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

FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR

JUNE 30, 2015

Audited by

SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

BROKEN ARROW, OK

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015

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TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tulsa Technology Center School District No. 18 (the District), Tulsa County, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Building Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-17 and 44-45, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements.

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sanders, Bledsoe & Hewett

Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

February 23, 2016

Management's Discussion and Analysis

This section of Tulsa Technology Center's (the District) annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. To fully understand the District's financial performance, read it in conjunction with the basic financial statements and the notes to the financial statements.

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

Tulsa Technology Center

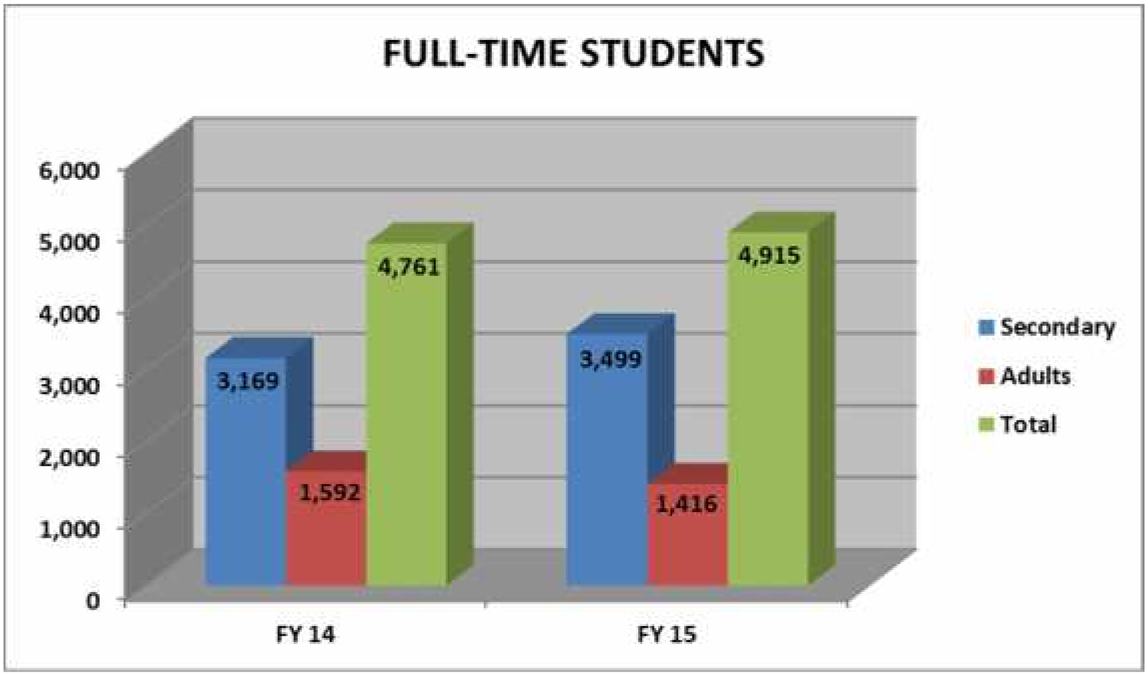
The District is part of the public career and technology education system of Oklahoma under the general direction and control of the Oklahoma State Board of Career and Technology Education. The District is the oldest and largest career and technology education institution in Oklahoma with six campuses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

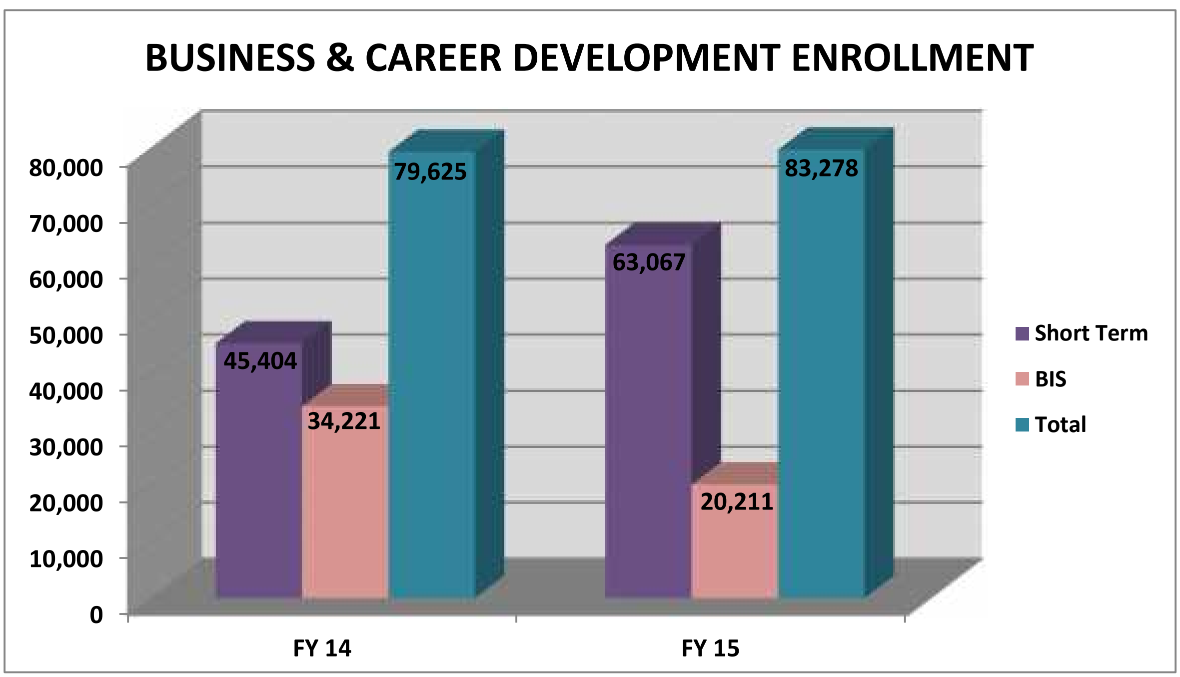
- *Full-time Programs* – The District offers 182.65 full-time program FTEs. These programs are designed to lead to industry certifications, licenses, employment, or continuing education.

- *Adult and Continuing Education* – These classes are designed around specific curriculum and are designed to provide an introduction to or enhance knowledge of specific topics. Continuing education and licensing classes are offered in several areas including real estate, insurance, and health.

- *Business and Industry Services* – This division strives to meet the training and development needs of business and industry in the Tulsa metropolitan area.

During fiscal year 2014 – 2015, the District served 3,499 secondary students in full-time programs from public schools as well as private, parochial, and home-schooled students. There were 1,416 adults in full-time programs. The District had 83,278 enrollments in short-term training classes, continuing education classes and classes for area businesses through our Business and Industry Services department.





Financial Highlights

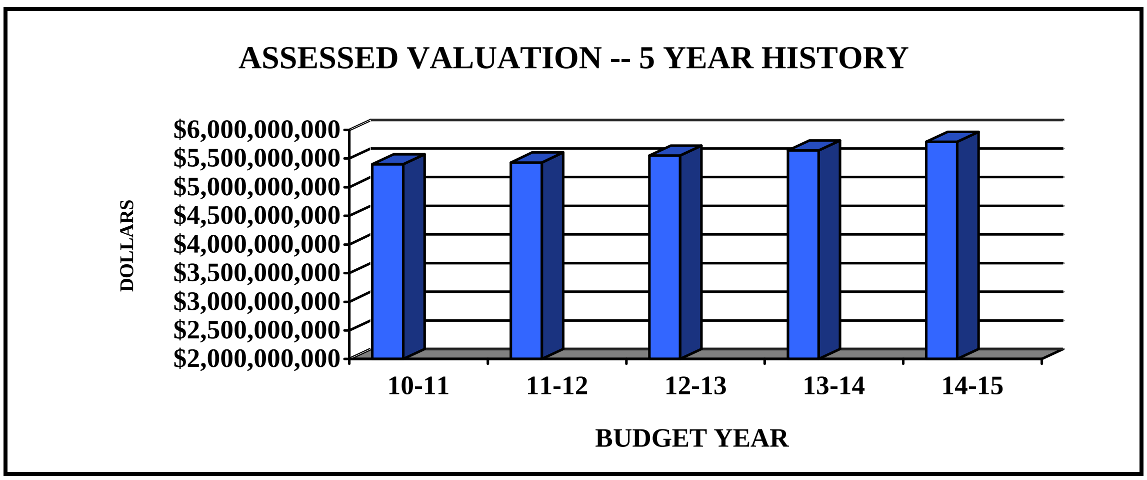
Funding by the State of Oklahoma remained constant from 2014 to 2015.

State Formula Funding

	Fiscal Year 2014	Fiscal Year 2015	Percentage Change
State Formula Allocation	$ 6,224,909	$ 6,224,909	0%

Additionally the District receives money from the State of Oklahoma for Training for Industry Programs (TIP). In fiscal year 2015, Tulsa Technology Center's TIP revenue was $426,230, a decrease of $74,208. This funding allows the District to develop, train and meet specific needs of Tulsa area businesses.

The District was helped by continued growth in property valuations and property tax collections. The District's net assessed valuation grew by $145,003,048 from 2014 to 2015. Over the last five years the average growth in net assessed valuation has been 1.79% per year. We anticipate the current economy to remain stable for the next three to five years.



Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis, the basic financial statements, and required supplementary information. The three parts together provide a comprehensive overview of the financial condition of Tulsa Technology Center. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- Government-wide financial statements, the Statement of Net Assets, and the Statement of Activities provide both short-term and long-term information about the District's overall financial position.

- Fund financial statements focus on reporting the individual parts of the District's operations in more detail. The fund financial statements comprise the remaining statements.

  - ✓ Governmental funds statements tell how the District services were financed in the short term as well as what remains for future spending. The governmental funds are the General Fund and Building Fund.

  - ✓ Fiduciary fund statements provide information about the financial relationships in which the District acts solely as trustee or agent for the benefit of others, to whom the resources belong. The fiduciary fund for the District is the School Activity Fund.

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The District has two kinds of funds:

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

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

Financial Analysis of Tulsa Technology Center as a Whole

Net Assets

As reported on the Changes in Net Assets, 2014 beginning net assets have been restated due to the implementation of GASB 68. The restatement resulted in a decrease in beginning net assets of $60,171,853. The District's Total Net Assets were larger on June 30, 2015, than they were the year before, increasing by $7,991,858 to $185,263,129.

The increase in current assets of 19% or $12,021,029 is a result of a decrease in accounts receivable of $77,839, an increase in cash, cash equivalents and investments of $12,098,868. The decrease of 4% or $7,006,933 in non-current assets is due to an increase of $3,625,288 in capital assets and depreciation expense of ($10,632,221).

Total liabilities increased by $48,225,948. The increase in liabilities is primarily due to the net pension liability added for the District's portion of the unfunded liability of the Teacher's Retirement System. The implementation of GASB 68 requires certain changes in the net pension liability to be deferred and recognized in expense in future years.

The decrease of the amount Invested in Capital Assets, Net of Related Debt was $7,006,934, as stated above. The restricted funds, as restated, are limited in use due to statutory restrictions on the General and Building Fund. The unrestricted funds include amounts the District has committed to fund the cash flow needs during the first half of the fiscal year.

Net Position
Fiscal Year Ended June 30, 2015

	Governmental Activities		Variance	
	2014	2015	Amount	% Change
Total Current Assets	$ 63,762,427	$ 75,783,456	$ 12,021,029	19%
Total Non-current Assets	178,262,350	171,255,417	(7,006,933)	(4%)
Total Assets	242,024,778	247,038,873	5,014,095	2%
Deferred Outflow Related to Pension	** 0	6,062,745	6,062,745	
Total Current Liabilities	1,742,571	1,830,875	88,304	5%
Non-current Liabilities	2,839,082	3,028,105	189,023	7%
Net Pension Liabilities	** 0	47,948,451	47,948,451	
Total Liabilities	4,581,653	52,807,431	48,225,778	1053%
Deferred Inflow Related to Pension	** 0	15,031,057	15,031,057	
Net Position				
Invested in Capital Assets, Net of Related Debt	178,262,351	171,255,417	(7,006,934)	(4%)
Restricted	23,807,581	68,364,337	44,556,756	188%
Unrestricted	35,373,193	(54,356,625)	(89,729,818)	(254%)
Total Net Position	$ 237,443,125	$ 185,263,129	$ (52,179,996)	

**As described in the Notes to the Financial Statements, these accounts were added as a result of GASB 68.

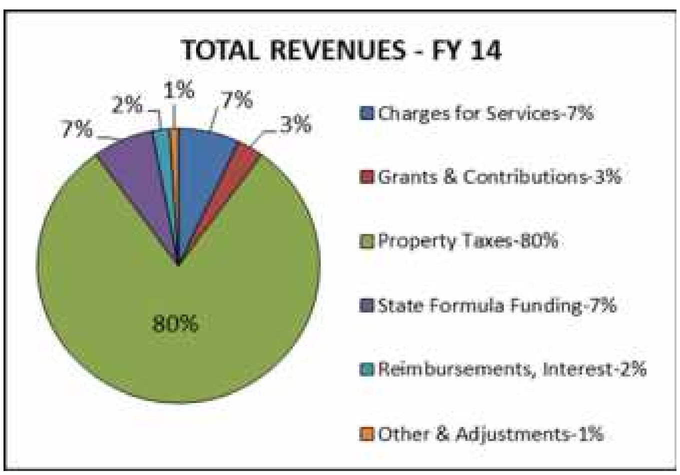
Changes in Net Assets
Fiscal Year Ended June 30, 2015

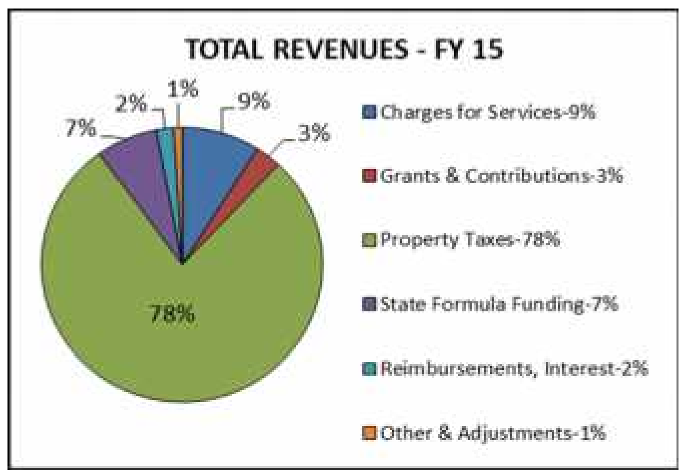
	Governmental Activities		Variance	
	2014	2015	Amount	% Change
Revenues				
Program Revenues				
Charges for Services	$ 6,877,552	$ 9,047,182	$ 2,169,630	32%
Operating Grants and Contributions	2,369,714	3,299,909	930,195	40%
General Revenues				
Property Taxes	74,686,675	75,848,143	1,161,468	2%
State Formula Funding	6,224,909	6,725,026	500,117	8%
Other Local/State	2,592,807	1,481,015	(1,111,792)	(43%)
Interest	187,392	367,549	180,157	97%
Adjustments to Prior Year's Encumbrances	14,307	10,868	(3,439)	(24%)
Total Revenues	$ 92,953,356	$ 96,779,692	$ 3,826,336	5%
Expenditures				
Instruction	$ 27,231,406	$ 27,090,646	$ (140,760)	(1%)
Support Services – Instructional	9,552,697	10,990,742	1,438,045	15%
Support Services – Operational	43,688,287	41,767,546	(1,920,741)	(5%)
Operation of Non-Instructional Services	3,165,487	3,410,547	245,060	8%
Facilities and Construction	1,933,806	3,281,892	1,348,086	70%
Other Expenses				
Other Outlays	1,179,009	1,885,523	706,514	60%
Repayments	341,405	360,938	19,533	6%
Total Expenditures	$ 87,092,098	$ 88,787,834	$ 1,695,736	
Increase (Decrease) in Net Assets	$ 5,861,258	$ 7,991,858		
Net Assets, beginning of Year, as Restated	$ 231,581,866	$ 177,271,271		
Net Assets, end of Year	$ 237,443,124	$ 185,263,129		

Note that Net Assets, beginning of year for 2015 was reduced by $60,171,853 due to the implementation of GASB 68.

Explanation of Variance in Revenues

- The District's total revenues increased by $3,826,336 or 5%.
- The $2,169,630 increase in Charges for Services was due to an increase in tuition and fees, reimbursements and resale as well as a change in composition of revenues from Other Local/State revenues.
- The $930,195 increase in Operating Grants and Contributions was the result a prior year restatement of Pell revenue.
- The $1,161,468 increase in Property Taxes is reflective of an increase in the assessed valuation and an increase in the amount of ad valorem taxes collected.
- As documented earlier in the State Formula Funding Chart, our state funding increased by 8% or $500,117 due to a timing difference in the accounts receivables payments. The difference reflects June's payment received July 2015.
- The $1,111,792 decrease in Other Local/State is primarily due to a change in the description of the composition of revenues reported under Charges for Services. In FY 15 the Other Local/State revenues include National Board Certified Teacher bonus, innovative initiative funds, as well as other miscellaneous state and local sources.
- The $180,157 increase in Interest Revenue is due to increasing interest rates on investment markets and an increase in funds available for investment.
- The $3,439 decrease in Adjustments to Prior Years' Encumbrances is a result of less e-stopped checks (cancelled outstanding checks).





Explanation of Variance in Expenditures

The District's total expenditures increased by $7,611,786 or 9%.

- The 1% increase in Instruction of $140,760 was from $774,334 for salary and benefit increases, $103,436 for employee insurance increases, $121,452 increase for new instructional programs, $199,633 for increase in accumulated depreciation, $80,883 for increase in leave payout accrual, $10,211 was due to an increase of non-capitalized expenditures for furniture and equipment and $196,834 increase in other operating expenses. Additionally there was a net decrease of $1,627,543 for Pension Expense as a result of the implementation of GASB 68.

- The 15% increase in Support Services – Instructional of $1,438,045 was from $652,370 for salary and benefit increases, $87,144 for employee insurance increases, $307,577 increase for new non-instructional positions, $267,062 for increase in accumulated depreciation, $105,240 was due to an increase of non-capitalized expenditures for furniture and equipment and $18,652 increase in other operating expenses.

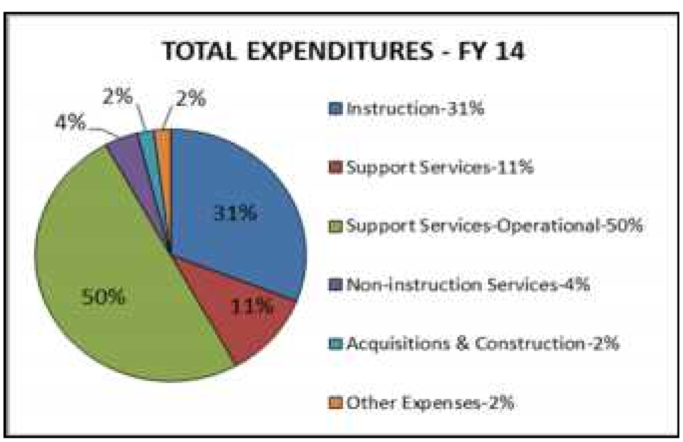
- The 5% decrease in Support Services – Operational of $1,920,741 was from $235,933 for salary and benefit increases, $31,444 for employee insurance increases, $104,000 increase for new non-instructional positions, $125,742 for increase in accumulated depreciation, a decrease of $369,378 for start-up costs for Owasso and Sand Springs Campuses, $80,882 for increase in leave payout accrual, $168,028 was due to a decrease of non-capitalized expenditures for furniture and equipment and $333,791 decrease in other operating expenses. Additionally there was a net decrease of $1,627,545 for Pension Expense as a result of the implementation of GASB 68.

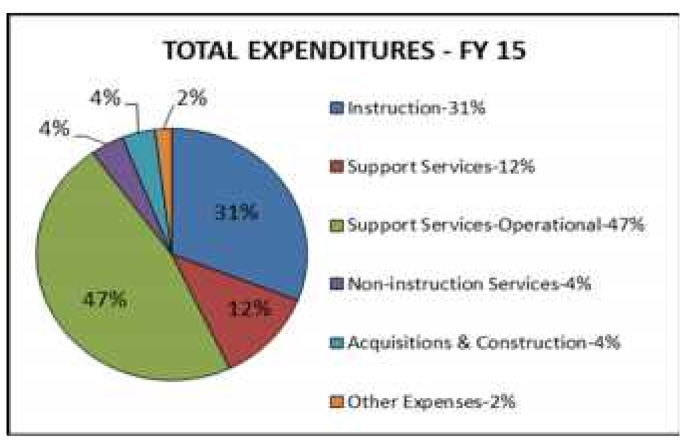
- The 8% increase in Operation of Non-Instructional Services of $245,060 was from $64,900 for salary and benefit increases, $8,669 for employee insurance increases, $58,652 for increase in accumulated depreciation, and $112,839 increase in other operating expenses.

- The 70% increase in Facilities and Construction of $1,348,086 was due to an increase in non-capitalized expenditures for existing facilities.

- The 60% increase in Other Expenses – Other Outlays of $706,514 was due to a one-time Pell reduction adjustment for tuition of $1,034,020 taken in FY 2014 which was offset by a decrease of $327,506 for student aid.

- The 6% increase in Other Expenses - Repayments of $19,533 was due to an increase in normal tuition refunds.





Governmental Activities

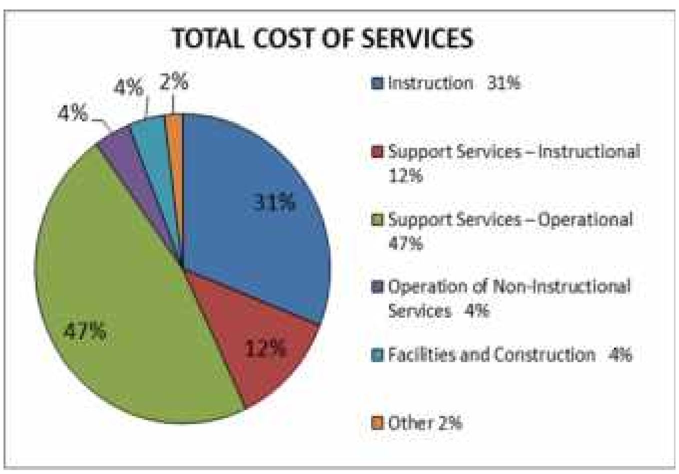
The net cost of all governmental activities this year was $76,440,742. The governmental activities of the District include instruction, support services, operation of non-instructional programs, site improvements, and other uses. The total of all categories is reduced by program revenues (tuition and fees, resale and live work, and grants) to arrive at the Net Cost. Examples of the types of expenses that can be found in these categories include:

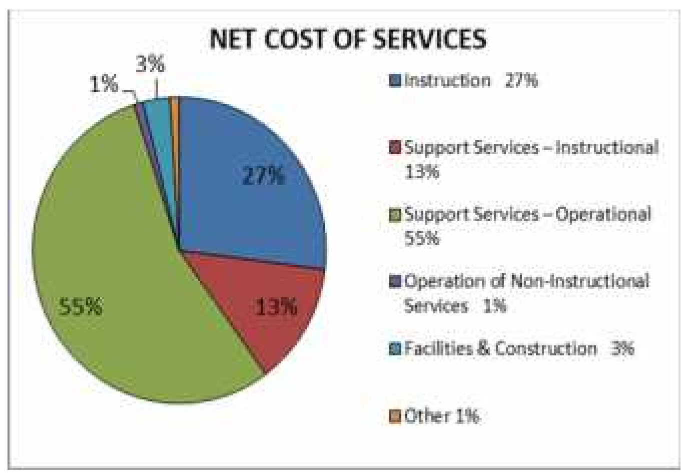
- *Instruction* – expenditures associated with activities that deal directly with the interaction between students and teachers. This includes secondary students, adult students, and businesses.
- *Support Services, Instructional* – expenditures associated with activities designed to assess and improve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

Government Activities
Fiscal Year Ended June 30, 2015

Function/Programs	Total Cost of Services 2014	Total Cost of Services 2015	Variance Amount	Variance % Change
Instruction	$ 27,231,406	$ 27,090,646	$ (140,760)	(1%)
Support Services – Instructional	9,552,697	10,990,742	1,438,045	15%
Support Services – Operational	43,688,287	41,767,546	(1,920,741)	(5%)
Operation of Non-Instructional Services	3,165,487	3,410,546	245,059	8%
Facilities and Construction	1,933,806	3,281,892	1,348,086	70%
Other				
Other Outlays	1,179,009	1,885,523	706,514	60%
Repayments	341,405	360,938	19,533	6%
Total Governmental Activities	$ 87,092,098	$ 88,787,833	$ 1,695,735	2%

Function/Programs	Net Cost of Services 2014	Net Cost of Services 2015	Variance Amount	Variance % Change
Instruction	$ 20,767,909	$ 20,768,572	$ 663	<1%
Support Services – Instructional	8,869,768	10,217,651	1,347,883	16%
Support Services – Operational	43,680,717	41,760,424	(1,920,293)	(5%)
Operation of Non-Instructional Services	2,058,113	157,276	(1,900,837)	(93%)
Facilities and Construction	1,933,806	3,281,892	1,348,086	70%
Other				
Other Outlays	193,114	(106,011)	(87,103)	(46%)
Repayments	341,405	360,938	19,533	6%
Total Governmental Activities	$ 77,844,833	$ 76,440,742	$ (1,404,091)	2%





Financial Analysis of Tulsa Technology Center's Funds

At June 30, 2015, the District's governmental funds reported a combined fund balance of $70,924,479. The fund balance for the General Fund was $27,052,466 and $43,872,013 for the Building Fund.

One factor that is imperative when analyzing the governmental fund balances is that Tulsa Technology Center conducted an exhaustive and extensive master planning process during fiscal year 2004. As part of the process the District identified four major construction projects to be funded with the governmental fund balances. The first of these projects, the Health Science Center, opened in March 2009, the second of these projects, the Broken Arrow Campus Expansion Project opened in January 2011. The third project was the Owasso Campus and a fourth project was the Sand Springs Campus. Both the Owasso Campus and the Sand Springs Campus opened in August 2013.

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

Planning for the Lemley Memorial Campus project is well underway. Design work is currently taking place on Phase I which includes two buildings: the Center for Safety and Manufacturing Excellence and the District Maintenance Building. It is anticipated design work will be complete by May 2016 on both buildings and construction is expected to begin in the fall of 2016. The estimated budget for construction costs is $6.6 million for the Center for Safety and Manufacturing Excellence and $1.7 million for the District Maintenance Building.

These types of planning processes will enable Tulsa Technology Center to meet existing and future needs of Tulsa and surrounding communities. The unrestricted funds will provide the financial mechanism in which to meet the projected needs over the coming years. Additional factors that influence the government fund balances are that the District added and expanded full-time equivalent programs during 2015 and plans to add or expand additional programs during 2016.

General Fund

The General Fund balance is $27,052,466. Of that amount, the assigned fund balance is $3,680,982 and is reserved for encumbrances and liabilities that are incurred when a purchase order is issued. The committed fund balance is $20,811,342 which funds the cash flow needs of the District for the first half of the next fiscal year. It is important to understand that over 71% of the general fund revenue comes from local ad valorem taxes. When analyzing the fund balance it must be taken into account that the majority of ad valorem taxes are not collected by the county excise boards until after November of each year. Tulsa Tech receives very little funding until January. However, our operational costs begin on July 1 which is the beginning of our fiscal year. This means we operate for the first six months of our fiscal year with minimal incoming revenue. The property tax collections occur mainly from January through March.

Consequently, Tulsa Tech needs enough beginning fund balance to cover the revenue shortfall to pay operating expenses for July through December. The unassigned fund balance of $2,560,142 represents the funds not restricted in use by statute nor encumbered by purchase orders or legal contracts.

Building Fund

The Building Fund balance is $43,872,013. Of that amount, $34,877,240 is restricted by statute to certain capital related costs. The committed fund balance is $4,603,769 which funds the cash flow needs for the District for the first half of the next fiscal year. The assigned fund balance is $4,391,004 and is reserved for encumbrances and liabilities that are incurred when a purchase order is issued.

Fiduciary Fund

The fiduciary funds reported total net restricted fund balances of $79,027.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2015, the District had $171,255,417 in governmental funds invested in a broad range of capital assets including buildings, furniture and equipment. This amount represents a net increase of $7,006,934. The threshold of capitalization is $2,500.

Governmental Activities
Capital Assets - Net of Depreciation

	2014	2015
Land	$ 6,358,527	$ 6,358,527
Building and Improvements	160,203,759	154,251,387
Equipment and Fixtures	11,700,065	10,645,503
Total Assets	$ 178,262,351	$ 171,255,417

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

Contacting Tulsa Technology Center's Financial Management

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

Respectfully submitted,

Dr. Steve Tiger
Superintendent

Bill Sowell
Chief Financial Officer

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Statement of Net Position
June 30, 2015

		Governmental Activities
ASSETS		
Current Assets		
Cash and Cash Equivalents	$	4,968,667
Investments		68,227,194
Property Taxes Receivable		757,863
Receivables from Other Governments		731,766
Other Receivables		1,097,966
Total Current Assets		75,783,456
Non-current Assets		
Capital assets		
Land		6,358,527
Building		249,125,978
Furniture and Equipment		31,673,508
Less: Accumulated Depreciation		(115,902,596)
Total Noncurrent Assets		171,255,417
Total Assets	$	247,038,873
Deferred Outflows of Resources Related to Pensions	$	6,062,745
LIABILITES		
Current Liabilities		
Accounts Payable	$	1,799,581
Compensated Leave		
Due within one year		31,294
Total Current Liabilities		1,830,875
Non-Current Liabilities		
Compensated Leave	$	3,028,105
Net Pension Liability		47,948,451
Total Non-Current Liabilities		50,976,556
Total Liabilities	$	52,807,431
Deferred Inflows of Resources Related to Pensions	$	15,031,058
NET POSITION		
Invested in Capital Assets, Net of Related Debt		171,255,417
Restricted		68,364,337
Unrestricted		(54,356,625)
Total Net Position	$	185,263,129

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Statement of Activities

July 1, 2014 - June 30, 2015

Function/Programs	Expenditures	Charges for Services	Operating Grants and Contributions	Net (Expense)/ Revenue and Changes in Net Assets — Governmental Activities
Governmental Activities				
Instruction	$ 27,090,646	5,799,230	522,844	(20,768,572)
Support Services - Instructional	10,990,742		773,091	(10,217,651)
Support Services - Operational	41,767,546		7,122	(41,760,424)
Operation of Non-Instructional Services	3,410,546	3,247,952	5,317	(157,277)
Facilities and Construction	3,281,892			(3,281,892)
Other Outlays	1,885,523		1,991,534	106,011
Repayments	360,938			(360,938)
Total Governmental Activities	88,787,833	9,047,182	3,299,909	(76,440,742)

General Revenues	
Taxes -	
Property Taxes, Levied for Building Purposes	29,071,096
Property Taxes, Levied for General Purposes	46,777,047
State aid – Formula (ODCTE Oper)	6,725,026
Other Local - Dist. Contracts, Ins. Refunds, Etc, Land Sale, and ESchool)	1,202,408
Other State - Mentor Teacher, Spec. Grants, Innovative Innitiative, Nat'l Bd Certification	278,607
Interest	367,549
Special items - Transfer to Other Funds	
Adjustments to Prior Year's Encumbrances	10,868
Total General Revenues and Special Items	84,432,601
Change in Net Assets	7,991,858
Net Assets, beginning as restated	177,271,271
Net Assets, ending	$ 185,263,129

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2015

	General Fund	Building Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 2,447,920	2,520,747	4,968,667
Investments	25,937,661	42,289,533	68,227,194
Receivables	2,041,616	545,979	2,587,595
Total assets	$ 30,427,197	45,356,260	75,783,456
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	905,446	894,135	1,799,581
Compensated leave payable:			
Short term compensated leave	31,294	-	31,294
Long term compensated leave	2,437,993	590,112	3,028,105
Total liabilities	3,374,733	1,484,247	4,858,980
Fund Balances			
Reserved for:			
Restricted Fund Balance		34,877,240	34,877,240
Committed Fund Balance	20,811,342	4,603,769	25,415,111
Assigned Fund Balance	3,680,982	4,391,004	8,071,986
Unreserved:			
Unassigned Fund Balance	2,560,142		2,560,142
Total fund balances	27,052,466	43,872,013	
Total liabilities and fund balances	$ 30,427,197	45,356,260	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $287,158,013 and the accumulated depreciation is ($115,902,596).	171,255,417
Net Pension Obligations not due and payable in current period	(47,948,452)
Deferred outflows and inflows related to pensions	(8,968,313)
Net assets of governmental activities	$ 185,263,129

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
July 1, 2014 to June 30, 2015

	General Fund	Building Fund	Total Governmental Funds
REVENUES:			
Local sources	$ 56,416,465	29,681,268	86,097,733
State sources	7,419,683	129,091	7,548,775
Federal sources	2,754,767		2,754,767
Interest	154,629	212,920	367,549
Total revenues	66,745,544	30,023,280	96,768,823
EXPENDITURES:			
Current -			
Instruction	24,681,665	865,720	25,547,385
Support services - Instructional	9,654,864	57,141	9,712,005
Support services - Non Instructional	27,184,762	12,123,922	39,308,684
Noninstructional services	2,970,803	-	2,970,803
Capital outlay	813,090	4,437,555	5,250,646
Other outlays	1,885,523		1,885,523
Repayments	360,938		360,938
Total expenditures	67,551,645	17,484,331	85,035,983
Excess (deficiency) of revenues over expenditures	(806,102)	12,538,948	11,732,839
OTHER FINANCING SOURCES (USES):			
Adjustments to prior year encumbrances	10,861	-	10,861
Total Other Financing Sources (Uses)	10,861	-	10,861
NET CHANGE IN FUND BALANCES	(795,241)	12,538,948	11,743,699
FUND BALANCES, beginning	27,847,707	31,333,065	59,180,772
FUND BALANCES, ending	$ 27,052,466	43,872,013	70,924,471

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
July 1, 2014 to June 30, 2015

Net Change in Fund Balances - Government Funds		$ 11,743,699
Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in net assets are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of revenues, expenditures, and changes in net assets. This is the amount by which depreciation exceeds capital outlays in the period.		
Capital outlay expenditures	3,625,288	
Depreciation expense	(10,632,221)	(7,006,933)
Governmental funds report district pension contributions as expenditures. However, the Statement of Activities reports pension benefits, net of contributions, as pension expense.		3,255,092
Changes in net assets of governmental activities		$ 7,991,858

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Statement of Fiduciary Net Assets
July 1, 2014 to June 30, 2015

	Activity Funds
ASSETS	
Cash and cash equivalents	$ 89,588
LIABILITIES AND NET ASSETS	
Liabilities	
Funds held for school organizations	$ 89,588

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Tulsa Technology Center School District No. 18 (the "District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements

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

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

Funds

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

Governmental Fund Types

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements

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

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

Debt Service Fund – The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments. The District did not maintain this fund during the 2014-15 fiscal year.

Capital Projects Fund – The capital projects fund is the District's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment. The District did not maintain this fund during the 2014-15 fiscal year.

Permanent Fund – Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The District did not maintain this fund during the 2014-15 fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements – cont'd

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year.

E. Assets, Liabilities and Fund Equity

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

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

Inventories – The value of consumable inventories at June 30, 2015, is not material to the combined financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

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

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

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

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

Unmatured Obligations – The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the of accounting. The District had no unmatured obligations at June 30, 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

Net Position and Fund Balance

District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Buildings – The component of net assets that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District's buildings. This amount is restricted by enabling legislation.

Restricted for School Organizations – The component of net assets that report the assets restricted for use by student organizations and extracurricular activities.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

Governmental Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

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

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

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the County Treasurer prior to October 1. The County Treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Deferred Outflows of Resources – The District reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2014) and the end of the current fiscal year (June 30, 2015). No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources – The District's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period.

Deferred inflows of resources are reported in the statement of net position for (1) the actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is amortized to pension expense over a total of 5 years, including the current year. (2) The difference between expected and actual experience that the pension plan actuary uses to develop expectations such as future salary increases and inflation. This deferred inflow of resources is amortized to pension expense over the average expected remaining service life of the Plan. (3) The changes in assumptions used by the actuary is amortized to pension expense over the average expected remaining service life of the Plan.

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

Pensions – For purposes of measuring the net pension liability, deferred ouflows 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Districts.

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2014-15 fiscal year.

2. CASH AND INVESTMENTS

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District. Collateral is required to be pledged with the state treasurer for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Deposits – At June 30, 2015, the bank balance of deposits, cash investments, and cash pools was $6,721,054.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The District policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2015, the District was not exposed to custodial credit risk.

Investments – As of June 30, 2015, $68,227,194, consists of combination of certificates of deposit of banks, trust companies, and savings and loans associations, government money market mutual funds and FDIC insured savings accounts held by trustee bank. These funds are classified as investments for the purposes of disclosure requirements and therefore, are not subject to custodial credit risk. For presentation on the face of the statement of net position, these funds are classified as cash.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

2. CASH AND INVESTMENTS – cont'd

Investments – cont'd

Credit Risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. The District does not have a formal policy limiting its exposure arising from concentrations of investments.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Concentration of Credit Risk – The District places no limit on the amount the district can invest in any one issuer other than the limitations on types of investments contained in state law.

3. CAPITAL ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Capital assets activity for the year ended June 30, 2015, was as follows:

Class	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Land	$ 6,358,527	-	-	6,358,527
Buildings & Improvements	247,157,225	1,968,754	-	249,125,978
Equipment & Fixtures	30,561,944	1,656,534	(544,970)	31,673,508
Totals	284,077,696	3,625,288	(544,970)	287,158,013
Less accumulated depreciation for:				
Building & Improvements	(86,953,466)	(7,921,126)		(94,874,592)
Equipment & Fixtures	(18,861,879)	(2,630,748)	464,623	(21,028,004)
Totals	(105,815,345)		464,623	(105,350,722)
Capital Assets, Net	$ 178,262,351	3,625,288	(80,347)	171,255,417

4. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2015.

5. EMPLOYEE RETIREMENT SYSTEM

Teachers' 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 District. The System issues a publically available financial report that can be obtained at http://www.ok.gov/trs/.

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, the designated beneficiary of a member who has not retired shall receive total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. The surviving spouse may elect to receive the retirement benefit of the member, in lieu of the aforementioned benefits.

5. EMPLOYEE RETIREMENT SYSTEM

Benefits Provided – cont'd

- 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, 2015, qualifying employee contributions were reduced by a retirement credit of $217,539 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2015, the District 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 members and the District are established and may be amended by the state legislature. For the year ended June 30, 2015, the District contributions to the System for were $6,062,745.

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 District's estimated share of these contributions based on their covered payroll for the measurement period was $116,859.

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

At June 30, 2015, the District reported a liability of $47,948,452 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.89125732%, which was the same as its proportion measured as of June 30, 2013.

For the year ended June 30 2015, the District recognized pension expense of $2,807,657. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

5. EMPLOYEE RETIREMENT SYSTEM

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions – cont'd

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$	$ 790,333
Changes of assumptions	-	2,636,382
Net difference between projected and actual earnings on pension plan investments	-	11,604,343
District contributions subsequent to the measurement date	6,062,745	-
	$ 6,062,745	$ 15,031,058

$6,062,745 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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	
2016	$ 3,049,644
2017	3,049,644
2018	3,049,644
2019	3,049,644
2020	148,559
Thereafter	47,541
	$ 12,394,676

5. EMPLOYEE RETIREMENT SYSTEM

Actuarial assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined 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 – 3.00%
Salary Increases – Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
Investment Rate of Return – 8.00%
Retirement Age – Experience-based table of rates based on age, service, and gender.
Mortality – RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July, 2005 to June, 2009.

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, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.50%	6.60%
Domestic Equity	57.50%	6.80%
Private Equity	5.00%	7.90%
Real Estate	7.00%	5.50%
Limited Partnerships	7.00%	7.90%
	100.00%	

5. EMPLOYEE RETIREMENT SYSTEM

Discount rate –A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2013 and 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. 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 projections of cash flows 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 also assumed the state's contribution plus the matching contributions will remain a constant percent of the projected member payroll based on the past five years of actual contributions.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's Proportionate share of the net pension liability	$ 67,827,963	$ 48,280,637	$ 31,782,027

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report that can be obtained at http://www.ok.gov/trs/.

6. RISK MANAGEMENT

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

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

7. CONTINGENCIES

<u>Schedule of Expenditure of Federal Awards</u>

The schedule shows the federal awards received and expended by the District during the 2014-15 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for non-federal entities which expended more than $500,000 in federal awards.

<u>Litigation</u>

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

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Budgetary Comparison Schedule – General Fund – Statutory Basis
For the Year Ended June 30, 2015

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget			
	Original	Final	Actual	
Revenues Collected:				
Local sources	54,482,638	54,482,638	56,835,072	2,352,434
State sources	8,151,399	8,151,399	7,034,464	(1,116,936)
Federal sources	2,970,091	2,970,091	2,780,622	(189,469)
Interest earnings	115,000	115,000	154,629	39,629
Non-revenue receipts				-
Total revenues collected	65,719,128	65,719,128	66,804,787	1,085,659
Expenditures:				
Instruction	29,103,798	29,103,798	24,846,792	4,257,006
Support services	53,465,506	53,465,506	36,336,887	17,128,619
Operation of noninstructional services	3,612,342	3,612,342	3,092,771	519,571
Facilities acquisition and construction services	199,900	199,900	209,858	(9,958)
Other outlays:				
Other uses	2,057,248	2,057,248	2,049,883	7,365
Repayments	423,525	423,525	360,997	62,528
Total expenditures	88,862,319	88,862,319	66,897,186	21,965,131
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(23,143,191)	(23,143,191)	(92,399)	23,050,790
Other financing sources (uses)		-		
Adjustments to prior year encumbrances	-	-	717,069	-
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(23,143,191)	(23,143,191)	624,670	23,050,790
Cash fund balance, beginning of year	23,143,191	23,143,191	23,143,191	-
Cash fund balance, end of year	$ -	-	23,767,861	23,767,861
Reconciliation of budgetary comparison statutory basis to GAAP basis:				
Accounts receivable not recognized as revenue			2,041,616	
Liabilities payable recognized as expenditures:				
Reserve for encumbrances			3,680,982	
			-	
Leave payable			(2,437,993)	
Fund balance end of year GAAP basis			$ 27,052,466	

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma
Budgetary Comparison Schedule – Building Fund – Statutory Basis
For the Year Ended June 30, 2015

	Building Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget			
	Original	Final	Actual	
Revenues Collected:				
Local sources	$ 28,526,956	28,526,956	29,828,955	1,301,999
Interest earnings	125,000	125,000	212,920	87,920
Total revenues collected	28,651,956	28,651,956	30,041,875	1,389,919
Expenditures:				
Instruction	934,168	934,168	881,642	52,526
Support services	47,153,481	47,153,481	13,981,613	33,171,868
Operation of noninstructional services	-	-	-	-
Facilities acquisition and construction services	7,219,058	7,219,058	3,349,160	3,869,898
Repayments	-	-	-	-
Total expenditures	55,306,707	55,306,707	18,212,415	37,094,292
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(26,654,751)	(26,654,751)	11,829,460	38,484,211
Other financing sources (uses)				
Adjustments to prior year encumbrances	-	-	1,040,931	1,040,931
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(26,654,751)	(26,654,751)	12,870,391	39,525,142
Cash fund balance, beginning of year	26,654,751	26,654,751	26,654,751	-
Cash fund balance, end of year	$ -	-	39,525,142	39,525,142

Reconciliation of budgetary comparison statutory basis to GAAP basis:

Accounts receivable not recognized as revenue	545,979
Liabilities payable recognized as expenditures:	
Reserve for encumbrances	4,391,004
Leave payable	(590,112)
Fund balance end of year GAAP basis	$ 43,872,013

Tulsa Technology Center School District No. 18
Tulsa, Oklahoma

Schedule of Expenditures of Federal Awards - Budget Basis
For the Year Ended June 30, 2015

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's No.	Program or Award Amount	Revenue Collected	Total Expenditures
U.S. Department of Education					
Direct Programs:					
*Pell grants	84.063	P063P152639	$ 1,898,019	1,667,158	1,898,019
Pell grants - Note	84.063	P063P142639		256,534	
*Pell grants - Administration	84.063		2,800	2,515	2,800
Pell grants - Administration - Note	84.063			185	
*SEOG	84.007		22,640	21,798	21,798
SEOG - Note	84.007			21,798	
Sub Total			1,923,459	1,969,988	1,922,617
Passed Through State Department of Career and Technology Education:					
*Carl Perkins secondary	84.048		609,485	345,947	566,415
Carl Perkins secondary - Note	84.048			253,295	
TANF	93.561		272,612	106,657	237,405
TANF - Note	93.561			86,418	
OBAN	12.002		60,669	60,669	60,669
Tech Centers that Work - Note	84.048			11,750	
Cyber Security Training	47.076		1,500	0	1,500
Cyber Security Training - Note	47.076			1,250	
Sub Total			944,266	865,986	865,989
U.S. Department of Agriculture:					
Passed Through State Department of Education					
Child and adult care food program	10.553	DC72-126	4,855	4,855	4,855
Child and adult care food program - Note	10.553	DC72-126		461	
Sub Total			4,855	5,316	4,855
TOTAL			2,872,580	2,841,290	2,793,461

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

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

* Major programs

SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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*

February 23, 2016

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tulsa Technology Center School District No. 18 (the District), Tulsa County, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 23, 2016.

Internal Control Over Financial Reporting

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

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

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

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

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

Sanders, Bledsoe & Hewett

Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

February 23, 2016

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

Report on Compliance for Each Major Federal Program
We have audited Tulsa Technology Center School District No. 18, Tulsa Oklahoma's, (the District), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the accompanying schedule of audit results, findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion. the District, complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2015

There were no prior year significant deficiencies or material instances of non-compliance.

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

Section 1 – Summary of Auditor's Results

1. An unqualified opinion was issued on the financial statements with respect to generally accepted accounting principles.

2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.

3. The audit disclosed no instances of noncompliance which are material to the financial statements.

4. The audit disclosed no significant deficiencies in the internal controls over major programs.

5. An unqualified opinion report was issued on the compliance of major programs.

6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).

7. Programs determined to be major are Pell (84.063) and Supplemental Educational Opportunity Grant (84.007) which were clustered in determination and Carl Perkins Grant (84.048)

8. The dollar threshold used to determine between Type A and Type B programs was $300,000.

9. The auditee was determined to be a low-risk auditee.

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

None

Section 3 – Findings and questioned costs for federal awards

None

TULSA TECHNOLOGY CENTER SCHOOL DISTRICT NO. 18
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2014 TO JUNE 30, 2015

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Tulsa Technology Center School District for the audit year 2014-15.

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

By ______________________
Authorized Agent

Subscribed and sworn to before me
This 23rd day of February, 2016

Earlene Hart
Notary Public (or Clerk or Judge)

EARLENE HART
NOTARY PUBLIC
IN AND FOR
STATE OF OKLAHOMA
TULSA COUNTY

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

SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

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February 23, 2016

Mr. Bill Sowell, CFO
Tulsa Technology Center
PO Box 477200
Tulsa, Oklahoma 74147

Dear Mr. Sowell:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report. They are observations of findings that could evolve into material findings if not addressed.

Financial Reporting

Currently there is a limited number of individuals which are involved in the preparation of the yearly financial statements, which causes the financial statements not to be prepared in a timely manner. We recommend that the District either hire additional staff that have experience in governmental accounting and reporting, or hire an outside accounting firm that would perform this function for the District in order to have the financial statements prepared in a more timely manner.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,

Jeffrey D. Hewett

For

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP