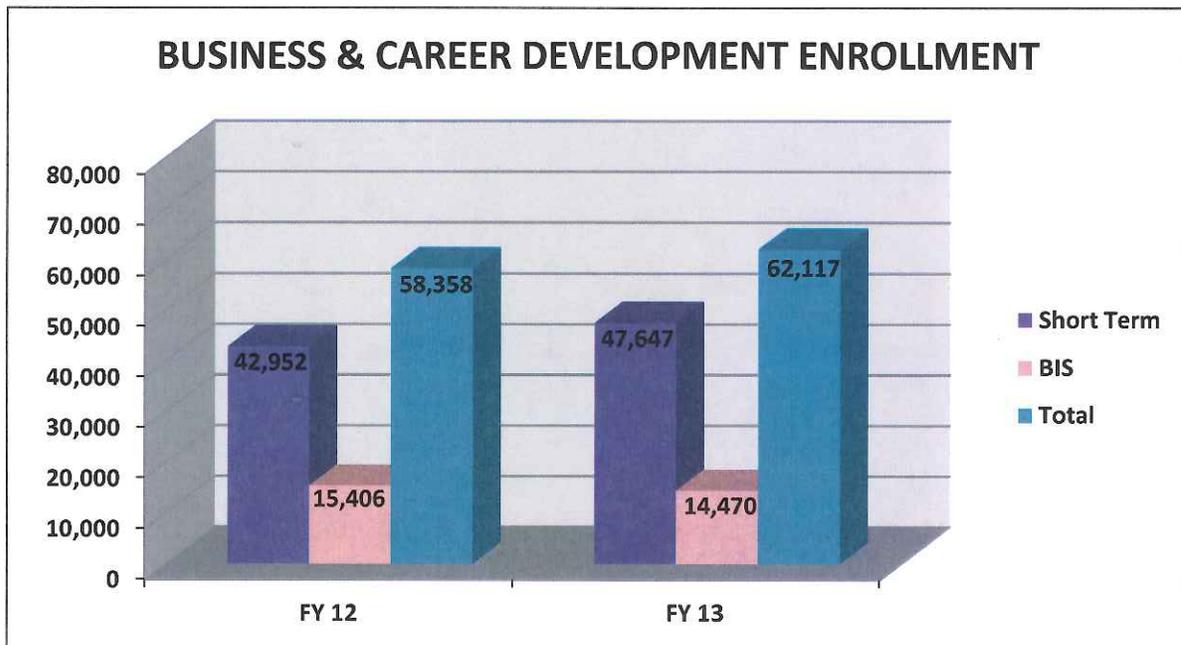
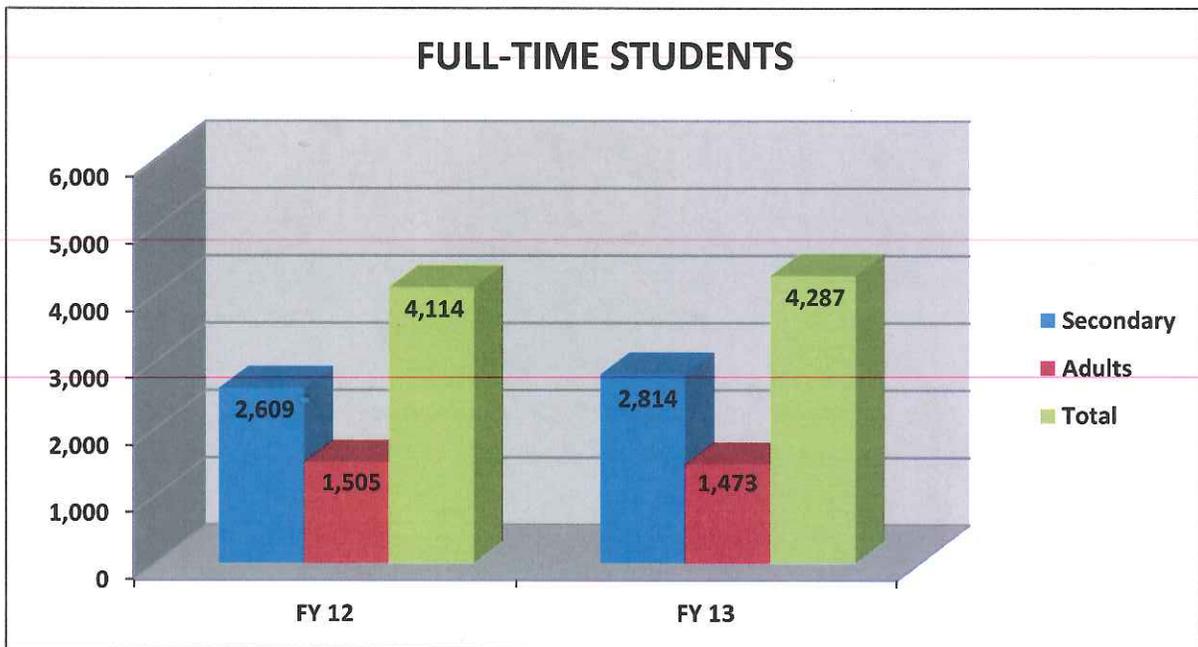
The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999.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

Tulsa Technology Center

The District is part of the public career and technology education system of Oklahoma under the general direction and control of the Oklahoma State Board of Career and Technology Education. The District is the oldest and largest career and technology education institution in Oklahoma with four campuses and several satellite training sites. The District serves 14 public schools including Tulsa, Broken Arrow, Union, Catoosa, Sperry, Skiatook, Owasso, Liberty, Jenks, Bixby, Sand Springs, Glenpool, Berryhill, and Collinsville. There are eight counties the District encompasses in whole or in part. They are Tulsa, Creek, Okmulgee, Osage, Rogers, Pawnee, Wagoner, and Washington. The main career clusters are Agriculture, Food & Natural Resources, Architecture & Construction, Arts, A/V Technology & Communications, Business, Management, and Administration, Education & Training, Finance, Government & Public Administration, Health Science, Hospitality & Tourism, Human Resources, Information Technology, Law, Public Safety & Security, Manufacturing, Marketing, Sales & Services, Science, Technology & Engineering and Transportation, Distribution and Logistics. The District has three basic areas or types of instruction:

- *Full-time Programs* – The District offers 162 full-time program FTEs. These programs are designed to lead to industry certifications, licenses, employment, or continuing education.
- *Adult and Continuing Education* – These classes are designed around specific curriculum and are designed to provide an introduction to or enhance knowledge of specific topics. Continuing education and licensing classes are offered in several areas including real estate, insurance, and health.
- *Business and Industry Services* – This division strives to meet the training and development needs of business and industry in the Tulsa metropolitan area.

During fiscal year 2012 – 2013, the District served 2,814 secondary students in full-time programs from public schools as well as private, parochial, and home-schooled students. There were 1,473 adults in full-time programs. The District had 62,117 enrollments in short-term training classes, continuing education classes and classes for area businesses through our Business and Industry Services department.



Financial Highlights

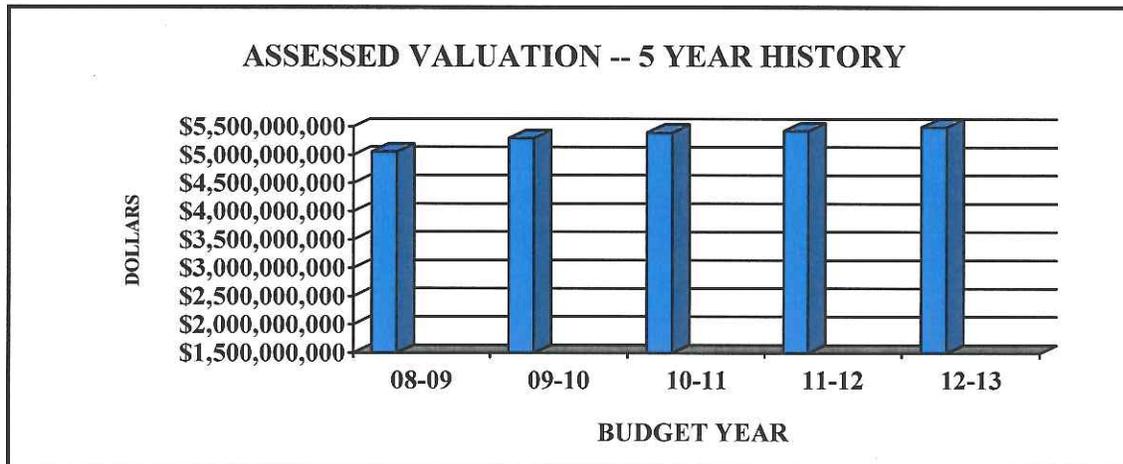
Funding by the State of Oklahoma decreased from 2012 to 2013 by \$338,547.

State Formula Funding

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2013</u>	<u>Percentage Change</u>
State Formula Allocation	\$ 6,634,061	\$ 6,295,514	(5%)

Additionally the District receives money from the State of Oklahoma for Training for Industry Programs (TIP). In fiscal year 2013, Tulsa Technology Center's TIP revenue was \$427,598, a decrease of \$252,375. The downturn in the economy has impacted the demand for training. Fewer companies were expanding their workforce, which is a required qualification to apply for TIP funding. However, this funding did allow the District to develop, train and meet specific needs of Tulsa area businesses.

The District was helped by continued growth in property valuations and property tax collections. The District's net assessed valuation grew by \$119,592,169 from 2012 to 2013. Over the last five years the average growth in net assessed valuation has been 3.01% per year. We anticipate with the current economy to remain stable for the next three to five years.



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 Tulsa Technology Center. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- Government-wide financial statements, the Statement of Net Assets, and the Statement of Activities provide both short-term and long-term information about the District’s overall financial position.
- Fund financial statements focus on reporting the individual parts of the District’s operations in more detail. The fund financial statements comprise the remaining statements.
 - ✓ Governmental funds statements tell how the District services were financed in the short term as well as what remains for future spending. The governmental funds are the General Fund and Building Fund.
 - ✓ Fiduciary fund statements provide information about the financial relationships in which the District acts solely as trustee or agent for the benefit of others, to whom the resources belong. The fiduciary fund for the District is the School Activity Fund.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

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’s 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 nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in funding by the federal and state governments, and the condition 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 certain funds.

The District has two kinds of funds:

- *Governmental 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 Statement 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 in 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 operations.

Financial Analysis of Tulsa Technology Center as a Whole

Net Assets

The District's Total Net Assets were significantly larger on June 30, 2013, than they were the year before, increasing by \$11,209,682 or 5% to \$231,581,866.

The decrease in current assets of 9% or \$6,350,693 is a result of a decrease in accounts receivable of \$223,134, a decrease in cash and cash equivalents of \$3,388,982, and a decrease in investments of \$2,738,577. The increase of 12% or \$18,866,106 in non-current assets is due primarily to the purchase of equipment to maintain existing programs and for new programs opening in our new campuses at Owasso and Sand Springs as well as other smaller capitalized projects.

Total liabilities increased by 21%. The \$1,305,731 increase in current liabilities is a result of an increase in accounts payable of \$1,275,962 and an increase in short-term leave payable of \$2,947. The \$26,822 increase in non-current liabilities is a result of an increase in long-term compensated leave.

The increase of \$18,866,106 for the amount Invested in Capital Assets, Net of Related Debt was explained above. The presentation of the various fund balances was expanded two fiscal years ago to more clearly reflect the purpose of the fund balances. Beginning in Fiscal Year 2010-2011 the fund balance for each fund was reduced by the amount needed to cover the cash flow for the first six months of the next fiscal year. The amounts needed to cover the cash flow for both funds are combined and reflected in a new category titled Committed Fund Balance. The Assigned Fund Balance has not changed and represents the monies reserved to honor commitments made by the District for goods and services that have not yet been received. The Fiscal Year 2012-2013 amount reflected for the Restricted Fund Balance represents the monies in the Building Fund not yet encumbered by purchase order or legal contracts and primarily used for capital expenditures. Similarly, the Fiscal Year 2012-2013 amount reflected for the Unassigned Fund Balance represents the monies in the General Fund not yet encumbered by purchase order or legal contracts and primarily used for operational expenditures.

Net Assets
Fiscal Year Ended June 30, 2013

	Governmental Activities		Variance	
	2012	2013	Amount	% Change
Total Current Assets	\$ 70,171,882	\$ 63,821,189	\$ (6,350,693)	(9%)
Total Non-current Assets	<u>156,315,069</u>	<u>175,181,175</u>	<u>18,866,106</u>	12%
Total Assets	<u>226,486,951</u>	<u>239,002,364</u>	<u>12,515,413</u>	5%
Total Current Liabilities	3,349,041	4,627,950	1,278,909	38%
Total Non-current Liabilities	<u>2,765,726</u>	<u>2,792,548</u>	<u>26,822</u>	<1%
Total Liabilities	<u>6,114,767</u>	<u>7,420,498</u>	<u>1,305,731</u>	21%
Net Assets				
Invested in Capital Assets, Net of Related Debt	156,315,069	175,181,175	18,866,106	12%
Restricted Fund Balance	3,950,158	10,537,521	6,587,363	166%
Committed Fund Balance	23,192,665	19,300,500	(3,892,165)	(16%)
Assigned Fund Balance	34,396,243	20,869,649	(13,526,594)	(39%)
Unassigned Fund Balance	<u>2,518,049</u>	<u>5,693,021</u>	<u>3,174,972</u>	126%
Total Net Assets	<u>\$ 220,372,184</u>	<u>\$ 231,581,866</u>	<u>\$ 11,209,682</u>	5%

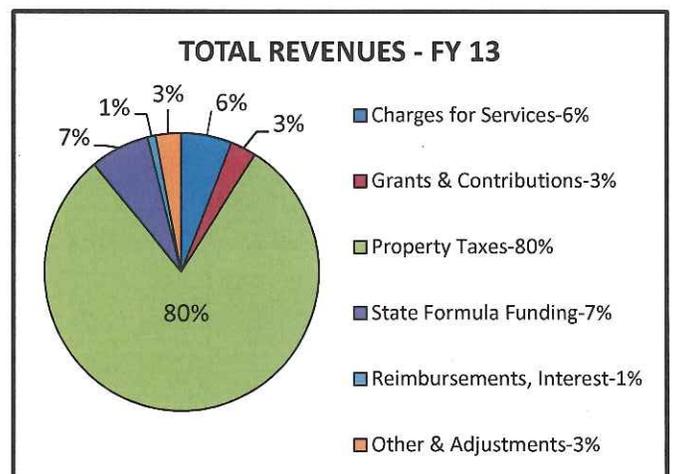
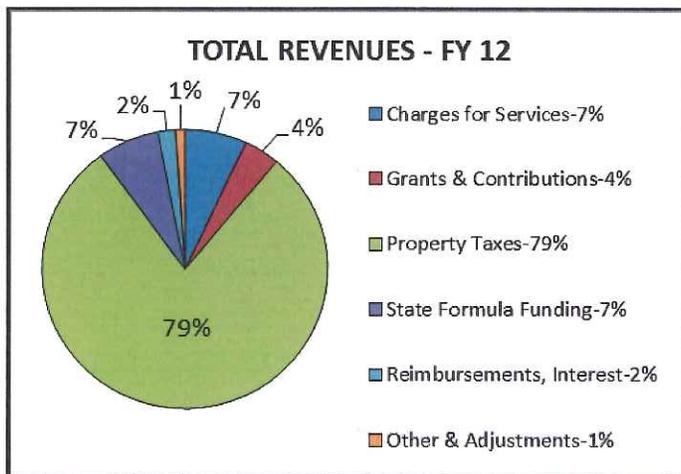
Changes in Net Assets

**Changes in Net Assets
Fiscal Year Ended June 30, 2013**

	Governmental Activities		Variance	
	<u>2012</u>	<u>2013</u>	<u>Amount</u>	<u>% Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 6,719,168	\$ 6,383,390	\$ (335,778)	(5%)
Operating Grants and Contributions	3,641,796	3,269,110	(372,686)	(10%)
General Revenues				
Property Taxes	72,666,352	73,495,146	828,794	1%
State Formula Funding	6,634,061	6,295,514	(338,547)	(5%)
Other Local/State	1,784,274	1,975,925	191,651	10%
Interest	525,736	292,516	(233,220)	(44%)
Adjustments to Prior Year's Encumbrances	<u>6,755</u>	<u>12,413</u>	<u>5,658</u>	<u>83%</u>
Total Revenues	\$ 91,978,142	\$ 91,724,014	\$ (254,128)	(<1%)
Expenditures				
Instruction	\$ 25,384,716	\$ 25,458,501	\$ 73,785	<1%
Support Services – Instructional	9,082,346	8,693,840	(388,506)	(4%)
Support Services – Operational	38,142,819	37,144,872	(997,947)	(2%)
Operation of Non-Instructional Services	2,999,724	3,072,292	72,568	2%
Facilities and Construction	355,821	3,724,080	3,368,259	946%
Other Expenses				
Other Outlays	3,063,319	2,002,547	(1,060,772)	(34%)
Repayments	<u>409,627</u>	<u>418,200</u>	<u>8,573</u>	<u>2%</u>
Total Expenditures	\$ <u>79,438,372</u>	\$ <u>80,514,332</u>	\$ <u>1,075,960</u>	1%
Increase (Decrease) in Net Assets	\$ <u>12,539,770</u>	\$ <u>11,209,682</u>		

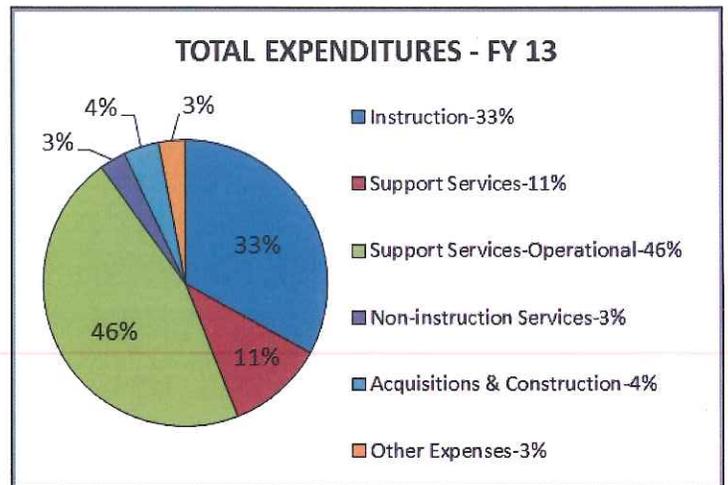
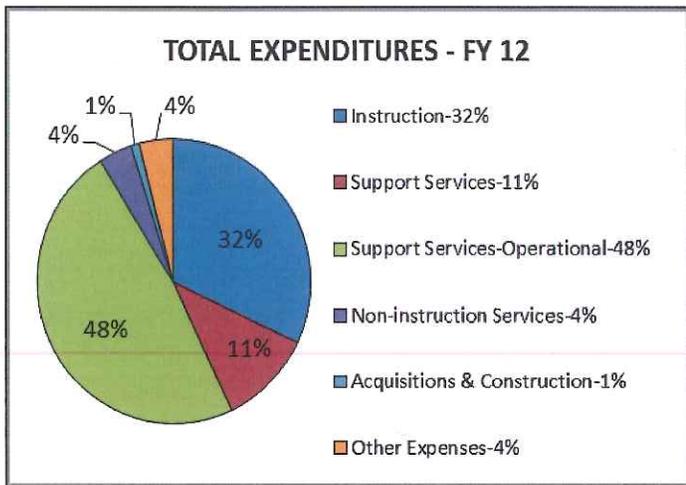
Explanation of Variance in Revenues

- The District's total revenues decreased by \$254,130 or .0028%.
- The \$335,778 decrease in Charges for Services was due to an decrease in reimbursements.
- The \$372,686 decrease in Operating Grants and Contributions was the result of a decrease in TIP of \$252,375 and a decrease in PELL of \$185,739. The remaining amount of \$65,428 was a combined increase of various other funding sources.
- The \$828,794 increase in Property Taxes is reflective of an increase in the assessed valuation and an increase in the amount of ad valorem taxes collected.
- As documented earlier in the State Formula Funding Chart, our state funding decreased by 5% or \$338,547.
- The \$191,651 increase in Other Local/State is due to increases in facility rentals, Oklahoma state lottery funds, and eSchool network fees.
- The \$233,220 decrease in Interest Revenue is because of a decrease in the District fund balances combined with lower interest rates. This decrease in fund balance is a result of cash used for construction on the Owasso Complex Project and the Sand Springs Campus.
- The \$5,658 increase in Adjustments to Prior Years' Encumbrances is a result of more e-stopped checks (cancelled outstanding checks).



Explanation of Variance in Expenditures

- The District's total expenditures increased by \$1,075,960 or 1%.
- The less than 1% increase in Instruction of \$73,785 was from \$244,115 for salary increases, a \$167,222 increase for two instructional positions, a net reduction of \$27,948 for non-capitalized expenses, employee leave payouts and new employee salary and benefits less than replacement employees. Also included in the net reduction is a small expenditure for the new Owasso and Sand Springs campuses. There was an increase of \$30,588 in accumulated depreciation, a reduction of \$45,006 in operational expenses, a \$193,272 reduction due to the elimination of the Youthbuild grant and a \$101,914 reduction in insurance premiums.
- The \$388,506 decrease in Support Services - Instructional was from \$86,035 for salary increases, a \$51,653 reduction due to the elimination of the Tech Prep grant, a \$83,611 increase for an Academic Center position, a \$16,200 reduction in accumulated depreciation, a net reduction of \$82,091 for employee leave payouts, new employee salary and benefits less than replacement employees. Also included in the net reduction was a small expenditure for the new Owasso and Sand Springs campuses. There was a decrease of \$372,290 in non-capitalized expenses and a \$35,918 reduction in insurance premiums.
- The 2% or \$997,947 decrease in Support Services – Operational was from \$165,718 for salary increases, an increase in accumulated depreciation of \$11,900, an increase in operational expenses of \$127,049, a decrease of \$1,061,993 for non-capitalized expenditures and a decrease of \$386,664 due to the elimination of three administrative positions. There was a decrease of \$353,028 for employee leave payouts and new employee salaries and benefits less than replacement employees. There was an increase of \$475,597 for expenses for the new Owasso and Sand Springs campuses, an increase in software and programming of \$92,659 and a reduction of \$69,185 in insurance premiums.
- Operation of Non-Instructional Services increased by \$72,568 from \$18,622 for salary increases, an increase in accumulated depreciation of \$20,012, a small decrease in operational expense of \$10,853, an increase in non-capitalized expenses of \$52,561 and a \$7,774 reduction in insurance premiums.
- The \$3,368,259 increase in Facilities and Construction was due to an increase in non-capitalized expenditures for existing facilities and the new Owasso and Sand Springs campuses.
- The \$1,060,772 decrease in Other Outlays was a result of a prior year one time storm damage expenditure that did not recur in 2012-2013.
- The \$8,573 increase in Repayments is the result of an increase in normal tuition refunds.



Governmental Activities

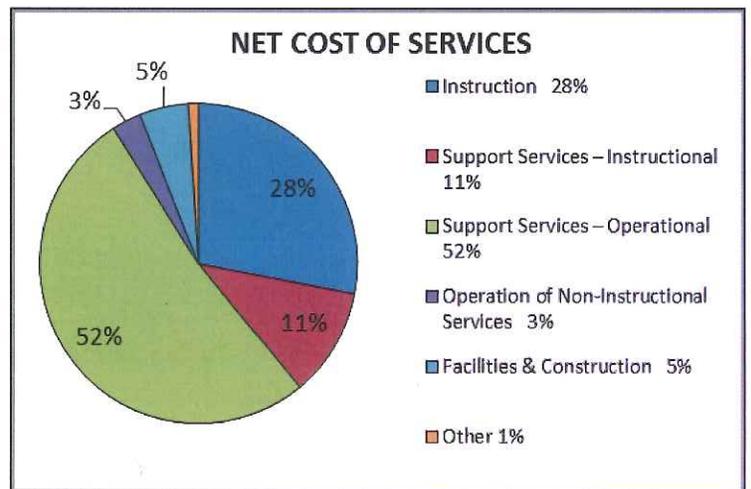
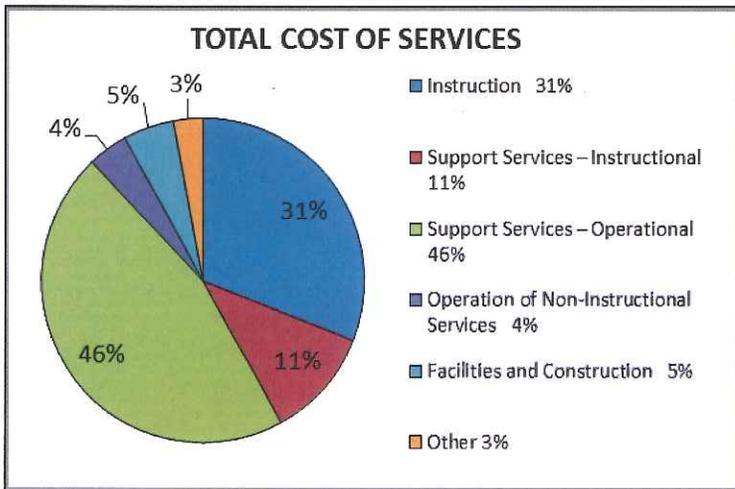
The net cost of all governmental activities this year was \$70,861,831. The governmental activities of the District include instruction, support services, operation of non-instructional programs, site improvements, and other uses. The total of all categories is reduced by program revenues (tuition and fees, resale and live work, and grants) to arrive at the Net Cost. Examples of the types of expenses that can be found in these categories include:

- Instruction – expenditures associated with activities that deal directly with the interaction between students and teachers. This includes secondary students, adult students, and businesses.
- Support Services, Instructional – expenditures associated with activities designed to assess and improve the well-being of students and to supplement the teaching process.
- Support Services, Non-Instructional – expenditures associated with assisting the instructional staff with the content and process of providing learning experiences for students.
- Non-instructional Services – expenditures associated with general administration including executive services as well as campus or school administration, central services including business and finance, information technology services, operation and maintenance of plant services and student transportation services.
- Facilities Acquisition and Construction – Expenditures involved with the acquisition of land and buildings, remodeling buildings, the construction of buildings and additions to buildings, installation or extension of service systems and other built-in equipment, and improvement to sites.
- Other Outlays – A number of outlays of governmental funds are not properly classified as expenditures but still require budgetary or accounting control. These are classified as other outlays.
- Repayments – Repayment expenditures represent warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, nonqualified expenditures, and other refunds to be repaid from District funds.

Government Activities Fiscal Year Ended June 30, 2013

Function/Programs	Total Cost of Services		Variance	
	2012	2013	Amount	% Change
Instruction	\$ 25,384,716	\$ 25,458,501	\$ 73,785	<1%
Support Services – Instructional	9,082,346	8,693,840	(388,506)	(4%)
Support Services – Operational	38,142,819	37,140,872	(997,947)	(2%)
Operation of Non-Instructional Services	2,999,724	3,072,292	72,568	2%
Facilities and Construction	355,821	3,724,080	3,366,259	946%
Other				
Other Outlays	3,063,319	2,002,547	(1,060,772)	(34%)
Repayments	409,627	418,200	8,573	2%
Total Governmental Activities	\$ 79,438,372	\$ 80,514,332	\$ 1,075,960	

Function/Programs	Net Cost of Services		Variance	
	2012	2013	Amount	% Change
Instruction	\$ 20,223,837	\$ 19,608,710	\$ (615,127)	<1%
Support Services – Instructional	8,267,704	8,024,561	(243,143)	(4%)
Support Services – Operational	38,102,770	37,136,876	(965,894)	(2%)
Operation of Non-Instructional Services	838,169	1,925,376	1,087,207	129%
Facilities and Construction	355,821	3,724,080	3,368,259	946%
Other				
Other Outlays	3,063,319	2,002,547	(1,060,772)	(34%)
Repayments	(1,774,212)	(1,560,319)	213,893	2%
Total Governmental Activities	\$ 69,077,408	\$ 70,861,831	\$ 1,784,423	



Financial Analysis of Tulsa Technology Center's Funds

At June 30, 2013, the District's governmental funds reported a combined fund balance of \$56,400,691. The fund balance for the General Fund was \$30,961,464 and \$25,439,227 for the Building Fund.

One factor that is imperative when analyzing the governmental fund balances is that Tulsa Technology Center conducted an exhaustive and extensive master planning process during fiscal year 2004. As part of the process the District identified three major construction projects to be funded with the governmental fund balances. The first of these projects, the Health Science Center, opened in March 2009, the second of these projects, the Broken Arrow Campus Expansion Project opened in January 2011. The third project was the Owasso Campus and a fourth project was the Sand Springs Campus that was identified in fiscal year 2010.

Both the Owasso Campus and the Sand Springs Campus opened in August 2013. FY 2013-14 will be the first year to be impacted by the additional operating expenses that will be needed to operate these two campuses.

Owasso Campus

Groundbreaking for the \$48 million Owasso site was October 22, 2008. Generous land donations of 10 acres each by Allen and Doris Robinson of Owasso and Opal Robinson of Duncan were the catalysts for the Owasso site. Additionally, the City of Owasso donated 25 acres. With additional land purchased by Tulsa Technology Center, the campus is situated on almost 55 acres.



Sand Springs Campus

The District purchased property at 924 East Charles Page Boulevard (formerly Sand Springs Ford Development) in Sand Springs, OK. Groundbreaking for the \$15.9 million site was October 6, 2011.



The next phase of the master planning process will be focused primarily on the Memorial Campus which has several buildings including the Training Center, the Career Services Center, the STEM's Programs Academy, the Construction Trades Programs, and the Career Academy. All of these buildings are very old, and it is anticipated they will eventually be torn down and replaced.

These types of planning processes will enable Tulsa Technology Center to meet existing and future needs of Tulsa and surrounding communities. The unrestricted funds will provide the financial mechanism in which to meet the projected needs over the coming years. Additional factors that influence the government fund balances are that the District added and expanded full-time equivalent programs during 2013 and plans to add or expand additional programs during 2014.

General Fund

The General Fund balance is \$30,961,464. Of that amount, the assigned fund balance is \$8,816,833 and is reserved for encumbrances, liabilities that are incurred when a purchase order is issued. The committed fund balance is \$16,451,610 and is for funding the cash flow needs for the District for the first half of the next fiscal year. It is important to understand that over 71% of the general fund revenue comes from local ad valorem taxes. When analyzing the fund balance it must be taken into account that the majority of ad valorem taxes are not collected by the county excise boards until after November of each year. Tulsa Tech receives very little funding until January. However, our operational costs begin on July 1 which is the beginning of our fiscal year. This means we operate for the first six months of our fiscal year with minimal incoming revenue. The Property tax collections occur mainly in January through March.

Consequently, Tulsa Tech needed enough beginning fund balance to cover the revenue shortfall to pay operating expenses for July through December. The unassigned fund balance of \$5,693,021 represents the funds not restricted in use by statute nor encumbered by purchase orders or legal contracts.

Building Fund

The Building Fund balance is \$25,439,227. Of that amount, \$10,537,521 is restricted by statute to certain capital related costs. The committed fund balance is \$2,848,890 and is for funding the cash flow needs for the District for the first half of the next fiscal year. The assigned fund balance is \$12,052,816 and is reserved for encumbrances and liabilities that are incurred when a purchase order is issued.

Fiduciary Fund

The fiduciary funds reported total net restricted fund balances of \$180,265.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2013, the District had \$175,181,175 in governmental funds invested in a broad range of capital assets including buildings, furniture and equipment. This amount represents a net increase of \$11,209,682 which is primarily the result of the progression of the building of the Owasso Complex. Additional factors include the purchase of equipment to maintain existing programs and the implementation of new programs as well as other smaller capitalized projects. The threshold of capitalization is \$2,500.

Governmental Activities Capital Assets - Net of Depreciation

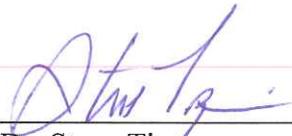
	<u>2012</u>	<u>2013</u>
Land	\$ 6,358,527	\$ 6,358,527
Building and Improvements	142,297,538	160,558,181
Equipment and Fixtures	<u>7,659,004</u>	<u>8,264,467</u>
Total Assets	<u>\$ 156,315,069</u>	<u>\$ 175,181,175</u>

The District currently has no general debt. At this time financing for all capital projects is to come from the District's fund balances.

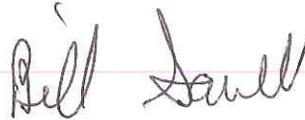
Contacting Tulsa Technology Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Tulsa Technology Center's financial position to show accountability for the money it receives. Additional details can be requested at Tulsa Technology Center, 6111 East Skelly Drive, Tulsa, Oklahoma 74135.

Respectfully submitted,



Dr. Steve Tiger
Superintendent



Bill Sowell
Chief Financial Officer

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Statement of Net Assets
June 30, 2013

**Governmental
Activities**

ASSETS

Current Assets

Cash and Cash Equivalents	\$	3,642,812
Investments		58,140,824
Property Taxes Receivable		1,259,276
Receivables from Other Governments		627,605
Other Receivables		150,671
Total Current Assets		63,821,189

Non-current Assets

Capital assets		
Land		6,358,527
Building		240,009,472
Furniture and Equipment		25,610,381
Less: Accumulated Depreciation		(96,797,205)
Total Noncurrent Assets		175,181,175

Total Assets	\$	239,002,363
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LIABILITIES

Current Liabilities

Accounts Payable	\$	4,618,665
Compensated Leave		
Due within one year		9,285
Total Current Liabilities		4,627,950

Non-Current Liabilities

Compensated Leave		2,792,548
Total Non-Current Liabilities		2,792,548

Total Liabilities	\$	7,420,498
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NET ASSETS

Invested in Capital Assets, Net of Related Debt		175,181,175
Restricted Fund Balance		10,537,521
Committed Fund Balance		19,300,499
Assigned Fund Balance		20,869,648
Unassigned Fund Balance		5,693,021
Total Net Assets	\$	231,581,866

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Statement of Activities
July 1, 2012 to June 30, 2013

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)/ Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Instruction	\$ 25,458,501	5,241,490	608,301	(19,608,710)
Support Services - Instructional	8,693,840		669,279	(8,024,560)
Support Services - Operational	37,144,872		7,996	(37,136,876)
Operation of Non-Instructional Services	3,072,292	1,141,901	5,015	(1,925,376)
Facilities and Construction	3,724,080			(3,724,080)
Other Uses	2,002,547			(2,002,547)
Repayments and Financial Aid	418,200		1,978,519	1,560,319
Depreciation				
Total Governmental Activities	<u>\$ 80,514,332</u>	<u>6,383,390</u>	<u>3,269,110</u>	<u>(70,861,830)</u>
General Revenues				
Taxes -				
Property Taxes, Levied for Building Purposes				28,075,830
Property Taxes, Levied for General Purposes				45,419,315
State aid - Formula (ODCTE Oper)				6,295,514
Other Local - Dist. Contracts, Ins. Refunds, Etc, Land Sale, and ESchool)				1,604,995
Other State - Mentor Teacher, Spec. Grants, Innovative Initiative, Nat'l Bd Certification				370,927
Interest				292,516
Special items				
Adjustments to Prior Year's Encumbrances				12,413
Total General Revenues and Special Items				<u>82,071,511</u>
Change in Net Assets				11,209,682
Net Assets, beginning				<u>220,372,184</u>
Net Assets, ending				<u>\$ 231,581,866</u>

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,354,839	1,287,973	3,642,812
Investments	30,446,802	27,694,023	58,140,824
Receivables	1,559,139	478,414	2,037,552
Total assets	\$ 34,360,779	29,460,409	63,821,189

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	\$ 1,213,840	3,404,825	4,618,665
Compensated leave payable:			
Short term compensated leave	9,285	-	9,285
Long term compensated leave	2,176,191	616,357	2,792,548
Total liabilities	3,399,316	4,021,182	7,420,498

Fund Balances

Reserved for:			
Restricted Fund Balance		10,537,521	10,537,521
Committed Fund Balance	16,451,609	2,848,890	19,300,499
Assigned Fund Balance	8,816,833	12,052,816	20,869,649
Unreserved:			
Unassigned Fund Balance	5,693,021		5,693,021
Total fund balances	30,961,463	25,439,227	56,400,690
Total liabilities and fund balances	\$ 34,360,779	29,460,409	63,821,189

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$271,978,380 and the accumulated depreciation is (\$96,797,205).

	175,181,175
Net assets of governmental activities	\$ 231,581,866

**Tulsa Technology Center School District No. 18
Tulsa, Oklahoma**

**Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds**

July 1, 2012 to June 30, 2013

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Local sources	\$ 53,004,272	28,479,259	81,483,531
State sources	7,267,443	66	7,267,509
Federal sources	2,668,042		2,668,042
Interest	122,632	169,884	292,516
Total revenues	<u>63,062,389</u>	<u>28,649,209</u>	<u>91,711,598</u>
EXPENDITURES:			
Current -			
Instruction	21,840,605	570,978	22,411,583
Support services - Instructional	7,554,823	67,399	7,622,221
Support services - Non Instructional	22,694,877	11,003,468	33,698,345
Noninstructional services	2,684,403		2,684,403
Capital outlay	2,845,357	27,697,780	30,543,137
Other outlays	2,002,547		2,002,547
Repayments	418,200		418,200
Total expenditures	<u>60,040,812</u>	<u>39,339,625</u>	<u>99,380,436</u>
Excess (deficiency) of revenues over expenditures	3,021,577	(10,690,416)	(7,668,839)
OTHER FINANCING SOURCES (USES):			
Adjustments to prior year encumbrances	12,413	-	12,413
Total Other Financing Sources (Uses)	<u>12,413</u>	<u>-</u>	<u>12,413</u>
NET CHANGE IN FUND BALANCES	3,033,991	(10,690,416)	(7,656,426)
FUND BALANCES, beginning	<u>27,927,472</u>	<u>36,129,643</u>	<u>64,057,115</u>
FUND BALANCES, ending	<u>\$ 30,961,463</u>	<u>25,439,227</u>	<u>56,400,689</u>

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
July 1, 2012 to June 30, 2013

Net Change in Fund Balances - Government Funds \$ (7,656,426)

Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in net assets are different because:

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

Capital outlay expenditures	28,184,947	
Depreciation expense	<u>(9,318,839)</u>	<u>18,866,108</u>

Changes in net assets of governmental activities \$ 11,209,682

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Statement of Fiduciary Net Assets
July 1, 2012 to June 30, 2013

	<u>Agency Fund Activity Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ <u>75,801</u>
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities	
Funds held for school organizations	\$ <u>75,801</u>

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Tulsa Technology Center School District No. 18 (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 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 composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements

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

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

Funds

The District reports its financial activities through the use of fund accounting. This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements. Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." A description of the activities of the various funds is provided below.

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).

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements

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 schools 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 Funds – Special revenue funds include the District's building, co-op and child nutrition funds. The District did not maintain the co-op or child nutrition funds during the 2012-13 fiscal year.

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

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

Debt Service Fund – The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments. The District did not maintain this fund during the 2012-13 fiscal year.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements – cont'd

Capital Projects Fund – The capital projects fund is the District's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment. The District did not maintain this fund during the 2012-13 fiscal year.

Permanent Fund – Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The District did not maintain this fund during the 2012-13 fiscal year.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. 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 operation.

Agency Funds – Agency funds include the school district activity fund.

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

Account Groups – GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental column in the government-wide statement of net assets.

Total Column

The total column on the government-wide and fund financial statements are presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Measurement Focus and Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 30 days of the fiscal year end. For this purpose, the District considers revenues, other than property taxes, that are susceptible to accrual to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, claims and judgments, are recorded only when payment is due. Some other significant differences are as follows:

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general and building funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year's budget appropriations.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. 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 all funds (with the exception of the trust and agency funds) 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. Unencumbered appropriations lapse at the end of each fiscal year.

E. Assets, Liabilities and Fund Equity

Cash – Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments – The District is allowed to invest in direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2013, is not material to the combined financial statements.

Capital Assets and Property, Plant and Equipment – Capital assets, which include land, building, building improvements and equipment are reported in the government-wide financial statements. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for equipment and fixtures is \$2,500. Donated capital assets are recorded at estimated fair market value at date of donation.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

The costs of normal maintenance and repairs that do not add to the value or utility of the asset or materially extend asset lives are not capitalized.

Building and building improvements, and equipment and fixtures are depreciated using the straight-line method beginning in the year they are placed into service. The District's capital assets have the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment and fixtures	5-15
Vehicles	8

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end.

Compensated Absences – The District reports compensated absences in accordance with provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation leave is accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Sick leave is calculated using the vesting method. The balance reflects sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The accrual has been reduced to the maximum amount allowed by the District's policy as a termination payment.

Unmatured Obligations – The unmaturred obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the of accounting. The District had no unmaturred obligations at June 30, 2013.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Restricted Fund Balance – The Building Fund is restricted by statute to certain capital related costs, its fund balance is shown as restricted.

Committed Fund Balance – The District has committed a portion of fund balance in both the General and Building Fund for funding the cash flow needs during the first half of each fiscal year. The collection of property taxes occurs mainly in December through March. This creates a temporary cash flow deficit during the first part of each fiscal year. The committed fund balance is used to finance this temporary cash flow deficit.

Assigned Fund Balance – The District assigns a portion of Fund Balance to honor the obligations made by the District for encumbrances (purchase orders) for which goods or services have not yet been received.

Unassigned Fund Balance - Fund balance represents the funds not restricted in use by Statute nor encumbered by purchase orders, legal contracts.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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 in a timely manner, 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.

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to Districts in amounts that differ in proportion to those which are collected within such systems.

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

The aforementioned state revenues are apportioned to the District's general fund.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the general fund.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

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

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

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

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2012-13 fiscal year.

2. CASH AND INVESTMENTS

The District's investment 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, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District. Collateral is required to be pledged with the state treasurer for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

2. CASH AND INVESTMENTS – cont'd

Cash – The District's cash deposits at June 30, 2013, are categorized to give an indication of the level of risk assumed by the District at year-end.

Investments – The District's investments consist of certificates of deposit and U.S. Treasury notes at June 30, 2013, and are categorized to give an indication of the level of risk assumed by the District at year-end.

Deposit Categories of Credit Risk

(A) Insured by Federal Deposit Insurance

(B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

(C) Uncollateralized.

Deposit Categories of Credit Risk

	Category			Bank Balance	Carrying Amount
	(A)	(B)	(C)		
Cash	\$ 250,000	3,392,812		3,642,812	3,642,812
Investments	300,000	57,840,824		58,140,824	58,140,824
Total	<u>\$ 550,000</u>	<u>61,233,636</u>	<u>0</u>	<u>61,783,636</u>	<u>61,783,636</u>

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with various financial institutions rated AAA by Standard and Poor's. The District does not have a formal policy limiting its exposure arising from concentration of investments.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

3. CAPITAL ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Capital assets activity for the year ended June 30, 2013, was as follows:

Class	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Land	\$ 6,358,527			6,358,527
Buildings & Improvements	214,381,120	25,631,709		240,012,829
Equipment & Fixtures	23,982,193	2,544,938	(920,107)	25,607,024
Totals	<u>244,721,840</u>	<u>28,176,647</u>	<u>(920,107)</u>	<u>271,978,380</u>
Less accumulated depreciation for:				
Building & Improvements	(72,083,584)	(7,371,064)		(79,454,648)
Equipment & Fixtures	(16,323,187)	(1,917,098)	897,728	(17,342,557)
Totals	<u>(88,406,771)</u>	<u>(9,288,162)</u>	<u>897,728</u>	<u>(96,797,205)</u>
Capital Assets, Net	<u>\$ 156,315,069</u>	<u>18,888,485</u>	<u>(22,379)</u>	<u>175,181,175</u>

4. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2013.

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of 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. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN – cont'd

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. 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 System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District and the State of Oklahoma make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. The District is required to contribute 9.5% for each member. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 7.0%.

Annual Pension Cost

The District's total contributions for 2013, 2012, and 2011, were \$5,117,994, \$5,149,855, and \$5,152,855, respectively.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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; 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 risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

7. CONTINGENCIES

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2012-13 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for non-federal entities which expended more than \$500,000 in federal awards.

Litigation

The District is involved in several lawsuits and has several unasserted claims or assessments which may or may not develop into lawsuits. The District's attorney has responded to our request for information concerning these lawsuits and unasserted claims and the response appears to indicate that the resolution of these lawsuits and claims will not have a materially adverse effect on the District's finances.

Subsequent Events

Management has evaluated subsequent events through March 12, 2014, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Budgetary Comparison Schedule – General Fund – Statutory Basis
For the Year Ended June 30, 2013

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues Collected:				
Local sources	51,619,683	52,696,419	53,033,787	337,368
State sources	8,276,386	8,256,443	7,267,189	(989,254)
Federal sources	2,916,891	2,878,660	2,798,720	(79,940)
Interest earnings	125,000	125,000	122,632	(2,368)
Total revenues collected	<u>62,937,960</u>	<u>63,956,522</u>	<u>63,222,327</u>	<u>(734,195)</u>
Expenditures:				
Instruction	26,466,811	26,466,811	22,146,509	4,320,302
Support services	36,520,944	36,520,944	34,602,103	1,918,841
Operation of noninstructional services	3,274,090	3,274,090	2,718,990	555,100
Facilities acquisition and construction services		-	1,370,547	(1,370,547)
Other outlays:				
Other uses	2,109,248	2,109,248	2,035,017	74,231
Repayments	298,525	298,525	418,541	(120,016)
Total expenditures	<u>68,669,618</u>	<u>68,669,618</u>	<u>63,291,707</u>	<u>5,377,911</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(5,731,658)	(4,713,096)	(69,380)	4,643,716
Other financing sources (uses)				
Adjustments to prior year encumbrances	-	-	499,490	-
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(5,731,658)	(4,713,096)	430,110	4,643,716
Cash fund balance, beginning of year	<u>2,231,572</u>	<u>22,331,572</u>	<u>22,331,572</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>22,761,683</u>	<u>22,761,683</u>
Reconciliation of budgetary comparison statutory basis to GAAP basis:				
Accounts receivable not recognized as revenue			1,559,139	
Liabilities payable recognized as expenditures:				
Reserve for encumbrances			8,816,833	
Leave payable			<u>(2,176,191)</u>	
Fund balance end of year GAAP basis			<u>\$ 30,961,464</u>	

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Budgetary Comparison Schedule – Building Fund – Statutory Basis
For the Year Ended June 30, 2013

	<u>Building Fund</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Budget</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues Collected:				
Local sources	\$ 28,116,688	28,547,688	28,542,520	(5,168)
Interest earnings	150,000	150,000	169,884	19,884
Total revenues collected	<u>28,266,688</u>	<u>28,697,688</u>	<u>28,712,404</u>	<u>14,716</u>
Expenditures:				
Instruction	752,908	752,009	614,000	138,009
Support services	15,990,504	15,168,156	11,739,808	3,428,348
Facilities acquisition and construction services	52,874,983	11,875,763	11,365,979	509,784
Total expenditures	<u>69,618,395</u>	<u>27,795,928</u>	<u>23,719,787</u>	<u>4,076,141</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(41,351,707)	901,760	4,992,617	4,090,857
Other financing sources (uses) Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>698,364</u>	<u>698,364</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(41,351,707)	901,760	5,690,981	4,789,221
Cash fund balance, beginning of year	<u>7,833,372</u>	<u>7,833,372</u>	<u>7,833,372</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>13,524,354</u>	<u>13,524,354</u>
Reconciliation of budgetary comparison statutory basis to GAAP basis:				
Accounts receivable not recognized as revenue			478,414	
Liabilities payable recognized as expenditures:				
Reserve for encumbrances			12,052,816	
Leave payable			<u>(616,357)</u>	
Fund balance end of year GAAP basis			<u>\$ 25,439,227</u>	

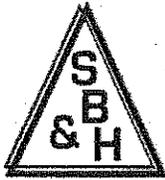
Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Schedule of Expenditures of Federal Awards - Budget Basis
For the Year Ended June 30, 2013

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's No.	Program or Award Amount	Revenue Collected	Total Expenditures
<u>U.S. Department of Labor</u>					
<u>Direct Programs:</u>					
Youth Build C/O - Note	17.274	YB189201060A40	\$	37,185	
Sub Total			<u>0</u>	<u>37,185</u>	<u>0</u>
<u>U.S. Department of Education</u>					
<u>Direct Programs:</u>					
*Pell grants	84.063	P063P122639	1,877,712	1,690,000	1,877,712
Pell grants - Note	84.063	P063P112639		192,334	
Pell grants 2007-08 - Note	84.063			3,781	
*Pell grants - Administration	84.063		2,925	2,750	2,925
Pell grants - Administration - Note	84.063			265	
College Workstudy - Note	84.033			8,763	
College Workstudy Administration -Note	84.033			1,362	
*SEOG	84.007		21,798	0	21,798
Sub Total			<u>1,902,435</u>	<u>1,899,255</u>	<u>1,902,435</u>
<u>Passed Through State Department of Career and Technology Education:</u>					
Carl Perkins secondary	84.048		485,808	300,587	459,274
Carl Perkins secondary - Note	84.048			98,003	
Tech Prep - Note	84.243			22,913	
TANF	93.561		274,054	194,362	266,526
TANF - Note	93.561			138,529	
OBAN	12.002		36,789	36,789	36,789
Tech Centers that Work	84.048		12,000	3,015	12,000
Tech Centers that Work - Note	84.048			60	
Cyber Security Training - Note	47.076			2,000	
Green Technology Grant	17.275		60,000	40,376	40,376
Green Technology Grant - Note	17.275			20,977	
Sub Total			<u>868,651</u>	<u>857,611</u>	<u>814,965</u>
<u>U.S. Department of Agriculture:</u>					
<u>Passed Through State Department of Education</u>					
Child and adult care food program	10.553	DC72-126	4,390	4,043	4,390
Child and adult care food program - Note	10.553	DC72-126		625	
Sub Total			<u>4,390</u>	<u>4,668</u>	<u>4,390</u>
TOTAL			<u><u>2,775,476</u></u>	<u><u>2,798,719</u></u>	<u><u>2,721,790</u></u>

Note - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 1 - The accompanying schedule of expenditures of federal awards includes the federal grant activity of VT-18, Tulsa Technology Center, and is presented on the regulatory basis of accounting, as permitted by the Oklahoma State Department of Career Technology Education. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* Major programs



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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**

March 12, 2014

The Honorable Board of Education
Tulsa Technology Center School District No. 18
Tulsa Oklahoma 74147

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tulsa Technology Center School District No. 18 (the District), Tulsa County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sanders, Bledsoe & Hewett

Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

March 12, 2014

The Honorable Board of Education
Tulsa Technology Center School District No. 18
Tulsa, Oklahoma 74147

Report on Compliance for Each Major Federal Program

We have audited Tulsa Technology Center School District No. 18, Tulsa Oklahoma's, (the District), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the accompanying schedule of audit results, findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2013

There were no prior year's reportable conditions or material instances of non-compliance.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

Section 1 – Summary of Auditor’s Results

1. An unqualified opinion was issued on the financial statements with respect to generally accepted accounting principles.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major are Pell (84.063), and Supplemental Educational Opportunity Grant (84.007), which are clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS

None

Section 3 – Findings and questioned costs for federal awards

None

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2012 TO JUNE 30, 2013

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Tulsa Technology Center School District for the audit year 2012-13.

Sanders, Bledsoe & Hewett,
Certified Public Accountants, LLP
Auditing Firm

By _____
Authorized Agent

Subscribed and sworn to before me
This 12th day of March, 2014

Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016
Commission No. 00008621