Financial Statements and Report of

Independent Certified Public Accountants

TULSA COMMUNITY COLLEGE

(A COMPONENT UNIT OF THE STATE OF OKLAHOMA)

June 30, 2018 and 2017

Contents

OFFICE OF THE PRESIDENT & CEO
LEIGH B. GOODSON, Ph.D.

Tulsa Community College
Annual Financial Report
Year Ended June 30, 2018

Members of the Board of Regents:

I am pleased to submit to you and the citizens of Tulsa County the Annual Financial Report for fiscal year 2018. This document presents the record of the College's financial operations.

Tulsa Community College provides outstanding higher education opportunities for students in Tulsa and the surrounding area through credit, transfer, workforce development, concurrent enrollment, and continuing education, including 127 degree and certificate programs. TCC serves approximately 24,000 students in college credit coursework annually.

TCC conferred degrees on its 48th graduating class in May 2018. Degree completion continues to be a priority at TCC. As one of Oklahoma's three largest higher education providers, TCC enrolls one of the largest first-time entering classes each fall (surpassed only by Oklahoma State University and the University of Oklahoma) and is consistently one of the leaders in online/distance learning enrollments each year. We are also the largest provider of concurrent enrollment education in Oklahoma with more than 2,300 students taking dual enrollment courses in high school. Plus, TCC is the largest producer of transfer students in Oklahoma, with more students graduating with an associate degree and transferring to a four-year university than any other school in Oklahoma.

TCC is a key resource in responding to the workforce preparation needs of Tulsa's business community, with more than 28 percent of our students choosing to enroll in one of numerous workforce development programs. The most popular areas of study include nursing, allied health, and business and information technologies. A robust collection of STEM-related degrees makes TCC a vital resource in preparing graduates for Oklahoma's growing science, technology, biotechnology, engineering, and aviation/aerospace sectors.

TCC offers an enriched and diverse academic environment designed to meet student needs. As part of the College's commitment to develop the whole student, student engagement with the community has become a priority. TCC has encouraged students to engage in service learning as part of their college experience since 1994.

In the years since, TCC students have contributed thousands of hours each year in community service to organizations in the Tulsa area. Tulsa Achieves students, who are required to perform

40 hours of community service annually to maintain program eligibility, have given more than 659,600 hours as volunteers in the community since 2007.

The TCC Foundation stands as one of the College's most valued partners. The Foundation provides more than $1 million in support of students, faculty and staff each year. Foundation scholarships help students in a variety of academic areas, including art, business, engineering, honors, music, nursing, science, theatre, and veterinary technology. Much of that funding comes from the Foundation's annual Vision in Education Leadership award Dinner. The 2018 Vision Dinner honored David Page, JP Morgan Chase Bank vice chairman and managing director for private banking activities in Oklahoma. This year's event raised more than $366,000 to provide resources for scholarships, development opportunities and learning experiences. The TCC Foundation also kicked off the largest capital campaign in College history, Clearing the Pathway: The Campaign for Completion, which seeks to raise $20 million in private funds to support student scholarships, academic advisors, Student Success Centers, science lab renovations, and diversity and inclusion outreach. As of October 2018, the Campaign had already raised more than $15.6 million.

I would like to express my appreciation to the community, members of the TCC Board of Regents, Trustees of the TCC Foundation and members of TCC's faculty and staff for their ongoing support of Tulsa Community College.

Sincerely,

Leigh B. Goodson, Ph.D.
President and CEO

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Report of Independent Certified Public Accountants

Board of Trustees
Tulsa Community College Foundation

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Tulsa Community College (the "College"), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Tulsa Community College as of June 30, 2018, 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.

Other matters

The financial statements of Tulsa Community College as of and for the year ended June 30, 2017 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2017 financial statements in their report dated October 31, 2017.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 6 through 12, the Schedules of College’s Proportionate Share of the Net Pension Liability/Asset on page 55 and the Schedule of the College’s Contributions on page 56 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant Thornton

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, 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 on page 62, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The Introductory Section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 31, 2018, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control over financial reporting and compliance.

GRANT THORNTON LLP

Dallas, Texas
October 31, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

This report consists of Management's Discussion and Analysis, the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. These statements provide both long-term and short-term financial information on Tulsa Community College.

The objective of the Management's Discussion and Analysis is to help readers of the College's financial statements better understand the financial position and operating activities for the fiscal year ended June 30, 2018. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Comparative information for the year ended June 30, 2017 has also been provided.

STATEMENT OF NET POSITION

The Statements of Net Position present the assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) as of the end of the fiscal year. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The difference between current and noncurrent assets is discussed in the footnotes to the financial statements. These statements include all assets and liabilities using the accrual basis of accounting, which is consistent with the accounting method used by private-sector institutions.

Net position - the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources - is one way to measure the College's financial health, or position. Over time, changes in the College's net position are an indicator of its overall financial health. Non-financial factors are also important to consider, including student recruitment, enrollment, and retention and the condition of campus facilities.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the College's equity in property, plant, and equipment, net of related debt. The next category, restricted assets, provides the College's assets that must be spent for purposes as determined by donors and/or external entities. Unrestricted assets are available to the College for any lawful purpose of the institution.

The College's financial position, as a whole, increased during the fiscal year ended June 30, 2018. Net position increased approximately $4 million from June 30, 2017 to June 30, 2018.

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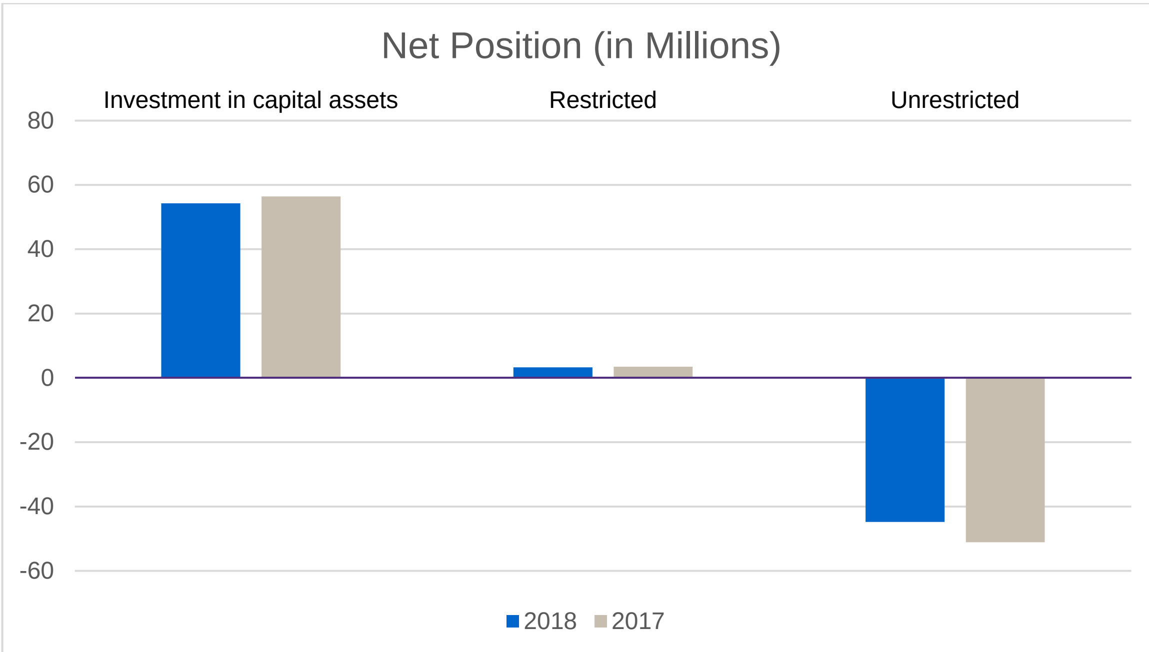


The following table summarizes the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2018 and 2017 (in millions):

Statement of Net Position

	2018	2017	$ Change
Assets			
Current assets	$ 49.1	$ 47.2	$ 1.9
Noncurrent assets:			
Capital asssets, net	88.0	93.9	(5.9)
Other	6.0	5.1	0.9
Total assets	143.1	146.2	(3.1)
Deferred Outflows of Resources	16.2	33.3	(17.1)
Liabilities			
Current liabilities	14.7	15.1	(0.4)
Noncurrent liabilities	107.1	149.7	(42.6)
Total liabilities	121.8	164.8	(43.0)
Deferred Inflows of Resources	24.8	5.9	18.9
Net Position			
Net investment in capital assets	54.3	56.4	(2.1)
Restricted	3.3	3.5	(0.2)
Unrestricted	(44.8)	(51.1)	6.3
Total net position	$ 12.8	$ 8.8	$ 4.0

Total assets of the College decreased $3.1 million from June 30, 2017. The College's non-restricted cash and cash equivalents for the current year totaled $39.6 million compared to $35.3 million in the prior year. Note 2 of the financial statements can provide additional information regarding cash and cash equivalents asset activities and balances.

Total liabilities of the College decreased $43 million from June 30, 2017. A key driver was the $37.8 million decrease related to the favorable change in the net pension liability from July 1, 2017 to June 30, 2018. This favorable change in the net pension liability also contributed to the $17.1 million decrease in deferred outflows of resources, the $18.9 million increase in deferred inflows of resources and the $7.8 million decrease in compensation and employee benefits. Note 6 of the financial statements can provide additional information regarding the OTRS pension plan.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position is used to display the sources and uses of funds of the College during the fiscal year. This information must be viewed over a period of time to determine if the goals of the institution are being met. Public institutions will normally not have an excess of operating revenues over operating expenses as state appropriations are considered non-operating revenues under generally accepted accounting principles.

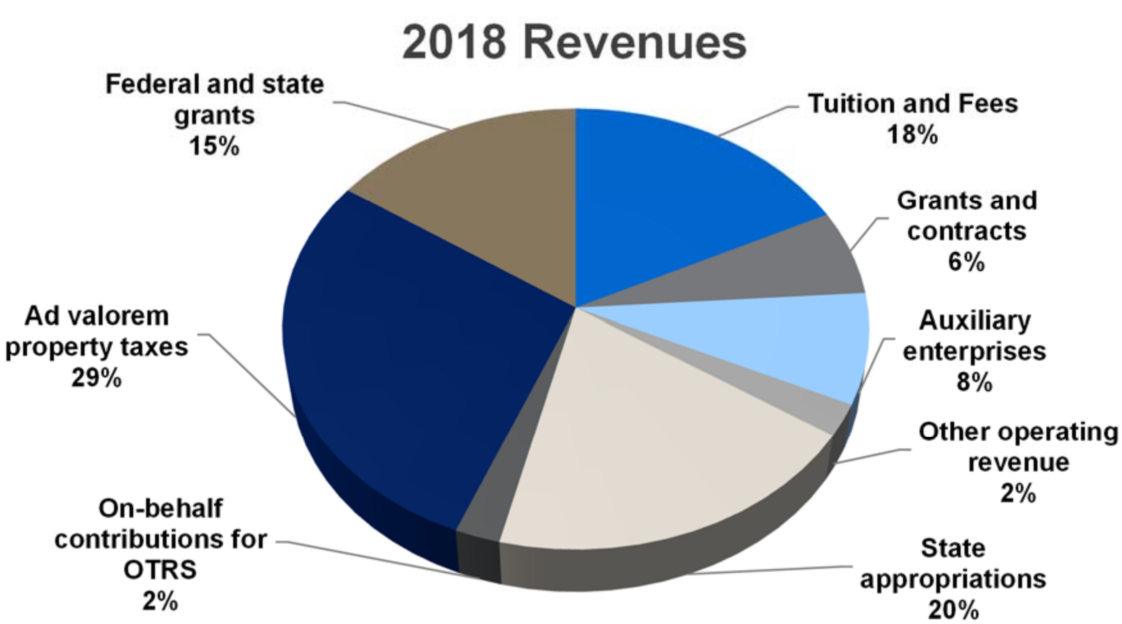
Statement of Revenue, Expenses, and Changes in Net Position

	2018	2017	$ Change
Operating revenues	$ 49.5	$ 50.3	$ (0.8)
Operating expenses	142.9	149.2	(6.3)
Operating loss	(93.4)	(98.9)	5.5
Non-operating revenues and expenses	94.1	91.9	2.2
Income before other appropriations	0.7	(7.0)	7.7
Other appropriations	3.2	3.3	(0.1)
	$ 3.9	$ (3.7)	$ 7.6

STATEMENT OF REVENUES

The following table and chart illustrate the revenue streams for the College. To highlight the major sources: 20% is comprised of state appropriations; 29% is ad valorem taxes; 15% is non-operating federal and state grants and contracts; and 34% is operating revenue including tuition and fees, auxiliary services and operating federal and state grants and contracts for the year ended June 30, 2018. The College continues to make revenue diversification an ongoing priority, along with cost containment. This is necessary as the College continues to face financial pressure with uncertain state budget projections, uncertain enrollment projections and increased compensation and benefit costs.

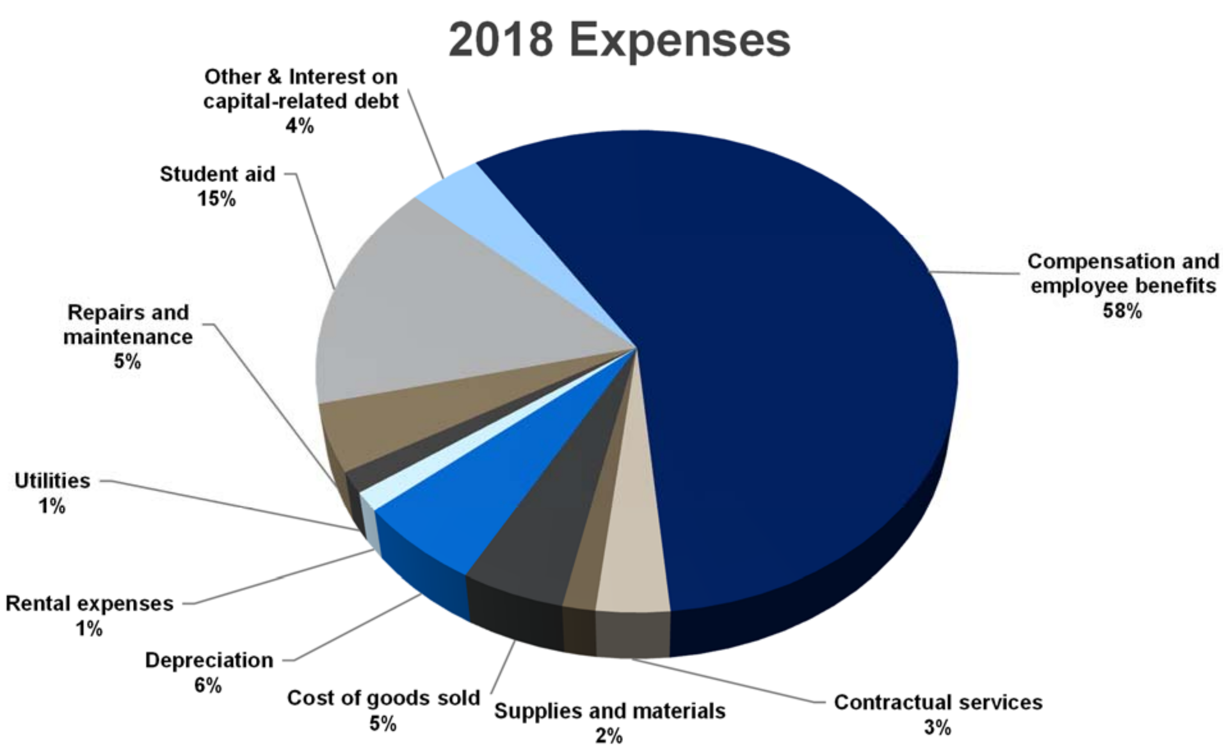
	2018	2017	$ Change
Operating revenues			
Tuition and fees	$ 25.5	$ 26.2	$ (0.7)
Grants and contracts	9.0	10.1	(1.1)
Auxiliary enterprises	11.6	11.3	0.3
Other operating revenue	3.4	2.7	0.7
Total operating revenues	49.5	50.3	(0.8)
Non-operating revenues			
State appropriations	28.1	30.2	(2.1)
On-behalf contributions for OTRS	3.3	4.0	(0.7)
Ad valorem property taxes	41.1	40.1	1.0
Federal and state grants	22.2	21.9	0.3
Investment gain (loss), net	0.5	(2.3)	2.8
Pension income - OPEB	0.5	-	0.5
Non-operating revenues	95.7	93.9	1.8
Total revenues	$ 145.2	$ 144.2	$ 1.0



STATEMENT OF EXPENSES

A summary of the College's expenses, for the years ended June 30, 2018 and 2017, can be viewed below. Compensation and employee benefits accounted for approximately 58% of total expenses compared to 60% of total expenses for the prior year.

	2018	2017	$ Change
Operating expenses			
Compensation and employee benefits	$ 83.3	$ 91.1	$ (7.8)
Contractual services	4.9	5.1	(0.2)
Supplies and materials	2.2	3.5	(1.3)
Cost of goods sold	6.9	5.7	1.2
Depreciation	8.4	8.2	0.2
Rental expenses	1.9	2.2	(0.3)
Utilities	2.1	2.3	(0.2)
Repairs and maintenance	6.6	5.2	1.4
Student aid	22.3	22.1	0.2
Other	4.2	3.8	0.4
Total operating expenses	142.8	149.2	(6.4)
Non-operating expenses			
Interest on capital-related debt	1.7	2.0	(0.3)
Total expenses	$ 144.5	$ 151.2	$ (6.7)



STATEMENT OF CASH FLOWS

The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and disbursements of the College during the year. It also aids in the assessment of the College's ability to generate future net cash flows, ability to meet obligations as they come due, and needs for external financing.

The College's overall liquidity increased during the current year, with a net increase to cash and cash equivalents of $4.3 million. The increase is related to a decrease in cash used by operating activities compared to the prior year. The following table summarizes the College's cash flows for the years ended June 30, 2018 and 2017:

	2018	2017	$ Change
Cash provided (used) by:			
Operating activities	$ (82.5)	$ (78.3)	$ (4.2)
Noncapital financing activities	92.0	92.3	(0.3)
Capital and related financing activities	(5.4)	(5.2)	(0.2)
Investing activities	0.2	0.4	(0.2)
Net change in cash	4.3	9.2	(4.9)
Cash and equivalents, beginning of the year	35.3	26.1	9.2
Cash and equivalents, end of the year	$ 39.6	$ 35.3	$ 4.3

Cash used by operating activities during fiscal year 2018 of $82.5 million increased $4.2 million (5%) when compared to the prior year ($78.3 million). Major sources of operating funds were tuition and fees ($25.4 million), grants and contracts ($10.2 million) and auxiliary enterprises ($11.6 million), which were offset by the payment of compensation and benefits ($83.5 million) and payment to suppliers and other operating payments ($45.4 million).

Cash provided by noncapital financing activities during fiscal year 2018 of $92 million decreased by $0.3 million compared to the prior year ($92.3 million). Major sources of noncapital financing activities were state appropriations ($28.1 million), Ad valorem property taxes received ($41.1 million) and Federal and state grants ($22.2 million).

Cash used in capital and related financing activities during fiscal year 2018 of $5.4 million increased $0.2 million when compared to the prior year ($5.2 million). The major source of capital and related financing activities was capital appropriations received ($1.0 million), which was offset by purchases of capital assets ($2.5 million) and principal and interest payments on capital debt and leases ($3.8 million).

Cash provided by investing activities during fiscal year 2018 of $0.2 million decreased by $0.2 million when compared to cash used in the prior year ($0.4 million).

ECONOMIC OUTLOOK

Management believes that the College has a solid financial foundation by which to continue accomplishing its mission of improving our community through intellectual achievement, creative energy, and responsible citizenship of its students, faculty and staff by their engagement in teaching, learning and service opportunities that transform and enrich lives. Our financial foundation permits us to further our commitment to providing innovative, flexible and affordable public higher education that responds to a dynamic global environment. The College is not without its challenges, in the past several years there has been a significant shift in economic conditions which have caused changes in the revenue streams Tulsa Community College uses as operational funding sources. First, the College has sustained enrollment declines due largely to improved economy as the College’s enrollment is countercyclical to the local economy. Secondly, the College has seen the softening and in the near term uncertainty in state operating appropriations due to Oklahoma budget shortfalls. However, in light of these challenges management believes that Tulsa Community College is well positioned to continue its focus through strategic investments that continue to improve student success in the form of better retention and graduation rates.

ACKNOWLEDGEMENTS

The College's financial statements are the responsibility of the College's management. The preparation of the College's financial statements was made possible by the dedicated service of the Controller Office personnel and others who have our sincere appreciation.

Tulsa Community College

Statements of Net Position

June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$ 38,790,989	$ 33,539,577
Cash and cash equivalents - restricted (Note 2)	782,726	1,700,395
Investments (Note 2)	500,000	500,000
Investments - restricted (Note 2)	800,153	798,048
Accounts receivable, net (Note 3)	7,088,818	6,890,849
Federal and state grants receivable	1,164,232	1,433,858
Delinquent ad valorem property taxes receivable	-	900,000
Inventories	-	1,419,157
Total current assets	49,126,918	47,181,884
Noncurrent assets		
Investments (Note 2)	3,531,883	3,248,792
Investments - restricted (Note 2)	766,500	766,935
Deposits with the State Regents (Note 12)	1,130,654	1,092,636
Net pension asset - OPEB	524,944	-
Non-depreciable capital assets (Note 4)	6,093,994	5,499,617
Depreciable capital assets,net	81,919,568	88,426,662
Total noncurrent assets	93,967,543	99,034,642
Total assets	143,094,461	146,216,526
Deferred Outflows of Resources		
Deferred refunding costs	-	270,746
Deferred pension expense - OTRS (Note 6)	15,886,494	33,053,325
Deferred pension expense - OPEB	361,829	-
Total deferred outflows of resources	16,248,323	33,324,071
Total assets and deferred outflows of resources	$ 159,342,784	$ 179,540,597
LIABILITIES		
Current liabilities:		
Accounts payable	$ 2,134,433	$ 1,950,069
Accrued liabilities	1,949,874	2,980,450
Accrued compensated absences	1,550,090	1,363,782
Net pension liability - SRP	25,513	20,816
Interest payable	48,588	57,838
Unearned revenues	3,994,399	3,888,188
Long term liabilities - current portion (Note 5)	4,781,461	4,643,735
Deposits held in custody for others	187,029	179,520
Total current liabilities	14,671,387	15,084,398
Noncurrent liabilities		
ODFA bonds (Note 5)	17,648,711	19,034,605
Revenue bonds (Note 5)	2,945,000	3,695,000
OCIA capital lease obligation (Note 5)	8,343,297	10,123,303
Net pension liability - OTRS (Note 6)	77,943,248	115,770,486
Equipment capital lease obligation (Note 5)	230,282	1,130,237
Total noncurrent liabilities	107,110,538	149,753,631
Total liabilities	121,781,925	164,838,029
Deferred Inflows of Resources		
Deferred pension expense - OTRS (Note 6)	24,374,898	5,894,729
Deferred pension expense - OPEB	428,834	-
Total deferred inflows of resources	24,803,732	5,894,729
Net Position:		
Net investment in capital assets	54,276,535	56,400,102
Restricted for:		
Expendable	2,137,654	2,435,421
Nonexpendable - scholarship endowment	1,130,654	1,092,636
Unrestricted	(44,787,716)	(51,120,320)
Total net position	12,757,127	8,807,839
Total liabilities, deferred inflows and net position	$ 159,342,784	$ 179,540,597

See accompanying notes to financial statements.

Tulsa Community College Foundation

Statements of Financial Position

June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 6,014,715	$ 2,475,320
Investments (Note 14)	7,891,031	7,870,685
Contributions receivable, net (Note 14)	5,090,663	48,554
Total assets	$ 18,996,409	$ 10,394,559
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	$ 375,614	$ 33,232
Accounts payable	53,861	-
Total liabilities	429,475	33,232
Net assets:		
Unrestricted	96,415	181,418
Temporarily restricted (Note 14)	14,577,431	4,487,014
Permanently restricted (Note 14)	3,893,088	5,692,895
Total net assets	18,566,934	10,361,327
Total liabilities and net assets	$ 18,996,409	$ 10,394,559

See accompanying notes to financial statements.

Tulsa Community College

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Tuition and fees, net (Notes 1 and 5)	$ 25,513,728	$ 26,157,488
Federal grants and contracts	4,979,187	5,644,063
State and private grants and contracts	4,041,451	4,501,965
Sales and services of auxiliary enterprises	11,587,575	11,346,337
Other operating revenue	3,385,412	2,667,306
Total operating revenue	49,507,353	50,317,159
OPERATING EXPENSES		
Compensation and employee benefits (Note 6)	83,315,010	91,127,013
Contractual services	4,897,539	5,122,213
Supplies and materials	2,210,830	3,503,909
Cost of goods sold	6,892,303	5,727,413
Depreciation (Note 4)	8,382,065	8,211,111
Rental expenses	1,945,300	2,189,116
Utilities	2,136,278	2,332,715
Repairs and maintenance	6,614,102	5,253,584
Student aid	22,331,603	22,135,283
Other operating expenses	4,152,055	3,682,672
Total operating expenses	142,877,085	149,285,029
OPERATING LOSS	(93,369,732)	(98,967,870)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	28,142,943	30,220,658
State appropriations - in-kind OTRS pension contributions (Note 6)	3,283,372	4,021,312
Ad valorem property taxes (Note 10)	41,148,601	40,135,522
Federal and state grants	22,216,460	21,896,942
Investment gain (loss), net	554,893	(2,298,232)
Interest on capital-related debt	(1,710,366)	(2,027,727)
Pension income - OPEB	457,939	-
Net non-operating revenues	94,093,842	91,948,475
INCOME (LOSS) BEFORE OTHER APPROPRIATIONS	724,110	(7,019,395)
State appropriations restricted for capital purposes (Note 11)	951,290	1,025,366
OCIA on-behalf state appropriations	2,273,888	2,260,761
CHANGE IN NET POSITION	3,949,288	(3,733,268)
NET POSITION AT BEGINNING OF YEAR	8,807,839	12,541,107
NET POSITION AT END OF YEAR	$ 12,757,127	$ 8,807,839

See accompanying notes to financial statements.

Tulsa Community College Foundation

Statement of Activities

Year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	$ 440,616	$ 9,767,315	$ 55,100	$ 10,263,031
Contributions-in-kind	-	28,082	-	28,082
Interest and dividends, net of investment fees of $39,404	43,630	96,697	-	140,327
Net realized and unrealized gain on investments	-	512,012	-	512,012
Other income	6,098	-	-	6,098
Releases from restrictions (Note 14)	2,168,596	(2,168,596)	-	-
	2,658,940	8,235,510	55,100	10,949,550
EXPENSES				
Program services				
Signature Symphony	459,612	-	-	459,612
Grants to TCC scholarships	224,251	-	-	224,251
Textbook trust	15,636	-	-	15,636
College activity support	1,559,096	-	-	1,559,096
Community relations	50,932	-	-	50,932
Capital projects	53,995	-	-	53,995
	2,363,522	-	-	2,363,522
Management and general	171,867	-	-	171,867
Fundraising	208,554	-	-	208,554
	2,743,943	-	-	2,743,943
Change in donor intent (Note 14)	-	1,854,907	(1,854,907)	-
Change in net assets	(85,003)	10,090,417	(1,799,807)	8,205,607
NET ASSETS AT BEGINNING OF YEAR	181,418	4,487,014	5,692,895	10,361,327
NET ASSETS AT END OF YEAR	$ 96,415	$ 14,577,431	$ 3,893,088	$ 18,566,934

See accompanying notes to financial statements.

Tulsa Community College Foundation

Statement of Activities

Year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	$ 475,742	$ 1,989,439	$ 25,000	$ 2,490,181
Interest and dividends, net of investment fees of $34,454	3,201	82,686	-	85,887
Net realized and unrealized gain on investments	-	674,048	-	674,048
Other income	8,264	-	-	8,264
Releases from restrictions (Note 14)	1,840,106	(1,840,106)	-	-
	2,327,313	906,067	25,000	3,258,380
EXPENSES				
Program services				
Signature Symphony	479,603	-	-	479,603
Grants to TCC scholarships	76,762	-	-	76,762
Textbook trust	23,874	-	-	23,874
College activity support	1,265,438	-	-	1,265,438
Community relations	82,078	-	-	82,078
Capital projects	81,583	-	-	81,583
Other program support	1,750	-	-	1,750
	2,011,088	-	-	2,011,088
Management and general	163,242	-	-	163,242
Fundraising	152,168	-	-	152,168
	2,326,498	-	-	2,326,498
Change in donor intent (Note 14)	-	(200,000)	200,000	-
Change in net assets	815	706,067	225,000	931,882
NET ASSETS AT BEGINNING OF YEAR	180,603	3,780,947	5,467,895	9,429,445
NET ASSETS AT END OF YEAR	$ 181,418	$ 4,487,014	$ 5,692,895	$ 10,361,327

See accompanying notes to financial statements.

Tulsa Community College

Statements of Cash Flows

Years ended June 30, 2018 and 2017

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tuition and fees	$	25,421,970	$	27,079,885
Grants and contracts		10,190,264		10,445,792
Payments to suppliers and other operating payments		(45,424,434)		(46,104,777)
Payments to employees		(83,509,386)		(80,003,560)
Auxiliary enterprises sales and services		11,587,575		11,346,337
Other operating revenue		3,385,412		2,667,306
Other operating payments		(4,152,055)		(3,682,672)
Net cash used in operating activities		(82,500,654)		(78,251,689)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State appropriations		28,142,943		30,220,658
Ad valorem property taxes received		41,148,601		40,135,522
Federal and state grants		22,216,460		21,896,942
OPEB income		457,939		-
Deposits held in custody for others		7,509		3,040
Net cash provided by noncapital financing activities		91,973,452		92,256,162
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of capital assets		(2,469,348)		(1,665,750)
Capital appropriations received		951,290		1,025,366
Principal paid on capital leases and bonds		(2,922,783)		(3,663,819)
Interest paid on capital leases and bonds		(930,330)		(931,308)
Net cash used in capital and related financing activities		(5,371,171)		(5,235,511)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Sales and purchases of investments		228,225		342,683
Interest received on investments		3,891		81,927
Net cash provided by investing activities		232,116		424,610
NET CHANGE IN CASH AND CASH EQUIVALENTS		4,333,743		9,193,572
CASH AND CASH EQUIVALENTS, beginning of year		35,239,972		26,046,400
CASH AND CASH EQUIVALENTS, end of year	$	39,573,715	$	35,239,972
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES				
Operating loss	$	(93,369,732)	$	(98,967,870)
Adjustments to reconcile operating loss to net cash used in operating activities				
Depreciation expense		8,382,065		8,211,111
Changes in operating assets and liabilities:				
Receivables, net		(197,969)		(276,595)
Inventories		1,419,157		332,782
Prepaid pension and other assets		(520,247)		43,544
Accounts payable and accrued liabilities		(846,212)		214,484
Compensated absences		186,308		13,267
Unearned revenues		106,211		1,198,992
Deferred outflows - pension liability		16,805,002		(17,905,790)
Deferred inflows - pension liability		18,909,003		(3,077,315)
Net pension liability		(34,543,866)		31,661,937
Other		1,169,626		299,764
Net cash used in operating activities	$	(82,500,654)	$	(78,251,689)
NONCASH INVESTING AND FINANCING ACTIVITIES:				
OTRS contributions paid by state agency on behalf of the College	$	3,283,372	$	4,021,312
Principal and interest on capital debt paid by state agency on behalf of the College		2,273,888		2,260,761
	$	5,557,260	$	6,282,073
Reconciliation of cash and cash equivalents to the statement of net position				
Current assets				
Cash and cash equivalents	$	38,790,989	$	33,539,577
Cash and cash equivalents - current, restricted		782,726		1,700,395
	$	39,573,715	$	35,239,972

See accompanying notes to financial statements.

Tulsa Community College Foundation

Statements of Cash Flows

Years ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 8,205,607	$ 931,882
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Net realized and unrealized gains on investments	(512,012)	(674,048)
Contributions restricted for long-term investments	(55,100)	(250,384)
Changes in operating assets and liabilities:		
Contributions receivable	(5,042,109)	(10,385)
Accrued expenses	342,382	(45,694)
Accounts payable	53,861	-
Net cash provided by (used in) operating activities	2,992,629	(48,629)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	2,154,328	244,910
Purchases of investments	(1,662,662)	(547,901)
Net cash provided by (used in) investing activities	491,666	(302,991)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term investments	55,100	250,384
Net cash provided by financing activities	55,100	250,384
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,539,395	(101,236)
CASH AND CASH EQUIVALENTS, beginning of year	2,475,320	2,576,556
CASH AND CASH EQUIVALENTS, end of year	$ 6,014,715	$ 2,475,320

See accompanying notes to financial statements.

Tulsa Community College

Notes to Financial Statements

Years ended June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Tulsa Community College (the College) is a two-year college operating under the jurisdiction of the Board of Regents and the Oklahoma State Regents for Higher Education (the State Regents). Under Oklahoma statutes, the College is the only state-supported institution of higher education that can offer lower division undergraduate courses in Tulsa County.

Reporting Entity:

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. The College is a component unit of the State of Oklahoma and is included in the general purpose financial statements of the State as part of the higher education component unit.

The accompanying financial statements include the accounts of the College and the Tulsa Community College Technology Center School District (the School District), which are agencies of the State of Oklahoma. The School District has been presented as a blended component unit because the School District's governing body is substantially the same as the governing body of the College, and the School District provides services almost entirely to the College, which is the primary government. Separate financial statements of the School District have been prepared and can be obtained by contacting the College's Controller and Chief Financial Officer.

The Tulsa Community College Foundation, Inc. (the Foundation) is an Oklahoma not-for-profit organization organized for the purpose of receiving and administering gifts intended for the benefit of the College as a whole, including both the College and the School District. While the resources received and held by the Foundation are entirely or almost entirely held for the benefit of the College, the Foundation’s Board of Trustees are not appointed by the College. Due to the College’s belief that it would be misleading to exclude, the Foundation is presented as a discretely presented component unit in the financial statements of the College. The Foundation is reported under Financial Accounting Standards Board (“FASB”) Accounting Standards Codifications (ASC), including FASB ASC No. 958, *Not-for-Profit Entities.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial report for these differences. Separate financial statements are issued for the Foundation and requests for additional financial information related to the Foundation should be addressed to the Chief Financial Officer, Tulsa Community College, 6111 E. Skelly Drive, Tulsa, Oklahoma 74135.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that effect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Income Taxes

The College, as a political subdivision of the State of Oklahoma, is exempt from all federal income taxes under Section 115(1) of the Internal Revenue Code, as amended, and a similar provision of Oklahoma statutes. However, the College may be subject to federal income taxes on any unrelated business income under Internal Revenue Code Section 511 (a)(2)(B).

Cash and Cash Equivalents

For the purposes of preparing the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents, excluding balances held with trustees for bond issuances. Funds invested through the Oklahoma State Treasurer's Cash Management Program are also considered cash equivalents.

Investments

The College accounts for its investments, which consist of money market accounts and certificates of deposit at amortized cost. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Restricted Cash and Investments

Cash and investments that are externally restricted to make debt service payments, to maintain sinking or reserve funds, or to purchase capital or other noncurrent assets, are classified as restricted assets in the statement of net position.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Oklahoma. Student accounts receivable are carried at the unpaid balance of the original amount billed to students, and student loans receivable are carried at the amount of unpaid principal. Both receivables are less an allowance made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts, using historical experience applied to an aging of accounts, and considering the general economy and the industry as a whole. Student accounts and loans receivable are written off when deemed uncollectible, and student loans receivable may be assigned to the Department of Education (the Department). Recoveries of student accounts and loans receivable previously written-off are credited to the allowance for doubtful accounts.

A student account receivable and student loan receivable are considered past due if any portion of the receivable balance is outstanding after the end of the semester. Late fees are assessed one month after the end of the semester on any unpaid accounts. Interest may also be charged on unpaid accounts at an annual rate of 18%. Late charges and interest are included in other operating income and accounts receivables. Students may be granted a deferment, forbearance, or cancellation of their student loan receivable based on eligibility requirements defined by the Department.

Accounts receivable also include the distributable amount from the State Regents' endowment trust fund.

Federal and State Grants Receivable

Federal and state grants receivable include amounts due from the federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts.

Inventories

Inventories are carried at the lower of cost or market on the first-in, first-out (FIFO) method.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or appraised value at the date of donation. For equipment, the College's capitalization policy includes all items with a unit cost of $2,500 or more and an estimated useful life greater than one year.

Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years
Renovations, infrastructure, and land improvements	10 to 25 years
Furniture, fixtures and equipment	3 to 20 years

Impairment of Long-Lived Assets

In accordance with GAAP, the College reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized for the years ended June 30, 2018 and 2017.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded as accrued compensated absences in the statement of net position and as a component of compensation and employee benefits expense in the statement of revenues, expenses, and changes in net position.

Accumulated Sick Leave

Sick leave benefits are not recognized as liabilities of the College. The College’s policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Pension

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Teachers' Retirement System (OTRS) and additions to /deductions from OTRS’ fiduciary net position have been determined on the same basis as they are reported by OTRS. 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.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, ODFA bonds payable and capital lease obligations with contractual maturities greater than one year and premiums associated with such obligations and (2) other liabilities that will not be paid within the next fiscal year.

Net Position

GASB requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These net position classifications are defined as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of outstanding debt obligations, including plant fund payables, related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Expendable – Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted Net Position – Nonexpendable – Restricted nonexpendable net position includes resources which the donor has stipulated be maintained in perpetuity. Donor-imposed restrictions limiting the use of the resources or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Unrestricted Net Position – Unrestricted net position represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. As of June 30, 2018 and 2017, the College's net position is in a deficit position as a direct result of the unfunded net pension liability, OTRS, which was required to be recognized by the College during fiscal 2015 following the adoption of GASB Statement No. 68.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Ad Valorem Property Taxes: Annually, an Estimate of Needs report is submitted to the County Excise Board by the School District to determine the ad valorem tax levy. The county assessor is required to file a tax roll report on or before October 1 of each year with the county treasurer indicating the net assessed valuation of all real, personal, and public service property (public service property assessed valuations are determined by the Oklahoma Tax Commission). Ad valorem tax is levied each October 1 on the assessed valuation of nonexempt real property located in the School District as of the preceding January 1, the assessment date. Ad valorem taxes are due and become a legally enforceable lien on November 1 following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1, the second installment is not delinquent until April 1). Ad valorem taxes are collected by the county treasurer of Tulsa County, Oklahoma, and are remitted to the School District. Ad valorem taxes include interest earned on tax receipts held by the county prior to transfer to the School District.

Additionally, the School District levies an annual two mills general fund tax on all taxable property within the district. The proceeds of the general fund levy are transferred to the State Treasurer of the State of Oklahoma for deposit into a fund constituting the educational and operating budget of Tulsa Community College. The receipts of the current two mills general fund levy are to be used for the purposes of supplementing post-secondary vocational and technical or adult education programs offered by Tulsa Community College.

In February 1994, the voters of Tulsa County approved a five mills local tax incentive levy, which became effective July 1, 1994, in addition to all other school tax levies on the assessed valuation of all taxable property within the School District. This special levy, which is for the general operations of the School District, is now a permanent levy until it is repealed by a majority of the voters.

Classification of Revenues and Expenses:

The College has classified its revenues and expenses as either operating or nonoperating. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB, including State appropriations, local property taxes, and investment income. Nearly all the College's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating Revenues and Expenses – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) most federal, state, and local grants and contracts, (3) sales and services of auxiliary enterprises, and (4) interest on institutional student loans. All expenses are considered operating expenses, except for interest expense on capital related debt.

Nonoperating Revenues and Expenses – Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, Pell grants, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting, and GASB Statement No. 34, such as state appropriations and investment income. Interest expense on capital-related debt is the only nonoperating expense.

Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance, which totaled $14,817,963 and $13,224,890 for the years ended June 30, 2018 and 2017, respectively.

Joint Venture

In November 1993, the College became a participant in a joint venture with Tulsa County Technology Center School District (Tulsa Vo-Tech) (formerly Tulsa County Area Vocational Technical Center School District No. 18). The joint venture was created to administer and operate the building for which both parties purchased an undivided one-half interest. The operating committee is composed of six members, three selected by the College and three selected by Tulsa Vo-Tech. The operating committee has the authority to make decisions with respect to the day-to-day operations of the property. All operating expenses are shared on a 50-50 basis. Tulsa Vo-Tech is responsible for the payment of maintenance and operating costs and the receipt of revenue generated from property leases or other income. Tulsa Vo-Tech bills the College for 50% of the net of these revenues and expenses on a quarterly basis. The College is responsible for the security functions and bills Tulsa Vo-Tech quarterly for 50% of these expenses. During the years ended June 30, 2018 and 2017, respectively, the College expended approximately $220,329 and $222,275 to Tulsa Vo-Tech for maintenance and operating costs, net of revenues. Tulsa Vo-Tech paid the College $50,647 and $84,305 for security expenses for the years ended June 30, 2018 and 2017, respectively. The College is responsible for continuing to pay 50% of the operating costs of the building until it sells or transfers its interest in the building pursuant to the contract provisions. The joint venture does not issue a stand-alone report or financial statements.

Recent Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Management has not yet determined the effect, if any, of adoption of the new GASB statements listed above on the College's financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash, cash equivalents, and investments included in the statements of net position consist of the following:

	2018	2017
Cash and cash equivalents:		
Current	$ 38,790,989	$ 33,539,577
Current, restricted	782,726	1,700,395
	$ 39,573,715	$ 35,239,972
Investments:		
Current	$ 500,000	$ 500,000
Non current	3,531,883	3,248,792
Current, restricted	800,153	798,048
Non current, restricted	766,500	766,935
	$ 5,598,536	$ 5,313,775

Interest Rate Risk

The College management does not believe that it has significant exposure to fair value losses arising from increasing interest rates.

Credit Risk

All United States government obligations are held by the Federal Reserve Bank in the name of the College. Title 70, Section 4306, of the Oklahoma statutes directs, authorizes, and empowers the College's Board of Regents to hold, invest, or sell donor-restricted endowments in a manner which is consistent with the terms of the gift as stipulated by the donor and with the provision of any applicable laws.

The Board has authorized short-term funds to be invested in any security currently available through the Oklahoma State Treasurer's Office. Generally, these include direct obligations of the U.S. government and its agencies, certificates of deposit, and demand deposits.

Concentration of Credit Risk

There is no limit on the amount the College may invest in any one issuer. However, all of investments are in money market funds and non-negotiable certifications of deposit.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The College's deposit policy for custodial credit risk is described as follows:

Oklahoma Statutes require the Oklahoma State Treasurer (the OST) to ensure that all state funds either be insured by Federal Deposit Insurance Corporation (FDIC), collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The College's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the State Treasurer may determine, in the State's name.

The College requires that balances on deposit with financial institutions, including trustees related to the College's bond indentures, be insured by the FDIC or collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations, in the College's name.

At June 30, 2018 and 2017, the carrying amounts of the College's deposits with the State Treasurer and other financial institutions are as follows:

		2018		2017
Deposits with the State Treasurer	$	7,635,693	$	9,594,620
Deposits with the State Treasurer - OK INVEST		1,030,475		5,547
U.S. financial institutions		30,907,547		25,639,805
	$	39,573,715	$	35,239,972

At June 30, 2018 and 2017, the related bank balances of the College's deposits totaled $40,085,010 and $35,869,154, respectively of which $8,949,698 and $9,369,945 were held with the State Treasurer.

The College's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in banks or invested as the Treasurer may determine, in the State's name. Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in *OK INVEST* and some deposits with the OST are placed in *OK INVEST*.

Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in *OK INVEST*. Preservation, liquidity, and return on investment are the objectives which establish the framework for the day to day *OK INVEST* management with an emphasis on preservation of the capital and the probable income to be derived and meeting the State and its funds and agencies' daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements, diversification percentages and specify the types and maturities of allowable investments, and the specifics regarding these policies can be found on the State Treasurer's website at *http://www.treasurer.state.ok.us/*. The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis.

OK INVEST includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to three years. *OK INVEST* maintains an overall weighted average maturity of less than 270 days. Participants in *OK INVEST* maintain an interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher.

Credit/default risk is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered into a repurchase agreement, may default on its payment obligations. Liquidity risk is the risk that *OK INVEST* will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. U.S. Government securities risk is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in *OK INVEST* is not insured or guaranteed by the State, the FDIC or any other government agency.

The deposits with the OST that are invested in *OK INVEST* are part of an investment pool that values the assets at amortized cost and for financial reporting purposes are classified as cash equivalents. The distribution of deposits in *OK INVEST* is as follows:

	2018	2017
U.S. agency securities	$ 469,483	$ 2,338
Certificates of deposit	38,739	247
Money market mutual funds	100,580	574
Mortgage backed agency securities	407,061	2,222
Foreign bonds	3,726	53
Municipal bonds	6,227	87
U.S. Treasury obligations	4,659	26
Total	$ 1,030,475	$ 5,547

Fair Value

If applicable, the College categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. As of June 30, 2018 and 2017, there were no financial instruments required to be leveled.

The College has money market funds of $1,566,653 and $1,564,983 and non-negotiable CD's of $4,031,883 and $3,748,792 at June 30, 2018 and 2017, respectively, all of which are valued at amortized cost.

Deposits with State Regents of $1,130,654 and $1,092,636 at June 30, 2018 and 2017 are recorded at amortized cost.

NOTE 3 - ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following at June 30:

	2018	2017
Student tuition and fees	$ 11,715,099	$ 12,787,936
Auxiliary enterprises and other operating activities	2,588,389	2,380,295
Less allowance for doubtful accounts	(7,214,670)	(8,277,382)
Accounts receivable, net	$ 7,088,818	$ 6,890,849

NOTE 4 - CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Disposals/ Transfers	Balance at June 30, 2018
Non-depreciable:				
Land	$ 5,150,241	$ -	$ -	$ 5,150,241
Collections	200,000	-	-	200,000
Construction in progress	149,376	743,753	(149,376)	743,753
Total	5,499,617	743,753	(149,376)	6,093,994
Depreciable:				
Buildings and improvements	200,105,816	998,112	149,376	201,253,304
Land/infrastructure improvements	9,092,608	173,030	-	9,265,638
Furniture, fixtures and equipment	21,329,338	554,453	-	21,883,791
Total	230,527,762	1,725,595	149,376	232,402,733
Accumulated depreciation:				
Buildings and improvements	(122,780,485)	(6,108,356)	-	(128,888,841)
Land/infrastructure improvements	(4,235,450)	(287,453)	-	(4,522,903)
Furniture, fixtures and equipment	(15,085,165)	(1,986,256)	-	(17,071,421)
Total	(142,101,100)	(8,382,065)	-	(150,483,165)
Total capital assets, net	$ 93,926,279	$ (5,912,717)	$ -	$ 88,013,562

Following are the changes in capital assets for the year ended June 30, 2017:

	Balance at July 1, 2016	Additions	Disposals/ Transfers	Balance at June 30, 2017
Non-depreciable:				
Land	$ 5,150,241	$ -	$ -	$ 5,150,241
Collections	200,000	-	-	200,000
Construction in progress	7,216,524	149,376	(7,216,524)	149,376
Total	12,566,765	149,376	(7,216,524)	5,499,617
Depreciable:				
Buildings and improvements	192,240,144	649,148	7,216,524	200,105,816
Land/infrastructure improvements	9,070,998	21,610	-	9,092,608
Furniture, fixtures and equipment	20,483,720	845,618	-	21,329,338
Total	221,794,862	1,516,376	7,216,524	230,527,762
Accumulated depreciation:				
Buildings and improvements	(116,759,722)	(6,020,763)	-	(122,780,485)
Land/infrastructure improvements	(3,939,400)	(296,050)	-	(4,235,450)
Furniture, fixtures and equipment	(13,190,867)	(1,894,298)	-	(15,085,165)
Total	(133,889,989)	(8,211,111)	-	(142,101,100)
Total capital assets, net	$ 100,471,638	$ (6,545,359)	$ -	$ 93,926,279

NOTE 5 - NONCURRENT LIABILITIES

Long-term liability activity for the year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018	Amounts Due Within One Year
Revenue bonds, series 2012	$ 4,435,000	$ -	$ (740,000)	$ 3,695,000	$ 750,000
Total revenue bonds	4,435,000	-	(740,000)	3,695,000	750,000
ODFA, Series 2009B	7,501,416	-	(514,500)	6,986,916	529,583
ODFA, Series 2010A	1,549,167	-	(178,333)	1,370,834	182,333
ODFA, Series 2011A	1,123,333	-	(68,167)	1,055,166	70,167
ODFA, Series 2014A	2,540,417	-	(115,500)	2,424,917	121,417
ODFA, Series 2014E	1,519,500	-	(198,500)	1,321,000	204,500
ODFA, Series 2015B	5,728,167	-	(238,417)	5,489,750	243,500
	19,962,000	-	(1,313,417)	18,648,583	1,351,500
Premium and discounts	386,022	-	(34,394)	351,628	-
Total ODFA bonds	20,348,022	-	(1,347,811)	19,000,211	1,351,500
OCIA, Series 2010A	3,151,303	-	(1,558,554)	1,592,749	1,592,748
OCIA, Series 2014A	8,186,002	-	-	8,186,002	18,336
OCIA, Series 2014B	506,950	-	(162,398)	344,552	168,922
Total OCIA bonds	11,844,255	-	(1,720,952)	10,123,303	1,780,006
Equipment capital lease obligation	1,999,603	-	(869,366)	1,130,237	899,955
Total long-term liabilities	$ 38,626,880	$ -	$ (4,678,129)	$ 33,948,751	$ 4,781,461

Long-term liability activity for the year ended June 30, 2017:

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Amounts Due Within One Year
Revenue bonds, series 2005	$ 820,000	$ -	$ (820,000)	$ -	$ -
Revenue bonds, series 2012	5,160,000	-	(725,000)	4,435,000	740,000
Total revenue bonds	5,980,000	-	(1,545,000)	4,435,000	740,000
ODFA, Series 2009B	8,001,333	-	(499,917)	7,501,416	514,500
ODFA, Series 2010A	1,723,500	-	(174,333)	1,549,167	178,333
ODFA, Series 2011A	1,189,500	-	(66,167)	1,123,333	68,167
ODFA, Series 2014A	2,652,667	-	(112,250)	2,540,417	115,500
ODFA, Series 2014E	1,712,000	-	(192,500)	1,519,500	198,500
ODFA, Series 2015B	5,962,500	-	(234,333)	5,728,167	238,417
	21,241,500	-	(1,279,500)	19,962,000	1,313,417
Premium and discounts	414,883	-	(28,861)	386,022	-
Total ODFA bonds	21,656,383	-	(1,308,361)	20,348,022	1,313,417
OCIA, Series 2010A	4,059,179	-	(907,876)	3,151,303	1,558,554
OCIA, Series 2014A	8,774,239	-	(588,237)	8,186,002	-
OCIA, Series 2014B	664,746	-	(157,796)	506,950	162,398
Total OCIA bonds	13,498,164	-	(1,653,909)	11,844,255	1,720,952
Equipment capital lease obligation	2,838,922	-	(839,319)	1,999,603	869,366
Total long-term liabilities	$ 43,973,469	$ -	$ (5,346,589)	$ 38,626,880	$ 4,643,735

Revenue Bonds Payable

Revenue Bonds, Series 2005: The Board of Regents authorized the College to issue Revenue Bonds, Series 2005 (the Series 2005 Bonds) dated July 1, 2005, in the amount of $9,725,000 which mature on July 1 of each year beginning July 1, 2006 through July 1, 2016, in annual amounts ranging from $795,000 to $1,005,000, interest rates ranging from 3.05% to 4.25%. The Series Bonds are payable from pledged revenues derived from a student center fee, a student activity fee, and the net revenues from the operation of the student center system. The Series 2005 Bonds are subject to redemption prior to maturity as set forth in Sixth Supplemental Bond Resolution. During 2017, the College paid $820,000 in principal, and $14,965 in related interest on these bonds leaving no balance outstanding at June 30, 2017. The Series 2005 Bonds had related deferred refunding costs resulting from the refunding of the Series 1996 Bonds. During 2017, the remaining $28,337 of the deferred refunding costs were amortized into interest expense leaving no balance at June 30, 2017.

Revenue Bonds, Series 2012: The Board of Regents authorized the College to issue Revenue Bonds, Series 2012 (the Series 2012 Bonds) dated January 1, 2012, in the amount of $7,665,000 which mature on July 1 of each year beginning July 1, 2012 through July 1, 2022, in annual amounts ranging from $405,000 to $795,000, interest rates ranging from 2.00% to 3.25%. The Series Bonds are payable from pledged revenues derived from a student center fee, a student activity fee, and the net revenues from the operation of the student center system. The Series 2012 Bonds are subject to mandatory redemption prior to maturity, on 30 days' notice at any time in inverse order of maturity, out of required payments to the principal account at the principal amount thereof plus accrued interest to the date for fixed redemption. $3,695,000 and $4,435,000 remained outstanding at June 30, 2018 and 2017. The College paid $740,000 and $725,000 in principal, and $106,425 and $124,738 in related interest, on these bonds during 2018 and 2017.

Future principal and interest payments required to be made in accordance with all of the revenue bond agreements at June 30, 2018, are as follows:

Years Ending June 30,	Principal	Interest	Total
2019	$ 750,000	$ 89,675	$ 839,675
2020	765,000	73,569	838,569
2021	780,000	54,238	834,238
2022	795,000	31,588	826,588
2023	605,000	9,831	614,831
	$ 3,695,000	$ 258,901	$ 3,953,901

For 2018 and 2017, revenues of $3,643,513 and $3,562,942 were pledged as security on the revenue bonds.

Oklahoma Development Finance Authority (ODFA) Master Lease Bonds

Bond Series 2009B: In December of 2009, the College entered into a 20 year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2009B. The College received a net amount of $10,067,000 of the proceeds for energy efficiency modifications at all campus locations. In September of 2009, the College also entered into a 15-year lease agreement and received $859,000 to purchase a building and related activities for the Metro Campus. Lease payments made by the College are forwarded to the trustee bank of the State Regents for future principal and interest payments on the Master Lease Board. Monthly payments continue through the maturity of the lease in November 2029. At June 30, 2018 and 2017, the outstanding balance was $6,986,916 and $7,501,416.

Bond Series 2010A: In December of 2010, the College entered into a 15-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2010A. The College received a net amount of $2,647,211 of the proceeds for energy efficiency modifications at all campus locations. Monthly payments are payable through the maturity of the lease in May 2025. At June 30, 2018 and 2017, the outstanding balance was $1,370,834 and $1,549,167.

Bond Series 2011A: In July of 2011, the College entered into a 19-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2011A. The College received a net amount of $1,493,000 of the proceeds for energy efficiency modifications at all campus locations. Monthly payments are payable through the maturity of the lease in May 2030. At June 30, 2018 and 2017, the outstanding balance was $1,055,166 and $1,123,333.

Bond Series 2014A: In February of 2014, the College entered into a 20-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2014A. The College received a net amount of $3,016,237 of the proceeds for renovation of the aviation center facility. Monthly payments are payable through the maturity of the lease in June 2033. At June 30, 2018 and 2017, the outstanding balance was $2,424,917 and $2,540,417.

Bond Series 2014E: In October of 2014, the College entered into a 10-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2014E. The College received a net amount of $2,261,559 of the proceeds for renovation of the student union facility at the southeast campus. Monthly payments are payable through the maturity of the lease in June 2024. At June 30, 2018 and 2017, the outstanding balance was $1,321,000 and $1,519,500.

Bond Series 2015B: In July of 2015, the College entered into a 20-year lease agreement with ODFA and the State Regents for Higher Education Master Lease Revenue Bond Series 2015B. The College received a net amount of $6,279,975 of the proceeds for energy and conservation improvements campus wide. Monthly payments are payable through the maturity of the lease in June 2035. At June 30, 2018 and 2017, the outstanding balance was $5,489,750 and $5,728,167.

Future principal and interest payments to be made in accordance with the Master Lease Bond agreements at June 30, 2018 are as follows:

Years Ending June 30,	Principal	Interest	Total
2019	$ 1,351,500	$ 716,309	$ 2,067,809
2020	1,394,583	671,412	2,065,995
2021	1,444,083	623,477	2,067,560
2022	1,497,000	568,232	2,065,232
2023	1,559,917	508,891	2,068,808
2024-2028	6,610,583	1,679,370	8,289,953
2029-2033	3,990,083	546,031	4,536,114
2034-2035	800,834	44,641	845,475
	$ 18,648,583	$ 5,358,363	$ 24,006,946

Oklahoma Capital Improvement Authority Lease

Series 2010A: In August 2010, the College's 2005 Series F lease agreement with the OCIA was restructured through a partial refunding of OCIA's 2005F bond debt. OCIA issued Series 2010A bonds. The College's lease agreements with OCIA secure the OCIA bond debt and any future debt that might be issued to refund earlier bond issues. OCIA issued this new debt to provide budgetary relief for fiscal year 2012 by extending and restructuring debt service. Consequently, the College's lease agreement with OCIA automatically restructured to secure the new bond issues. This lease restructuring extended certain principal payments into the future, resulting in a charge or cost on restructuring.

The College recorded a charge of $1,486,731 on restructuring as a deferred cost that was amortized over a period of 6 years. This restructuring resulted in an aggregate debt service difference for principal and interest between the original lease agreement and the restructured lease agreement of $1,486,731 which also approximated the economic cost of the lease restructuring. During the year ending June 30, 2018 and 2017, the College recognized $242,409 and $248,864, respectively, of amortization on the deferred cost of lease restructuring on the OCIA Series 2005F lease obligation, leaving no balance of the unamortized deferred costs at June 30, 2018.

Series 2014A and 2014B: In September 2014, the College's 2005 Series F lease agreement with the OCIA was restructured through a partial refunding of the remaining OCIA's 2005F bond debt. OCIA issued one new bond, Series 2014A. In June 2014, the College's 2004 Series A lease agreement with the OCIA was restructured through a refunding of the OCIA's 2004A bond debt. OCIA issued one new bond, Series 2014B. The College's lease agreements with OCIA secure the OCIA bond debt and any future debt that might be issued to refund earlier bond issues. OCIA issued this new debt to provide budgetary relief for fiscal year 2015 by extending and restructuring debt service. Consequently, the College's lease agreement with OCIA automatically restructured to secure the new bond issues.

During the years ended June 30, 2018 and 2017, OCIA made lease principal and interest payments totaling $2,273,888 and $2,260,761, on behalf of the College for all outstanding OCIA Bond Issues. These on-behalf payments have been recorded as restricted state appropriations in the statement of revenues, expenses, and changes in net position.

The scheduled principal and interest payments related to the OCIA Capital Lease obligations at June 30, 2018 are as follows:

Years Ending June 30,	Principal	Interest	Total
2019	$ 1,780,006	$ 475,452	$ 2,255,458
2020	185,542	392,800	578,342
2021	-	388,540	388,540
2022	-	388,540	388,540
2023	760,446	388,540	1,148,986
2024-2028	4,306,466	1,374,887	5,681,353
2029-2031	3,090,843	306,973	3,397,816
	$ 10,123,303	$ 3,715,732	$ 13,839,035

Equipment Capital Lease Obligation

The College has entered into lease agreements for various copiers and computers. These agreements extend through 2020 with interest rates that range from 2.89% to 6.00%. The total capitalized cost of the equipment was $3,479,846 and accumulated depreciation was $2,609,885 and $1,739,923 as of June 30, 2018 and 2017, respectively. Total principal and interest payments in 2018 and 2017 totaled $937,618 and $937,618. The remaining obligation at June 30, 2018 and 2017 was $1,130,237 and $1,999,603.

The scheduled principal and interest payments related to the equipment capital leases as of June 30, 2018 are as follows:

Years Ending June 30,	Principal	Interest	Total
2019	$ 899,955	$ 37,663	$ 937,618
2020	230,282	4,122	234,404
	$ 1,130,237	$ 41,785	$ 1,172,022

Line of Credit

The College has a $1,200,000 unsecured line of credit due and payable on demand through June 29, 2018. Interest on the line is 1.73% for the year ended June 30, 2018 and 2017. At June 30, 2018 and 2017, there was no outstanding balance and there were no draws on the line of credit during each fiscal year.

NOTE 6 - RETIREMENT PLANS

The College's academic and nonacademic personnel are covered by various retirement plans. The plans available to College personnel include the Oklahoma Teachers' Retirement System (the OTRS), which is a State of Oklahoma public employee's retirement system, and a 403(b) annuity plan, which is a privately administered plan. The College does not maintain the accounting records, hold the investments for, or administer these plans. If the previously mentioned plans do not provide a computed minimum benefit amount, the College provides the difference under a Supplemental Retirement Plan, a privately administered plan, for those employees meeting certain eligibility requirements. This plan is no longer open to new employees, but is still available to employees hired before the plan was frozen.

Oklahoma Teachers' Retirement System

Plan Description: The College contributes to the OTRS, a cost-sharing multiple-employer defined benefit pension plan sponsored by the State of Oklahoma. The OTRS 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. The benefit provisions are established and may be amended by the legislature of the State of Oklahoma. Title 70 of the Oklahoma statutes, Sections 17-101 through 17-116.9, as amended, assigns the authority for management and operation of the plan to the Board of Trustees of OTRS. The OTRS does not provide for a cost-of-living adjustment. The OTRS issues a publicly available financial report that includes financial statements and supplementary information for OTRS. That report may be obtained by writing to the Teacher's Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152, or by calling (405) 521-2387, or at the OTRS website at www.trs.state.ok.us.

Benefits Provided: Prior to July 1, 1995, contributions under this system were based on pay up to a maximum dollar amount. Members could choose between $40,000 maximum and a $25,000 maximum. The member’s Final Average Compensation was limited by the same maximum, so the member’s election affected both benefits and contributions. The maximum was removed for most members effective July 1, 1995. It no longer applies in determining the required member and employee contributions. It does still have an impact, however. Benefits based on service earned before July 1, 1995 are limited by the $40,000 or $25,000 maximum, which was elected. This cap may be modified for members in the Education Employees Service Incentive Plan (EESIP). In addition, the cap on salary continued to apply after June 30, 1995 to members employed by one of the comprehensive universities who entered the system before July 1, 1995. The cap on salary for contribution purposes is shown below. All caps were removed effective July 1, 2007.

Contributions: The authority to define or amend employer contribution rates is given to the Board of Trustees of OTRS by Oklahoma statute, Title 70, Section 17-106; all other contribution rates are defined or amended by the Oklahoma legislature. OTRS members are required to contribute 7% of their regular annual compensation, not to exceed the member's maximum compensation level. The College is required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate for 2018 and 2017 was 9.5%, and is applied to annual compensation and is determined by state statute.

Employee's contributions are also determined by state statute. For all employees, the contribution rate was 7% of covered salaries and fringe benefits in 2018 and 2017. The College's contributions to the OTRS for the years ended June 30, 2018 and 2017 were $5,528,843 and $5,598,330 which are equal to the required contributions for the year paid directly by the College.

The State of Oklahoma is also required to contribute to the OTRS on behalf of the participating employers. For 2018 and 2017, the State of Oklahoma contributed 5% of state revenues from sales and use taxes, and individual income taxes, to the OTRS on behalf of participating employers. The College has estimated the amounts contributed to the OTRS by the State of Oklahoma on its behalf by multiplying the ratio of its covered salaries to total covered salaries for the OTRS for the year by the applicable percentage of taxes collected during the year. For the years ended June 30, 2018 and 2017, the total amounts contributed to the OTRS by the State of Oklahoma on behalf of the College were $3,283,372 and $4,021,312, respectively. For the year ended June 30, 2018, the State of Oklahoma contributed 5% of sales and use tax. These on-behalf payments have been recorded as nonoperating state appropriations revenues in the statement of revenues, expenses, and changes in net position.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2018, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the College by the State of Oklahoma. The amount recognized by the College as its proportionate share of the net pension liability was $77,943,248 and $115,770,486 at June 30, 2018 and 2017, respectively. The net impact of reporting this change in liability was to increase compensation and employee benefits expense by approximately $1.1 million and $10.7 million in 2018 and 2017, respectively.

The net pension liability at June 30, 2018 was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2018, the College's proportion was 1.18%. This represents a slight decrease from the College's proportionate share at June 30, 2017, which was 1.39%.

For the year ended June 30, 2018, the College recognized pension expense of $8,196,815, and revenue of $3,283,372, for support provided by the State of Oklahoma. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ 1,107,930	$ -
Changes in proportion and differences between OTRS contributions and proportionate share of contributions	-	14,394,205
Change in assumptions	9,249,721	4,659,301
Differences between expected and actual experience	-	5,321,392
Contributions subsequent to the measurement date	5,528,843	-
Total	$ 15,886,494	$ 24,374,898

For the year ended June 30, 2017, the College recognized pension expense of $12,176,443, and revenue of $4,021,312, for support provided by the State of Oklahoma. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ 13,514,598	$ -
Changes in proportion and differences between OTRS contributions and proportionate share of contributions	-	3,207,018
Change in assumptions	13,940,397	-
Differences between expected and actual experience	-	2,687,711
Contributions subsequent to the measurement date	5,598,330	-
Total	$ 33,053,325	$ 5,894,729

At June 30, 2018 and 2017, the College reported $5,528,843 and $5,598,330, respectively, as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and inflows of resources at June 30, 2018, related to pensions will be recognized in pension expense as follows:

2019	$ (3,814,243)
2020	17,458
2021	(1,510,515)
2022	(5,796,221)
2023	(2,913,726)
	$ (14,017,247)

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement;

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.50%
Cost of Living Increases:	None
Salary Increases:	3.25% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0-8.00% based on years of service
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014.
Mortality Rates after Retirement:	Males: RP-2000 Combined Healthy mortality table for males with White Collar adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
Mortality Rates for Active Members:	RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%

The following changes in assumptions were noted in the June 30, 2017 valuation from the June 30, 2016 valuation.

- Beginning with the fiscal year ending June 30, 2017, an actuarially determined portion of the employers' contributions (0.16% of pay for FY 2017) is allocated to the OPEB Subaccount and reported under GASB 74. As a result, these contributions are not included in either the actual or actuarially determined contributions.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the College's reporting date that are expected to have a significant effect on the College's proportionate share of the collective net pension liability.

The long-term expected return on plan assets was determined using a log-normal distribution analysis 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic expected real rates of return for each major class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Domestic equity	38.5%	7.5%
International equity	19.0%	8.5%
Fixed income	23.5%	2.5%
Real estate	9.0%	4.5%
Alternative assets	10.0%	6.1%
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 7.50% for 2018. The discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine the discount rate assumed that a plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. 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.

S*ensitivity of the College's proportionate share of the net pension liability to changes in the discount rate:* The following table presents the net pension liability of the College, calculated using the discount rate of 7.50%, as well as what the College's net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Proportionate share of the Collective Net Pension Liability	1% Decrease (6.50)	Current Discount Rate (7.50%)	1% Increase (8.50%)
June 30, 2018	$ 110,052,824	$ 77,943,248	$ 53,437,979
June 30, 2017	152,171,657	115,770,486	86,159,161

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OTRS financial report.

403(b) Annuity Plan

All eligible employees of the College can elect to participate in a 403(b) tax-deferred annuity plan (the 403(b) Plan), a defined contribution pension plan administered by an independent fiduciary. Pension expense is recorded for the amount of the College's required contributions, determined in accordance with the terms of the 403(b) Plan. Eligible employees who elect to participate are required to make a minimum contribution to the 403(b) Plan in an amount equal to 1% of total annual compensation, as defined by the 403(b) Plan. The 403(b) Plan provides retirement benefits to participating employees and their beneficiaries. Benefit provisions and contribution requirements are contained in the 403(b) Plan document and were established and can be amended by action of the College's Board of Regents. The College's contribution rate for the year ended June 30, 2018, was 3% of an eligible employee's annual base salary, as defined in the 403(b) Plan document. Contributions made by the College and participants during fiscal years 2018 and 2017 totaled $847,888 and $867,961, respectively.

Supplemental Retirement Plan

Plan Description: The College's Supplemental Retirement Plan (SRP) is a single-employer, defined-benefit pension plan administered by an administrative committee appointed by the College's Board of Regents. The SRP was established by the College's Board of Regents to provide supplemental retirement and death benefits to College employees who meet certain eligibility requirements (i.e., were hired prior to July 1, 1987), or to those eligible employees' beneficiaries. The authority to amend the SRP's benefit provisions rests with the College's Board of Regents. The SRP is a closed-plan. The SRP does not issue a standalone financial report nor is it included in the financial report of another entity. Management deemed the SRP to not be material to the overall financial statements of the College and elected not to disclose GASB Statement No. 68 related information in the notes or required supplemental information as it relates to the SRP. The College has a net pension liability of $25,513 and $20,816 for this plan as of June 30, 2018 and 2017.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Foundation has an agreement with the College whereby the Foundation has agreed to forego its rights to independently acquire office space, hire support personnel, and otherwise provide for independent support services for its activities, so those monies may instead be used for scholarships or other forms of support for the College. In addition, the financial records of the Foundation are administered by individuals who are employees of the College. In consideration of the College providing the staff and clerical support and other services to be performed by the College pursuant to this agreement, the Foundation has agreed to pay the College $24,000 per year plus a portion of certain College employees' salaries and benefits. For the years ending June 30, 2018 and 2017, the Foundation paid the College $172,334 and $144,187 as a result of this agreement. For the years ending June 30, 2018 and 2017, respectively, the Foundation also awarded scholarships totaling $239,886 and $76,762, respectively, to students of the College, provided $53,995 and $81,583, respectively, of capital projects support, and contributed $1,975,003 and $1,852,793, respectively, for other college support activities.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The College conducts certain programs pursuant to various grants and contracts that are subject to financial and compliance audits by the grantors, their representatives, or federal and state agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time, although it is believed by the College that the amount, if any, would not be significant.

During the ordinary course of business, the College may be subjected to various lawsuits and civil action claims. There were no pending lawsuits or claims against the College at June 30, 2018 and 2017 that management believes would result in a material loss to the College in the event of an adverse outcome. The College is a defendant in various lawsuits, and is vigorously defending those lawsuits. Although the outcome of these lawsuits is not presently determinable, the College's management believes the resolution of these matters will not have a material impact on the financial statements of the College.

Noncancellable operating leases for building space rental, aircraft rental and access to airport facilities expire in various years through 2032. Rent expense under these leases was approximately $641,519 and $625,801 during the years ended June 30, 2018 and 2017, respectively. Future minimum lease payments under agreements are:

2019	$	632,201
2020		57,501
2021		57,972
2022		46,797
2023		35,270
Thereafter		317,430
	$	1,147,171

NOTE 9 - RISK MANAGEMENT

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, life, and accident benefits. The College pays an annual premium to the Risk Management Division of the State of Oklahoma Department of Central Services for its tort liability, vehicle liability, property loss, and general liability insurance coverage. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property, and workers' compensation. The College, as a state agency, participates in the Oklahoma State and Education Employee's Group Insurance Board (the Plan), a public entity risk pool. The College pays an annual premium to the Plan through member premiums. The College carries insurance with the State Insurance Fund for other risks of loss including workers' compensation and employee accident and health insurance. The College has purchased commercial medical malpractice insurance, which covers substantially all faculty and students participating in the College's medical services curriculum. Settled claims have not exceeded this commercial insurance coverage in any of the three preceding years. During fiscal years 2018 and 2017, there were no significant reductions in insurance coverage from the previous years.

NOTE 10 - AD VALOREM PROPERTY TAXES

The voters of Tulsa County have approved a local tax levy (in addition to all other school tax levies) on the assessed valuation of all taxable property within the School District. This tax levy, which is for the general operations of the College through the School District, is a permanent levy until such time as it is repealed by a majority of the voters of Tulsa County. Ad valorem property tax revenue for general operations for the years ended June 30, 2018 and 2017 totaled $41,148,601 and $40,135,522, respectively.

NOTE 11 - SECTION 13 OFFSET PROGRAM

The State Regents allocate funds to institutions who are not beneficiaries of the "Section 13" and "New College Trust Funds" under the Section 13 Offset Program. These funds are to be used by an institution for projects which are on the approved campus master plan.

The College has been allotted funds under this program to use for capital repairs or expansions. The College was allotted and expended $951,290 and $1,025,366 under this program for the years ended June 30, 2018 and 2017.

NOTE 12 - DEPOSITS WITH OKLAHOMA STATE REGENTS

In connection with the State Regents' Endowment Program (the Endowment Program), the State of Oklahoma has matched contributions received under the Endowment Program. The State match amounts, plus any retained accumulated earnings, totaled approximately $3,363,000 and $3,249,000 at June 30, 2018 and 2017, respectively, and is invested by the State Regents on behalf of the College. The College is entitled to receive an annual distribution of 5% of the market value at year end on these funds. As legal title of the State Regents matching endowment funds is retained by the State Regents, the funds are available for distribution. With regards to institutional funds, $1,130,654 and $1,092,636 as of June 30, 2018 and 2017, respectively, are included in the deposits with the State Regents in the statement of net position.

NOTE 13 - CONDENSED COMBINING INFORMATION

GASB Statement No. 61 requires that combining information be presented for business-type activities that included a blended component unit within a single column on the basic financial statements. The following summarizes the combining information for the statement of net position as of June 30, 2018:

	2018			
	College	School District	Eliminations	Combined
Current assets	$ 17,719,370	$ 31,407,548	$ -	$ 49,126,918
Capital assets	88,013,562	-	-	88,013,562
Other assets	2,422,098	3,531,883	-	5,953,981
Total assets	108,155,030	34,939,431	-	143,094,461
Deferred outflows of resources				
Total assets and deferred	16,248,323	-	-	16,248,323
outflows of resources	124,403,353	34,939,431	-	159,342,784
Current liabilities	14,671,387	-	-	14,671,387
Long term liabilities	107,110,538	-	-	107,110,538
Total liabilities	121,781,925	-	-	121,781,925
Deferred inflows of resources	24,803,732	-	-	24,803,732
Net investment in capital assets	54,276,535	-	-	54,276,535
Restricted:				
Expendable	2,137,654	-	-	2,137,654
Non-expendable	1,130,654	-	-	1,130,654
Unrestricted	(79,727,147)	34,939,431	-	(44,787,716)
Total net position	(22,182,304)	34,939,431	-	12,757,127
Total liabilities and deferred inflows of resources, and net position	$ 124,403,353	$ 34,939,431	$ -	$ 159,342,784

The following summarizes the combining information for the statement of net position as of June 30, 2017:

	2017			
	College	School District	Eliminations	Combined
Current assets	$ 20,142,079	$ 27,039,805	$ -	$ 47,181,884
Capital assets	93,926,279	-	-	93,926,279
Other assets	1,859,571	3,248,792	-	5,108,363
Total assets	115,927,929	30,288,597	-	146,216,526
Deferred outflows of resources	33,324,071	-	-	33,324,071
Total assets and deferred outflows of resources	149,252,000	30,288,597	-	179,540,597
Current liabilities	15,084,398	-	-	15,084,398
Long term liabilities	149,753,631	-	-	149,753,631
Total liabilities	164,838,029	-	-	164,838,029
Deferred inflows of resources	5,894,729	-	-	5,894,729
Net investment in capital assets	56,400,102	-	-	56,400,102
Restricted:				
Expendable	2,435,421	-	-	2,435,421
Non-expendable	1,092,636	-	-	1,092,636
Unrestricted	(81,408,917)	30,288,597	-	(51,120,320)
Total net position	(21,480,758)	30,288,597	-	8,807,839
Total liabilities and deferred inflows of resources, and net position	$ 149,252,000	$ 30,288,597	$ -	$ 179,540,597

The following summarizes the combining information for the statement of revenues, expenses, and changes in net position for the year ended June 30, 2018:

	2018			
	College	School District	Eliminations	Combined
Operating revenues				
Tuition and feees, net	$ 25,513,728	$ -	$ -	$ 25,513,728
Grants and contracts and other operating revenue	9,020,638	-	-	9,020,638
Other operating revenue	3,385,412	-	-	3,385,412
Sales and services of auxiliary enterprises	11,587,575	-	-	11,587,575
Total operating revenue	49,507,353	-	-	49,507,353
Operating expenses:				
Depreciation	8,382,065	-	-	8,382,065
Other operating expenses	134,495,020	-	-	134,495,020
Total operating expenses	142,877,085	-	-	142,877,085
Operating loss	(93,369,732)	-	-	(93,369,732)
Non-operating revenues (expenses)				
State appropriations	28,142,943	-	-	28,142,943
Ad valorem property taxes	-	41,148,601	-	41,148,601
Federal and state grants	22,216,460	-	-	22,216,460
Other non-operating revenues (expenses)	39,083,605	(36,497,767)	-	2,585,838
Total non-operating revenues (expenses)	89,443,008	4,650,834	-	94,093,842
(Loss) gain before other appropriations	(3,926,724)	4,650,834	-	724,110
Appropriations	3,225,178	-	-	3,225,178
Change in net position	(701,546)	4,650,834	-	3,949,288
Beginning net position	(21,480,758)	30,288,597	-	8,807,839
Ending net position	$ (22,182,304)	$ 34,939,431	$ -	$ 12,757,127

The following summarizes the combining information for the statement of revenues, expenses, and changes in net position for the year ended June 30, 2017:

	2017			
	College	School District	Eliminations	Combined
Operating revenues				
Tuition and feees, net	$ 26,157,488	$ -	$ -	$ 26,157,488
Grants and contracts and other operating revenue	12,813,334	-	-	12,813,334
Sales and services of auxiliary enterprises	11,346,337	-	-	11,346,337
Total operating revenue	50,317,159	-	-	50,317,159
Operating expenses:				
Depreciation	8,211,111	-	-	8,211,111
Other operating expenses	141,073,918	-	-	141,073,918
Total operating expenses	149,285,029	-	-	149,285,029
Operating loss	(98,967,870)	-	-	(98,967,870)
Non-operating revenues (expenses)				
State appropriations	30,220,658	-	-	30,220,658
Ad valorem property taxes	-	40,135,522	-	40,135,522
Federal and state grants	21,896,942	-	-	21,896,942
Other non-operating revenues (expenses)	34,238,530	(34,543,177)	-	(304,647)
Total non-operating revenues (expenses)	86,356,130	5,592,345	-	91,948,475
(Loss) gain before other appropriations	(12,611,740)	5,592,345	-	(7,019,395)
Appropriations	3,286,127	-	-	3,286,127
Change in net position	(9,325,613)	5,592,345	-	(3,733,268)
Beginning net position	(12,155,145)	24,696,252	-	12,541,107
Ending net position	$ (21,480,758)	$ 30,288,597	$ -	$ 8,807,839

The following summarizes the combining information for the statement of cash flows for the years ended June 30, 2018 and 2017:

	2018			
	College	School District	Eliminations	Combined
Cash flows from operating activities	$ (82,500,654)	$ -	$ -	$ (82,500,654)
Cash flows from noncapital financing activities	86,743,319	5,230,133	-	91,973,452
Cash flows from capital and related financing activities	(5,371,171)	-	-	(5,371,171)
Cash flows from investing activities	194,506	37,610	-	232,116
Net change in cash and cash equivalents	(934,000)	5,267,743	-	4,333,743
Cash and cash equivalents at beginning of year	9,600,167	25,639,805	-	35,239,972
Cash and cash equivalents at end of year	$ 8,666,167	$ 30,907,548	$ -	$ 39,573,715

	2017			
	College	School District	Eliminations	Combined
Cash flows from operating activities	$ (78,251,689)	$ -	$ -	$ (78,251,689)
Cash flows from noncapital financing activities	86,790,127	5,466,035	-	92,256,162
Cash flows from capital and related financing activities	(5,235,511)	-	-	(5,235,511)
Cash flows from investing activities	798,300	(373,690)	-	424,610
Net change in cash and cash equivalents	4,101,227	5,092,345	-	9,193,572
Cash and cash equivalents at beginning of year	5,498,940	20,547,460	-	26,046,400
Cash and cash equivalents at end of year	$ 9,600,167	$ 25,639,805	$ -	$ 35,239,972

NOTE 14 - TULSA COMMUNITY COLLEGE FOUNDATION – ACCOUNTING POLICIES AND DISCLOSURES

Nature of Operations

Tulsa Community College Foundation (the Foundation) was established for the benefit of Tulsa Community College (the College). The Foundation awards scholarships to students of the College and provides other support to the College, including funds for textbooks for qualified students, college and community activities and events, capital projects, recognized academic programs, and the concert series and educational classes of the College's Signature Symphony orchestra.

The Board of Trustees, which governs the Foundation, is separate and distinct from the Board of Regents, the governing body of the College.

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with the Foundation's basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosed contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Internal Revenue Service has determined that the Foundation is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income. The Foundation is not considered a private foundation. The Foundation is also exempt from state income taxes under a similar provision of Oklahoma state statutes.

Cash and Cash Equivalents

The Foundation considers all liquid investments which have original maturities of three months or less to be cash equivalents, except for such financial instruments included in the Foundation's investment accounts. At June 30, 2018 and 2017, cash equivalents consisted primarily of certificates of deposit, and business savings and checking accounts.

The Foundation maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and does not believe that it is exposed to any significant credit risk on cash. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to $250,000 per financial institution.

Investments and Investment Return

Investments are stated at fair value. The fair values of investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Investment income and realized and unrealized gains and losses are reflected in the statement of activities.

Contributions Receivable

Contributions receivables that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate commensurate with the risks involved. Amortization of discounts is included in contribution revenue.

Allowance for Uncollectible Contributions

The allowance for uncollectible contributions is determined by management based upon the Foundation's historical losses, specific circumstances and economic conditions. Management of the Foundation has estimated the allowance for uncollectible promises to give at June 30, 2018 and 2017 to be $1,447 and $736, respectively.

Net Asset Classifications

The preparation of financial statements in conformity with the Foundation's basis of accounting requires that the financial statements report the changes in and total of each of the net asset classes based upon donor restrictions, as applicable. The following classes of net assets are used to reflect donor intent:

> Unrestricted Net Assets – Net assets for which no donor has imposed a restriction that the assets be used for a specific purpose or held for a certain period of time.
>
> Temporarily Restricted Net Assets – Net assets which result from donor-imposed restrictions that permit the Foundation to expend the donated assets as specified and are satisfied by either the passage of time or by actions of the Foundation. Releases of restriction for the years ended June 30, 2018 and 2017 totaled $2,168,596 and $1,840,106, respectively, and were to support various programs.
>
> Permanently Restricted Net Assets – Net assets which result from donor-imposed restrictions that such assets be maintained permanently but permit the Foundation to pay investment management fees and to expend all or a portion of the income and gains derived from the donated assets.

Contributions

Contributions are recorded upon receipt of cash or upon pledge of unconditional promise to give. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as temporarily restricted and released from restriction.

Contributions are received primarily from organizations and residents in Tulsa County and surrounding geographic areas.

Donated Services

The Foundation pays for most services requiring specific expertise; however, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with special projects, committee assignments, and service on the Board of Trustees. For the years ending June 30, 2018 and 2017, revenues of $28,082 and $31,900, respectively, have been recognized in the statements of activities for donated services.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The carrying value of the Foundation's financial instruments, which includes cash and cash equivalents, investments, and accrued expenses, approximate fair value.

Expense Classification

Expenses have been classified as program services, management and general, and fundraising based on the actual direct expenditures and estimated cost allocations based upon time and nature of expenses.

Clarification of Donor Intent

During the current fiscal year, the Foundation received clarification from donors related to their intentions for gifts recognized in prior years. As a result, net assets were reclassified by restriction. The reclassification had no effect on total net assets or the change in net assets.

Subsequent Events

The Foundation has performed an analysis of the activities and transactions subsequent to June 30, 2018, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended June 30, 2018. Management has performed their analysis through October 31, 2018, the date the financial statements were available to be issued.

Fair Value of Financial Instruments

The accounting basis followed by the Foundation establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

> Level 1: Inputs include quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
>
> Level 2: Inputs include significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Inputs include significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of money market and mutual funds is based on quoted prices in active markets. (Level 1 inputs)

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at June 30, 2018 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 372,915	$ -	$ -
Mutual funds:			
Equity securities	4,944,023	-	-
Debt securities	1,469,159	-	-
Alternative investments:			
Registered investment companies	1,104,934	-	-
	$ 7,891,031	$ -	$ -

	Fair Value Measurements at June 30, 2017 Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 198,398	$ -	$ -
Mutual funds:			
Equity securities	4,934,488	-	-
Debt securities	1,660,063	-	-
Real estate and other	1,077,736	-	-
	$ 7,870,685	$ -	$ -

Contributions Receivable

Unconditional promises to give consist of the following at June 30:

	2018			
	Less than 1 Year	1 - 3 Years	Greater than 3 Years	Total
Contributions receivable	$ 2,658,828	$ 2,505,000	$ -	$ 5,163,828
Less allowance for uncollectible pledges	(1,447)	-	-	(1,447)
Unamortized discount on pledges	-	(71,718)	-	(71,718)
Contributions receivable, net	$ 2,657,381	$ 2,433,282	$ -	$ 5,090,663

For the year ended June 30, 2018, the Foundation received verbal unconditional intentions to give totaling approximately $3,167,000 related to the Clearing the Pathway multi-year Campaign (the “Campaign”). These amounts are in addition to the pledged amounts noted above. The Campaign goal is to help remove the primary barriers to student completion by securing targeted philanthropic investments. The financial goal of the Campaign is to secure $20 million by June 30, 2019. For the year ended June 30, 2018, the Foundation also received $140,500 in support of a conditional promise to give related to a challenge grant in support of the Campaign. This challenge grant stipulates that if the Foundation can obtain an aggregate donation amount of $1 million in first-time donor amounts not to individually exceed $100,000, specifically identified to the challenge grant by June 30, 2020, the donor will match the $1 million. For donors who have previously donated to the Campaign, only the difference in the challenge grant contribution and their highest amount donated to the Campaign will be counted towards the match. Conditional promises to give are not included as revenue until the conditions are substantially met.

Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes:

	2018	2017
Endowed chairs	$ 1,902,809	$ 1,713,676
Scholarships	594,399	544,174
Lectureships	26,807	23,940
Signature Symphony	21,721	91,311
TCC Textbook Trust	2,272,464	369,858
Sam S. Miller Student Emergency Fund	91,068	97,887
Planned Physical Therapy Facility	29,460	29,460
First Chair Society	149,164	217,047
Clearing the Pathway Multi-Year Campaign	8,687,211	-
Nursing and Allied Health Services	542,538	655,738
Other	259,790	743,923
	$ 14,577,431	$ 4,487,014

Permanently restricted net assets consist of the following at June 30:

	2018	2017
Scholarships and textbook assistance	$ 1,722,995	$ 1,667,895
Endowed chairs	2,145,093	4,000,000
Lectureships	25,000	25,000
	$ 3,893,088	$ 5,692,895

Endowments

The Foundation's endowment consists of approximately 30 individual funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions. The Foundation defines endowed funds as the corpus of the endowed gift, plus any appreciation (or depreciation) from the endowed funds that have not been appropriated for spending. Accumulated investment earnings from endowed funds are recorded as temporarily restricted endowed funds and available for spending in accordance with the Foundation's spending policy.

Interpretation of Relevant Law

In accordance with the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Oklahoma, the Foundation is required to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purpose of the Foundation and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from endowment of investments;
(6) Other resources of the Foundation;
(7) The investment policies of the Foundation.

Endowment net asset composition as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ 276,998	$ 3,720,945	$ 3,893,088	$ 7,891,031

Changes in endowment net assets for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$ 2,177,790	$ 5,692,895	$ 7,870,685
Investment gain	-	608,708	-	608,708
Contributions	-	-	55,100	55,100
Appropriation for expenditures	276,998	(920,460)	-	(643,462)
Transfers	-	-	-	-
Change in donor intent	-	1,854,907	(1,854,907)	-
Net assets, end of year	$ 276,998	$ 3,720,945	$ 3,893,088	$ 7,891,031

Endowment net asset composition as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ -	$ 2,177,790	$ 5,692,895	$ 7,870,685

Changes in endowment net assets for the year ended June 30, 2017:

		Unrestricted		Temporarily Restricted		Permanently Restricted		Total
Net assets, beginning of year	$	(462)	$	1,426,213	$	5,467,895	$	6,893,646
Investment gain		462		756,496		-		756,958
Contributions		-		-		25,000		25,000
Appropriation for expenditures		-		(14,919)		-		(14,919)
Transfers		-		10,000		-		10,000
Change in donor intent		-		-		200,000		200,000
Net assets, end of year	$	-	$	2,177,790	$	5,692,895	$	7,870,685

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no funds with deficiencies at June 30, 2018.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results which generate a dependable, increasing source of income and appreciation while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives while reducing risk to acceptable levels.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year based upon each gift document. The majority of gifts allow an annual distribution of up to 6% of its endowment fund's fair value based on a three year rolling average. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually, net of distribution and fees. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Major Contributors/Concentration

For the year ended June 30, 2018, the Foundation received pledges from two sources totaling approximately 92% of the total receivable balance of $5,090,663. For the year ended June 30, 2018, these two sources also pledged contributions totaling approximately 58% of the total contribution revenue balance of $10,263,031.

Related Party Transactions

The Foundation has an agreement with the College whereby the Foundation has agreed to forego its rights to independently acquire office space, hire support personnel, and otherwise provide for independent support services for its activities, so those monies may instead be used for scholarships or other forms of support for the College. In addition, the financial records of the Foundation are administered by individuals who are employees of the College. In consideration of the College providing the staff and clerical support and other services to be performed by the College pursuant to this agreement, the Foundation has agreed to pay the College $24,000 per year plus a portion of certain College employees' salaries and benefits. For the years ended June 30, 2018 and 2017, the Foundation paid the College $172,334 and $144,187, respectively, as a result of this agreement.

For the years ended June 30, 2018 and 2017, the Foundation also awarded scholarships totaling $239,886 and $76,762, respectively, to students of the College, provided $53,995 and $81,583, respectively, of capital projects support, and contributed $2,252,001 and $1,852,743, respectively, for other college support activities.

NOTE 15 - SUBSEQUENT EVENTS

The College has performed an analysis of the activities and transactions subsequent to June 30, 2018, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended June 30, 2018. Management has performed their analysis through October 31, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TULSA COMMUNITY COLLEGE

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET
(in thousands)

Years ended June 30, 2018, 2017, 2016 and 2015

OTRS	2018	2017	2016	2015
College's proportion of the net pension liability	1.18%	1.39%	1.45%	1.34%
College's proportionate share of the net pension liability	$ 77,943	$ 115,770	$ 88,130	$ 72,076
College's covered payroll	$ 54,830	$ 55,406	$ 58,775	$ 59,988
College's proportionate share of the net pension liability as a percentage of its covered payroll	142.15%	208.95%	149.94%	120.15%
Plan fiduciary net position as a percentage of the total pension liability	69.32%	62.24%	70.31%	72.43%

OPEB	2018
College's proportion of the net pension asset	1.18%
College's proportionate share of the net pension asset	$ 525
College's covered payroll	$ 54,830
College's proportionate share of the net pension asset as a percentage of its covered payroll	0.96%
Plan fiduciary net position as a percentage of the total pension asset	110.40%

Notes to the Schedule (as applicable):

The following changes in assumptions were noted in the June 30, 2017 valuation as compared to the June 30, 2016 valuation:

- Beginning with the fiscal year ending June 30, 2017, an actuarially determined portion of the employers' contributions (0.16% of pay for FY2017) is allocated to the OPEB Subaccount and reported under GASB 74. As a result, these contributions are not included in either the actual or actuarially determined contributions.

* The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

** This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

TULSA COMMUNITY COLLEGE

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
(in thousands)

Years ended June 30, 2018, 2017, 2016 and 2015

OTRS	2018	2017	2016	2015
Contractually required contribution	$ 5,529	$ 5,598	$ 5,893	$ 6,059
Contributions in relation to the contractually required contribution	(5,529)	(5,598)	(5,893)	(6,059)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll	$ 54,830	$ 55,406	$ 58,775	$ 59,998
Contributions as a percentage of covered payroll	10.08%	10.10%	10.03%	10.10%

Notes to the Schedule:

** This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SUPPLEMENTARY INFORMATION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Regents
Tulsa Community College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tulsa Community College (the "College") which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2018.

Internal control over financial reporting

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

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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 the College's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

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

Intended purpose

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 College'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 College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

GRANT THORNTON LLP

Dallas, Texas
October 31, 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Regents
Tulsa Community College

Report on compliance for each major federal program

We have audited the compliance of Tulsa Community College (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to the College's federal programs.

Auditor's responsibility

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

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

Opinion on each major federal program

In our opinion, the College 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, 2018.

Other matters

The results of our audit procedures disclosed instances of noncompliance, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002, that are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

The College's response to the noncompliance findings identified in our audit, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the College's response.

Report on internal control over compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct,

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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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

GRANT THORNTON LLP

Dallas, Texas
October 31, 2018

TULSA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass Through Number	Total Federal Expenditures
U.S. Department of Commerce			
Passed through Oklahoma Alliance for Manufacturing Excellence, Inc.			
Manufacturing Extension Partnership	11.611	NIST-MEP	$ 23,000
U.S. Department of Labor			
Passed through Oklahoma Employment Security Commission			
Trade Adjustment Assistance (TAA)	17.245	170-030	63,405
Workforce Innovation and Opportunity Act (WIOA)			
Passed through Oklahoma State University - Oklahoma City			
WIOA - Adult Program	17.258	6-555267, 6-555818 6-556048	1,075,161
WIOA - Youth Activities	17.259	6-554706, 6-555598	761,260
WIOA - Dislocated Workers Program	17.278	6-554897, 6-555377 6-555728, 6-555958	500,869
Total WIOA cluster			2,337,290
Total U.S. Department of Labor			2,400,695
U.S. Department of Justice			
Office of Violence Against Women	n/a	n/a	52,872
National Aeronautics and Space Administration			
Passed through University of Oklahoma			
NASA OK Space Grant	43.008	NNX15AK02H	13,186
U.S. Department of Transportation			
FAA TTHP Grant/Start	20.109	PM011	2,795
FAA TTHP Grant/Start	20.109	C002	5,700
Total U.S. Departments of Transportation			8,495
National Science Foundation			
Passed through University of Tulsa			
TU TOA Bird Grant	47.074	n/a	12,615
Passed through Finger Lakes Community College			
CCURI Project Finger Lakes	47.076	n/a	12,467
Total National Science Foundation			25,082
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grant	84.007	n/a	370,109
Federal Work Study	84.033	n/a	361,687
Federal Pell Grant	84.063	n/a	21,494,627
Federal Direct Student Loan Program	84.268	n/a	23,460,401
Total Student Financial Assistance cluster			45,686,824
TRIO Cluster			
Student Support Services	84.042A	n/a	198,871
Educational Opportunity Centers	84.066A	n/a	238,745
Total TRIO cluster			437,616
Passed through Oklahoma Department of Career and Technology Education			
Carl Perkins	84.048	CP-PS-1074	326,209
Carl Perkins Supplemental	84.048		17,600
Total U.S. Department of Education			343,809
U.S. Department of Health and Human Services			
Passed through Oklahoma State Regents for Higher Education			
Refugee and Entrant Assistance Discretionary Grant	93.576	unknown	155,049
Passed through Oklahoma University Health Sciences Center			
Biomedical Research and Research Training	93.859	RS20131225-01	82,845
Total U.S. Department of Health and Human Services			237,894
Total Expenditures of Federal Awards			$ 49,229,473

Subrecipient expenditures for the year ending June 30, 2018 are as follows:

Program Title	CFDA Number	Amount
Trade Adjustment Assistance (TAA)	17.245	$ 63,405
WIOA - Adult Program	17.258	1,075,161
WIOA - Youth Activities	17.259	761,260
WIOA - Dislocated Workers Program	17.278	500,869
		$ 2,400,695

TULSA COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2018. 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). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 - FEDERAL LOANS DISBURSED

The College also participates in the Federal Direct Student Loan Programs, including Federal Stafford Loans (Stafford) and Federal PLUS Loans (PLUS). The dollar amounts are listed in the schedule of federal awards although the College is not the recipient of the funds. Such programs are considered a component of the student financial assistance cluster. Loans processed by the College under this Loan Program were the following for the year ended June 30, 2018:

	2018	2017
Federal Direct Student Loan Programs		
Stafford		
Subsidized	$ 10,742,124	$ 11,471,701
Unsubsidized	12,657,809	14,050,733
PLUS	60,468	61,370
	$ 23,460,401	$ 25,583,804

TULSA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared In accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grant
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Loan Programs
	Workforce Innovation an Opportunity Act (WIOA) cluster:
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Workers Program

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

The results of our procedures disclosed no findings to be reported for the year ended June 30, 2018.

Section III – Federal Award Findings and Questioned Costs

Finding:	2018-001
Federal Program:	U.S. Department of Education - Student Financial Assistance Cluster
CFDA: 84.268	Federal Award Number: Not Applicable Award Year: 2017/2018
Type of Finding:	Deficiency
Compliance Requirement:	Special Tests and Provisions – Enrollment Reporting
Criteria:	Under 34 CFR 682.610, the College is required to report to the Secretary of the Department of Education when a student who has received a loan ceases to be enrolled on at least a half-time basis. If the student did complete a formal withdrawal, the College is required to determine from College records the date that the student last attended classes. The method for this reporting is the National Student Loan Data System ("NSLDS"). Per the NSLDS Enrollment Reporting Guide, students who withdraw from all courses are to be reported to NSLDS within thirty days as withdrawn as of the last date that attendance can be verified.
Condition:	For one student out of forty judgmentally selected for testing, it was noted that the change in status was not reported to the NSLDS in the appropriate time frame.
Questioned Costs:	None
Context:	One student who was an unofficial withdrawal was not reported to the NSLDS to update their status within the required time period.
Cause:	The Records & Student Completion Services is responsible for reporting enrollment for Tulsa Community College Students through the National Student Clearinghouse (NSC) and ultimately to the NSLDS. The Financial Aid & Scholarships Office in collaboration with the Records & Student Completion Services was able to identify the root cause of non-reported enrollment to NSLDS as a problem with the student's social security number (SSN), specifically NSC error 253, name conflict with prior school for same SSN followed by error 290, name conflict with prior school, previously rejected. Further research indicated that the student's identifiers (name, SSN and date of birth) in the Banner Student Module matched what the institution was submitting to the NSC; however, the SSN the student self-reported to the College was not his actual SSN (the sixth digit in the number was incorrect). The student's Free Application for Federal Student Aid (FAFSA) contained the student's correct SSN and is verified by the Social Security Administration. The Financial Aid & Scholarships Office sends a periodic report (at least once per semester) of students who have a verified SSN on their FAFSA but are a mismatch to Banner Student Module to Enrollment Services so the official student record can be updated and ultimately reported to the NSLDS.
Effect:	Lenders are not able to correctly assess when students should begin their grace period or enter loan repayment. Identification of a repeat finding: This is not a repeat finding from the immediate previous audit.
Recommendations:	We recommend the College implement a detective process to manually verify that reporting completed through NSCH is accurately captured in the NSLDS.
Management's Response:	In response to the noted deficiency, the student's record has been updated with the National Student Loan Data System (NSLDS) to reflect enrollment as well as unofficial withdrawal. This student is not a current student loan borrower nor have they borrowed previously; therefore, there is no negative effect on grace period or student loan repayment. Management has concluded that there needs to be a formal process between the Financial Aid & Scholarships Office and Records & Student Completion Services when resolving student identifier mismatches and rejects. The Records & Student Completion Services staff do not have access to student identifiers that are part of the student's financial aid record; therefore,

there is no way they can adequately resolve SSN mismatches without working with the Financial Aid & Scholarships Office.

The Director of Records & Student Completion Services will review the College's enrollment reporting procedures in an effort to ensure compliance, maintain consistency with the data submission and to minimize errors and rejects. Additionally, the Director of Financial Aid and the Director of Records & Student Completion Services will establish a formal process for resolving student identifier errors and rejects. This process will include a minimum of:

1. Monthly review of student identifier rejects by both the Financial Aid and Records Offices where the root cause of the reject will be identified and a solution determined.
2. Regular reports of SSN mismatches between Banner Student Module and the student's FAFSA will be reviewed by Enrollment Services to correct the student's record on Banner Student.

Finding: 2018-002

Federal Program: U.S. Department of Labor – Workforce Innovation and Opportunity Act Cluster

CFDA: 17.258, 17.259 and 17.278

Federal Award Number: 6-555267, 6-555818, 6-556048, 6-554706, 6-555598, 6-554897, 6-555377 and 6-555728

Award Year: 2017/2018

Type of Finding: Deficiency

Compliance Requirement: Procurement and Suspension and Debarment

Criteria: Under 2 CFR 180.220, Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of $25,000 and all nonprocurement transactions (e.g. subawards to subrecipients).

Condition: Tulsa Community College did not have the necessary internal control procedures in place to monitor compliance with the federal suspension and debarment requirements for contracts exceeding $25,000.

Questioned Costs: None

Cause: Employees were unaware of the federal suspension and debarment monitoring requirements.

Effect: The College could potentially contract with parties that have been suspended or disbarred.

Recommendations: We recommend that the College implement procedures to ensure compliance with this regulation as it relates to federal program procurements.

Management's Response: The Director of Grant Compliance & Accounting will verify that parties to contracts exceeding $25,000, as well as subrecipients of subawards, are not on the suspended or debarred list. Documentation of this verification will be maintained in the procurement system and/or grant files.

Tulsa Community College

Tulsa Community College

A-133 Single Audit Report: Corrective Action Plan

Year ended June 30, 2018

Finding: 2018-001

Federal Program: U.S. Department of Education - Student Financial Assistance Cluster

CFDA: 84.268 Federal Award Number: Not Applicable Award Year: 2017/2018

Type of Finding: Deficiency

Compliance Requirement: Special Tests and Provisions – Enrollment Reporting

Criteria: Under 34 CFR 682.610, the District is required to report to the Secretary of the Department of Education when a student who has received a loan ceases to be enrolled on at least a halftime basis. If the student did complete a formal withdrawal, the District is required to determine from District records the date that the student last attended classes. The method for this reporting is the National Student Loan Data System ("NSLDS"). Per the NSLDS Enrollment Reporting Guide, students who withdraw from all courses are to be reported to NSLDS within thirty days as withdrawn as of the last date that attendance can be verified. Condition: For one student out of forty judgmentally selected for testing, it was noted that the change in status was not reported to the NSLDS in the appropriate time frame.

Questioned Costs: None

Context: One student who was an unofficial withdrawal was not reported to the NSLDS to update their status within the required time period.

Cause: The Records & Student Completion Services is responsible for reporting enrollment for Tulsa Community College Students through the National Student Clearinghouse (NSC) and ultimately to the NSLDS. The Financial Aid & Scholarships Office in collaboration with the Records & Student Completion Services was able to identify the root cause of non-reported enrollment to NSLDS as a problem with the student's social security number (SSN), specifically NSC error 253, name conflict with prior school for same SSN followed by error 290, name conflict with prior school, previously rejected. Further research indicated that the student's identifiers (name, SSN and date of birth) in the Banner Student Module matched what the institution was submitting to the NSC; however, the SSN the student self-reported to the College was not his actual SSN (the sixth digit in the number was incorrect). The student's Free

Application for Federal Student Aid (FAFSA) contained the student's correct SSN and is verified by the Social Security Administration. The Financial Aid & Scholarships Office sends a periodic report (at least once per semester) of students who have a verified SSN on their FAFSA but are a mismatch to Banner Student Module to Enrollment Services so the official student record can be updated and ultimately reported to the NSLDS.

Effect: Lenders are not able to correctly assess when students should begin their grace period or enter loan repayment. Identification of a repeat finding: This is not a repeat finding from the immediate previous audit.

Recommendations: We recommend the College implement a detective process to manually verify that reporting completed through NSCH is accurately captured in the NSLDS.

College's response: Concur

Corrective action plan: The Director of Records & Student Completion Services will review the College's enrollment reporting procedures to ensure compliance, maintain consistency with the data submission and to minimize errors and rejects. Additionally, the Director of Financial Aid and the Director of Records & Student Completion Services will establish a formal process for resolving student identifier errors and rejects. This process will include a minimum of:

1. Monthly review of student identifier rejects by both the Financial Aid and Records Offices where the root cause of the reject will be identified, and a solution determined.
2. Regular reports of SSN mismatches between Banner Student Module and the student's FAFSA will be reviewed by Enrollment Services to correct the student's record on Banner Student.

Anticipated completion date: January 1, 2019

<u>Finding: 2018-002</u>

Federal Program: U.S. Department of Labor – Workforce Innovation and Opportunity Act Cluster

CFDA: 17.258, 17.259, 17.278

Federal Award Number: 6-555267, 6-555818, 6-556048, 6-554706, 6-555598, 6-554897, 6-555377, 6-555728

Award Year: 2017/2018

Type of Finding: Deficiency

Compliance Requirement: Procurement and Suspension and Debarment

Criteria: Under 2 CFR 180.220, Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of $25,000 and all nonprocurement transactions (e.g. subawards to subrecipients).

Condition: Tulsa Community College did not have the necessary internal control procedures in place to monitor compliance with the federal suspension and debarment requirements for contracts exceeding $25,000.

Questioned Costs: None

Cause: Employees were unaware of the federal suspension and debarment monitoring requirements.

Effect: The College could contract with parties that have been suspended or disbarred.

Recommendations: We recommend that the College implement procedures to ensure compliance with this regulation as it relates to federal programs.

College's response: Concur

Corrective action plan: The Director of Grant Compliance and Accounting will verify that parties to contracts exceeding $25,000, as well as subrecipients of subawards, are not on the suspended or debarred list. Documentation of this verification will be kept in the procurement system and/or grant files.

Anticipated completion date: October 31, 2018

Contact person and title: Mark McMullen, Chief Financial Officer

Telephone number: 918-595-7895