

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

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

JUNE 30, 2012

Audited by

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

BROKEN ARROW, OK

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012

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TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
JUNE 30, 2012

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SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tulsa Technology Center School District No. 18, Tulsa, Oklahoma, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Tulsa Technology Center School District No. 18, Tulsa, Oklahoma's, management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tulsa Technology Center School District No. 18, Tulsa, Oklahoma, as of June 30, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2013, on our consideration of Tulsa Technology Center School District No. 18, Tulsa, Oklahoma's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the budgetary comparison schedules are not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the combined financial statements of Tulsa Technology Center School District No. 18, Tulsa, Oklahoma, taken as a whole. The accompanying 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

February 6, 2013

Management's Discussion and Analysis

Tulsa Technology Center School District No. 18

Tulsa, Oklahoma

Management's Discussion and Analysis
June 30, 2012

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, 2012. To fully understand the District's financial performance, read it in conjunction with the basic financial statements and the notes to the financial statements.

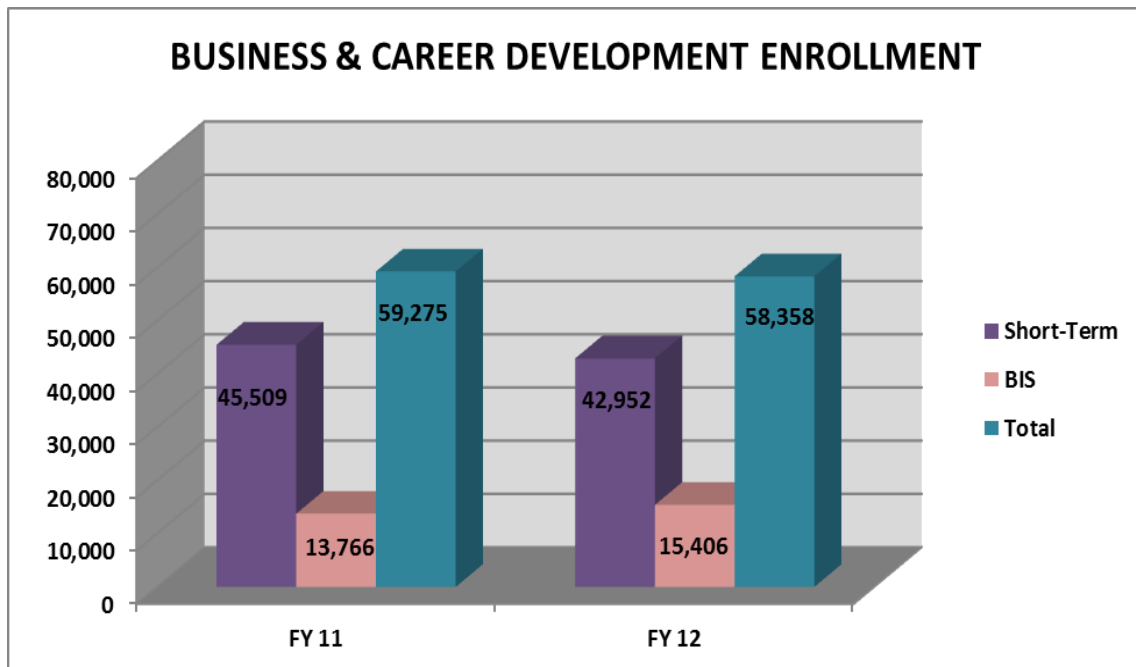
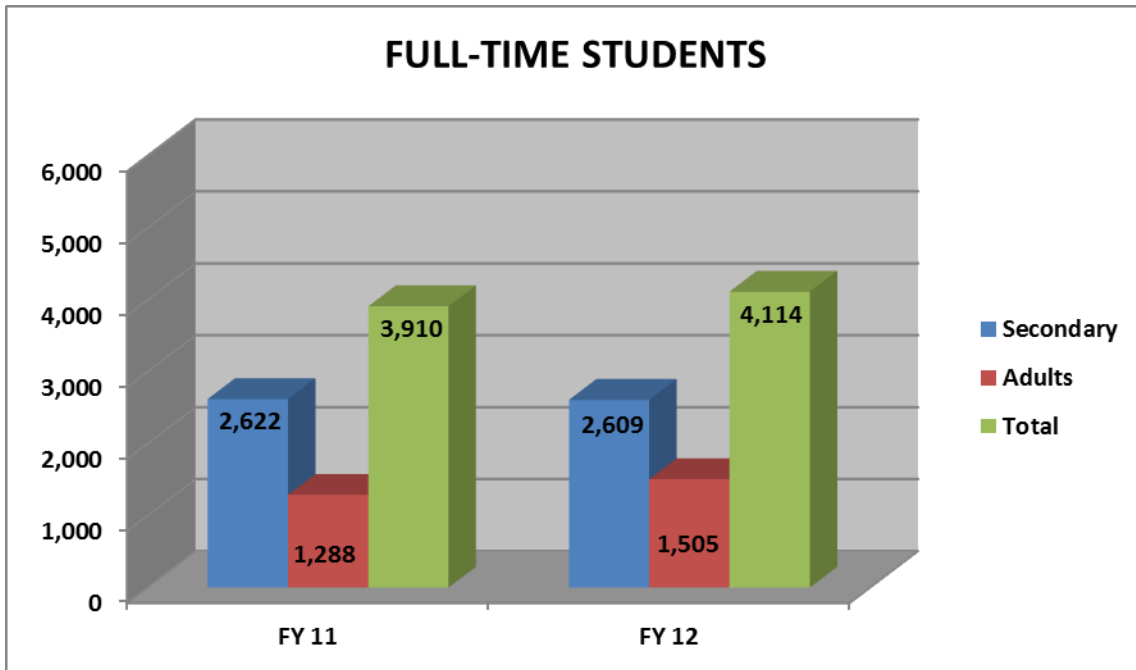
The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999. 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 2011 – 2012, the District served 2,609 secondary students in full-time programs from public schools as well as private, parochial, and home-schooled students. There were 1,505 adults in full-time programs. The District had 58,358 enrollments in short-term training classes, continuing education classes and classes for area businesses through our Business and Industry Services department.



Financial Highlights

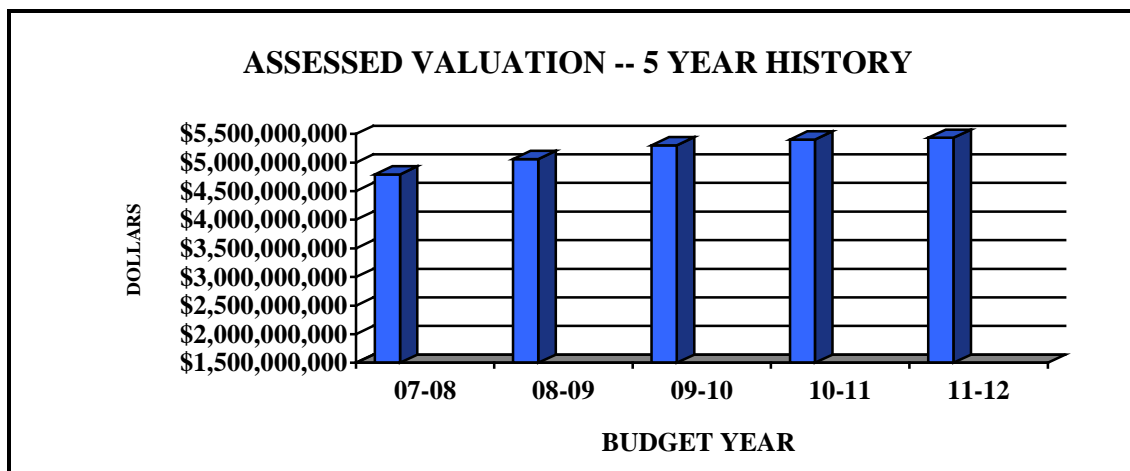
Funding by the State of Oklahoma decreased from 2011 to 2012 by \$623,637.

State Formula Funding

	Fiscal Year 2011	Fiscal Year 2012	Percentage Change
State Formula Allocation	\$ 7,257,698	\$ 6,634,061	(9%)

Additionally the District receives money from the State of Oklahoma for Training for Industry Programs (TIP). In fiscal year 2012, Tulsa Technology Center's TIP revenue was \$679,974, a decrease of \$22,232. 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 \$28,713,482 from 2011 to 2012. Over the last five years the average growth in net assessed valuation has been 3.8 percent per year. However, due to the current economy, we anticipate the growth to be at a lower level.



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, 2012, than they were the year before, increasing by \$12,539,770 or 6% to \$220,372,184.

The decrease in current assets of 14% or \$11,216,410 is a result of an increase in accounts receivable of \$386,317, a decrease in cash and cash equivalents of \$6,318,134, and a decrease in investments of \$5,284,593. The increase of 19% or \$24,903,921 in non-current assets is due primarily to the purchase of equipment to maintain existing programs and the implementation of new programs as well as other smaller capitalized projects.

Total liabilities increased by 23%. The \$1,215,472 increase in current liabilities is a result of an increase in accounts payable of \$1,224,701 and a decrease in short-term leave payable of \$9,229. The \$67,731 decrease in non-current liabilities is a result of a increase in long-term compensated leave.

The increase of \$24,903,921 for the amount Invested in Capital Assets, Net of Related Debt was explained above. The presentation of the various fund balances was expanded last Fiscal Year 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 2011-2012 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 2011-2012 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. The net increase in the fund balances demonstrates an overall sound improvement in the District's financial position.

Net Assets
Fiscal Year Ended June 30, 2012

	Governmental Activities		Variance	
	2011	2012	Amount	% Change
Total Current Assets	\$ 81,388,292	\$ 70,171,882	\$ (11,216,410)	(14%)
Total Non-current Assets	<u>131,411,148</u>	<u>156,315,069</u>	<u>24,903,921</u>	19%
Total Assets	<u>212,799,440</u>	<u>226,486,951</u>	<u>13,687,511</u>	6%
Total Current Liabilities	2,133,569	3,349,041	1,215,472	57%
Total Non-current Liabilities	<u>2,833,457</u>	<u>2,765,726</u>	<u>(67,731)</u>	(2%)
Total Liabilities	<u>4,967,026</u>	<u>6,114,767</u>	<u>1,146,741</u>	23%
Net Assets				
Invested in Capital Assets, Net of Related Debt	131,411,148	156,315,069	24,903,921	19%
Restricted Fund Balance	35,004,794	3,950,158	(31,054,636)	(89%)
Committed Fund Balance	24,618,857	23,192,665	(1,426,192)	(6%)
Assigned Fund Balance	12,893,964	34,397,243	21,503,279	167%
Unassigned Fund Balance	<u>3,903,651</u>	<u>2,518,049</u>	<u>(1,385,602)</u>	(35%)
Total Net Assets	<u>\$ 207,832,414</u>	<u>\$ 220,372,184</u>	<u>\$ 12,539,770</u>	6%

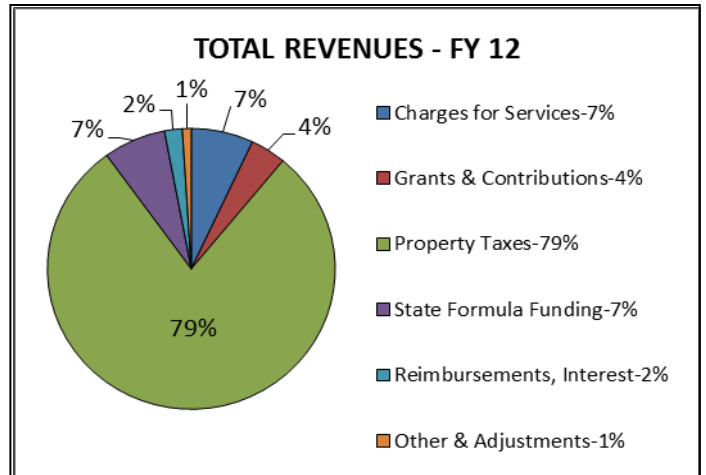
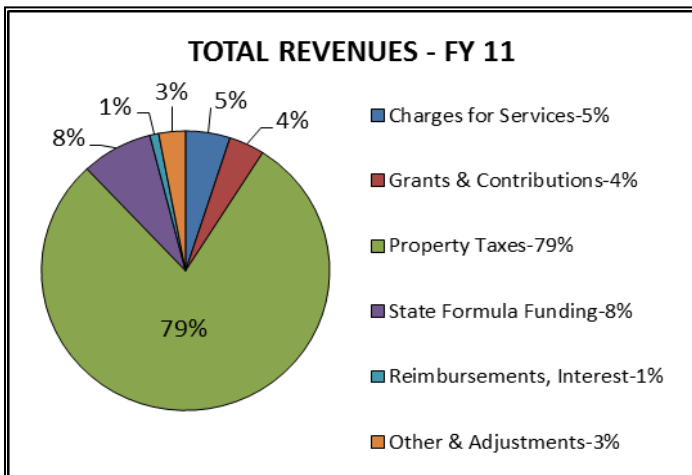
Changes in Net Assets

**Changes in Net Assets
Fiscal Year Ended June 30, 2012**

	Governmental Activities		Variance	
	<u>2011</u>	<u>2012</u>	<u>Amount</u>	<u>% Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 4,788,435	\$ 6,719,168	\$ 1,930,733	40%
Operating Grants and Contributions	4,324,767	3,641,796	(682,971)	(16%)
General Revenues				
Property Taxes	71,094,459	72,666,352	1,571,893	22%
State Formula Funding	7,257,698	6,634,061	(623,637)	(9%)
Other Local/State	1,411,642	1,784,274	372,632	26%
Interest	685,726	525,736	(159,990)	(23%)
Adjustments to Prior Year's Encumbrances	<u>8,690</u>	<u>6,755</u>	<u>(1,935)</u>	(22%)
Total Revenues	\$ 89,571,417	\$ 91,978,142	\$ 2,406,725	3%
Expenditures				
Instruction	\$ 25,500,919	\$ 25,384,716	\$ (116,203)	(<1%)
Support Services – Instructional	8,862,756	9,082,346	219,590	2%
Support Services – Operational	35,492,120	38,142,819	2,650,699	7%
Operation of Non-Instructional Services	2,707,588	2,999,724	292,136	11%
Facilities and Construction	2,754,471	355,821	(2,398,650)	(87%)
Other Expenses				
Other Outlays	1,957,441	3,063,319	1,105,878	56%
Repayments	<u>293,105</u>	<u>409,627</u>	<u>116,522</u>	40%
Total Expenditures	\$ <u>77,568,400</u>	\$ <u>79,438,372</u>	\$ <u>1,869,972</u>	2%
Increase (Decrease) in Net Assets	\$ <u>12,003,018</u>	\$ <u>12,539,770</u>		

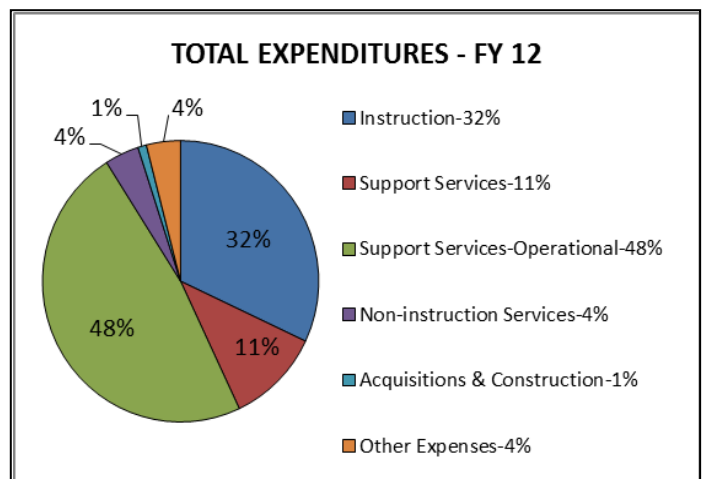
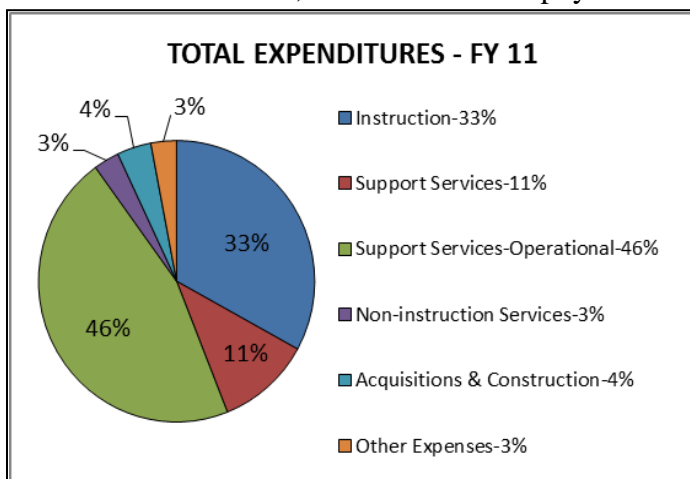
Explanation of Variance in Revenues

- The District's total revenues increased by \$2,406,725 or 3%.
- The \$1,930,733 increase in Charges for Services was due to an increase in tuition and reimbursements.
- The \$682,971 decrease in Operating Grants and Contributions was the result of decreases in TIP of \$192,521, in Youthbuild of \$587,309, an increase in PELL of \$152,288. The remaining amount of \$55,429 was a combined decrease of various other funding sources.
- The \$1,571,893 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 9% or \$623,637.
- The \$372,632 increase in Other Local/State is due to increases in insurance reimbursements for storm damage to district buildings.
- The \$159,990 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 \$1,935 decrease in Adjustments to Prior Years' Encumbrances is a result of fewer e-stopped checks (cancelled outstanding checks).



Explanation of Variance in Expenditures

- The District’s total expenditures increased by \$1,868,972 or 2%.
- The less than 1% decrease in Instruction of \$116,203 was from a reduction of \$514,164 due to leave payout for former employees and positions in the Business Assistance Center and Business and Industry Training divisions that were present in 2010-2011 not filled in 2011-2012. Additionally the District eliminated \$606,264 from the Youthbuild Grant and there was a reduction of \$119,322 for TIP dollars. The decreases were offset by an increase in accumulated depreciation of \$352,635, an added net total of three programs of \$195,397 and the balance of the additions of \$575,515 consists of salary and benefit increases and other operational adjustments.
- The \$219,590 increase in Support Services - Instructional resulted from an increase in accumulated depreciation of \$154,458 and \$65,132 in salary and benefit increases and other operational adjustments.
- The 7% or \$2,650,699 increase in Support Services – Operational resulted from an increase in accumulated depreciation of \$835,846, an increase in utilities of \$119,389, an increase in student transportation \$64,000 and \$1,631,464 in salary and benefit increases and other operational adjustments.
- Operation of Non-Instructional Services increased by \$292,136 as a result of an increase of \$74,653 for accumulated depreciation, an increase in resale expenditures of \$127,355 and \$90,128 in salary and benefit increases and other operational adjustments.
- The majority of our facilities and construction projects were capitalized which resulted in a decrease in projects that were expensed resulting in the decrease of \$2,398,650.
- The \$1,105,878 increase in Other Outlays was a result of repairs due to storm damage which was subsequently recovered from insurance.
- The \$116,522 increase in Repayments is the result of an increase in normal tuition refunds.



Governmental Activities

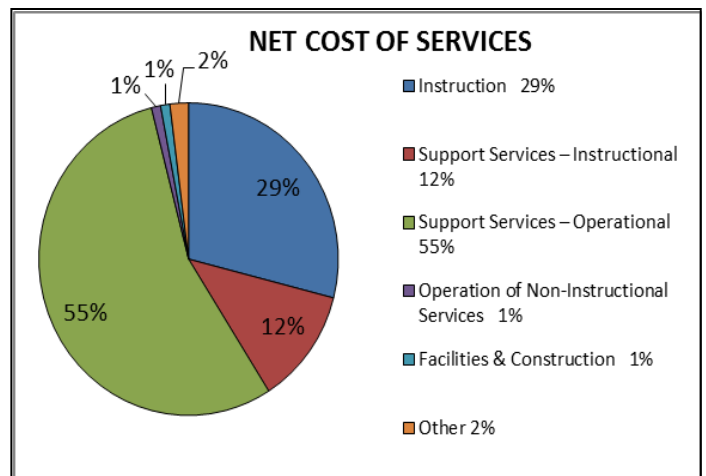
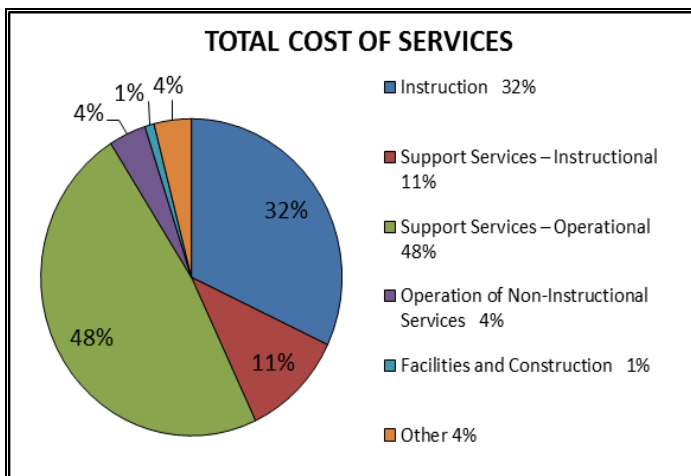
The net cost of all governmental activities this year was \$68,455,199. The governmental activities of the District include instruction, support services, operation of non-instructional programs, site improvements, and other uses. The total of all categories is reduced by program revenues (tuition and fees, resale and lifework, 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, 2012

Function/Programs	Total Cost of Services		Variance	
	2011	2012	Amount	% Change
Instruction	\$ 25,500,919	\$ 25,384,716	\$ (116,203)	(< 1%)
Support Services – Instructional	8,862,756	9,082,346	219,590	1%
Support Services – Operational	35,492,120	38,142,819	2,650,699	7%
Operation of Non-Instructional Services	2,707,588	2,999,724	292,136	11%
Facilities and Construction	2,754,471	355,821	(2,398,650)	(87%)
Other				
Other Outlays	1,957,441	3,063,319	1,105,878	56%
Repayments	<u>293,105</u>	<u>409,627</u>	<u>116,522</u>	40%
Total Governmental Activities	<u>\$ 77,568,400</u>	<u>\$ 79,438,372</u>	<u>\$ 1,869,972</u>	2%

Function/Programs	Net Cost of Services		Variance	
	2011	2012	Amount	% Change
Instruction	\$ 20,630,603	\$ 20,223,837	\$ (407,766)	(2%)
Support Services – Instructional	8,043,358	8,267,704	224,346	3%
Support Services – Operational	35,402,769	38,102,770	2,700,001	8%
Operation of Non-Instructional Services	2,010,889	838,169	(1,172,720)	(58%)
Facilities and Construction	2,754,471	355,821	(2,398,650)	(87%)
Other				
Other Outlays	1,957,441	3,063,319	1,105,878	56%
Repayments	<u>(2,344,332)</u>	<u>(1,774,212)</u>	<u>570,120</u>	20%
Total Governmental Activities	<u>\$ 68,455,199</u>	<u>\$ 69,077,408</u>	<u>\$ 621,209</u>	1%



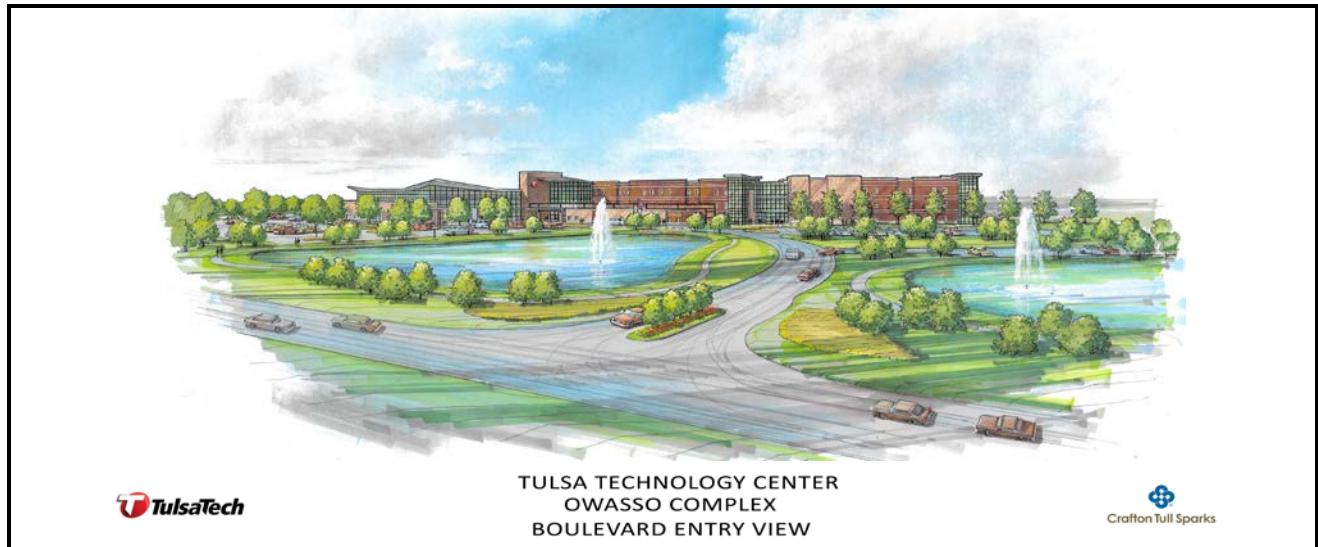
Financial Analysis of Tulsa Technology Center's Funds

At June 30, 2012, the District's governmental funds reported a combined fund balance of \$64,057,115. The fund balance for the General Fund was \$27,927,472 and \$36,129,643 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 Complex and a fourth project was the Sand Springs Campus that was identified in fiscal year 2010.

Owasso Complex

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 will be situated on almost 55 acres. Approximately \$5.6 million of the construction costs was bid/encumbered in fiscal year 2010, another \$6.1 million in fiscal year 2011, and the balance of \$36.3 million was bid/encumbered in fiscal year 2012. The estimated completion is Fall of 2013.



Sand Springs Campus

The District purchased property at 924 East Charles Page Boulevard (formerly Sand Springs Ford Development) in Sand Springs, OK. The property contains 6.6 acres with two buildings totaling 31,000 square feet of space. Plans are to renovate the existing structures and to add an additional 35,600 square feet of new construction. Groundbreaking on the \$15.9 million Sand Springs site was October 6, 2011. Approximately \$1.3 million of the construction costs was encumbered in fiscal year 2010 and fiscal year 2011 and the balance of \$14.6 million was bid/encumbered in fiscal year 2012. The estimated completion is Fall of 2013.



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 2011 and plans to add or expand additional programs during 2012.

General Fund

The General Fund balance is \$27,927,472. Of that amount, the assigned fund balance is \$6,052,726 and is reserved for encumbrances, liabilities that are incurred when a purchase order is issued. The committed fund balance is \$19,357,697 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 \$2,517,049 represents the funds not restricted in use by statute nor encumbered by purchase orders or legal contracts.

Another factor that must be considered is the very aggressive construction/expansion plan that Tulsa Tech began in FY 2004 and is scheduled to continue over the next 10 years. Tulsa Tech will be adding over 1,000,000 square feet of classroom, lab, shop, warehouse and office space. This means as new buildings are completed, additional operating costs will be incurred. In fact, when the Owasso Campus and the Sand Springs Campus are completed, it is estimated an additional 5.4 million dollars will be needed in the general fund to cover the increase in operating costs. There must be enough money accumulated in the fund balance to absorb these additional expenses.

Building Fund

The Building Fund balance is \$36,129,643. Of that amount, \$3,950,158 is restricted by statute to certain capital related costs. The committed fund balance is \$3,834,968 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 \$28,344,517 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, 2012, the District had \$156,315,069 in governmental funds invested in a broad range of capital assets including buildings, furniture and equipment. This amount represents a net increase of \$24,903,921 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 \$2500.

**Governmental Activities
Capital Assets - Net of Depreciation**

	<u>2011</u>	<u>2012</u>
Land	\$ 6,358,527	\$ 6,358,527
Building and Improvements	116,195,992	142,297,538
Equipment and Fixtures	<u>8,856,630</u>	<u>7,659,004</u>
Total Assets	<u>\$ 131,411,148</u>	<u>\$ 156,315,069</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, 2012

	Governmental Activities
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 7,031,794
Investments	60,879,401
Property Taxes Receivable	1,425,811
Receivables from Other Governments	347,056
Other Receivables	487,819
Total Current Assets	70,171,882
Non-current Assets	
Capital assets	
Land	6,358,527
Building	214,381,120
Furniture and Equipment	23,982,193
Less: Accumulated Depreciation	(88,406,771)
Total Noncurrent Assets	156,315,069
Total Assets	\$ 226,486,951
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	3,342,703
Compensated Leave	
Due within one year	6,338
Total Current Liabilities	3,349,041
Non-Current Liabilities	
Compensated Leave	\$ 2,765,726
Total Non-Current Liabilities	2,765,726
Total Liabilities	\$ 6,114,767
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	156,315,069
Restricted Fund Balance	3,950,158
Committed Fund Balance	23,192,665
Assigned Fund Balance	34,397,243
Unassigned Fund Balance	2,518,049
Total Net Assets	\$ 220,372,184

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Statement of Activities
July 1, 2011 - June 30, 2012

<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	\$ 25,384,716	4,560,928	599,952	(20,223,837)
Support Services - Instructional	9,082,346		814,642	(8,267,704)
Support Services - Operational	38,142,819		40,049	(38,102,770)
Operation of Non-Instructional Services	2,999,724	2,158,240	3,314	(838,169)
Facilities and Construction	355,821			(355,821)
Other Uses	3,063,319			(3,063,319)
Repayments and Financial Aid	409,627		2,183,839	1,774,212
Depreciation				
Total Governmental Activities	<u>79,438,372</u>	<u>6,719,168</u>	<u>3,641,796</u>	<u>(69,077,408)</u>
General Revenues				
Taxes -				
Property Taxes, Levied for Building Purposes				27,777,360
Property Taxes, Levied for General Purposes				44,888,992
Federal Aid - (PELL, Carl Perkins)				
State aid - Formula (ODCTE Oper)				6,634,061
Other Local - Dist. Contracts, Ins. Refunds, Etc, Land Sale, and ESchool)				1,491,135
Other State - Mentor Teacher, Spec. Grants,				
Innovative Initiative, Nat'l Bd Certification				293,139
Interest				525,736
Special items - Transfer to Other Funds				
Adjustments to Prior Year's Encumbrances				6,755
Total General Revenues and Special Items				<u>81,617,178</u>
Change in Net Assets				12,539,770
Net Assets, beginning				<u>207,832,414</u>
Net Assets, ending				<u>\$ 220,372,184</u>

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Balance Sheet – Governmental Funds

June 30, 2012

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,546,669	1,485,126	7,031,794
Investments	23,706,790	37,172,612	60,879,401
Receivables	1,719,077	541,609	2,260,686
Total assets	<u>\$ 30,972,536</u>	<u>39,199,346</u>	<u>70,171,882</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	862,855	2,479,847	3,342,703
Compensated leave payable:			
Short term compensated leave	6,338	-	6,338
Long term compensated leave	2,175,870	589,855	2,765,726
Total liabilities	<u>3,045,064</u>	<u>3,069,703</u>	<u>6,114,766</u>
Fund Balances			
Reserved for:			
Restricted Fund Balance		3,950,158	3,950,158
Committed Fund Balance	19,357,697	3,834,968	23,192,665
Assigned Fund Balance	6,052,726	28,344,517	34,397,243
Unreserved:			
Unassigned Fund Balance	2,517,049		2,517,049
Total fund balances	<u>27,927,472</u>	<u>36,129,643</u>	
Total liabilities and fund balances	<u>\$ 30,972,536</u>	<u>39,199,346</u>	

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 \$244,721,840 and the accumulated depreciation is (\$88,406,771).

	<u>156,315,069</u>
Net assets of governmental activities	<u>\$ 220,372,184</u>

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
July 1, 2011 to June 30, 2012

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Local sources	\$ 52,718,816	28,157,839	80,876,655
State sources	7,617,634		7,617,634
Federal sources	2,951,362		2,951,362
Interest	94,347	431,389	525,736
Total revenues	<u>63,382,160</u>	<u>28,589,228</u>	<u>91,971,387</u>
EXPENDITURES:			
Current -			
Instruction	21,662,957	631,887	22,294,845
Support services - Instructional	7,855,583	124,694	7,980,277
Support services - Non Instructional	24,528,592	9,709,244	34,237,836
Noninstructional services	2,631,842	-	2,631,842
Capital outlay	1,472,820	32,251,728	33,724,548
Other outlays	3,063,319		3,063,319
Repayments	409,627		409,627
Total expenditures	<u>61,624,740</u>	<u>42,717,553</u>	<u>104,342,293</u>
Excess (deficiency) of revenues over expenditures	1,757,419	(14,128,325)	(12,370,907)
OTHER FINANCING SOURCES (USES):			
Adjustments to prior year encumbrances	6,668	87	6,755
Total Other Financing Sources (Uses)	<u>6,668</u>	<u>87</u>	<u>6,755</u>
NET CHANGE IN FUND BALANCES	1,764,087	(14,128,238)	(12,364,152)
FUND BALANCES, beginning	<u>26,163,385</u>	<u>50,257,881</u>	<u>76,421,266</u>
FUND BALANCES, ending	<u>\$ 27,927,472</u>	<u>36,129,643</u>	<u>64,057,114</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, 2011 to June 30, 2012

Net Change in Fund Balances - Government Funds \$ (12,364,152)

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	34,176,462	
Depreciation expense	<u>(9,272,540)</u>	<u>24,903,922</u>

Changes in net assets of governmental activities \$ 12,539,770

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Statement of Fiduciary Net Assets
July 1, 2011 to June 30, 2012

	<u>Agency Fund Activity Funds</u>
 <u>ASSETS</u>	
Cash and cash equivalents	\$ <u>180,265</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities	
Funds held for school organizations	\$ <u>180,265</u>

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012

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, 2012

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 2011-12 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 2011-12 fiscal year.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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 2011-12 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 2011-12 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, 2012

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, 2012

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, 2012, 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, 2012

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:

Assets	Years
Buildings and building improvements	20-50
Equipment and fixtures	5-15
Vehicles	8

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District’s treasurer.

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 unmatured 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 unmatured obligations at June 30, 2012.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012

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, 2012

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 2011-12 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, 2012

2. CASH AND INVESTMENTS – cont’d

Cash – The District’s cash deposits at June 30, 2012, 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, 2012, 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	6,781,794		7,031,794	7,031,794
Investments		60,879,401		60,879,401	60,879,401
Total	<u>\$ 250,000</u>	<u>67,661,195</u>	<u>0</u>	<u>67,911,195</u>	<u>67,911,195</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, 2012

3. CAPITAL ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Capital assets activity for the year ended June 30, 2012, was as follows:

Land	\$ 6,358,527			6,358,527
Buildings & Improvements	181,012,394	33,368,727		214,381,121
Equipment & Fixtures	<u>23,781,503</u>	<u>807,735</u>	<u>(607,045)</u>	<u>23,982,193</u>
Totals	<u>211,145,216</u>	<u>34,176,462</u>	<u>(607,045)</u>	<u>244,721,841</u>
Less accumulated depreciation for:				
Building & Improvements	(64,816,402)	(7,267,181)		(72,083,583)
Equipment & Fixtures	<u>(14,924,874)</u>	<u>(1,814,477)</u>	<u>416,162</u>	<u>(16,323,189)</u>
Totals	<u>(79,734,068)</u>	<u>(9,081,658)</u>	<u>416,162</u>	<u>(88,406,772)</u>
Capital Assets, Net	<u>\$ 131,411,148</u>	<u>25,094,804</u>	<u>(190,883)</u>	<u>156,315,069</u>

4. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2012.

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, 2012

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 2012, 2011, and 2010, were \$5,149,855, \$5,152,855, and \$5,065,229, respectively.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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 2011-12 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.

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Budgetary Comparison Schedule – General Fund – Statutory Basis
For the Year Ended June 30, 2012

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues Collected:				
Local sources	50,703,022	51,657,883	52,594,084	936,201
State sources	8,470,829	8,513,013	7,734,909	(778,104)
Federal sources	2,418,837	2,665,039	2,682,974	17,935
Interest earnings	150,000	223,000	94,347	(128,653)
Non-revenue receipts				-
Total revenues collected	<u>61,742,688</u>	<u>63,058,935</u>	<u>63,106,314</u>	<u>47,379</u>
Expenditures:				
Instruction	25,749,933	25,749,933	21,701,480	4,048,453
Support services	36,483,165	36,483,165	32,631,337	3,851,828
Operation of noninstructional services	2,852,604	2,852,604	2,655,153	197,451
Facilities acquisition and construction services	134,093	134,093	3,601,413	(3,467,320)
Other outlays:	-			
Other uses	2,702,177	2,702,177	3,075,815	(373,638)
Repayments	298,525	298,525	418,234	(119,709)
Total expenditures	<u>68,220,497</u>	<u>68,220,497</u>	<u>64,083,432</u>	<u>4,137,065</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(6,477,809)	(5,161,562)	(977,118)	4,184,444
Other financing sources (uses)		-		
Adjustments to prior year encumbrances	-	-	1,117,414	-
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(6,477,809)	(5,161,562)	140,296	4,184,444
Cash fund balance, beginning of year	<u>21,708,446</u>	<u>21,708,446</u>	<u>22,191,275</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>22,331,572</u>	<u>22,331,572</u>
Reconciliation of budgetary comparison statutory basis to GAAP basis:				
Accounts receivable not recognized as revenue			1,719,077	
Liabilities payable recognized as expenditures:				
Reserve for encumbrances			6,052,692	
Leave payable			<u>(2,175,870)</u>	
Fund balance end of year GAAP basis			<u>\$ 27,927,472</u>	

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Budgetary Comparison Schedule – Building Fund – Statutory Basis
For the Year Ended June 30, 2012

	Building Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues Collected:				
Local sources	\$ 28,010,843	27,842,384	28,047,368	204,984
Interest earnings	535,000	535,000	431,389	(103,611)
Total revenues collected	<u>28,545,843</u>	<u>28,377,384</u>	<u>28,478,756</u>	<u>101,372</u>
Expenditures:				
Instruction	752,908	752,908	629,504	123,404
Support services	15,990,504	15,990,504	9,548,125	6,442,379
Operation of noninstructional services	-	-	-	-
Facilities acquisition and construction services	52,874,983	52,874,983	53,537,167	(662,184)
Repayments	-	-	-	-
Total expenditures	<u>69,618,395</u>	<u>69,618,395</u>	<u>63,714,796</u>	<u>5,903,599</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(41,072,552)	(41,241,011)	(35,236,040)	6,004,971
Other financing sources (uses)				
Adjustments to prior year encumbrances	-	-	774,298	774,298
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(41,072,552)	(41,241,011)	(34,461,742)	6,779,269
Cash fund balance, beginning of year	<u>39,711,334</u>	<u>39,711,334</u>	<u>42,295,114</u>	<u>-</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>7,833,372</u>	<u>7,833,372</u>
Reconciliation of budgetary comparison statutory basis to GAAP basis:				
Accounts receivable not recognized as revenue			541,608	
Liabilities payable recognized as expenditures:				
Reserve for encumbrances			28,344,519	
Leave payable			<u>(589,855)</u>	
Fund balance end of year GAAP basis			<u>\$ 36,129,643</u>	

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Schedule of Expenditures of Federal Awards - Budget Basis
For the Year Ended June 30, 2012

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.S. Department of Labor					
Direct Programs:					
Youth Build C/O	17.274	YB189201060A40	\$ 37,185	0	37,185
Sub Total			<u>37,185</u>	<u>0</u>	<u>37,185</u>
U.S. Department of Education					
Direct Programs:					
*Pell grants	84.063	P063P102639	1,878,985	1,686,651	1,878,985
Pell grants - Note	84.063	P063P092639		182,061	
Pell grants - Administration	84.063		2,840	2,575	2,840
Pell grants - Administration - Note	84.063			620	
*College Workstudy	84.033		8,763	0	8,763
College Workstudy - Note	84.033			8,405	
College Workstudy Administration	84.033		1,362	0	1,362
*SEOG	84.007		20,436	20,436	20,436
SEOG - Note	84.007			1,548	
Sub Total			<u>1,912,386</u>	<u>1,902,296</u>	<u>1,912,386</u>
Passed Through State Department of Career and Technology Education:					
*Carl Perkins secondary	84.048		433,986	334,209	432,212
Carl Perkins secondary - Note	84.048			117,409	
Project Lead the Way	84.048		9,600.00	9,600	9,600
Tech Prep	84.243		34,567	11,274	34,187
Tech Prep - Note	84.243			24,456	
TANF	93.561		277,454	138,925	277,454
TANF - Note	93.561			88,460	
OBAN	12.002		32,910	32,910	32,910
Tech Prep Alliance Fee - Note	84.243			3,600	
Tech Centers that Work	84.048		12,000	11,934	11,994
Tech Centers that Work - Note	84.048			7,735	
Cyber Security Training	47.076		2,000	0	2,000
Cyber Security Training - Note	47.076			4,635	
Green Technology Grant	17.275		180,000	25,126	46,103
Sub Total			<u>982,517</u>	<u>810,273</u>	<u>846,460</u>
U.S. Department of Agriculture:					
Passed Through State Department of Education					
Child and adult care food program	10.553	DC72-126	3,512	2,887	3,512
Child and adult care food program - Note	10.553	DC72-126		427	
Sub Total			<u>3,512</u>	<u>3,314</u>	<u>3,512</u>
Total Federal Assistance			<u>\$ 2,935,600</u>	<u>2,715,883</u>	<u>2,799,543</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



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

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

We have audited the basic financial statements of Tulsa Technology Center School District (the District) No. 18, Tulsa, Oklahoma, as of and for the year ended June 30, 2012, and have issued our report thereon dated February 6, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

February 6, 2013



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Tulsa Technology Center School District No. 18, (the District) Tulsa, Oklahoma's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the school board, management, the Oklahoma State Department of Career and Technology Education and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

February 6, 2013

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2012

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, 2012

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), Supplemental Educational Opportunity Grant (84.007) and College Workstudy (84.033), which are clustered in determination and Carl Perkins (84.048).
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, 2011 TO JUNE 30, 2012

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 2011-12.

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

By _____
Authorized Agent

Subscribed and sworn to before me
This 6th day of February, 2013

Notary Public (or Clerk or Judge)

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