

**AUDITED FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR**

**TRI COUNTY TECHNOLOGY CENTER NO. 1  
WASHINGTON COUNTY, OKLAHOMA**

**JUNE 30, 2019**



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**TRI COUNTY TECHNOLOGY CENTER NO. 1  
WASHINGTON COUNTY, OKLAHOMA  
JUNE 30, 2019**

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**TRI COUNTY TECHNOLOGY CENTER NO. 1  
WASHINGTON COUNTY, OKLAHOMA  
TECHNOLOGY CENTER OFFICIALS  
JUNE 30, 2019**

BOARD OF EDUCATION

|                |                   |
|----------------|-------------------|
| President      | John Woolman      |
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**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

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MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Education  
Tri County Technology Center No. VT-001  
Bartlesville, Oklahoma 74006-6029

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tri County Technology Center No. VT-001, Bartlesville, Oklahoma (the "Center") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri County Technology Center No. VT-001, Washington County, Oklahoma as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-15, budgetary comparison information on pages 50 and 51, and Teacher's Retirement Schedules on pages 48 and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section listed in the accompanying table of contents are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

March 10, 2020

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

# ***TRI COUNTY TECHNOLOGY CENTER NO. 1***

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

The discussion and analysis of *Tri County Technology Center No. 1*'s financial performance provides an overall review of the Technology Center's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Technology Center's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Technology Center's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2019 are as follows:

- In total, net assets increased \$322 thousand from fiscal year 2018. Net assets of governmental activities increased \$352 thousand from fiscal year 2018. Net assets of the business-type activity, which includes food service and childcare services, decreased \$30 thousand from fiscal year 2018.
- **General** revenues accounted for \$11,512 thousand in revenue or 87 percent of all revenues. Program specific revenues, in the form of charges for services and sales, grants, and contributions, accounted for \$1,659 thousand or 13 percent of total revenues of \$13,171 thousand. Fiscal year 2019 total revenue increased from fiscal year 2018 by \$873 thousand.
- Total assets of governmental activities increased by \$84 thousand, primarily due to the increased cash balance as of June 30.
- The Technology Center had \$11,912 thousand in expenses related to governmental activities; only \$1,023 thousand of these expenses were offset by program specific charges for services and sales, grants, and contributions. General and building revenues (primarily property taxes, and state funding) of \$11,176 thousand were adequate to provide for these programs.

# ***TRI COUNTY TECHNOLOGY CENTER NO. 1***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(continued)

## **Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand *Tri County Technology Center No. 1* as a financial whole, or as an entire operating entity.

The statement of net assets and statement of activities provide information about the activities of the whole Technology Center, presenting both an aggregate view of the Technology Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Technology Center's most significant funds with all other non-major funds presented in total in a single column. For *Tri County Technology Center*, the General Fund is the most significant.

## **Reporting the Technology Center as a Whole**

### **Statement of Net Assets and Statement of Activities**

While this report contains the large number of funds used by the Technology Center to provide programs and activities, the view of the Technology Center looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting considers all the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Technology Center's net assets and changes in those assets. This change in net assets is important because it identifies whether the financial position of the Technology Center has improved or diminished, as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the Technology Center's property tax base, current property tax laws in Oklahoma restricting revenue growth, facility conditions, required educational programs, and other factors.

# ***TRI COUNTY TECHNOLOGY CENTER NO. 1***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(continued)

## **Reporting the Technology Center as a Whole (continued)**

### **Statement of Net Assets and Statement of Activities (continued)**

In the statement of net assets and the statement of activities, the Technology Center is divided into two distinct kinds of activities:

**Governmental Activities** – Most of the Technology Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

**Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service and Child Care Service enterprise funds are reported as business activities.

## **Reporting the Technology Center's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the Technology Center's major funds. The Technology Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Technology Center's most significant funds. The Technology Center's major governmental funds are the General Fund and Building Fund.

### **Governmental Funds**

Most of the Technology Center's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide

# ***TRI COUNTY TECHNOLOGY CENTER NO. 1***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(continued)

## **Reporting the Technology Center's Most Significant Funds (continued)**

### **Governmental Funds (continued)**

a detailed short-term view of the Technology Center's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

### **Adoption of New Standard**

As of July 1, 2015, the Center adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71). The implementation of these standards requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the Center reported a net pension liability of \$7,597,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, which was the most recent available information. The Center's proportion of the net pension liability was based on a projection of the Center's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the Center's proportion was 0.12570503%.

# TRI COUNTY TECHNOLOGY CENTER NO. 1

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(continued)

## The Technology Center as a Whole

The perspective of the statement of net assets is of the Technology Center as a whole. Table 1 provides a summary of the Technology Center's net assets for 2019 compared to 2018:

**Table 1**  
**Net Assets**

|  | Governmental  |             | Business-Type |           | Total       |             |
|--|---------------|-------------|---------------|-----------|-------------|-------------|
|  | 2019          | 2018        | 2019          | 2018      | 2019        | 2018        |
| <b>ASSETS</b>                                  |               |             |               |           |             |             |
| Current and other assets                       | \$ 6,627,620  | 6,137,351   | 2,692         | 2,042     | 6,630,312   | 6,139,393   |
| Noncurrent assets                              | 10,662        | 11,685      | -             | -         | 10,662      | 11,685      |
| Capital assets, net                            | 13,046,489    | 13,422,211  | 1,140,259     | 1,171,112 | 14,186,748  | 14,593,323  |
| Total assets                                   | 19,684,771    | 19,571,247  | 1,142,951     | 1,173,154 | 20,827,722  | 20,744,401  |
| <b>LIABILITIES</b>                             |               |             |               |           |             |             |
| Current and other liabilities                  | 785,572       | 647,701     | -             | -         | 785,572     | 647,701     |
| Noncurrent liabilities                         | 7,749,069     | 8,371,184   | -             | -         | 7,749,069   | 8,371,184   |
| Total liabilities                              | 8,534,641     | 9,018,885   | -             | -         | 8,534,641   | 9,018,885   |
| Deferred inflows related to pensions           | 1,046,424     | 1,080,745   |               |           | 1,046,424   | 1,080,745   |
| <b>NET ASSETS</b>                              |               |             |               |           |             |             |
| Invested in capital assets net of related debt | 13,046,489    | 13,422,211  | 1,140,259     | 1,171,112 | 14,186,748  | 14,593,323  |
| Restricted                                     | 10,662        | 11,685      | -             | -         | 10,662      | 11,685      |
| Building                                       | 3,226,095     | 2,509,534   |               |           | 3,226,095   | 2,509,534   |
| Unrestricted                                   | (4,895,023)   | (4,839,942) | 2,692         | 2,042     | (4,892,331) | (4,839,942) |
| Total net position                             | \$ 11,388,223 | 11,101,446  | 1,142,951     | 1,173,154 | 12,531,174  | 12,274,600  |

Total assets increased \$83 thousand. The net position of the Technology Center's governmental activities increased \$287 thousand. The net position of the business-type activities decreased \$30 thousand.

## **TRI COUNTY TECHNOLOGY CENTER NO. 1**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019

**Table 2** reflects the change in net assets for fiscal year 2019.

|                                       | Governmental         |                   | Business-Type    |                 | Total             |                   |
|---------------------------------------|----------------------|-------------------|------------------|-----------------|-------------------|-------------------|
|                                       | Activities           |                   | Activities       |                 |                   |                   |
|                                       | 2019                 | 2018              | 2019             | 2018            | 2019              | 2018              |
| <b>Revenues:</b>                      |                      |                   |                  |                 |                   |                   |
| Program Revenues:                     |                      |                   |                  |                 |                   |                   |
| Charges for services and sales        | \$ 1,023,494         | 961,822           | 635,680          | 576,343         | 1,659,174         | 1,538,165         |
| Total program revenues                | <u>1,023,494</u>     | <u>961,822</u>    | <u>635,680</u>   | <u>576,343</u>  | <u>1,659,174</u>  | <u>1,538,165</u>  |
| General Revenues:                     |                      |                   |                  |                 |                   |                   |
| Property taxes                        | 8,284,781            | 8,164,994         | -                | -               | 8,284,781         | 8,164,994         |
| State aid formula grant               | 2,236,229            | 1,978,282         | -                | -               | 2,236,229         | 1,978,282         |
| Other state aid                       | 675,478              | 309,130           | -                | -               | 675,478           | 309,130           |
| Interest and investment earnings      | 17,533               | 6,025             | -                | -               | 17,533            | 6,025             |
| Miscellaneous income                  | 229,812              | 227,809           | -                | -               | 229,812           | 227,809           |
| Transfers-internal activities         | (336,491)            | (311,006)         | 336,491          | 311,006         | -                 | -                 |
| Adjustment to prior year encumbrances | 68,285               | 73,466            | -                | -               | 68,285            | 73,466            |
| Total general revenues                | <u>11,175,627</u>    | <u>10,448,700</u> | <u>336,491</u>   | <u>311,006</u>  | <u>11,512,118</u> | <u>10,759,706</u> |
| Total revenues                        | <u>\$ 12,199,121</u> | <u>11,410,522</u> | <u>972,171</u>   | <u>887,349</u>  | <u>13,171,292</u> | <u>12,297,871</u> |
| <b>Program Expenses:</b>              |                      |                   |                  |                 |                   |                   |
| Instruction                           | \$ 4,373,927         | 3,996,130         | -                | -               | 4,373,927         | 3,996,130         |
| Support services                      | 6,217,903            | 5,743,650         | -                | -               | 6,217,903         | 5,743,650         |
| Non-instructional                     | 262,284              | 309,091           | -                | -               | 262,284           | 309,091           |
| Other outlays                         | 1,058,230            | 852,773           | -                | -               | 1,058,230         | 852,773           |
| Food services                         | -                    | -                 | 355,684          | 367,958         | 355,684           | 367,958           |
| Child-care services                   | -                    | -                 | 646,690          | 599,655         | 646,690           | 599,655           |
| Total expenses                        | <u>11,912,344</u>    | <u>10,971,542</u> | <u>1,002,374</u> | <u>967,613</u>  | <u>12,914,718</u> | <u>11,939,155</u> |
| Increase (decrease) in net position   | <u>\$ 286,777</u>    | <u>438,980</u>    | <u>(30,203)</u>  | <u>(80,264)</u> | <u>256,574</u>    | <u>358,716</u>    |

Unaudited - See Independent Auditor's Report

**TRI COUNTY TECHNOLOGY CENTER NO. 1**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(continued)

**Governmental Activities**

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3, for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by local revenues and unrestricted state entitlements.

**Table 3**  
**Governmental Activities**

|                   | <u>Total Cost</u><br><u>of Services</u><br><u>2019</u> | <u>Total Cost</u><br><u>of Services</u><br><u>2018</u> | <u>Net Cost</u><br><u>of Services</u><br><u>2019</u> | <u>Net Cost</u><br><u>of Services</u><br><u>2018</u> |
|-------------------|--|--|--|--|
| Instruction       | \$ 4,373,927   | 3,996,130  | 3,350,433  | 3,034,308  |
| Support services  | 6,217,903  | 5,743,650  | 6,217,903  | 5,743,650  |
| Non-instructional | 262,284  | 309,091  | 262,284  | 309,091  |
| Other outlays     | 1,058,230  | 852,773  | 1,058,230  | 852,773  |
| Total expenses    | \$ <u>11,912,344</u>                                   | <u>10,971,542</u>                                      | <u>10,888,850</u>                                    | <u>10,009,720</u>                                    |

The dependence upon local revenues for governmental activities is apparent. Twenty-three percent of instruction activities are supported through charges for services and other general revenues. For all governmental activities, general revenues support is 91 percent.

**Business-Type Activity**

The business-type activities of the Technology Center are the food service operation and childcare service. These programs had revenues and transfers of \$336 thousand and expenses of \$1,002 thousand for fiscal year 2019. Total revenues increased \$59 thousand and expenses increased \$35 thousand from the prior fiscal year.

The business activities receive no direct support from tax revenues.

# ***TRI COUNTY TECHNOLOGY CENTER NO. 1***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(continued)

## **The Technology Center's Funds**

The Technology Center's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$12,199 thousand and expenditures and other financing uses of \$11,912 thousand.

## **General Fund Budgeting Highlights**

The Technology Center's budget is prepared according to Oklahoma law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds were the General Fund and Building Fund.

During fiscal 2019, the Technology Center amended its General Fund budget as needed. The Technology Center uses a site-based budget. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Final budgeted revenues and other financing sources for General and Building Funds, in the amount of \$18,114 thousand, were above original budgeted revenues and other financing sources, in the amount of \$17,162 thousand. Of this \$952 thousand difference, most was due to conservative tax estimates and additional fund balance carryover in the building fund due to delayed construction projects.

General fund expenditures and other financing uses were budgeted at \$12,507 thousand while actual expenditures were \$10,265 thousand. Building Fund expenditures and other financing uses were budgeted at \$4,655 thousand while actual expenditures were \$2,073 thousand.

# **TRI COUNTY TECHNOLOGY CENTER NO. 1**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

(continued)

## **Capital Assets and Debt Administration**

### **Capital Assets**

At the end of fiscal year 2019, the Technology Center had \$14,187 thousand invested in capital assets, \$13,046 thousand of which was in governmental activities.

Table 4 reflects fiscal year 2019 balances:

**Table 4**  
**Capital Assets at June 30**

|                               | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                    | <u>Total</u>        |                     |
|-------------------------------|--------------------------------|---------------------|---------------------------------|--------------------|---------------------|---------------------|
|                               | <u>2019</u>                    | <u>2018</u>         | <u>2019</u>                     | <u>2018</u>        | <u>2019</u>         | <u>2018</u>         |
| Land                          | \$ 1,588,736                   | 1,588,736           | -                               | -                  | 1,588,736           | 1,588,736           |
| Construction in progress      | 181,969                        | 35,900              | -                               | -                  | 181,969             | 35,900              |
| Buildings                     | 27,220,868                     | 27,123,902          | 2,046,573                       | 1,989,626          | 29,267,441          | 29,113,528          |
| Improvements                  | 2,241,337                      | 2,229,190           | 233,526                         | 233,526            | 2,474,863           | 2,462,716           |
| Machinery and equipment       | 2,918,136                      | 2,720,266           | 120,461                         | 120,461            | 3,038,597           | 2,840,727           |
| Less accumulated depreciation | <u>(21,104,557)</u>            | <u>(20,275,783)</u> | <u>(1,260,301)</u>              | <u>(1,172,501)</u> | <u>(22,364,858)</u> | <u>(21,448,284)</u> |
| Total net assets              | <u>\$ 13,046,489</u>           | <u>13,422,211</u>   | <u>1,140,259</u>                | <u>1,171,112</u>   | <u>14,186,748</u>   | <u>14,593,323</u>   |

The decrease in capital assets is a result of the accumulated depreciation.

# ***TRI COUNTY TECHNOLOGY CENTER NO. 1***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(continued)

## **Economic Factors and Next Year's Budget**

Many factors were considered by the District's administration during the process of developing the fiscal year 2019-20 budget. Among them:

- Enrollment of full-time, flex, and fast track programs
- Estimated general fund budget balance carry forward (\$2.4 million)

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased by \$204 thousand, or 1.6 percent to \$13 million in fiscal year 2019-20. State aid and property taxes are expected to be the primary funding sources.

## **Contacting the Technology Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Technology Center's finances and to reflect the Technology Center's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Kim Smith, CPA Chief Financial Officer and Director of Operations, *Tri County Technology Center No. 1*, 6101 SE Nowata Rd., Bartlesville, Oklahoma 74006.

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

**TRI COUNTY TECHNOLOGY CENTER NO. 1**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

| <u>ASSETS</u>                                     | <u>GOVERNMENT<br/>ACTIVITIES</u> | <u>BUSINESS-TYPE<br/>ACTIVITIES</u> | <u>TOTALS</u>       |
|---|----------------------------------|-------------------------------------|---------------------|
| Current assets                                    |                                  |                                     |                     |
| Cash, and cash equivalents                        | \$ 6,513,567                     |                                     | 6,513,567           |
| Property taxes receivable                         | 48,035                           |                                     | 48,035              |
| Receivables from other governments                | 66,018                           |                                     | 66,018              |
| Inventories                                       |                                  | 2,692                               | 2,692               |
| Total current assets                              | <u>6,627,620</u>                 | <u>2,692</u>                        | <u>6,630,312</u>    |
| Noncurrent assets                                 |                                  |                                     |                     |
| Restricted assets                                 |                                  |                                     |                     |
| Unemployment reserve funds                        | 10,662                           |                                     | 10,662              |
| Total restricted assets                           | <u>10,662</u>                    |                                     | <u>10,662</u>       |
| Capital assets                                    |                                  |                                     |                     |
| Land  | 1,588,736                        |                                     | 1,588,736           |
| Construction in process                           | 181,969                          |                                     | 181,969             |
| Improvements                                      | 2,241,337                        | 233,526                             | 2,474,863           |
| Buildings   | 27,220,868                       | 2,046,573                           | 29,267,441          |
| Machinery and equipment                           | 2,918,136                        | 120,461                             | 3,038,597           |
| Less accumulated depreciation                     | <u>(21,104,557)</u>              | <u>(1,260,301)</u>                  | <u>(22,364,858)</u> |
| Total capital assets                              | <u>13,046,489</u>                | <u>1,140,259</u>                    | <u>14,186,748</u>   |
| Total noncurrent assets                           | <u>13,057,151</u>                | <u>1,140,259</u>                    | <u>14,197,410</u>   |
| Total assets                                      | <u>19,684,771</u>                | <u>1,142,951</u>                    | <u>20,827,722</u>   |
| Deferred outflows of resources                    |                                  |                                     |                     |
| Deferred outflows related to pensions             | <u>1,284,517</u>                 |                                     | <u>1,284,517</u>    |
| <u>LIABILITIES AND NET POSITION</u>               |                                  |                                     |                     |
| Current liabilities                               |                                  |                                     |                     |
| Accounts payable and other current liabilities    | <u>785,572</u>                   |                                     | <u>785,572</u>      |
| Noncurrent liabilities                            |                                  |                                     |                     |
| Accrued compensated absences                      | 151,316                          |                                     | 151,316             |
| Net pension obligation                            | <u>7,597,753</u>                 |                                     | <u>7,597,753</u>    |
| Total non-current liabilities                     | <u>7,749,069</u>                 |                                     | <u>7,749,069</u>    |
| Total liabilities                                 | <u>8,534,641</u>                 |                                     | <u>8,534,641</u>    |
| Deferred inflows related to pensions              | <u>1,046,424</u>                 |                                     | <u>1,046,424</u>    |
| Net position                                      |                                  |                                     |                     |
| Investment in capital assets, net of related debt | 13,046,489                       | 1,140,259                           | 14,186,748          |
| Restricted for:                                   |                                  |                                     |                     |
| Unemployment compensation                         | 10,662                           |                                     | 10,662              |
| Building fund                                     | 3,226,095                        |                                     | 3,226,095           |
| Unrestricted                                      | <u>(4,895,023)</u>               | <u>2,692</u>                        | <u>(4,892,331)</u>  |
| Total net position                                | <u>\$ 11,388,223</u>             | <u>1,142,951</u>                    | <u>12,531,174</u>   |

The accompanying notes are an integral part of these financial statements.

**TRI COUNTY TECHNOLOGY CENTER NO. 1**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

| <u>Functions/Programs</u>         | <u>Expenses</u>      | <u>Program Revenues</u>               | <u>Net (Expense)/Revenue and</u><br><u>Changes in Net Assets</u> |   | <u>TOTALS</u>       |
|-----------------------------------|----------------------|---------------------------------------|--|---|---------------------|
|                                   |                      | <u>Charges for</u><br><u>Services</u> | <u>Governmental</u><br><u>Activities</u>                         | <u>Business-Type</u><br><u>Activities</u> |                     |
| Governmental Activities -         |                      |                                       |  |   |                     |
| Instruction                       | \$ 4,373,927         | 1,023,494                             | (3,350,433)  |   | (3,350,433)         |
| Support services                  | 6,217,903            |                                       | (6,217,903)  |   | (6,217,903)         |
| Non-instructional                 | 262,284              |                                       | (262,284)  |   | (262,284)           |
| Other outlays                     | 1,058,230            |                                       | (1,058,230)  |   | (1,058,230)         |
| Total general government          | <u>11,912,344</u>    | <u>1,023,494</u>                      | <u>(10,888,850)</u>  |   | <u>(10,888,850)</u> |
| Business-Type Activities -        |                      |                                       |  |   |                     |
| Food services                     | 355,684              | 202,021                               |  | (153,663)                                 | (153,663)           |
| Child care services               | 646,690              | 433,659                               |  | (213,031)                                 | (213,031)           |
| Total business-type activities    | <u>1,002,374</u>     | <u>635,680</u>                        |  | <u>(366,694)</u>                          | <u>(366,694)</u>    |
| Total primary government          | <u>\$ 12,914,718</u> | <u>1,659,174</u>                      | <u>(10,888,850)</u>  | <u>(366,694)</u>                          | <u>(11,255,544)</u> |
| General revenues-                 |                      |                                       |  |   |                     |
| Property taxes                    |                      |                                       | 8,284,781  |   | 8,284,781           |
| State aid formula grants          |                      |                                       | 2,236,229  |   | 2,236,229           |
| Other state aid                   |                      |                                       | 675,478  |   | 675,478             |
| Interest and investment earnings  |                      |                                       | 17,533   |   | 17,533              |
| Miscellaneous income              |                      |                                       | 229,812  |   | 229,812             |
| Operating transfers               |                      |                                       | (336,491)  | 336,491                                   | -                   |
| Lapsed appropriations             |                      |                                       | 68,285   |   | 68,285              |
| Total general revenues            |                      |                                       | <u>11,175,627</u>  | <u>336,491</u>                            | <u>11,512,118</u>   |
| Changes in net position           |                      |                                       | 286,777  | (30,203)                                  | 256,574             |
| Net position, beginning of period |                      |                                       | 11,101,446   | 1,173,154                                 | 12,274,600          |
| Net position, end of period       |                      |                                       | <u>\$ 11,388,223</u>   | <u>1,142,951</u>                          | <u>12,531,174</u>   |

The accompanying notes are an integral part of these financial statements.

## **FUND FINANCIAL STATEMENTS**

**TRI COUNTY TECHNOLOGY CENTER NO. 1  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

|  | GENERAL<br>FUND | BUILDING<br>FUND | TOTALS    |
|--|-----------------|------------------|-----------|
| <u>ASSETS</u>                          |                 |                  |           |
| Cash, and cash equivalents             | \$ 2,699,342    | 3,814,225        | 6,513,567 |
| Property taxes receivable              | 32,021          | 16,014           | 48,035    |
| Receivables from other governments     | 66,018          |                  | 66,018    |
| Total assets                           | 2,797,381       | 3,830,239        | 6,627,620 |
| <u>LIABILITIES AND NET ASSETS</u>      |                 |                  |           |
| Liabilities                            |                 |                  |           |
| Accounts payable and other liabilities | 181,428         | 604,144          | 785,572   |
| Total liabilities                      | 181,428         | 604,144          | 785,572   |
| Net assets                             |                 |                  |           |
| Restricted for:                        |                 |                  |           |
| Building                               |                 | 3,226,095        | 3,226,095 |
| Unrestricted                           | 2,615,953       |                  | 2,615,953 |
| Total net assets                       | 2,615,953       | 3,226,095        | 5,842,048 |
| Total liabilities and net assets       | \$ 2,797,381    | 3,830,239        |           |

Amounts reported for governmental activities in the Statement of Net Position - Government Wide are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

|  |               |               |
|--|---------------|---------------|
| Capital assets   | \$ 34,151,046 |               |
| Depreciation   | (21,104,557)  | 13,046,489    |
| Other assets not available for the current period                        |               |               |
| Unemployment compensation  |               | 10,662        |
| Other liabilities not payable for the current period                     |               |               |
| Compensated absences   |               | (151,316)     |
| Net pension liability  |               | (7,597,753)   |
| Deferred net outflows of resources related to pensions                   |               | 238,093       |
| Net position of governmental activities in the Statement of Net Position |               | \$ 11,388,223 |

The accompanying notes are an integral part of these financial statements.

**TRI COUNTY TECHNOLOGY CENTER NO. 1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

|   | GENERAL<br>FUND     | BUILDING<br>FUND | TOTALS            |
|---|---------------------|------------------|-------------------|
| Revenues  |                     |                  |                   |
| Local sources   | 6,789,958           | 2,765,662        | 9,555,620         |
| State sources   | 2,478,515           |                  | 2,478,515         |
| Total revenues  | <u>9,268,473</u>    | <u>2,765,662</u> | <u>12,034,135</u> |
| Expenditures  |                     |                  |                   |
| Instruction   | 4,190,877           | 136,881          | 4,327,758         |
| Support services  | 4,850,789           | 1,302,934        | 6,153,723         |
| Operation of non-instructional services                               | 249,542             |                  | 249,542           |
| Facilities, acquisition and const. services                           | -                   | 633,285          | 633,285           |
| Other outlays   | 49,223              |                  | 49,223            |
| Total expenditures  | <u>9,340,431</u>    | <u>2,073,100</u> | <u>11,413,531</u> |
| Revenues over (under) expenditures                                    | (71,958)            | 692,562          | 620,604           |
| Other financing sources (uses)  |                     |                  |                   |
| Operating transfers in (out)  | (336,491)           |                  | (336,491)         |
| Estopped warrants   | 116                 |                  | 116               |
| Lapsed appropriations   | 44,170              | 23,999           | 68,169            |
| Total other financing sources (uses)                                  | <u>(292,205)</u>    | <u>23,999</u>    | <u>(268,206)</u>  |
| Revenue and other sources over (under)<br>expenditures and other uses | (364,163)           | 716,561          | 352,398           |
| Net assets, beginning of year   | <u>2,980,116</u>    | <u>2,509,534</u> | <u>5,489,650</u>  |
| Net assets balance, end of year                                       | <u>\$ 2,615,953</u> | <u>3,226,095</u> | <u>5,842,048</u>  |

The accompanying notes are an integral part of these financial statements.

**TRI COUNTY TECHNOLOGY CENTER NO. 1  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

Reconciliation of the change in fund balances - total governmental funds to the change in net assets of governmental activities:

|  |    |                |
|--|----|----------------|
| Net change in fund balance - total governmental funds  | \$ | 352,398        |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset</p> |    |                |
| Depreciation   |    | (828,774)      |
| Fixed asset additions (deletions), net   |    | 453,052        |
| Unemployment compensation deposit  |    | (1,023)        |
| Governmental funds report district pension contributions as expenditures   |    |                |
| However, the Statement of Activities reports pension benefits, net of contributions, as pension expense.   |    | 314,932        |
| Compensated absences   |    | (3,808)        |
| Change in net assets of governmental activities  | \$ | <u>286,777</u> |

The accompanying notes are an integral part of these financial statements.

**TRI COUNTY TECHNOLOGY CENTER NO. 1**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2019**

| <u>ASSETS</u>       | <u>FOOD<br/>SERVICE</u> | <u>CHILD CARE<br/>SERVICES</u> | <u>TOTALS</u>           |
|---------------------|-------------------------|--------------------------------|-------------------------|
| Current assets      |                         |                                |                         |
| Inventories         | \$ 2,692                | -                              | 2,692                   |
| Noncurrent assets   |                         |                                |                         |
| Capital assets, net | <u>353,623</u>          | <u>786,636</u>                 | <u>1,140,259</u>        |
| Total Assets        | <u><u>356,315</u></u>   | <u><u>786,636</u></u>          | <u><u>1,142,951</u></u> |

LIABILITIES AND NET ASSETS

|   |                          |                       |                         |
|---|--------------------------|-----------------------|-------------------------|
| Net assets                                      |                          |                       |                         |
| Invested in capital assets, net of related debt | 353,623                  | 786,636               | 1,140,259               |
| Unrestricted net assets                         | <u>2,692</u>             |                       | <u>2,692</u>            |
| Total net assets                                | <u><u>\$ 356,315</u></u> | <u><u>786,636</u></u> | <u><u>1,142,951</u></u> |

The accompanying notes are an integral part of these financial statements.

**TRI COUNTY TECHNOLOGY CENTER NO. 1**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET ASSETS - REGULATORY BASIS - PROPRIETARY FUNDS**  
**JUNE 30, 2019**

|   | <u>FOOD<br/>SERVICE</u> | <u>CHILD CARE<br/>SERVICES</u> | <u>TOTALS</u>    |
|---|-------------------------|--------------------------------|------------------|
| Operating revenue   |                         |                                |                  |
| Food sales  | \$ 202,021              |                                | 202,021          |
| Child care services   |                         | 433,659                        | 433,659          |
| Total operating revenues  | <u>202,021</u>          | <u>433,659</u>                 | <u>635,680</u>   |
| Operating expenses  |                         |                                |                  |
| Cost of goods sold  | 132,889                 | 63,607                         | 196,496          |
| Personal services   | 180,982                 | 442,787                        | 623,769          |
| Other services and charges  | 16,424                  | 77,885                         | 94,309           |
| Depreciation  | 25,389                  | 62,411                         | 87,800           |
| Total operating expenses  | <u>355,684</u>          | <u>646,690</u>                 | <u>1,002,374</u> |
| Revenues over (under) expenses                                    | (153,663)               | (213,031)                      | (366,694)        |
| Other financing sources (uses)                                    |                         |                                |                  |
| Operating transfers in (out)                                      | <u>128,924</u>          | <u>207,567</u>                 | <u>336,491</u>   |
| Revenue and other sources over (under)<br>expenses and other uses | (24,739)                | (5,464)                        | (30,203)         |
| Net assets, beginning of year                                     | <u>381,054</u>          | <u>792,100</u>                 | <u>1,173,154</u> |
| Net assets, end of year   | <u>\$ 356,315</u>       | <u>786,636</u>                 | <u>1,142,951</u> |

The accompanying notes are an integral part of these financial statements.

**TRI COUNTY TECHNOLOGY CENTER NO. 1  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | <u>FOOD<br/>SERVICE</u> | <u>CHILD CARE<br/>SERVICES</u> | <u>TOTALS</u>    |
|--|-------------------------|--------------------------------|------------------|
| Cash Flows from Operating Activities:  |                         |                                |                  |
| Receipts from customers  | \$ 202,021              | 433,659                        | 635,680          |
| Payments to employees  | (180,982)               | (442,787)                      | (623,769)        |
| Payments to suppliers  | (149,313)               | (141,492)                      | (290,805)        |
| Net Cash Provided by Operating Activities  | <u>(128,274)</u>        | <u>(150,620)</u>               | <u>(278,894)</u> |
| Cash Flows from Noncapital Financing Activities:   |                         |                                |                  |
| Operating subsidies and transfers (to) from other funds  | <u>128,924</u>          | <u>207,567</u>                 | <u>336,491</u>   |
| Net Cash Provided (Used) by Operating Activities   | <u>128,924</u>          | <u>207,567</u>                 | <u>336,491</u>   |
| Cash Flows from Capital and Related Financing Activities:                                      |                         |                                |                  |
| Acquisition of capital assets  | <u>-</u>                | <u>-</u>                       | <u>-</u>         |
| Net Cash Provided by (Used in) Capital and Related Financing Activities                        | <u>-</u>                | <u>-</u>                       | <u>-</u>         |
| Net Increase (Decrease) in Cash and Cash Equivalents   | 650                     | 56,947                         | 57,597           |
| Balance - beginning of the year  | <u>-</u>                | <u>-</u>                       | <u>-</u>         |
| Balance - end of the year  | <u>\$ 650</u>           | <u>56,947</u>                  | <u>57,597</u>    |
| Reconciliation of operating income (loss) to net cash provided by operating activities:        |                         |                                |                  |
| Operating income (loss)  | \$ (153,663)            | (213,031)                      | (366,694)        |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                         |                                |                  |
| Depreciation expense   | 25,389                  | 62,411                         | 87,800           |
| Inventory adjustment   | <u>-</u>                | <u>-</u>                       | <u>-</u>         |
| Net cash provided by operating activities  | <u>\$ (128,274)</u>     | <u>(150,620)</u>               | <u>(278,894)</u> |

The accompanying notes are an integral part of these financial statements.

**TRI COUNTY TECHNOLOGY CENTER NO. 1**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**REGULATORY BASIS - ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                      | Balance<br><u>July 1, 2018</u> | <u>Additions</u> | Net<br><u>Transfers</u> | <u>Deletions</u> | Balance<br><u>June 30, 2019</u> |
|--------------------------------------|--------------------------------|------------------|-------------------------|------------------|---------------------------------|
| <b>Assets</b>                        |                                |                  |                         |                  |                                 |
| Cash                                 | \$ 66,645                      | 756,394          | -                       | 753,198          | 69,841                          |
| <b>Liabilities</b>                   |                                |                  |                         |                  |                                 |
| Funds held for student organizations |                                |                  |                         |                  |                                 |
| Student-General                      | \$ 4,388                       | 5,933            |                         | 1,595            | 8,726                           |
| Skills USA-ACR                       | 3,063                          | -                |                         | 267              | 2,796                           |
| Skills USA-AST                       | 3,295                          | 2,110            |                         | 880              | 4,525                           |
| Skills USA-AWT                       | 4,551                          | -                |                         | 310              | 4,241                           |
| Skills USA-EAST                      | 6,695                          | -                |                         | 866              | 5,829                           |
| Skills USA-COS                       | 3,750                          | 763              |                         | 3,125            | 1,388                           |
| DECA-Marketing                       | 1,269                          | 6,117            |                         | 7,133            | 253                             |
| Skills USA-GCT                       | 369                            | 156              |                         | 393              | 132                             |
| SADHA-DH-General                     | 294                            | -                |                         | -                | 294                             |
| Skills USA-PMO                       | 1,600                          | -                |                         | 147              | 1,453                           |
| BPA - MOS                            | 696                            | -                |                         | 51               | 645                             |
| HOSA - NRS                           | 84                             | 40               |                         | 84               | 40                              |
| HOSA-LPN                             | 3,607                          | -                |                         | 1,104            | 2,503                           |
| SkillsUSA - ECE                      | 2,808                          | 395              |                         | 1,908            | 1,295                           |
| SkillsUSA - CUL                      | 1,199                          | 245              |                         | 758              | 686                             |
| Child Development Center             | 3,498                          | 8,465            |                         | 5,440            | 6,523                           |
| TCT Employee Fund                    | 5,239                          | 5,928            |                         | 5,782            | 5,385                           |
| Skills USA - NET                     | 928                            | 1,150            |                         | 1,466            | 612                             |
| Skills USA-CST                       | 2,515                          | 20               |                         | 842              | 1,693                           |
| HOSA - MED                           | 625                            | 1,043            |                         | 921              | 747                             |
| TSA - ENG                            | 1,456                          | 765              |                         | 977              | 1,244                           |
| SADHA-DH-Sr Class                    | 11                             | 523              |                         | 504              | 30                              |
| TPP                                  | 1,676                          | 3,292            |                         | 1,496            | 3,472                           |
| Full Time Programs                   | 2,245                          | 302,388          |                         | 304,287          | 346                             |
| Community Education                  | 1,096                          | 99,470           |                         | 100,092          | 474                             |
| Career Assistance Center             | 293                            | 31,920           |                         | 31,882           | 331                             |
| Internal Service                     | 3,577                          | 275,671          |                         | 272,789          | 6,459                           |
| Foundation                           | 5,818                          | 10,000           |                         | 8,099            | 7,719                           |
| <b>Total Liabilities</b>             | <b>\$ 66,645</b>               | <b>756,394</b>   | <b>-</b>                | <b>753,198</b>   | <b>69,841</b>                   |

## **NOTES TO THE FINANCIAL STATEMENTS**

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

Tri County Technology Center No. 1 (the "Center") is a corporate body for public purposes created under Title 70 of the Oklahoma statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The Center is part of the public education system of Oklahoma under the general direction and control of the State Board of Career and Technology Education and is financially dependent on the State of Oklahoma support. The general operating authority for the public education system is the Oklahoma Public School Code contained in Title 70, Oklahoma Statutes. The governing body of the technology center is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the Center.

The financial statements of Tri County Technology Center No. 1 comply with accounting principles generally accepted in the United States of America (GAAP). The Center's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statement for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No.'s 20 and 34 provide the Center the option of electing to apply FASB pronouncements issued after November 30, 1989. The Center has elected not to apply those pronouncements.

In evaluating how to define the Center, 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 involves considering whether the activity is conducted within the geographic boundaries of the technology center 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 technology center is able to exercise

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**1. Summary of Significant Accounting Policies – cont'd**

oversight responsibilities. Based upon the application of these criteria, a prior year component unit has now been omitted. Tri County Tech Endowment Fund, Inc. was formally presented as a blended component unit and is a non-profit corporation organized to make unsecured educational loans to deserving and needy students who could not otherwise obtain loans, to award scholarships and to assist and advance the establishment and maintenance of better facilities at Tri County Technology Center No.1. During fiscal year 2009, the Endowment Fund was moved under the auspices of the Bartlesville Community Foundation. See Note 10 for the amounts residing in the fund.

*B. Fund Accounting*

Government Wide Financial Statements

The statement of net position and statement of activities display information about the overall financial position and activities of the Center as a whole with the exception of the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

1. Total assets, liabilities, revenues, or expenditures of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds or that category or type; and
2. Total assets, liabilities, revenues, or expenditures of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

1. **Summary of Significant Accounting Policies – cont’d**

**Governmental Fund Types**

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

General 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 Centers except for programs funded for building repairs and maintenance, Center construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Fund - The special revenue fund is the Center’s building fund.

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

Debt Service Fund - The debt service fund is the Center’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 Center did not maintain a debt service fund in 2018-19.

Capital Projects Funds - The capital projects fund is the Center’s bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring Center sites, constructing and equipping new Center facilities, renovating existing facilities, and acquiring transportation equipment.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

1. **Summary of Significant Accounting Policies – cont'd**

**Proprietary Fund Types**

The Center's Proprietary Funds, or Enterprise Funds, are used to account for business -like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes two activities reported in the Enterprise Fund. They are Food Services and Child Care Services.

**Fiduciary Fund Types**

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

Agency Fund - The agency fund is the Center activities fund which is used to account for monies collected principally through fundraising efforts of the student and Center-sponsored groups. The administration is responsible, under the authority of the Board, in collecting, disbursing and accounting for these activity funds.

**Measurement Focus and Basis of Accounting**

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

**Measurement Focus**

On the government -wide Statement of Net Position and the Statement of Activities, both governmental and 'business-like activities are presented using the economic resources measurement focus as defined in item b. below.

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

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
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**1. Summary of Significant Accounting Policies – cont'd**

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.

c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

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

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

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

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Basis of Accounting**

**Assets, Liabilities and Fund Equity**

Cash and Investments - For the purpose of the Statement of Net Position, "cash, including time deposits" include all demand, savings accounts, and certificates of deposits of the Center. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments are carried at fair value. Fair value is based on quoted market price.

Receivables - In the government -wide statements, receivables consist of all revenues earned at year-end and not yet received. All accounts receivable are considered collectable at year end. Major receivable balances for the governmental activities include property taxes, grants, and contracts. Business -type activities had no receivables.

Inventories - The Food Service inventory consists of food held for resale. All inventories are at the lower of cost or market. The cost of other consumable materials and supplies on hand are immaterial to the financial statements, and the Center has therefore chosen to report these items as expenditures at the time of purchase.

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

*Government-wide Statements*

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

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

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2. Basis of Accounting – cont’d**

|                                |              |
|--------------------------------|--------------|
| • Buildings and infrastructure | 40 years     |
| • Machinery and Equipment      | 3 – 20 years |
| • Furniture                    | 10 years     |
| • Vehicles                     | 5 – 7 years  |

In the government-wide financial statements all machinery, equipment, furniture and automobiles costing \$5,000 or more has been capitalized and depreciated over the estimated useful life, Improvements will be depreciated over the remaining life of the asset. Land will be recorded as a capital asset regardless of the cost or value.

*Fund Financial Statements*

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition, Fixed assets used in proprietary fund operations are accounted for the same as in the government -wide statements,

Restricted Assets - The Center has no restricted assets.

Long-Term Debt - The Center has no long-term debt.

Compensated Absences - A twelve-month full-time employee (working 20 or more hours per week) has a vacation ranging from 10 to 20 working days per year depending on the individual's years of service. Vacation may be accumulated to a total of not to exceed two times the maximum number of days earned annually. Sick leave is earned at a rate of one day per month for all Center employees up to a maximum of 70 days. Upon retirement or termination, employees are paid for 100 percent of unused vacation leave at the employee's current salary rate. Unused sick leave is not paid. Compensated absences liability at June 30, 2019 totaled \$151,316.

Equity Classification

*Government -wide Financial Statements*

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2. Basis of Accounting – cont'd**

outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

b. Restricted net assets - Consists of net assets with constraints placed on the use whether by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Financial Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government –wide statements.

Revenues Expenditures and Expenses

Property Tax Revenues - the Center is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the Center's service area of Washington, Osage and Nowata counties. The county assessor, upon receipt of the certification of tax levies from the counties' excise boards, extends the tax levies on the tax roll for submission to the county treasurers prior to October 1. The county treasurers 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.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVUI, 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.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY**  
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**2. Basis of Accounting – cont'd**

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

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

Operating Revenues and Expenses - Operating revenues and expenses for proprietary funds are those that result from providing service and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Deferred Outflows of Resources - The Center reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2018) and the end of the current fiscal year (June 30, 2019). No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources - The Center's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. Deferred inflows of resources are reported in the statement of net position for (1) the actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year. (2) The difference between expected and actual experience that the pension plan actuary uses to develop expectations such as future salary increases and inflation. This deferred inflow of resources is amortized to pension expense over the average expected remaining service life of the Plan. (3) The changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan. In its governmental funds, the only deferred inflow of resources is for revenues not

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**2. Basis of Accounting – cont'd**

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

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

Adoption of New Standard – As of July 1, 2015 the Center adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71). The implementation of these standards requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The additional disclosures required by these standards are included in Note 7.

**3. Cash and Investments**

The carrying amount of the Center's deposits was \$6,583,408 and the bank balance was \$6,583,408 at June 30, 2019. Of the bank balance, \$250,000 was insured by federal depository insurance and the balance was collateralized by the pledging financial institution as required by Oklahoma State Law.

The Center'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, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

The Center had no investments at June 30, 2019.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY**  
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**4. Capital Assets**

Capital asset activity for the year ended June 30, 2019, was as follows:

| Category                      | Balance<br>7/1/2018 | Additions        | Deletions     | Balance<br>6/30/2019 |
|-------------------------------|---------------------|------------------|---------------|----------------------|
| Land                          | \$ 1,588,736        | -                |               | 1,588,736            |
| Construction in process       | 35,900              | 181,969          | 35,900        | 181,969              |
| Land Improvements             | 2,462,716           | 12,147           |               | 2,474,863            |
| Buildings                     | 29,113,528          | 153,913          |               | 29,267,441           |
| Machinery and equipment       | 2,840,727           | 197,870          |               | 3,038,597            |
| Accumulated depreciation      | (21,448,284)        | (916,574)        |               | (22,364,858)         |
| Total net assets              | <u>14,593,323</u>   | <u>(370,675)</u> | <u>35,900</u> | <u>14,186,748</u>    |
| <br>Governmental activities:  |                     |                  |               |                      |
| Land                          | 1,588,736           |                  |               | 1,588,736            |
| Construction in process       | 35,900              | 181,969          | 35,900        | 181,969              |
| Land improvements             | 2,229,190           | 12,147           |               | 2,241,337            |
| Buildings                     | 27,123,902          | 96,966           |               | 27,220,868           |
| Machinery and equipment       | 2,720,266           | 197,870          |               | 2,918,136            |
| Accumulated depreciation      | (20,275,783)        | (828,774)        |               | (21,104,557)         |
| Total net assets              | <u>13,422,211</u>   | <u>(339,822)</u> | <u>35,900</u> | <u>13,046,489</u>    |
| <br>Business-type activities: |                     |                  |               |                      |
| Land improvements             | 233,526             |                  |               | 233,526              |
| Buildings                     | 1,989,626           | 56,947           |               | 2,046,573            |
| Machinery and equipment       | 120,461             |                  |               | 120,461              |
| Accumulated depreciation      | (1,172,501)         | (87,800)         |               | (1,260,301)          |
| Total net assets              | <u>\$ 1,171,112</u> | <u>(30,853)</u>  | <u>-</u>      | <u>1,140,259</u>     |

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
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**5. Inter-fund Transactions**

*Operating Transactions*

Inter-fund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund, or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

|                   | <u>Operating<br/>Transfers In</u> | <u>Operating<br/>Transfers Out</u> |
|-------------------|-----------------------------------|------------------------------------|
| Food Service Fund | \$ 128,924                        |                                    |
| Child Care Fund   | 207,567                           |                                    |
| General Fund      | <u>0</u>                          | <u>336,491</u>                     |
| Totals            | <u>\$ 336,491</u>                 | <u>336,491</u>                     |

**6. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**7. Employee Retirement System**

Teacher's Retirement System of Oklahoma

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

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employee Retirement System – cont'd**

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

- Members become 100% vested in benefits earned to date after five years of credited Oklahoma service. Members who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits with age and years of creditable service total 80. Members joining after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62, receive unreduced benefits based on their years of service. The maximum retirement benefit is 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. For members joining the System after June 30, 1992, final compensation is defined as the average of the five highest consecutive years of annual compensation in which contributions have been made. Final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending upon member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation.
- Upon death of a retired member, the System will pay \$5,000 to the designated beneficiary in addition to the benefits provided by the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon withdrawal from the System, a member's contributions are refundable with interest, based on the years of service.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2019, qualifying employee contributions were reduced by a retirement credit of \$30,032 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2018, the Center had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
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**7. Employee Retirement System – cont’d**

members and the Center are established and may be amended by the state legislature. For the year ended June 30, 2019, the Center contributions to the System were not determined.

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State’s sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The Center’s estimated share of these contributions based on their covered payroll for the measurement period was not determined.

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

At June 30, 2019, the Center reported a net pension liability of \$7,597,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center’s proportion of the net pension liability was based on a projection of the Center’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the Center’s proportion was 0.12570503%.

For the year ended June 30, 2019, the Center recognized pension expense of \$690,515. At June 30, 2019, the Center reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience                               |   | \$ 525,198                               |
| Changes in Assumptions   | 712,262                                   | 389,154                                  |
| Net difference between projected and actual earnings on pension plan investments | -   | 132,073                                  |
| Center contributions subsequent to the measurement date                          | 572,255                                   |  |
|  | <u>\$ 1,284,517</u>                       | <u>\$ 1,046,425</u>                      |

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
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**7. Employee Retirement System – cont’d**

The \$1,284,517 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended |                     |
|------------|---------------------|
| 2019       | \$ 227,255          |
| 2020       | 64,087              |
| 2021       | (393,571)           |
| 2022       | (223,060)           |
| 2023       | <u>(8,874)</u>      |
|            | <u>\$ (334,163)</u> |

Actuarial Assumptions – The total pension liability as of June 30, 2019, was determined based on an actuarial valuation prepared as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Percentage of Payroll
- Amortization Period – Amortization over an open 30-year period
- Asset Valuation Method – 5-year smooth market
- Inflation – 2.50%
- Salary Increases – Composed of 3.25% inflation, plus 2.50% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.50%
- Retirement Age – Experience-based table of rates based on age, service and gender.
- Mortality – RP-2000 Combined Mortality Table, projected to 2019 using Scale AA, multiplied by 60% for males and 50% for females.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study, dated May 13, 2015, for the period July 1, 2009 – June 30, 2014.

Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
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**7. Employee Retirement System – cont’d**

projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2008 Legislative Session: a 2.00% ad hoc cost-of-living adjustment (COLA) was provided, effective July 1, 2008. All retirees who retired before July 1, 2007 were eligible, including disabled retirees, special retirees and beneficiaries receiving payments.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expecting inflation.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

| Asset Class          | Target Asset<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|----------------------|----------------------------|---|
| Domestic Equity      | 38.5%                      | 7.5%                                      |
| International Equity | 19.0%                      | 8.5%                                      |
| Fixed Income         | 23.5%                      | 2.5%                                      |
| Real Estate*         | 9.0%                       | 4.5%                                      |
| Alternative Assets   | 10.0%                      | 6.1%                                      |
| Total                | <u>100.0%</u>              |   |

\*The Real Estate total expected return is a combination of US Direct Real Estate (unlevered) and US Value Added Real Estate (unlevered)

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
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**7. Employee Retirement System – cont'd**

Discount Rate – A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2016 and 2018. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows was used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employer calculated using the discount rate of 7.5% as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

|                       | 1% decrease<br><u>6.5%</u> | Current Discount<br><u>7.5%</u> | 1% increase<br><u>8.5%</u> |
|-----------------------|----------------------------|---------------------------------|----------------------------|
| Net Pension Liability | \$ 10,816,544              | \$ 7,606,893                    | \$ 4,919,873               |

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position and changes in net pension liability is available in the separately issued TRS financial report.

Other Post-Employment Benefits (OPEB)

The Oklahoma Teachers Retirement System pays between \$100 and \$105 per month, depending on the members’ years of service, to the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB), for each retiree who elects to obtain health insurance coverage through OSEEGIB. The Center retains no obligation for this benefit and performs no administrative functions related to the health insurance coverage provided through OSEEGIB.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**8. Endowment Fund**

During fiscal year 2009, all funds from the Tri County Tech Endowment Fund, Inc. were transferred to the Bartlesville Community Foundation (BCF). Control of the operating funds for the Tri County Tech Endowment Fund, Inc. were transferred back to Tri County Technology Center, but the endowment fund remains with the Bartlesville Community Foundation. For fiscal years after December 31, 2014, the Tri County Tech Endowment Fund, Inc. will be audited separately from the Bartlesville Community Foundation and a separate audit report will be issued.

**9. Budgets and Budgetary Accounting**

Tri County Technology Center No. 1 operates under the Alternative School Center Budget Act provided by Oklahoma State Statutes. In accordance with this act, the proposed budget plan is prepared and presented at a public hearing which must be held within forty-five (45) days preceding the beginning of the budget year.

The school board approves the budget within the thirty (30) day period preceding the beginning of the fiscal year. The adopted budget must be in effect no later than the first day of the technology center's fiscal year.

The Board of Education legally adopts a budget for the General Fund and Building Fund. An amended budget is required when ad valorem taxes have been certified by the County Excise Board. Additional amendments can be made throughout the fiscal year.

**10. Unemployment Compensation**

The Center participates in the Oklahoma Public Schools Unemployment Compensation Account under the sponsorship of the Oklahoma State School Boards Association and the cooperative council for Oklahoma School Administration. The account was established to let technology centers self-insure unemployment benefits for school employees. The funds are held in the name of each center as reserves to pay unemployment claims. Each technology center is individually liable for the portion of the benefits paid from the fund attributable to wages paid by the center in the same manner as if no group account had been established. The reserve funds may be withdrawn from the account upon request of the center. At June 30, 2019, the Tri County Technology Center had reserves on deposit with the Oklahoma Public Schools Unemployment Compensation Account totaling \$10,662.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**11. Risk Management**

Governments face the risk of possible loss due to theft of, damage to, or destruction of assets, job-related illnesses or injuries to employees, torts, and acts of God. Tri County Technology Center No. 1 has elected to manage these risks by purchasing insurance coverage. In the past three years, settlements have not exceeded this coverage.

**12. New/Adopted Pronouncements**

New/adopted pronouncements

The GASB has issued several new accounting pronouncements, which will be effective to the Center in both the reported and subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the Center's consideration of the impact of these pronouncements are described below:

New Accounting Pronouncements Adopted as of June 30, 2019

- GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement No. 83 requires the measurement and recognition of a legally enforceable liability for retirement of an asset. Also requires the measurement of an Asset Retirement Obligation (ARO) be based on the best estimate of the current value of outlays to be incurred. This estimate should include the probability weighting of all potential outcomes, when the information is available or can be obtained at a reasonable cost. The Statement pertains to certain kinds of assets, i.e., sewage treatment plants, magnetic resonance imaging machines, research facilities owned by public universities like nuclear research reactors, and retirement of x-ray machines. These kinds of assets may have to be disposed in a certain way due to regulations. The effective date of the Statement is for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Center currently does not have any asset retirement obligations which fit the criteria for this Statement. The Center will continue to evaluate this Statement for future disclosure requirements.
- GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Statement No. 88, issued April 2018, is required for reporting periods beginning after June 15, 2018. The objective of Statement No. 88 is to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

12. **New/Adopted Pronouncements** - contd.

New Accounting Pronouncements Adopted as of June 30, 2019 – contd.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. The Center currently does not participate in Direct Borrowings and/or Direct Placement or contractual agreements of this type. The Center will continue to evaluate this Statement for future disclosure requirements.

- GASB, Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61*. Statement No. 90, issued August 2018, is required for reporting periods beginning after December 15, 2018. The objectives of Statement No. 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

12. **New/Adopted Pronouncements - contd.**

New Accounting Pronouncements Adopted as of June 30, 2019 – contd.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that incurred subsequent to the acquisition.

The Center does not currently participate in a majority equity interest in legal separate organizations nor does it have component units. The Center will continue to evaluate this Statement for future disclosure requirements.

New Accounting Pronouncements Issued Not Yet Adopted

- GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 issued February 2017 will be effective for the Center beginning with its fiscal year ending June 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefits) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

12. **New/Adopted Pronouncements - contd**  
F. *Revenue and Expenditures-* contd.

New Accounting Pronouncements Not Yet Adopted – contd.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. These events occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The Center currently reports private-purpose trust funds and custodial funds as fiduciary activities. The Center is currently evaluating the impact this new standard will have on its financial statements beginning with the fiscal year ending June 30, 2020.

- GASB issued Statement No. 87, *Leases*. The object of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Center will evaluate and report the leases in accordance with the Statement beginning with the fiscal year ending June 30, 2020.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

12. **New/Adopted Pronouncements - contd**

F. *Revenue and Expenditures-* contd.

New Accounting Pronouncements Not Yet Adopted – contd.

- GASB, Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Statement No. 89, issued June 2018 is required for reporting periods beginning after December 15, 2019. The objective of Statement No. 89 is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

The Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

13. **Subsequent Events**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**TRI COUNTY TECHNOLOGY CENTER NO. 1  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | June 30,<br>2018 | June 30,<br>2017 | June 30,<br>2016 | June 30,<br>2015 |
|--|------------------|------------------|------------------|------------------|
| Center's proportion of the net pension liability   | 0.12570503%      | 0.12420002%      | 0.12368730%      | 0.12292357%      |
| Center's proportionate share of the net pension liability  | \$ 7,597,753     | \$ 8,223,676     | 10,322,397       | 7,464,851        |
| Center's covered-employee payroll  | \$ 5,652,731     | \$ 5,434,529     | 5,529,801        | 5,390,915        |
| Center's proportionate share of the net pension liability as a percentage of its covered payroll | 134.41%          | 151.32%          | 186.67%          | 138.47%          |
| Plan fiduciary net position  | \$ (7,359,660)   | \$ (7,674,592)   | (7,604,860)      | (8,332,623)      |
| Plan fiduciary net position as a percentage of the total pension liability                       | 96.87%           | 93.32%           | 73.67%           | 111.62%          |

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the Center will present information for those years for which information is available.

**TRI COUNTY TECHNOLOGY CENTER NO. 1  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2019**

|      | <u>Statutorily<br/>Required<br/>Contributions</u> | Contributions<br>in Relation to<br>the<br>Statutorily<br>Required<br><u>Contributions</u> | Contributions<br>Deficiency<br><u>(Excess)</u> | Center's<br>Covered-<br>Employee<br><u>Payroll</u> | Contributions<br>as a<br>Percentage<br>of Covered<br>Employee<br><u>Payroll</u> |
|------|---|---|--|--|---|
| 2019 | \$ 572,255  | 572,255   | -  | 6,023,741  | 9.50%   |
| 2018 | 537,009   | 537,009   | -  | 5,652,731  | 9.50%   |
| 2017 | 516,280   | 516,280   | -  | 5,434,529  | 9.50%   |
| 2016 | 525,331   | 525,331   | -  | 5,529,801  | 9.50%   |
| 2015 | 512,193   | 512,193   | -  | 5,390,915  | 9.50%   |
| 2014 | 496,786   | 496,786   | -  | 5,229,334  | 9.50%   |
| 2013 | 489,756   | 489,756   | -  | 5,155,320  | 9.50%   |
| 2012 | 468,822   | 468,822   | -  | 5,224,723  | 8.97%   |
| 2011 | 460,850   | 460,850   | -  | 4,835,435  | 9.53%   |
| 2010 | 437,563   | 437,563   | -  | 4,719,349  | 9.27%   |

Notes to Required Supplementary Information:

The Center's statutorily required contribution rate has changed over the prior 10 years as follows:

|   |       |
|---|-------|
| 1. July 1, 2005 to December 31, 2006    | 7.05% |
| 2. January 1, 2007 to June 30, 2007     | 7.60% |
| 3. July 1, 2007 to December 31, 2007    | 7.85% |
| 4. January 1, 2008 to June 30, 2008     | 8.35% |
| 5. July 1, 2008 to December 31, 2008    | 8.50% |
| 6. January 1, 2009 to December 31, 2009 | 9.00% |
| 7. January 1, 2010 to present           | 9.50% |

**TRI COUNTY TECHNOLOGY CENTER NO. 1  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - BUDGETED GENERAL FUND  
 JUNE 30, 2019**

|   | GENERAL FUND       |                   |                   |
|---|--------------------|-------------------|-------------------|
|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET   | ACTUAL            |
| Revenues  |                    |                   |                   |
| Local sources   | \$ 7,565,000       | 7,425,160         | 7,425,160         |
| State sources   | 2,182,276          | 2,494,406         | 2,494,406         |
| Total revenues  | <u>9,747,276</u>   | <u>9,919,566</u>  | <u>9,919,566</u>  |
| Expenditures  |                    |                   |                   |
| Instruction   | 4,132,169          | 4,190,877         | 4,190,877         |
| Support services  | 4,809,315          | 4,850,789         | 4,850,789         |
| Operation of non-instructional services                               | 1,366,967          | 1,221,712         | 1,221,712         |
| Other outlays   | 2,198,125          | 2,567,022         | 49,224            |
| Total expenditures  | <u>12,506,576</u>  | <u>12,830,400</u> | <u>10,312,602</u> |
| Revenues over (under) expenditures                                    | (2,759,300)        | (2,910,834)       | (393,036)         |
| Other financing sources (uses)  |                    |                   |                   |
| Estopped warrants   |                    |                   | 116               |
| Lapsed appropriations   |                    |                   | 44,170            |
| Total other financing sources (uses)                                  |                    |                   | <u>44,286</u>     |
| Revenue and other sources over (under)<br>expenditures and other uses | (2,759,300)        | (2,910,834)       | (348,750)         |
| Cash fund balance, beginning of year                                  | <u>2,759,300</u>   | <u>2,910,834</u>  | <u>2,866,664</u>  |
| Cash fund balance, end of year  | <u>\$ -</u>        | <u>-</u>          | <u>2,517,914</u>  |

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

**TRI COUNTY TECHNOLOGY CENTER NO. 1  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2019**

|   | SPECIAL REVENUE FUNDS |                  |                  |
|---|-----------------------|------------------|------------------|
|   | ORIGINAL<br>BUDGET    | FINAL<br>BUDGET  | ACTUAL           |
| Revenues  |                       |                  |                  |
| Local sources   | \$ 2,776,417          | 2,765,422        | 2,765,422        |
| State sources   |                       |                  |                  |
| Total revenues  | <u>2,776,417</u>      | <u>2,765,422</u> | <u>2,765,422</u> |
| Expenditures  |                       |                  |                  |
| Instruction   | 139,039               | 136,881          | 136,881          |
| Support services  | 1,740,678             | 1,302,934        | 1,302,934        |
| Facilities acquisitions and construction                              | 2,630,830             | 633,285          | 633,285          |
| Other outlays   | 144,773               | 3,210,081        |                  |
| Total expenditures  | <u>4,655,320</u>      | <u>5,283,181</u> | <u>2,073,100</u> |
| Revenues over (under) expenditures                                    | (1,878,903)           | (2,517,759)      | 692,322          |
| Other financing sources (uses)  |                       |                  |                  |
| Lapsed appropriations   |                       |                  | <u>23,999</u>    |
| Revenue and other sources over (under)<br>expenditures and other uses | (1,878,903)           | (2,517,759)      | 716,321          |
| Cash fund balance, beginning of year                                  | <u>1,878,903</u>      | <u>2,517,759</u> | <u>2,493,760</u> |
| Cash fund balance, end of year  | <u>\$ -</u>           | <u>-</u>         | <u>3,210,081</u> |

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

**OTHER SUPPLEMENTARY INFORMATION**



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

The Honorable Board of Education  
Tri County Technology Center  
Bartlesville, OK 74006-6029

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri County Technology Center No. VT-001, Bartlesville, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated March 10, 2020. This report was unqualified with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

March 10, 2020

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
SCHEDULE OF FINDINGS  
JULY 1, 2018 TO JUNE 30, 2019**

**Findings – Financial Statement Audit**

None.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS  
JULY 1, 2018 TO JUNE 30, 2019**

There were no prior year findings.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2018 TO JUNE 30, 2019**

State of Oklahoma    )  
County of Tulsa       )

The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public Center Audit Law" at the time of audit contract and during the entire audit engagement with Tri County Technology Center for the audit year 2018-19.

Jenkins & Kemper, CPAs, P.C.  
AUDITING FIRM

BY   
AUTHORIZED AGENT

Subscribed and sworn to before me on this  
10<sup>th</sup> day of, March, 2020

  
NOTARY PUBLIC

