AUDITED FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR

TULSA TECHNOLOGY CENTER NO. 18
TULSA COUNTY, OKLAHOMA

JUNE 30, 2022

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

TULSA TECHNOLOGY CENTER NO. 18
TULSA COUNTY, OKLAHOMA
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TULSA COUNTY, OKLAHOMA
TECHNOLOGY CENTER OFFICIALS
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Tulsa Technology Center No. VT-18
Tulsa, Oklahoma 74147-7200

Opinions
We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tulsa Technology Center No. VT-18, Tulsa, Oklahoma (the "Center") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tulsa Technology Center No. VT-18, Tulsa County, Oklahoma as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tulsa Technology Center No. VT-18, Tulsa, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

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from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-12, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual on pages 46-47, Schedule of Proportionate Share of the Net Pension Liability on page 44 and Schedule of Contributions on page 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 method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Center's basic financial statements. The combining fund statements, regulatory basis, listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2023, on our consideration of the Center's internal control over financial reporting and 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 effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 11, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

This discussion and analysis of the Tulsa Technology Center, School District No. 18 (the District), performance provides an overview of the District's financial activities for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which follow the Management's Discussion and Analysis section.

Tulsa Technology Center:

The District is part of the public career and technology education system of Oklahoma under the coordinating body of the Oklahoma State System for Career and Technology Education.

The District consists of six campuses and multiple sites in our partner schools' buildings. Through these campuses and offsite programs, the District is able to serve 14 public school districts throughout 8 counties as well as private schools, parochial schools, and home-school students. Additionally, the District serves business and industry partners and post-secondary students throughout our geographic region.

During the FY22 learning term, the District served 5,639 full time students, 4,597 students in Adult Career Development classes, and 10,997 individuals through Business and Industry Training.

Financial Highlights for Fiscal Year 2022:

- The District's Net Assessed Property Valuation increased by 3.9% to $7.56 billion.
- Total District's General Fund revenues totaled $84.7 million, and expenditures were $85.4 million.
- The District's Building Fund Ending Fund Balance increased $17.1 million to $77.3 million with $40 million restricted for the construction of a new facility.

Overview of the Financial Statements:

The financial statements consist of three parts: management's discussion and analysis, 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:

- District-wide Financial Statements – These statements consist of the Statement of Net Position and the Statement of Activities.
    - The Statement of Net Position includes all of the District's assets and liabilities, with the difference reported as net assets.
    - The Statement of Activities accounts for all current year's revenues and expenses regardless of when cash is paid or received.

  Combined, these statements report the District's net assets and how they have changed. Net assets, the difference between assets and liabilities, is one way to measure the financial health or position of the District. Over time, increases or decreases in the District's net asset position are one indicator of whether its financial health is improving or deteriorating. Other indicators include changes in enrollment, changes in property tax base, and changes in federal and state government funding.

- Fund Financial Statements – These statements focus on reporting the individual parts of the District's operations in greater detail. Funds are accounting devices that the District uses to track specific sources of funding and spending for particular purposes.

- All 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 District operations and services provided. 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

- The District Activity Funds are Funds, where the District acts as the fiduciary agent for the benefit of others to whom the resources belong.

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.

Tulsa Technology Center's Financial Position:

Net Position
Fiscal Year Ended June 30, 2022

	Governmental Activities		Variance	
	2021	2022	Amount	% Change
Current Assets	$ 208,354,898	$ 228,361,455	$ 20,006,557	9.6%
Non-Current Assets	$ 212,136,244	$ 210,122,862	$ (2,013,382)	-0.9%
Total Assets	**$ 420,491,142**	**$ 438,484,317**	**$ 17,993,175**	**4.3%**
Deferred Outflows of Resources	**$ 25,859,365**	**$ 14,295,313**	**$ (11,564,052)**	**-44.7%**
Current Liabilities	$ 7,542,894	$ 6,713,529	$ (829,365)	-11.0%
Non-Current Liabilities	$ 47,068,635	$ 44,882,229	$ (2,186,406)	-4.6%
Net Pension Liabilities	$ 83,197,946	$ 44,757,662	$ (38,440,284)	-46.2%
Total Liabilities	**$ 137,809,475**	**$ 96,353,420**	**$ (41,456,055)**	**-30.1%**
Deferred Inflows of Resources	**$ 98,265,247**	**$ 127,236,702**	**$ 28,971,455**	**29.5%**
Net Position				
Invested in Capital Assets, Net of Related Debt	$ 164,883,284	$ 165,964,966	$ 1,081,682	0.7%
Restricted	$ 62,014,737	$ 79,159,785	$ 17,145,048	27.6%
Unrestricted	$ (16,622,236)	$ (15,935,243)	$ 686,993	-4.1%
Total Net Position	**$ 210,275,785**	**$ 229,189,508**	**$ 18,913,723**	**9.0%**

Overall, the District's Net Position increased by $18.9 million. Key observations include:

- Current Assets increased by $20 million primarily due to the Building Fund Construction Reserve.
- Non- Current Assets decreased by $2 million due to completion of the Client Service Center and the increase in Depreciation.
- Deferred Outflows of Resources decreased by $11.6 million, Deferred Inflows increased by $29.0 million and Net Pension Liabilities decreased by $38.4 million, all primarily related to material changes in the State Actuarial projections.
- Restricted Funds are comprised of the Building and Activity Fund Balances plus the amounts held in escrow for debt service. Of the Building Fund balance, $40 million has been assigned to the Building Fund Construction Reserve.
- Unrestricted funds are not encumbered and are available for future use to fund on-going operations. The allocation of the State Pension Liabilities has caused the Unrestricted Net Assets to take a negative position for financial reporting purposes.

Changes in Net Position
Fiscal Year Ended June 30, 2022

	2021	2022	Variance Amount	Variance % Change
Beginning Net Position	$ 205,234,826	$ 210,275,785	$ 5,040,959	2.5%
Revenues				
Program Revenues				
Charges for Services	4,453,254	5,234,131	780,877	17.5%
Operating Grants/Contributions	5,255,663	9,621,512	4,365,849	83.1%
General Revenues				
Property Taxes Levied	96,276,522	99,876,142	3,599,620	3.7%
State Formula Funding	6,326,583	6,363,807	37,224	0.6%
Other Local/State	6,519,322	5,675,258	(844,064)	-12.9%
Gain/(Loss) on Disposal of Assets	17,742	-	(17,742)	-100.0%
Interest	555,461	194,903	(360,558)	-64.9%
Total Revenues	$ 119,404,547	$ 126,965,753	$ 7,561,206	6.3%
Expenditures				
Instruction	$ 37,049,837	$ 31,730,545	$ (5,319,292)	-14.4%
Support Services - Instructional	12,705,754	12,329,803	(375,951)	-3.0%
Support Services - Operational	57,439,694	55,336,684	(2,103,010)	-3.7%
Operation of Non-Instructional Services	4,045,440	3,966,156	(79,284)	-2.0%
Facilities and Construction	1,412,953	474,553	(938,400)	-66.4%
Other Outlays	1,612,437	2,631,068	1,018,631	63.2%
Interest Expense	1,689,600	1,583,221	(106,379)	-6.3%
Total Expenditures	$ 115,955,715	$ 108,052,030	$ (7,903,685)	-6.8%
Increase / (Decrease) in Net Assets	$ 3,448,832	$ 18,913,723		
Prior Period Adjustment	1,592,127	-		
Ending Net Position	$ 210,275,785	$ 229,189,508	$ 18,913,723	9.0%

- Property Tax Levied - increases in the Net Assessed Property Valuation resulted in a 3.7% revenue increase.
- Operating Grants/Contribution - includes $4.4 million in CARES Act Funding to help offset the additional operating costs related to the Global Pandemic.
- Other Local/State Revenue -decreased $844K due to reductions in reimbursements.
- Instruction and Support Service Expenditures – all decreased due to a material change in the State allocated Pension Liability projections.
- Facilities and Construction – decreased due to the completion of the Client Service Center.
- Other Outlays – includes $1.4 million in student CARES Act payments and $1.3 million in PELL payments.

Governmental Activities:
The net cost of all governmental activities for the fiscal year ended June 30, 2022, was $93,233,837 compared to $106,246,797 for the fiscal year ended June 30, 2021. 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, fees, live work, and grants) to arrive at Net Cost. The year-over-year $13 million decrease is primarily due to the material change in the State allocated Pension Liability projections. Please see the Notes to the Financial Statements for an explanation of expenditures and revenues used in this calculation.

Financial Analysis of Tulsa Technology Center's Funds:
Below is a comparative look at the District's fund balance for the fiscal years ended June 30, 2021 and June 30, 2022:

	Fiscal Year Ended	
	June 30, 2021	**June 30, 2022**
General Fund	$ 37,129,586	$ 36,431,002
Building Fund	$ 60,168,514	$ 77,261,139
Combined Fund Balance	**$ 97,298,100**	**$ 113,692,141**

General Fund:
As of June 30, 2022, the General Fund balance was $36,431,002. Of that amount, the District has estimated a liability and assigned a portion of the fund balance totaling $3,331,874 related to compensated employee absences. The remaining fund balance is unrestricted required for cash flow management. The District's primary funding source, Ad Valorem Taxes are collected in January and April which requires the District to maintain cash for ongoing operations.

Building Fund:
At June 30, 2022, the Building Fund balance was $77,261,139. Of that amount, the District has assigned a portion of the fund balance totaling $40,591,516. Most of this assigned fund balance is comprised of future capital projects with a small amount assigned for compensated employee absences.

Capital Assets and Debt Administration:

Capital Assets:

Governmental Activities
Capital Assets and Depreciation

	2021	2022	Net Change
Land	$ 8,515,098	$ 8,515,098	$ -
Construction in Progress	48,967,868	7,651,411	(41,316,457)
Building and Improvements	292,494,114	342,481,833	49,987,720
Equipment and Fixtures	47,310,668	47,920,428	609,760
Accumulated Depreciation	(185,151,503)	(196,445,908)	(11,294,405)
Total Capital Assets	$ 212,136,245	$ 210,122,862	$ (2,013,383)

As of June 30, 2022, the District had $210,122,862 of governmental funds invested in a broad range of capital assets, including land, buildings, furniture, and equipment. The Construction of the new Client Services Center on the Lemley Campus was completed and capitalized in FY22.

Debt Administration:
The District financed a 2018 Lease Revenue Note to fund the construction of a new Client Service Center. Tulsa County Industrial Authority served as a conduit issuer on behalf of the District. The Authority issued the $55,000,000 note maturing September 1, 2033 at an interest rate of 3.45% per annum.

Although the Authority served as the issuer of the debt, neither the Authority nor the County will be liable for repayment of the obligation and no county-related revenues secure the obligation. The District is solely responsible for the $4.7 million annual debt service payments.

Contacting Tulsa Technology Center's Financial Management:

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of Tulsa Technology Center's financial position and to demonstrate transparency and accountability for the money the District receives. Additional details can be requested at Tulsa Technology Center, 3638 S Memorial, Tulsa, Oklahoma 74145.

Respectfully Submitted,

Dr. Steve Tiger, Superintendent

Joanne Lucas, Chief Financial Officer

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2022

	GOVERNMENT ACTIVITIES
ASSETS	
Current assets	
Cash, and cash equivalents	$ 2,558,867
Investments	111,337,934
Amounts held in escrow for debt service	1,579,771
Property taxes receivable - current year	4,524,558
Property taxes receivable - succeeding year	101,879,999
Receivables from other governments	2,152,810
Other local receivables	360,577
Receivables held in escrow	3,966,939
Total current assets	228,361,455
Non-current assets	
Capital assets	
Land	8,515,098
Construction-in-progress	7,651,411
Building	342,481,833
Furniture and equipment	47,920,427
Less accumulated depreciation	(196,445,907)
Total non-current assets	210,122,862
Total assets	438,484,317
Deferred outflows of resources	
Deferred outflows related to pensions	14,295,313
LIABILITIES AND NET POSITION	
Current liabilities	
Accounts payable	3,000,339
Accrued interest	514,132
Long term debt - due within one year, net of amortization	3,199,058
Total current liabilities	6,713,529
Noncurrent liabilities	
Compensated leave	3,923,391
Long term debt - due in more than one year, net of amortization	40,958,838
Net pension liability	44,757,662
Total non-current liabilities	89,639,891
Total liabilities	96,353,420
Deferred inflows of resources	
Deferred inflows of resources related to pensions	25,356,703
Succeeding year property tax	101,879,999
Total deferred inflows of resources	127,236,702
Net position	
Investment in capital assets	165,964,966
Restricted	79,159,785
Unrestricted	(15,935,243)
Total net position	$ 229,189,508

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

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense)/ Revenue and Changes in Net Assets Governmental Activities
Governmental Activities -				
Instruction	$ 31,730,545	$ 3,335,719	$ 7,364,243	$ (21,030,583)
Support services - instructional	12,329,803			(12,329,803)
Support services - operational	55,336,684	1,898,412	2,785	(53,435,487)
Operation of non-instructional services	3,966,156			(3,966,156)
Facilities and construction	474,553			(474,553)
Other outlays	2,623,064		2,254,484	(368,580)
Repayments	1,015			(1,015)
Interest expense	1,583,221			(1,583,221)
Loss on disposal	44,439			(44,439)
Total general government	$ 108,089,480	$ 5,234,131	$ 9,621,512	$ (93,233,837)
General revenues-				
Property taxes, levied for building purposes				38,162,351
Property taxes, levied for general purposes				61,713,791
State aid formula grants				6,363,807
Other local - contracts, insurance refund, etc.				1,715,730
Other state sources - training and special grants				3,933,630
Interest				194,903
Other income				25,898
Total general revenues				112,110,110
Changes in net position				18,876,273
Prior period adjustment (Note 10)				37,450
Net position, beginning of period				210,275,785
Net position, end of period				$ 229,189,508

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

FUND FINANCIAL STATEMENTS

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL FUND	BUILDING FUND	ACTIVITY FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash, and cash equivalents	$ 142,757	$ 2,097,235	$ 318,875	$ 2,558,867
Investments	36,688,596	74,649,338		111,337,934
Receivables	5,191,262	1,846,683		7,037,945
Property taxes receivable - succeeding year	62,946,182	38,933,817		101,879,999
Due from other funds	15,233			15,233
Total assets	104,984,030	117,527,073	318,875	222,829,978
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	2,274,972	725,368		3,000,340
Compensated leave payable:				
Long term compensated leave	3,331,874	591,516		3,923,390
Due to other funds		15,233		15,233
Total liabilities	5,606,846	1,332,117	-	6,938,963
Deferred inflows of resources				
Succeeding year property tax	62,946,182	38,933,817		101,879,999
Total deferred inflows of resources	62,946,182	38,933,817		101,879,999
Reserved for:				
Restricted fund balance		77,261,139	318,875	77,580,014
Unreserved:				
Unassigned fund balance	36,431,002			36,431,002
Total fund balances	36,431,002	77,261,139	318,875	114,011,016
Total liabilities, deferred inflows of resources and fund balances	$ 104,984,030	$ 117,527,073	$ 318,875	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets	$ 406,568,769	
Accumulated depreciation	(196,445,907)	
		210,122,862
Receivables held in escrow is a trust account to maintain funds that go towards ongoing construction that is turned over to the Center once the project has been completed.		3,966,939
Amounts held in escrow that go toward servicing scheduled debt payments		1,579,771
Other liabilities not payable for the current period:		
Net pension liability		(44,757,662)
Accrued interest		(514,132)
Long term debt, net of amortization		(44,157,896)
Deferred inflows of resources related to pensions, net		(11,061,390)
Net position of governmental activities in the Statement of Net Position		$ 229,189,508

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

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	BUILDING FUND	ACTIVITY FUND	TOTAL GOVERNMENTAL FUNDS
Revenues				
Local sources	$ 68,098,258	$ 38,618,918	$ 219,881	$ 106,937,057
State sources	7,570,259	10		7,570,269
Federal sources	8,932,378	689,134		9,621,512
Other income	25,253	645		25,898
Interest income	52,257	141,067		193,324
Total revenues	84,678,405	39,449,774	219,881	124,348,060
Expenditures				
Instruction	28,135,500	22,757		28,158,257
Support services - instructional	10,552,770	8,863	165,161	10,726,794
Support services - operational	39,644,616	10,932,693		50,577,309
Operation of non-instructional services	3,453,185			3,453,185
Facilities and construction	966,839	9,773,578		10,740,417
Other uses	2,623,064			2,623,064
Repayments	1,015			1,015
Interest expense		1,619,258		1,619,258
Total expenditures	85,376,989	22,357,149	165,161	107,899,299
Excess (deficiency) of revenues over expenditures	(698,584)	17,092,625	54,720	16,448,761
Fund balances, beginning of year	37,129,586	60,168,514	264,155	97,562,255
Fund balances, end of year	$ 36,431,002	$ 77,261,139	$ 318,875	$ 114,011,016

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

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balance - governmental funds	$	16,448,761
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset		
Amortization		(29,936)
Depreciation		(14,890,513)
Fixed asset additions (deletions), net		10,064,030
Interest revenue is included in the statement of activities because it relates to the ongoing activity in the trust account.		1,578
Fees and other expenditures paid out of the trust account		(9,331)
Repayment on capital lease purchases are an expense in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Amortization of loan fees are recorded in the statement of activities, but not in the governmental funds.		3,125,000
Interest on long-term debt in the statement of activities differ from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		36,036
Governmental funds report district pension contributions as expenditures. However, the Statement of Activities reports pension benefits, net of contributions, as pension expense.		4,130,648
Change in net position of governmental activities	$	18,876,273

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

TULSA TECHNOLOGY CENTER NO. 18, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. **Summary of Significant Accounting Policies**

A. Reporting Entity

Tulsa Technology Center No. 18 (the "Center") is a corporate body for public purposes created under Title 70 of the Oklahoma statutes and, accordingly, is a separate entity for operating and financial reporting purposes. The Center is part of the public education system of Oklahoma under the general direction and control of the State Board of Career and Technology Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public education system is the Oklahoma Public School Code contained in Title 70, Oklahoma Statutes. The governing body of the technology center is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the Center.

The financial statements of Tulsa Technology Center No. 18 comply with accounting principles generally accepted in the United States of America (GAAP). The Center's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statement for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No.'s 20 and 34 provide the Center the option of electing to apply FASB pronouncements issued after November 30, 1989. The Center has elected not to apply those pronouncements.

In evaluating how to define the Center, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the technology center and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing

1. **Summary of Significant Accounting Policies – contd.**

A. Reporting Entity – contd.

relationships, regardless of whether the technology center is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the Center's reporting entity.

B. Basic Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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 Center 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.

Fund Financial Statements

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

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

1. **Summary of Significant Accounting Policies – contd.**

B. Basic Financial Statements – contd.

Governmental Fund Types

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

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

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

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

Student Activity Fund – The student activity fund is used to account for monies collected principally through fundraising efforts of students and sponsored organizations.

C. Measurement Focus and Basis of Accounting

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

1. **Summary of Significant Accounting Policies – contd.**

C. Measurement Focus and Basis of Accounting – contd.

Measurement Focus

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

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

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

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

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

In the fund financial statements, governmental funds and fiduciary agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are

1. **Summary of Significant Accounting Policies – contd.**

C. Measurement Focus and Basis of Accounting – contd.

recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. 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.

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

D. Budgets and Budgetary Accounting

Tulsa Technology Center operates under the Alternative School Center Budget Act provided by Oklahoma State Statutes. In accordance with this act, the proposed budget plan is prepared and presented at a public hearing which must be held within forty-five (45) days preceding the beginning of the budget year.

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

1. **Summary of Significant Accounting Policies – contd.**

D. Budgets and Budgetary Accounting – contd.

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

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 Center. Unencumbered appropriations lapse at the end of each fiscal year.

E. Assets, Liabilities and Fund Equity

Cash and Investments - For the purpose of the Statement of Net Position, "cash and cash equivalents" include all demand accounts of the Center. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand accounts. Investments are carried at fair value. Fair value is based on quoted market price.

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

Inventories - The value of consumable materials and supplies on hand are immaterial to the financial statements, and the Center has therefore chosen to report these items as expenditures at the time of purchase.

Capital Assets 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.

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.

1. **Summary of Significant Accounting Policies – contd.**

E. Assets, Liabilities and Fund Equity – contd.

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 Center'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 Center. The Center recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the Center's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the Center 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 Center 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 Center will compensate the employees for the benefits through time paid 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 Center's policy as a termination payment.

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 Center, 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.

1. **Summary of Significant Accounting Policies – contd.**

E. Assets, Liabilities and Fund Equity – contd.

Deferred Outflows of Resources – The Center reports decreases in net assets that relate 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, 2021) at the end of the current fiscal year (June 30, 2022).

Deferred Inflows of Resources – The Center's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflected 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 Center will not recognize the related revenues until available (collected no later than 60 days after the end of the Center's fiscal year) under the modified accrual basis of accounting that qualifies to be reported in this category. Accordingly, deferred property taxes are reported in the governmental fund balance sheet.

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

1. **Summary of Significant Accounting Policies – contd.**

E. Assets, Liabilities and Fund Equity – contd.

Net Position and Fund Balance

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

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

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

1. **Summary of Significant Accounting Policies – contd.**

E. Assets, Liabilities and Fund Equity – contd.

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 Center and available to the Center for its use. The Center is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the Center's service area of Tulsa, Creek, Okmulgee, Osage, Pawnee, Rogers, Wagoner and Washington counties. The County Assessor, upon receipt of the certification of tax levies from the counties' excise boards, extends the tax levies on the tax roll for submission to the county treasurers prior to October 1. The County 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 timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

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

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

The Center receives revenue from the State to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money

1. **Summary of Significant Accounting Policies – contd.**

F. *Revenue and Expenditures* – contd.

not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The Oklahoma Department of Career and Technology Education requires that categorical education program revenues be accounted for in the General Fund.

Federal Revenue – 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 Center is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the Center 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 Center, but the return of assets.

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

Support Services Expenditures – Support service 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.

1. **Summary of Significant Accounting Policies – contd.**

F. *Revenue and Expenditures* – contd.

Operation of Non-Instructional Service 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; remodel buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement 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.

Other Use 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 Center 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 Center funds.

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2021-22 fiscal year.

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

1. **Summary of Significant Accounting Policies**- contd.

New/adopted pronouncements

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

New Accounting Pronouncements Adopted as of June 30, 2022

- GASB issued Statement No. 87, *Leases*. The object of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

- GASB, Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Statement No. 89, issued June 2018 is required for reporting periods beginning after December 15, 2020. The objective of Statement No. 89 is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

  The Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a

1. **Summary of Significant Accounting Policies**- contd.

New/adopted pronouncements – cont'd

result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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

- GASB issued Statement No. 91, *Conduit Debt Obligations, issued May 2019.* The object of Statement No. 91 is to establish a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2020 as originally established, however GASB Statement No. 95 allows governments to postpone implementation for one year. The Center does not have conduit debt obligations for the fiscal year ending June 30, 2022. Should management decide to obligate the district to conduit debt in the future, the Center will evaluate the impact and report the debt accurately according to the Statement.

- GASB issued Statement No. 92, *Omnibus 2021, issued January 2020.* The object of Statement No. 92 is to address a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for periods beginning after June 15, 2021 as originally established, however GASB Statement No. 95 allows governments to postpone implementation for one year.

- GASB issued Statement No. 93, *Replacement of Interbank Offered Rates, issued March 2020.* The object of Statement No. 93 is to address accounting and financial reporting issues and implications that result from the replacement of an interbank offered rates. The requirements of this Statement are effective for periods beginning after June 15, 2020, June 15, 2021 and December 31, 2021, depending on the paragraph, as originally established, however GASB Statement

1. **Summary of Significant Accounting Policies** - contd.

<u>New/adopted pronouncements</u> – cont'd

No. 95 allows governments to postpone implementation for one year. The Center currently does not engage in transactions that would be affected by this standard.

- GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements, issued March 2020.* The object of Statement No. 94 is to address issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for periods beginning after June 15, 2021. The Center is currently evaluating the impact that these new standards may have on its financial statements.

- GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements, issued May 2020.* The object of Statement No. 96 is to provide guidance for accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2021. The Center is currently evaluating the impact that these new standards may have on its financial statements.

- GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32, issued June 2021.* The object of Statement No. 97 is to provide guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the above Statement were effective immediately whereas the remaining requirement of this Statement are effective for periods beginning after June 15, 2021. The Center currently does not participate in component units, defined contribution pension plans, or defined contribution OPEB plans.

2. **Cash and Investments**

The Center's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, 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 Center. 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, 2022, the bank balance of deposits, cash investments, and cash pools was $4,551,095.

Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The Center policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2022, the Center was not exposed to custodial credit risk.

Investments – As of June 30, 2022, investment balances of $111,337,934 consists of a combination of certificates of deposit of banks, trust companies, 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.

2. **Cash and Investments** – contd

The following is a comparison of the carrying value versus market value of investments:

	Carrying Amount	Market Value
General Fund		
Money Market Funds	$ 11,541,987	$ 11,541,987
Certificates of Deposit	262,206	262,206
Treasury Bills	24,884,403	24,760,356
Subtotal - General Fund	36,688,596	36,564,549
Building Fund		
Money Market Funds	24,618,080	24,618,080
Certificates of Deposit	5,987,613	5,987,613
Treasury Bills	44,043,645	43,660,816
Subtotal - Building Fund	74,649,338	74,266,509
Total Investments	$ 111,337,934	$ 110,831,058

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

Credit Risk – Investments – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. The Center 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 Center 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 Center places no limit on the amount the entity can invest in any one issuer other than the limitations on types of investments contained in state law.

TULSA TECHNOLOGY CENTER NO. 18, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

3. Receivables

Below is a summary of receivables for the individual governmental funds as of June 30, 2022:

Receivables	General	Building	Total
Property taxes - current year	$ 2,794,456	$ 1,730,102	$ 4,524,558
Property taxes - succeeding year	62,946,182	38,933,817	101,879,999
Receivables from other governments	2,096,695	56,115	2,152,810
Other	300,111	60,466	360,577
Total receivables	$ 68,137,444	$ 40,780,500	$ 108,917,944

Succeeding year property tax receivables are recorded on the lien date of January 1st with the related revenue reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is budgeted for use.

The government-wide financial statements also include other receivables of approximately $3.97 million for amounts available to draw down on the capital lease (see Note 6).

4. Capital Assets and Property, Plant and Equipment

Capital assets activity for the year ended June 30, 2022, was as follows:

Class	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Land	$ 8,515,098	$ -	$ -	$ 8,515,098
Construction in progress	48,967,868	8,633,813	49,950,270	7,651,411
Buildings & Improvements	292,494,113	49,987,720		342,481,833
Equipment & Fixtures	47,310,668	4,361,361	3,751,601	47,920,428
Totals	397,287,747	62,982,894	53,701,871	406,568,770
Less accumulated depreciation for:				
Building & Improvements	(152,869,918)	(11,376,653)		(164,246,571)
Equipment & Fixtures	(32,281,586)	(3,489,560)	3,571,809	(32,199,337)
Totals	(185,151,504)	(14,866,213)	3,571,809	(196,445,908)
Capital Assets, Net	$ 212,136,243	$ 48,116,681	$ 57,273,680	$ 210,122,862

5. **Interfund Receivables and Payables**

There was an interfund receivable in the general fund from the building fund in the amount of $15,233 at June 30, 2022.

6. **Capital Lease**

In September 2018, the Center entered into a Ground Lease Agreement with the Tulsa County Industrial Authority (the "Authority") under which the Center is leasing land upon which the Authority will construct a Client Service Center from the proceeds of $55,000,000 in revenue bonds sold for that purpose. Improvements are to be constructed for so long as there are obligations outstanding, which are secured by the Ground Lease Agreement. This facility will be leased by the Authority to the Center pursuant to the lease purchase agreement entered into as of September 1, 2018.

The lease purchase agreement between the Authority and the Center enables the Center to lease back the property under construction through the utilization of the revenue bonds proceeds (issued by the Authority). The lease purchase agreement also provides for the Center to obtain title to the facility free and clear of security interest.

The trustee holds the cash and makes the payments after authorization from the Center. Amounts held by the trustee and available for draw down at June 30, 2022 are recorded as a receivable in the government wide statements.

Under the agreements, the Center transferred ownership for the land and the facility covered by the ground lease to the Authority. Ownership will revert to the Center upon final payment of the lease purchase acquisition payments.

6. **Capital Lease** – cont'd

Lease payments are payable from the Building Fund. The future principal and interest payments as of June 30, 2022, were as follows:

Year ending June 30	Principal	Interest	Total
2023	$ 3,230,000	1,510,582	4,740,582
2024	3,340,000	1,398,199	4,738,199
2025	3,455,000	1,281,934	4,736,934
2026	3,570,000	1,161,787	4,731,787
2027	3,695,000	1,037,587	4,732,587
2028-2032	20,455,000	3,169,343	23,624,343
2033-2037	6,840,000	237,360	7,077,360
Totals	$44,585,000	9,796,792	54,381,792

Debt issuance costs of $526,875 are amortized over the life of the lease based on the annual principal portion due in relation to the total lease. The amount of debt issuance cost that was amortized for the period ending June 30, 2022 was $29,936.

7. **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 Center and can be obtained at 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:

7. **Employee Retirement System** – contd.

- 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 but before November 1, 2011, are eligible for maximum benefits at age 62 or when their age and years of creditable service total 90. Members joining after November 1, 2011 are eligible for maximum benefits at age 65 or when the member's age is at least 60 and creditable years total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62, receive unreduced benefits based on their years of service. The maximum retirement benefit is 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. For members joining the System after June 30, 1992, final compensation is defined as the average of the five highest consecutive years of annual compensation in which contributions have been made. Final average compensation is limited for service credit accumulated prior to July 1, 1995 to $40,000 or $25,000, depending upon member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995, are calculated based on each member's final average compensation.
- Upon death of a retired member, the System will pay $5,000 to the designated beneficiary in addition to the benefits provided by the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon withdrawal from the System, a member's contributions are refundable with interest, based on the years of service.

<u>Contributions</u> – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2022, qualifying employee contributions were reduced by a retirement credit of $252,685 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2021, the Center had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the Center are established and may be amended by the state legislature. For the year ended June 30, 2022, the Center contributions to the System were not determined.

7. **Employee Retirement System** – contd.

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

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

At June 30, 2022, the Center reported a net pension liability of $44,757,662 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension lability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on a projection of the Center's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the Center's proportion was 0.87608489%.

For the year ended June 30, 2022, the Center recognized pension expense of $1,403,480. At June 30, 2022, the Center reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,951,192	$ (1,664,385)
Changes in Assumptions	6,962,485	(445,730)
Net difference between projected and actual earnings on pension plan investments		(23,246,588)
Center contributions subsequent to the measurement date	4,381,636	
	$ 14,295,313	$(25,356,703)

The $4,381,636 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

7. **Employee Retirement System** – contd

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	
2022	$ (3,411,368)
2023	(1,918,629)
2024	(3,044,495)
2025	(6,999,358)
2026	(69,177)
	$ (15,443,026)

Actuarial Assumptions – The total pension liability as of June 30, 2022, was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Percentage of Payroll
- Amortization Period – Amortization over an open 30-year period
- Asset Valuation Method – 5-year smooth market
- Inflation – 2.25%
- Salary Increases – Composed of 2.25% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.00%
- Retirement Age – Experience-based table of rates based on age, service and gender.
- Mortality – RP-2000 Combined Mortality Table, projected to 2021 using Scale AA, multiplied by 60% for males and 50% for females.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study, dated July, 2020, for the period July 1, 2014 – June 30, 2019.

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.

7. **Employee Retirement System** – contd.

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

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	43.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	22.0%	2.5%
Real Estate *	9.0%	4.5%
Alternative Assets	6.5%	6.2%
Total	100.0%	

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

<u>Discount Rate</u> – A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2021. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00%. 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 projection of cash flows was used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

7. Employee Retirement System – cont'd

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employer calculated using the discount rate of 7.0% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% decrease 6.0%	Current Discount 7.0%	1% increase 8.0%
Net Pension Liability	$ 73,157,132	$ 44,757,662	$ 21,246,758

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

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

8. Risk Management

The Center 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 Center 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 Center is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the Center is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each school 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 Center has claims in excess of the amount in its account, it will be liable for the excess.

9. Contingencies

Litigation

There were no known pending litigation or claims that would have a material effect on the financial statements as of the date of the audit report.

10. Prior-Period Adjustment

During the 2021-22 fiscal year, the Center made a prior-period adjustment of $37,450 to equity in order to report building improvements that were not previously reported on the Statement of Net Position.

11. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022

	As of June 30,					
	2021	2020	2019	2018	2017	2016
Center's proportion of the net pension liability	0.87608489%	0.87666918%	0.89614472%	0.92974956%	0.93682364%	0.90881449%
Center's proportionate share of the net pension liability	$ 44,757,662	$ 83,197,946	$ 59,306,854	$ 56,195,104	$ 62,030,056	$ 75,845,654
Center's covered-employee payroll	$ 46,020,284	$ 44,460,463	$ 39,814,736	$ 41,107,410	$ 39,621,399	$ 39,151,571
Center's proportionate share of the net pension liability as a percentage of its covered payroll	97.26%	187.13%	148.96%	136.70%	156.56%	193.72%
Plan fiduciary net position	$ (55,819,052)	$ (59,949,700)	$ (53,017,219)	$ (54,765,002)	$ (57,756,783)	$ (55,716,172)
Plan fiduciary net position as a percentage of the total pension liability	124.71%	72.06%	89.39%	97.46%	93.11%	73.46%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Center will present information for those years for which information is available.

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022

June 30th,	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contributions Deficiency (Excess)	Center's Covered-Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2022	$ 4,325,379	4,325,379	-	45,530,308	9.50%
2021	4,371,927	4,371,927	-	46,020,284	9.50%
2020	4,223,744	4,223,744	-	44,460,463	9.50%
2019	3,782,370	3,782,370	-	39,814,736	9.50%
2018	3,905,173	3,905,173	-	41,107,410	9.50%
2017	3,764,006	3,764,006	-	39,621,399	9.50%
2016	3,720,425	3,720,425	-	39,151,571	9.50%
2015	3,546,023	3,546,023	-	37,295,282	9.51%
2014	3,212,374	3,212,374	-	33,805,076	9.50%
2013	2,993,605	2,993,605	-	31,508,241	9.50%

Notes to Required Supplementary Information:

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

1. January 1, 2010 to present 9.50%

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund			Variance with Final Budget Favorable
	Budget			
	Original	Final	Actual	(Unfavorable)
Revenues:				
Local sources	$ 66,123,162	$ 67,487,581	$ 68,126,835	$ 639,254
State sources	7,187,480	7,334,812	7,369,227	34,415
Federal sources	10,371,719	9,324,801	7,778,303	(1,546,498)
Interest earnings	40,000	30,000	52,257	22,257
Total revenues	83,722,361	84,177,194	83,326,622	(850,572)
Expenditures:				
Instruction	39,438,766	39,588,882	27,868,991	11,719,891
Support services	70,121,530	70,388,433	49,552,254	20,836,179
Operation of non-instructional services	4,853,222	4,871,695	3,429,590	1,442,105
Facilities, acquisition and const. services	1,368,177	1,373,384	966,839	406,545
Other uses	3,711,905	3,726,033	2,623,064	1,102,969
Repayments	1,436	1,442	1,015	427
Total expenditures	119,495,036	119,949,869	84,441,753	35,508,116
Revenues over (under) expenditures	(35,772,675)	(35,772,675)	(1,115,131)	34,657,544
Other financing sources (uses)				
Estopped warrants			25,253	25,253
Revenue and other sources over (under) expenditures and other uses	(35,772,675)	(35,772,675)	(1,089,878)	34,682,797
Cash fund balance, beginning of year	35,772,675	35,772,675	35,772,675	-
Cash fund balance, end of year	$ -	$ -	$ 34,682,797	$ 34,682,797

Reconciliation of budgetary comparison statutory basis to GAAP basis:

Accounts receivable not recognized as revenue	$ 5,080,079
Liabilities payable recognized as expenditures:	
Leave payable	(3,331,874)
Fund balance end of year GAAP basis	$ 36,431,002

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUILDING FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	Building Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget			
	Original	Final	Actual	
Revenues:				
Local sources	$ 38,478,820	$ 38,655,186	$ 38,569,958	$ (85,228)
State sources			10	10
Federal sources	913,230	689,134	633,019	(56,115)
Interest earnings	120,000	93,000	141,067	48,067
Total revenues	39,512,050	39,437,320	39,344,054	(93,266)
Expenditures:				
Instruction	100,562	100,486	22,757	77,729
Support services	48,008,106	47,971,665	10,864,140	37,107,525
Facilities, acquisition and const. services	50,344,387	50,306,174	11,392,836	38,913,338
Total expenditures	98,453,055	98,378,325	22,279,733	76,098,592
Revenues over (under) expenditures	(58,941,005)	(58,941,005)	17,064,321	76,005,326
Other financing sources (uses)				
Estopped warrants			646	646
Revenue and other sources over (under) expenditures and other uses	(58,941,005)	(58,941,005)	17,064,967	76,005,972
Cash fund balance, beginning of year	58,941,005	58,941,005	58,941,005	-
Cash fund balance, end of year	$ -	$ -	$ 76,005,972	$ 76,005,972

Reconciliation of budgetary comparison statutory basis to GAAP basis:

Accounts receivable not recognized as revenue	$ 1,846,683
Liabilities payable recognized as expenditures:	
Leave payable	(591,516)
Fund balance end of year GAAP basis	$ 77,261,139

OTHER SUPPLEMENTARY INFORMATION

TULSA TECHNOLOGY CENTER NO. 18
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2021	Revenue Collected	Total Expenditures	Ending Balance 6/30/2022
U.S. Department of Education							
Direct Programs:							
* *Pell Grant Program:*							
Pell Grants - FY22 Program	84.063	474	$ 2,230,774		2,021,513	2,230,774	(209,261)
Pell Grants - FY21 Program	84.063	474	23,710		23,710	23,710	
Pell Grants 2020-21	84.063	n/a		(90,045)	90,045		
Pell Grants - Administration	84.063	474	2,785		1,265	2,785	(1,520)
Pell Grants - Administration 2020-21	84.063	n/a		(1,645)	1,645		
Subtotal - Pell Grant Program			2,257,269	(91,690)	2,138,178	2,257,269	(210,781)
* *Education Stabilization Funds (Covid19):*							
HEERF II-Student GF (Covid19)	84.425F	416	91,100		91,100	91,100	
HEERF II-Student GF (Covid19) 2020-21	84.425E	n/a		(7,400)	7,400		
HEERF II-Institutional GF (Covid19)	84.425F	416	1,097,246		1,097,246	1,097,246	
HEERF II-Institutional BF (Covid19)	84.425F	416	603,034		603,034	603,034	
HEERF II-Institutional GF (Covid19) 2020-21	84.425F	n/a		(579,431)	579,431		
HEERF III-Student GF (Covid19)	84.425E	417	2,812,994		1,287,800	1,287,800	
HEERF III-Institutional GF (Covid19)	84.425F	417	2,812,994		1,442,510	2,724,428	(1,281,918)
HEERF III-Institutional BF (Covid19)	84.425F	417			29,985	88,566	(58,581)
Subtotal - Education Stabilization Funds (Covid19)			7,417,368	(586,831)	5,138,506	5,892,174	(1,340,499)
Supplemental Educational Opportunity Grant	84.007	477	38,401		19,200	38,401	(19,201)
Supplemental Educational Opportunity Grant 2020-21	84.007	n/a		(17,181)	17,181		
Subtotal - Direct Programs			9,713,038	(695,702)	7,313,065	8,187,844	(1,570,481)
Passed Through State Department of Career and Technology Education:							
Carl Perkins Cluster:							
Carl Perkins Secondary	84.048	421	912,212		585,423	842,549	(257,126)
Carl Perkins Secondary 2020-21	84.048	n/a		(211,554)	211,554		
Carl Perkins Post-Secondary	84.048	422	82,003		59,561	79,411	(19,850)
Carl Perkins Post-Secondary 2020-21	84.048	n/a		(20,492)	20,492		
Subtotal - Carl Perkins Programs (Cluster)			994,215	(232,046)	877,030	921,960	(276,976)
Subtotal - U.S. Department of Education			$ 10,707,253	(927,748)	8,190,095	9,109,804	(1,847,457)

TULSA TECHNOLOGY CENTER NO. 18
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2021	Revenue Collected	Total Expenditures	Ending Balance 6/30/2022
U.S. Department of Health and Human Services							
Passed Through State Department of Career and Technology Education:							
TANF	93.558	452	$ 261,228		109,166	207,256	(98,090)
TANF 2020-21	93.558	n/a		(54,256)	54,256		
Subtotal - U.S. Department of Health and Human Services			261,228	(54,256)	163,422	207,256	(98,090)
U.S. Department of Defense							
Passed Through State Department of Career and Technology Education:							
Bid Assistance Center (OBAN)	12.002	436	56,078		56,078	56,078	-
Subtotal - U.S. Department of Defense			56,078	-	56,078	56,078	-
Total Federal Assistance			$ 11,024,559	(982,004)	8,409,595	9,373,138	(1,945,547)

* Major federal programs

Note 1 - There were no amounts passed to subrecipients.

Note 2 - Grantor provides adequate insurance coverage against loss on assets purchased with Federal Awards.

Note 3 - The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements. These expenditures are recognized following the cost principles contained in the Uniform Guidance. The Tech Center has also elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

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

The Honorable Board of Education
Tulsa Technology Center
Tulsa, OK 74147-7200

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tulsa Technology Center No. VT-18, Tulsa, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 11, 2023. This report was unqualified with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

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

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 11, 2023

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Board of Education
Tulsa Technology Center No. VT-18
Tulsa, Oklahoma 74147-7200

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the Tulsa Technology Center No. VT-18, Tulsa, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tulsa Technology Center No. VT-18, Tulsa, Oklahoma 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, 2022.

Basis for Opinion on Each Major Federal Program
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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (The Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tulsa Technology Center No. VT-18, Tulsa, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment

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made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 11, 2023

TULSA TECHNOLOGY CENTER NO. 18, TULSA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

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 Uniform Guidance.
7. Major Program Identification: Education Stabilization Fund (84.425E,84.425F) programs, which were clustered in the determination, and the Pell Grant (84.063) program.
8. The dollar threshold used to determine between Type A and Type B programs was $750,000.
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 NO. 18, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S FINDINGS
JUNE 30, 2022

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

TULSA TECHNOLOGY CENTER NO. 18, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2021 TO JUNE 30, 2022

State of Oklahoma)
County of Tulsa)

The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public Center Audit Law" at the time of audit contract and during the entire audit engagement with Tulsa Technology Center for the audit year 2021-22.

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

BY ______________________
AUTHORIZED AGENT

Subscribed and sworn to before me on this
19th day of, January, 2023

____
NOTARY PUBLIC

NOTARY SEAL PUBLIC
CHELESEA CHADWICK
Notary Public in and for the
State of Oklahoma
Commission #15006700
My Commission expires 7/20/2023

Dr. Lee Denny, State Director
Oklahoma Department of Career and Technology Education
1500 W. 7th Avenue, Stillwater, OK 74074

AUDIT ACKNOWLEDGEMENT

Tulsa Technology Center
Tulsa, Oklahoma
Audit Year
July 1, 2021 through June 30, 2022

The annual independent audit for Tulsa Technology Center, was presented to the Board of Education in an open board meeting on January 23, 2023, by Jenkins & Kemper, CPAs, P.C.

The Board acknowledges that as the governing body of the Center responsible for the Center's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma Department of Career and Technology Education, and the State Auditor and Inspector within 30 days from its presentation to the Center's board.

In accordance with administrative rule 780 O.A.C. 15-3-4(k), the Department shall be responsible for ensuring that audits are performed by independent auditors in a timely manner and are in accordance with applicable OMB circulars and guidance.

Superintendent

Board of Education President

Sharon Whelpley
Board of Education Vice President

David E. Chorney
Board of Education Member

Board of Education Member

Board of Education Member

Board of Education Member

DR Jim Baker
Board of Education Member

Subscribed and sworn to me this 23 day of January 2023. My commission expires on the 2 day of October 2026.

Felicia J. Senter
Notary Public

FELICIA J SENTER
Notary Public
State of Oklahoma
Commission # 18006919
Expires: 10/02/2026