

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

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

JUNE 30, 2020



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**TRI COUNTY TECHNOLOGY CENTER NO. 1
WASHINGTON COUNTY, OKLAHOMA
JUNE 30, 2020**

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**TRI COUNTY TECHNOLOGY CENTER NO. 1
WASHINGTON COUNTY, OKLAHOMA
TECHNOLOGY CENTER OFFICIALS
JUNE 30, 2020**

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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, 2020, 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, 2020, 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 6-14, budgetary comparison information on pages 47 and 48, and Teacher's Retirement Schedules on pages 45 and 46 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 January 29, 2021, 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, LPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 29, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS

TRI COUNTY TECHNOLOGY CENTER NO. 1

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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, 2020. 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 2020 are as follows:

- In total, net position increased \$1,136 thousand from fiscal year 2019. Net position of governmental activities increased \$1,137 thousand from fiscal year 2019. Net position of the business-type activity, which includes food service and childcare services, decreased \$1 thousand from fiscal year 2019.
- **General** revenues accounted for \$13,217 thousand in revenue or 89 percent of all revenues. Program specific revenues, in the form of charges for services and sales, grants, and contributions, accounted for \$1,481 thousand or 11 percent of total revenues of \$14,698 thousand. Fiscal year 2020 total revenue increased from fiscal year 2019 by \$1,527 thousand.
- Total assets of governmental activities increased by \$9,768 thousand, primarily due to the required reporting of succeeding year property tax.
- The Technology Center had \$12,656 thousand in expenses related to governmental activities; only \$915 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 \$12,809 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, 2020 (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 2020?" 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, 2020
(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. Beginning July 1, 2019, the Activity Fund is included in the financials as a non-major 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, 2020
(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, 2019, the Center adopted GASB Statement No. 84, Fiduciary Activities. The implementation of this standard requires governments to present a statement of fiduciary net position and a statement of changes in fiduciary net position.

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

At June 30, 2020, the Center reported a net pension liability of \$7,974,019 for its proportionate share of the net pension liability. The net pension liability was measure as of June 30, 2020, 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, 2020, the Center's proportion was 0.120%.

TRI COUNTY TECHNOLOGY CENTER NO. 1

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020 (continued)

The Technology Center as a Whole

The perspective of the statement of net position is of the Technology Center as a whole. Table 1 provides a summary of the Technology Center's net assets for 2020 compared to 2019:

**Table 1
Net Position**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>						
Current and other assets	\$ 16,207,837	6,627,620	2,531	2,692	16,210,368	6,630,312
Noncurrent assets	11,921	10,662	-	-	11,921	10,662
Capital assets, net	13,233,341	13,046,489	1,139,454	1,140,259	14,372,795	14,186,748
Total assets	<u>29,453,099</u>	<u>19,684,771</u>	<u>1,141,985</u>	<u>1,142,951</u>	<u>30,595,084</u>	<u>20,827,722</u>
Deferred outflows related to pensions	<u>1,590,051</u>				<u>1,590,051</u>	
<u>LIABILITIES</u>						
Current and other liabilities	395,379	785,572	-	-	395,379	785,572
Noncurrent liabilities	8,145,071	7,749,069	-	-	8,145,071	7,749,069
Total liabilities	<u>8,540,450</u>	<u>8,534,641</u>	<u>-</u>	<u>-</u>	<u>8,540,450</u>	<u>8,534,641</u>
Deferred inflows related to pensions	<u>1,318,799</u>	<u>1,046,424</u>			<u>1,318,799</u>	<u>1,046,424</u>
Deferred inflows related to succeeding year property tax	<u>8,658,411</u>				<u>8,658,411</u>	
<u>NET POSITION</u>						
Invested in capital assets net of related debt	13,233,341	13,046,489	1,139,454	1,140,259	14,372,795	14,186,748
Restricted	83,908	10,662	-	-	83,908	10,662
Pension						
Building	3,802,194	3,226,095			3,802,194	3,226,095
Unrestricted	<u>(4,593,953)</u>	<u>(4,895,023)</u>	<u>2,531</u>	<u>2,692</u>	<u>(4,591,422)</u>	<u>(4,892,331)</u>
Total net position	<u>\$ 12,525,490</u>	<u>11,388,223</u>	<u>1,141,985</u>	<u>1,142,951</u>	<u>13,667,475</u>	<u>12,531,174</u>

Total assets increased \$9,767 thousand. The net position of the Technology Center's governmental activities increased \$11,363 thousand. The net position of the business-type activities decreased \$1 thousand.

As mentioned earlier, the Center adopted GASB 84. Beginning net position was restated to retroactively report the beginning net position as follows:

	<u>Governmental</u>
	<u>Activities</u>
Beginning net position, as previously reported	<u>\$11,388,223</u>
Implementation of GASB 84	<u>\$ 69,841</u>
Beginning net position, as restated	<u>\$ 11,458,064</u>

TRI COUNTY TECHNOLOGY CENTER NO. 1

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

Table 2 reflects the change in net assets for fiscal year 2020.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services and sales	\$ 914,937	1,023,494	565,849	635,680	1,480,786	1,659,174
Operating grants and contributions	-	-	-	-	-	-
Total program revenues	<u>914,937</u>	<u>1,023,494</u>	<u>565,849</u>	<u>635,680</u>	<u>1,480,786</u>	<u>1,659,174</u>
General Revenues:						
Property taxes	8,538,381	8,284,781	-	-	8,538,381	8,284,781
State aid formula grant	2,641,039	2,236,229	-	-	2,641,039	2,236,229
Other state aid	1,028,800	675,478	-	-	1,028,800	675,478
Interest and investment earnings	41,249	17,533	-	-	41,249	17,533
Miscellaneous income	967,851	229,812	-	-	967,851	229,812
Transfers-internal activities	(408,528)	(336,491)	408,528	336,491	-	-
Estopped warrants	-	-	-	-	-	-
Adjustment to prior year encumbrances	-	68,285	-	-	-	68,285
Total general revenues	<u>12,808,792</u>	<u>11,175,627</u>	<u>408,528</u>	<u>336,491</u>	<u>13,217,320</u>	<u>11,512,118</u>
Total revenues	<u>\$ 13,723,729</u>	<u>12,199,121</u>	<u>974,377</u>	<u>972,171</u>	<u>14,698,106</u>	<u>13,171,292</u>
Program Expenses:						
Instruction	\$ 4,733,765	4,373,927	-	-	4,733,765	4,373,927
Support services	6,521,722	6,217,903	-	-	6,521,722	6,217,903
Non-instructional	361,187	262,284	-	-	361,187	262,284
Other outlays	1,039,629	1,058,230	-	-	1,039,629	1,058,230
Food services	-	-	337,722	355,684	337,722	355,684
Child care services	-	-	637,621	646,690	637,621	646,690
Total expenses	<u>12,656,303</u>	<u>11,912,344</u>	<u>975,343</u>	<u>1,002,374</u>	<u>13,631,646</u>	<u>12,914,718</u>
Increase (decrease) in net position	<u>\$ 1,067,426</u>	<u>286,777</u>	<u>(966)</u>	<u>(30,203)</u>	<u>1,066,460</u>	<u>256,574</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, 2020 (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 of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction	\$ 4,733,765	4,373,927	3,818,828	3,350,433
Support services	6,521,722	6,217,903	6,521,722	6,217,903
Non-instructional	361,187	262,284	361,187	262,284
Other outlays	<u>1,039,629</u>	<u>1,058,230</u>	<u>1,039,629</u>	<u>1,058,230</u>
Total expenses	\$ <u>12,656,303</u>	<u>11,912,344</u>	<u>11,741,366</u>	<u>10,888,850</u>

The dependence upon local revenues for governmental activities is apparent. Nineteen percent of instruction activities are supported through charges for services and other general revenues. For all governmental activities, general revenues support is 99 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 \$409 thousand and expenses of \$975 thousand for fiscal year 2020. Total revenues increased \$2 thousand and expenses increased \$27 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, 2020 (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 \$13,724 thousand and expenditures and other financing uses of \$12,656 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 2020, 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 \$19,298 thousand, were above original budgeted revenues and other financing sources, in the amount of \$19,292 thousand. Of this \$6 thousand difference, most was due to additional fund balance carryover in the general.

General fund expenditures and other financing uses were budgeted at \$12,843 thousand while actual expenditures were \$9,713 thousand. Building Fund expenditures and other financing uses were budgeted at \$6,455 thousand while actual expenditures were \$2,933 thousand.

TRI COUNTY TECHNOLOGY CENTER NO. 1

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020 (continued)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the Technology Center had \$14,373 thousand invested in capital assets, \$13,233 thousand of which was in governmental activities.

Table 4 reflects fiscal year 2020 balances:

Table 4
Capital Assets at June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,588,736	1,588,736	-	-	1,588,736	1,588,736
Construction in progress	482,316	181,969	-	-	482,316	181,969
Buildings	27,701,891	27,220,868	2,140,461	2,046,573	29,842,352	29,267,441
Improvements	2,241,337	2,241,337	239,521	233,526	2,480,858	2,474,863
Machinery and equipment	3,216,350	2,918,136	120,461	120,461	3,336,811	3,038,597
Less accumulated depreciation	(21,997,289)	(21,104,557)	(1,360,989)	(1,260,301)	(23,358,278)	(22,364,858)
Total net assets	\$ <u>13,233,341</u>	<u>13,046,489</u>	<u>1,139,454</u>	<u>1,140,259</u>	<u>14,372,795</u>	<u>14,186,748</u>

The increase in capital assets is a result of the construction in progress, machinery and equipment purchases, and building additions.

TRI COUNTY TECHNOLOGY CENTER NO. 1

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020 (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 2020-21 budget. Among them:

- Enrollment of full-time, flex, and fast track programs
- Estimated general fund budget balance carry forward (\$3 million)

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

Budgeted expenditures in the General Fund increased by \$868 thousand, or 6 percent to \$13.7 million in fiscal year 2020-21. 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, 2020

	GOVERNMENT ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<u>ASSETS</u>			
Current assets			
Cash, and cash equivalents	\$ 7,450,330		7,450,330
Property taxes receivable	8,710,510		8,710,510
Receivables from other governments	46,997		46,997
Inventories		2,531	2,531
Total current assets	16,207,837	2,531	16,210,368
Noncurrent assets			
Restricted assets			
Unemployment reserve funds	11,921		11,921
Total restricted assets	11,921		11,921
Capital assets			
Land	1,588,736		1,588,736
Construction in process	482,316		482,316
Improvements	2,241,337	239,521	2,480,858
Buildings	27,701,891	2,140,461	29,842,352
Machinery and equipment	3,216,350	120,461	3,336,811
Less accumulated depreciation	(21,997,289)	(1,360,989)	(23,358,278)
Total capital assets	13,233,341	1,139,454	14,372,795
Total noncurrent assets	13,245,262	1,139,454	14,384,716
Total assets	29,453,099	1,141,985	30,595,084
Deferred outflows of resources			
Deferred outflows related to pensions	1,590,051		1,590,051
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities			
Accounts payable and other current liabilities	395,379		395,379
Noncurrent liabilities			
Accrued compensated absences	171,052		171,052
Net pension obligation	7,974,019		7,974,019
Total non-current liabilities	8,145,071		8,145,071
Total liabilities	8,540,450		8,540,450
Deferred inflows of resources			
Deferred pension plan inflows	1,318,799		1,318,799
Succeeding year property tax	8,658,411		8,658,411
Total deferred inflows of resources	9,977,210		9,977,210
Net position			
Investment in capital assets, net of related debt	13,233,341	1,139,454	14,372,795
Restricted for:			
Unemployment compensation	11,921		11,921
Building fund	3,802,194		3,802,194
Other	71,987		71,987
Unrestricted	(4,593,953)	2,531	(4,591,422)
Total net position	\$ 12,525,490	1,141,985	13,667,475

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, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> Charges for Services	<u>Net (Expense)/Revenue and Changes in Net Assets</u>		<u>TOTALS</u>
			<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities -					
Instruction	\$ 4,733,765	914,937	(3,818,828)		(3,818,828)
Support services	6,521,722		(6,521,722)		(6,521,722)
Non-instructional	361,187		(361,187)		(361,187)
Other outlays	1,039,629		(1,039,629)		(1,039,629)
Total general government	<u>12,656,303</u>	<u>914,937</u>	<u>(11,741,366)</u>		<u>(11,741,366)</u>
Business-Type Activities -					
Food services	337,722	162,202		(175,520)	(175,520)
Child care services	637,621	403,647		(233,974)	(233,974)
Total business-type activities	<u>975,343</u>	<u>565,849</u>		<u>(409,494)</u>	<u>(409,494)</u>
Total primary government	<u>\$ 13,631,646</u>	<u>1,480,786</u>	<u>(11,741,366)</u>	<u>(409,494)</u>	<u>(12,150,860)</u>
General revenues-					
Property taxes			8,538,381		8,538,381
State aid formula grants			2,641,039		2,641,039
Other state aid			1,028,800		1,028,800
Interest and investment earnings			41,249		41,249
Other income sources			967,851		967,851
Operating transfers			(408,528)	408,528	-
Total general revenues			<u>12,808,792</u>	<u>408,528</u>	<u>13,217,320</u>
Changes in net position			1,067,426	(966)	1,066,460
Net position, beginning of period as restated			<u>11,458,064</u>	<u>1,142,951</u>	<u>12,601,015</u>
Net position, end of period			<u>\$ 12,525,490</u>	<u>1,141,985</u>	<u>13,667,475</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, 2020**

	GENERAL FUND	BUILDING FUND	NON-MAJOR FUNDS	TOTALS
<u>ASSETS</u>				
Cash, and cash equivalents	\$ 3,255,379	4,122,964	71,987	7,450,330
Property taxes receivable	5,824,021	2,886,489		8,710,510
Receivables from other governments	46,997			46,997
Total assets	9,126,397	7,009,453	71,987	16,207,837
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable and other liabilities	57,257	338,122		395,379
Total liabilities	57,257	338,122		395,379
Deferred inflows of resources				
Succeeding year property tax	5,615,024	2,782,012		8,397,036
Unavailable revenue-delinquent property taxes	174,250	87,125		261,375
Total deferred inflows of resources	5,789,274	2,869,137		8,658,411
Fund balances				
Restricted for:				
Building		3,802,194		3,802,194
Student activities			71,987	71,987
Unrestricted	3,279,866			3,279,866
Total fund balances	3,279,866	3,802,194	71,987	7,154,047
Total liabilities and fund balances	\$ 9,126,397	7,009,453	71,987	
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			\$ 35,230,630	
Depreciation			(21,997,289)	13,233,341
Other assets not available for the current period				
Unemployment compensation				11,921
Other liabilities not payable for the current period				
Compensated absences				(171,052)
Net pension liability				(7,974,019)
Pension related deferred outflows and inflows not due and payable in the current period				
Deferred pension plan outflows				1,590,051
Deferred pension plan inflows				(1,318,799)
Net position of governmental activities in the Statement of Net Position				\$ 12,525,490

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, 2020**

	GENERAL FUND	BUILDING FUND	NON-MAJOR FUNDS	TOTALS
Revenues				
Local sources	\$ 6,750,738	2,867,295	694,876	10,312,909
State sources	3,356,385	313,454		3,669,839
Total revenues	<u>10,107,123</u>	<u>3,180,749</u>	<u>694,876</u>	<u>13,982,748</u>
Expenditures				
Instruction	4,395,021	326,092		4,721,113
Support services	4,315,449	1,264,312	692,730	6,272,491
Operation of non-instructional services	361,187			361,187
Facilities, acquisition and const. services		1,080,040		1,080,040
Other outlays	46,740			46,740
Total expenditures	<u>9,118,397</u>	<u>2,670,444</u>	<u>692,730</u>	<u>12,481,571</u>
Revenues over (under) expenditures	988,726	510,305	2,146	1,501,177
Other financing sources (uses)				
Operating transfers in (out)	(408,528)			(408,528)
Lapsed appropriations	83,715	65,794		149,509
Total other financing sources (uses)	<u>(324,813)</u>	<u>65,794</u>		<u>(259,019)</u>
Revenue and other sources over (under) expenditures and other uses	663,913	576,099	2,146	1,242,158
Fund balances, beginning of year, as restated	<u>2,615,953</u>	<u>3,226,095</u>	<u>69,841</u>	<u>5,911,889</u>
Fund balances, end of year	<u>\$ 3,279,866</u>	<u>3,802,194</u>	<u>71,987</u>	<u>7,154,047</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, 2020**

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	\$ 1,242,158
<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	(892,732)
Fixed asset additions (deletions), net	1,079,584
Unemployment compensation deposit	1,259
<p style="padding-left: 20px;">Governmental funds report district pension contributions as expenditures however, the Statement of Activities reports pension benefits, net of contributions, as pension expense.</p>	
Compensated absences	(343,107)
Compensated absences	(19,736)
Change in net assets of governmental activities	\$ 1,067,426

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, 2020

<u>ASSETS</u>	<u>FOOD SERVICE</u>	<u>CHILD CARE SERVICES</u>	<u>TOTALS</u>
Current assets			
Inventories	\$ 2,531		2,531
Noncurrent assets			
Capital assets, net	<u>377,500</u>	<u>761,954</u>	<u>1,139,454</u>
Total Assets	<u><u>380,031</u></u>	<u><u>761,954</u></u>	<u><u>1,141,985</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
Net assets			
Invested in capital assets, net of related debt	377,500	761,954	1,139,454
Unrestricted net assets	<u>2,531</u>		<u>2,531</u>
Total net assets	<u><u>\$ 380,031</u></u>	<u><u>761,954</u></u>	<u><u>1,141,985</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, 2020

	<u>FOOD SERVICE</u>	<u>CHILD CARE SERVICES</u>	<u>TOTALS</u>
Operating revenue			
Food sales	\$ 162,202		162,202
Child care services		403,647	403,647
Total operating revenues	<u>162,202</u>	<u>403,647</u>	<u>565,849</u>
Operating expenses			
Cost of goods sold	116,924	51,044	167,968
Personal services	188,953	440,813	629,766
Other services and charges	3,862	73,059	76,921
Depreciation	27,983	72,705	100,688
Total operating expenses	<u>337,722</u>	<u>637,621</u>	<u>975,343</u>
Revenues over (under) expenses	(175,520)	(233,974)	(409,494)
Other financing sources (uses)			
Operating transfers in (out)	<u>199,236</u>	<u>209,292</u>	<u>408,528</u>
Revenue and other sources over (under) expenses and other uses	23,716	(24,682)	(966)
Net assets, beginning of year	<u>356,315</u>	<u>786,636</u>	<u>1,142,951</u>
Net assets, end of year	<u>\$ 380,031</u>	<u>761,954</u>	<u>1,141,985</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, 2020**

	<u>FOOD SERVICE</u>	<u>CHILD CARE SERVICES</u>	<u>TOTALS</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 162,202	403,647	565,849
Payments to employees	(188,953)	(440,813)	(629,766)
Payments to suppliers	(120,625)	(124,103)	(244,728)
Net Cash Provided by Operating Activities	<u>(147,376)</u>	<u>(161,269)</u>	<u>(308,645)</u>
Cash Flows from Noncapital Financing Activities:			
Operating subsidies and transfers (to) from other funds	199,236	209,292	408,528
Net Cash Provided (Used) by Operating Activities	<u>199,236</u>	<u>209,292</u>	<u>408,528</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(51,860)	(48,023)	(99,883)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(51,860)</u>	<u>(48,023)</u>	<u>(99,883)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-
Balance - beginning of the year	-	-	-
Balance - end of the year	<u>\$ -</u>	<u>-</u>	<u>-</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (175,520)	(233,974)	(409,494)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	27,983	72,705	100,688
Inventory adjustment	161		161
Net cash provided by operating activities	<u>\$ (147,376)</u>	<u>(161,269)</u>	<u>(308,645)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020**

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 of 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, 2020**

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.

Student Activity Fund – The Student Activity Fund is used to account for monies collected principally through fundraising efforts of the students and center-sponsored groups.

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, 2020**

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.

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:

- 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.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. Summary of Significant Accounting Policies – cont'd

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.

2. Basis of Accounting

Assets, Liabilities and Fund Balances

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.

Property Tax Revenues and Receivables – The Center is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the district. These property taxes are distributed to the center's general fund and building fund based on the levies approved for each fund. The center receives property taxes from three counties. The county assessor for each county, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls of submission to the county treasurer prior to October 1. The county treasurer must commence tax collection

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. **Basis of Accounting – cont'd**

within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxed 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. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied. Delinquent property taxes, which are not collected within the availability period, 60 days of the year end, are recorded in the governmental fund financial statements as deferred inflows of resources.

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.

Capital Assets - The accounting treatment over property, plant, and equipment (capital 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.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. Basis of Accounting – cont'd

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:

• 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.

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, 2020 totaled \$171,052.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. **Basis of Accounting – cont'd**

Equity Classification

Government -wide Financial Statements

Net Positions and Fund Balances – The government wide financial statements utilize a net position presentation. Net position on the statement of new position include the following:

- 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 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 position - Consists of net position 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 position - 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

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. Basis of Accounting – cont’d

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. 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 – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources until that period. Deferred outflows of resources for the year ended June 30, 2020, consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period. See Note 7 for additional discussion regarding pension deferred outflows of resources

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that

TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

2. Basis of Accounting – cont'd

applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The governmental fund balance sheet includes deferred inflows of resources related to unavailable local sources of revenues and succeeding year property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or the period levied for and budgeted. In the center's government-wide statements, the property tax revenues for the succeeding year remain a deferred inflow and will be recognized as revenue in the year for which they are levied and budgeted for. The center's government-wide statements also consist of unrecognized items not yet charged to pension expense. See Note 7 for additional discussion regarding pension deferred inflows of resources.

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.

3. Cash and Investments

The carrying amount of the Center's deposits was \$7,450,330 and the bank balance was \$7,902,575 at June 30, 2020. Of the bank balance, \$572,426 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, 2020.

TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

4. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

Category	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
Land	\$ 1,588,736	-		1,588,736
Construction in process	181,969	482,316	181,969	482,316
Land Improvements	2,474,863	5,995		2,480,858
Buildings	29,267,441	574,911		29,842,352
Machinery and equipment	3,038,597	298,214		3,336,811
Accumulated depreciation	(22,364,858)	(993,420)		(23,358,278)
Total net assets	<u>14,186,748</u>	<u>368,016</u>	<u>181,969</u>	<u>14,372,795</u>

Governmental activities:

Land	1,588,736			1,588,736
Construction in process	181,969	482,316	181,969	482,316
Land improvements	2,241,337			2,241,337
Buildings	27,220,868	481,023		27,701,891
Machinery and equipment	2,918,136	298,214		3,216,350
Accumulated depreciation	(21,104,557)	(892,732)		(21,997,289)
Total net assets	<u>13,046,489</u>	<u>368,821</u>	<u>181,969</u>	<u>13,233,341</u>

Business-type activities:

Land improvements	233,526	5,995		239,521
Buildings	2,046,573	93,888		2,140,461
Machinery and equipment	120,461			120,461
Accumulated depreciation	(1,260,301)	(100,688)		(1,360,989)
Total net assets	<u>\$ 1,140,259</u>	<u>(805)</u>	<u>-</u>	<u>1,139,454</u>

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 Transfers In</u>	<u>Operating Transfers Out</u>
Food Service Fund	\$ 199,236	
Child Care Fund	209,292	
General Fund	<u>0</u>	<u>408,528</u>
Totals	<u>\$ 408,528</u>	<u>408,528</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
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, 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, 2019, 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
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, 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, 2020, the Center reported a net pension liability of \$7,974,019 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 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, 2019, the Center's proportion was 0.12048987%.

For the year ended June 30, 2020, the Center recognized pension expense of \$790,933. At June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 409,337	\$ (341,710)
Changes in Assumptions	418,653	(269,107)
Net difference between projected and actual earnings on pension plan investments	762,061	(707,982)
Center contributions subsequent to the measurement date	572,255	
	<u>\$ 2,162,306</u>	<u>\$ (1,318,799)</u>

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

7. Employee Retirement System – cont'd

The \$1,590,051 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, 2020. 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	
2020	\$ 255,974
2021	(182,697)
2022	(19,260)
2023	186,039
2024	<u>31,197</u>
	<u>\$ 271,252</u>

Actuarial Assumptions – The total pension liability as of June 30, 2020, was determined based on an actuarial valuation prepared as of June 30, 2019 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 2020 using Scale AA, multiplied by 60% for males and 50% for females.

The actuarial assumptions used in the June 30, 2019, 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 2019. 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 <u>6.5%</u>	Current Discount <u>7.5%</u>	1% increase <u>8.5%</u>
Net Pension Liability	\$ 11,236,264	\$ 7,974,019	\$ 5,244,989

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, 2020**

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, 2020, the Tri County Technology Center had reserves on deposit with the Oklahoma Public Schools Unemployment Compensation Account totaling \$11,921.

TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

- 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.

See Note 13 for additional discussion regarding the adoption of GASB Statement No. 84.

- 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

TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

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, 2020. Although the Center has been party to lease contracts in the past, the Center does not currently nor plan to enter into lease contracts or lease agreements in the future. Should this management decision change, the Center will evaluate and report the leases accurately according to the Statement.

- 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. The center separates and reports any interest cost as a financing activity (expense) separate from the capital asset.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

13. Adoption of GASB Statement No. 84

Effective with the year ended June 30, 2020, the center adopted GASB Statement No. 84, Fiduciary Activities. As a result of the adoption, the center determined that student activity funds which had previously been reported as fiduciary (agency) funds needed to be reported as governmental (special revenue) funds. The effects of adopting GASB Statement No. 84 on net position/fund balance as of July 1, 2019 were as follows:

	Governmental Activities	Nonmajor Funds
Beginning net position/fund balance, as previously reported	\$ 11,388,223	-
Adoption of GASB Statement No. 84	69,841	69,841
Beginning net position/fund balance, as restated	\$ 11,458,064	69,841

14. 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, 2020**

	June 30 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Center's proportion of the net pension liability	0.12048987%	0.12570503%	0.12420002%	0.12368730%	0.12292357%
Center's proportionate share of the net pension liability	\$ 7,974,019	\$ 7,597,753	\$ 8,223,676	10,322,397	7,464,851
Center's covered-employee payroll	\$ 5,898,021	\$ 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	135.20%	134.41%	151.32%	186.67%	138.47%
Plan fiduciary net position	\$ (7,702,767)	\$ (7,359,660)	\$ (7,674,592)	(7,604,860)	(8,332,623)
Plan fiduciary net position as a percentage of the total pension liability	96.60%	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, 2020**

	<u>Statutorily Required Contributions</u>	Contributions in Relation to the Statutorily Required Contributions	Contributions Deficiency (Excess)	Center's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2020	\$ 560,312	560,312	-	5,898,021	9.50%
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%

Notes to Required Supplementary Information:

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

- | | |
|---|-------|
| 1. January 1, 2009 to December 31, 2009 | 9.00% |
| 2. 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, 2020**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 7,752,227	7,324,175	7,342,889
State sources	2,908,618	2,864,980	2,898,553
Total revenues	<u>10,660,845</u>	<u>10,189,155</u>	<u>10,241,442</u>
Expenditures			
Instruction	4,328,628	4,112,754	4,086,671
Support services	4,942,957	4,439,030	4,426,840
Operation of non-instructional services	1,470,540	1,163,034	1,152,281
Other outlays	2,292,012	3,075,966	46,740
Total expenditures	<u>13,034,137</u>	<u>12,790,784</u>	<u>9,712,532</u>
Revenues over (under) expenditures	(2,373,292)	(2,601,629)	528,910
Other financing sources (uses)			
Lapsed appropriations			83,716
Total other financing sources (uses)			<u>83,716</u>
Revenue and other sources over (under) expenditures and other uses	(2,373,292)	(2,601,629)	612,626
Cash fund balance, beginning of year	<u>2,373,292</u>	<u>2,601,629</u>	<u>2,517,914</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>3,130,540</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, 2020**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 2,852,615	2,865,956	2,865,956
State sources	342,901	313,454	313,454
Total revenues	3,195,516	3,179,410	3,179,410
Expenditures			
Instruction	112,920	331,709	331,709
Support services	2,195,882	1,382,539	1,382,539
Facilities acquisitions and construction	3,529,651	1,218,926	1,218,926
Other outlays	419,371	3,456,317	3,456,317
Total expenditures	6,257,824	6,389,491	2,933,174
Revenues over (under) expenditures	(3,062,308)	(3,210,081)	246,236
Other financing sources (uses)			
Lapsed appropriations			65,794
Revenue and other sources over (under) expenditures and other uses	(3,062,308)	(3,210,081)	312,030
Cash fund balance, beginning of year	3,062,308	3,210,081	3,210,081
Cash fund balance, end of year	\$ -	-	3,522,111

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

OTHER SUPPLEMENTARY INFORMATION

TRI COUNTY TECHNOLOGY CENTER NO. 1
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Balance <u>July 1, 2019</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>
Assets					
Cash	\$ 69,841	694,874	-	692,728	71,987
Liabilities					
Funds held for student organizations					
Student-General	\$ 8,726	3,500		2,576	9,650
Skills USA-ACR	2,796	1,500		278	4,018
Skills USA-AST	4,525	1,975		2,110	4,390
Skills USA-AWT	4,241	-		690	3,551
Skills USA-EAST	5,829	230		959	5,100
Skills USA-COS	1,388	270		350	1,308
DECA-Marketing	253	-		-	253
Skills USA-GCT	132	1		117	16
SADHA-DH-General	294	109		109	294
Skills USA-PMO	1,453	-		-	1,453
BPA - MOS	645	-		-	645
HOSA - NRS	40	-		-	40
HOSA-LPN	2,503	-		-	2,503
SkillsUSA - ECE	1,295	690		1,546	439
SkillsUSA - CUL	686	110		-	796
Child Development Center	6,523	852		3,264	4,111
TCT Employee Fund	5,385	3,899		4,540	4,744
Skills USA - NET	612	341		535	418
Skills USA-CST	1,693	547		1,050	1,190
HOSA - MED	747	266		392	621
TSA - ENG	1,244	1,263		1,042	1,465
SADHA-DH-Sr Class	30	2,184		2,184	30
TPP	3,472	2,800		1,007	5,265
Full Time Programs	346	336,014		336,206	154
Community Education	474	43,665		43,729	410
Career Assistance Center	331	25,306		25,630	7
Internal Service	6,459	257,734		259,322	4,871
Foundation	7,719	11,618		5,092	14,245
Total Liabilities	\$ 69,841	694,874	-	692,728	71,987



**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, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 29, 2021. 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*. However, there was one (1) immaterial matter that was communicated to management in a separate letter.

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.

January 29, 2021

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
SCHEDULE OF FINDINGS
JULY 1, 2019 TO JUNE 30, 2020**

Findings – Financial Statement Audit

None.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2019 TO JUNE 30, 2020**

There were no prior year findings.

**TRI COUNTY TECHNOLOGY CENTER NO. 1, WASHINGTON COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2019 TO JUNE 30, 2020**

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 2019-20.

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

BY *Mustafa King*
AUTHORIZED AGENT

Subscribed and sworn to before me on this
29th day of, January, 2021

Andrea Fugate
NOTARY PUBLIC

