FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR

TULSA TECHNOLOGY CENTER NO. 18
TULSA COUNTY, OKLAHOMA

JUNE 30, 2018

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

TULSA TECHNOLOGY CENTER NO. 18
TULSA COUNTY, OKLAHOMA
JUNE 30, 2018

TABLE OF CONTENTS

TULSA TECHNOLOGY CENTER NO. 18
TULSA COUNTY, OKLAHOMA
JUNE 30, 2018

TABLE OF CONTENTS

Other Supplementary Information and Reports Required by Governmental Auditing Standards and Uniform Guidance:

TULSA TECHNOLOGY CENTER NO. 18
TULSA COUNTY, OKLAHOMA
TECHNOLOGY CENTER OFFICIALS
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tulsa Technology Center No. VT-18, Tulsa, Oklahoma (the "Center") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tulsa Technology Center No. VT-18, Tulsa County, Oklahoma as of June 30, 2018, and the respective changes in financial position for the year in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-11, budgetary comparison information on pages 42 and 43, and Teacher's Retirement Schedules on pages 40 and 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

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

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

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated February 8, 2019, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

February 8, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Tulsa Technology Center, School District No. 18's (the District), performance provides an overview of the District's financial activities for the year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which follow the Management's Discussion and Analysis section.

Tulsa Technology Center:

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

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

During the FY18 learning term, the District served 5,793 full time students, 12,144 students in Adult Career Development classes, and 40,753 individuals through Business and Industry Training.

Financial Highlights for Fiscal Year 2018:

- Total District's General Fund revenues were $70.7 million and General Fund expenses were $69.9 million.
- The District's net assessed value (NAV) increased by 4.3% to $6.75 billion.

Overview of the Financial Statements:

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

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

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

- Fund Financial Statements – These statements focus on reporting the individual parts of the District's operations in greater detail. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. State law requires certain funds. The District has two kind of funds:
  - Governmental fund statements tell how the District services were financed in the short term as well as what remains for future spending. The governmental funds are the General Fund and Building Fund.

    Most of the District's activities are included in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. The governmental fund statements provide a detailed short-term view of District operations and services provided. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.
  - Fiduciary fund statements provide information about the financial relationships in which the District acts solely as trustee or agent for the benefit of others, to whom the resources belong. The fiduciary fund for the District is the School Activity Fund.

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

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

Tulsa Technology Center's Financial Position:

Net Position
Fiscal Year Ended June 30, 2018

	Governmental Activities			Variance	
	2017	**2018**		**Amount**	**% Change**
Current Assets	$ 93,461,771	$ 93,638,634		$ 176,863	0.2%
Non-Current Assets	158,626,221	157,022,027		$ (1,604,194)	-1.0%
Total Assets	**252,087,992**	**250,660,661**		**$ (1,427,331)**	**-0.6%**
Deferred Outflow Related to Pension	**21,890,304**	**12,278,090**		**$ (9,612,214)**	**-43.9%**
Current Liabilities	2,526,367	1,096,320		$ (1,430,047)	-56.6%
Non-Current Liabilities	3,182,180	3,338,562		$ 156,382	4.9%
Net Pension Liabilities	75,845,654	62,030,056		$ (13,815,598)	-18.2%
Total Liabilities	**81,554,201**	**66,464,938**		**$ (15,089,263)**	**-18.5%**
Deferred Inflow Related to Pension	**1,760,822**	**8,004,817**		**$ 6,243,995**	**354.6%**
Net Position					
Invested in Capital Assets, Net of Related Debt	158,626,221	157,022,027		$ (1,604,194)	-1.0%
Restricted	85,110,288	65,565,373		$ (19,544,915)	-23.0%
Unrestricted	(53,073,236)	(34,118,404)		$ 18,954,832	-35.7%
Total Net Position	**$ 190,663,273**	**$ 188,468,996**		**$ (2,194,277)**	**-1.2%**

Overall, the District's Net Position decreased by $2.2MM. Key observations include:

- Assets remained stable, declining 0.6% on $251MM. This amount of change occurs in normal operations as property, equipment and depreciation.
- The District's Outflow/Inflow Related to Pension – The net change in this line item was $15.9MM. (GASB 68 requires TTC to state their share of the OTRS Pension system. This is our share of any unfunded expense but is not directly a liability to the district).
- Total Liabilities – Net Pension Liability was by far the largest driver of this change. This is TTC's portion of the unfunded balance of OTRS. Again, not a direct liability, but if full pension funding was required now, this would be TTC's portion.
- Restricted Funds are either committed to honor obligations made which have not been fulfilled or to fund the first half of the fiscal year when there is a cash flow deficit. Unrestricted funds are not encumbered at this point and are available for future use.

Changes in Net Position
Fiscal Year Ended June 30, 2018

	2017	2018	Variance Amount	Variance % Change
Beginning Net Position	$ 185,068,666	$ 190,663,273	$ 5,594,607	3.0%
Revenues				
Program Revenues				
Charges for Services	7,328,399	7,666,554	338,155	4.6%
Operating Grants/Contributions	2,929,312	3,350,501	421,189	14.4%
General Revenues				
Property Taxes Levied	83,065,845	86,202,031	3,136,186	3.8%
State Formula Funding	4,898,224	4,215,526	(682,698)	-13.9%
Other Local/State	5,278,845	5,737,648	458,803	8.7%
Loss on Disposal of Assets	(41,578)	(43,256)	(1,678)	4.0%
Interest	602,192	942,565	340,373	56.5%
Adjust Prior Year Encumbrances	4,077	3,293	(784)	-19.2%
Total Revenues	$ 104,065,316	$ 108,074,862	$ 4,009,546	3.9%
Expenditures				
Instruction	$ 29,838,821	$ 33,731,808	$ 3,892,987	13.0%
Support Services - Instructional	11,254,194	11,536,448	282,254	2.5%
Support Services - Operational	48,836,766	51,793,670	2,956,904	6.1%
Operation of Non-Instructional Services	3,747,156	4,064,533	317,377	8.5%
Facilities and Construction	2,562,877	6,555,634	3,992,757	155.8%
Other Outlays	1,923,042	2,191,659	268,617	14.0%
Repayments	307,853	395,387	87,534	28.4%
Total Expenditures	$ 98,470,709	$ 110,269,139	$11,798,430	12.0%
Increase / (Decrease) in Net Assets	$ 5,594,607	$ (2,194,277)		
Ending Net Position	$ 190,663,273	$ 188,468,996	$ (2,194,277)	-1.2%

Key observations include:

- Interest – Rising rates along with elevated balances in our Building Fund (as we save for construction) was a driving force in this area.
- Driving forces in expenditure changes include -
  - Facilities and Construction – The District has ongoing construction on the Lemley campus, Broken Arrow campus, and purchased property near the Lemley campus.
  - Increased salaries due to House Bills 1023 and 1010 providing increases depending on TRS categories. There were some employees that were not included that the District decided to fund locally so all employees remained level.

Governmental Activities:

The net cost of all governmental activities for the fiscal year ended June 30, 2018 was $99,252,084 compared to $88,212,998 for the fiscal year ended June 30, 2017. The governmental activities of the District include instruction, support services, operation of non-instructional programs, site improvements, and other uses. The total of all categories is reduced by program revenues (tuition, fees, live work, and grants) to arrive at Net Cost. Please see the notes to the financial statements for explanation of expenditures and revenues used in this calculation.

Financial Analysis of Tulsa Technology Center's Funds:

Below is a comparative look at the District's fund balance for the fiscal years ended June 30, 2017 and June 30, 2018, respectively:

	Fiscal Year Ended	
	June 30, 2017	**June 30, 2018**
General Fund	$ 24,905,785	$ 25,757,743
Building Fund	$ 62,847,439	$ 63,446,009
Combined Fund Balance	**$ 87,753,224**	**$ 89,203,752**

General Fund:

The FY18 ending General Fund fund balance ended 3.42% higher than the FY17 yearend balance. The FY18 ending balance of $25,757,743 is 87.4% of the maximum allowable carryover. The majority of District funding comes through Ad Valorem collections which come to the District in two major chunks, January and April. The fund balance allow the District to plan cash flows and fund the first half of the next fiscal year.

Building Fund:

At June 30, 2018, the Building Fund fund balance was $63,446,009. Of that amount, $8,924,887, is the assigned fund balance, which is reserved for encumbrances and liabilities that are incurred when a purchase order is issued. The balance, $54,521,122 are funds the District is saving for future capital projects throughout the district. There is no maximum carryover on the Building Fund.

Fiduciary Fund:

At June 30, 2018, the fiduciary funds reported total net restricted fund balances of $175,784. In comparison, the fiduciary funds held as of last fiscal year were $173,295. These are balances held for various school organizations such as fundraisers, councils, or student organizations.

Capital Assets and Debt Administration:

Capital Assets:

As of June 30, 2018, the District had $157,024,045 of governmental funds invested in a broad range of capital assets; including land, buildings, furniture, and equipment. This amount is a net decrease of $1,604,193 from the previous fiscal year.

Governmental Activities
Capital Assets and Depreciation

	2017	2018
Land	$ 6,358,527	$ 6,358,527
Building and Improvements	257,144,979	264,223,325
Equipment and Fixtures	35,626,330	38,941,441
Accumulated Depreciation	(140,503,615)	(152,501,266)
Total Capital Assets	$ 158,628,238	$ 157,024,045

Debt Administration:

The District currently has no general debt. At this time, financing for all capital projects is to be funded through fund balances and ad valorem revenue streams.

Contacting Tulsa Technology Center's Financial Management:

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

Respectfully Submitted,

Dr. Steve Tiger, Superintendent

Derek Williamson, Chief Financial Officer

GOVERNMENT WIDE FINANCIAL STATEMENTS

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENT ACTIVITIES
ASSETS	
Current assets	
Cash, and cash equivalents	$ 2,643,877
Investments	86,547,471
Property taxes receivable	3,517,090
Receivables from other governments	838,826
Other receivables	91,370
Total current assets	93,638,634
Non-current assets	
Capital assets	
Land	6,358,527
Building	264,223,325
Furniture and equipment	38,941,441
Less accumulated depreciation	(152,501,266)
Total non-current assets	157,022,027
Total assets	250,660,661
Deferred outflows of resources	
Deferred outflows related to pensions	12,278,090
LIABILITIES AND NET POSITION	
Current liabilities	
Accounts payable	1,096,320
Total current liabilities	1,096,320
Noncurrent liabilities	
Compensated leave	3,338,562
Net pension liability	62,030,056
Total non-current liabilities	65,368,618
Total liabilities	66,464,938
Deferred inflows of resources related to pensions	8,004,817
Net position	
Invested in capital assets, net of related debt	157,022,027
Restricted	65,565,373
Unrestricted	(34,118,404)
Total net position	$ 188,468,996

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

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense)/ Revenue and Changes in Net Assets — Governmental Activities
Governmental Activities -				
Instruction	$ 33,731,808	5,690,515	1,160,119	(26,881,174)
Support services - instructional	11,536,448			(11,536,448)
Support services - operational	51,793,670		3,185	(51,790,485)
Operation of non-instructional services	4,064,533	1,976,039		(2,088,494)
Facilities and construction	6,555,634			(6,555,634)
Other outlays	2,191,659		2,187,197	(4,462)
Repayments	395,387			(395,387)
Total general government	110,269,139	7,666,554	3,350,501	(99,252,084)
General revenues-				
Property taxes, levied for building purposes				32,937,408
Property taxes, levied for general purposes				53,264,623
State aid formula grants				4,215,526
Other local - contracts, insurance refund, etc.				2,303,612
Other state sources - Mentor Teacher, Spec. Grants,				3,434,036
Interest				942,565
Loss on disposal of assets				(43,256)
Adjustments to prior year's encumbrances				3,293
Total general revenues				97,057,807
Changes in net position				(2,194,277)
Net position, beginning of period				190,663,273
Net position, end of period				$ 188,468,996

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

FUND FINANCIAL STATEMENTS

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

		GENERAL FUND	BUILDING FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash, and cash equivalents	$	2,464,828	179,048	2,643,876
Investments		23,360,054	63,187,417	86,547,471
Receivables		3,101,922	1,345,364	4,447,286
Total assets		28,926,804	64,711,829	93,638,633
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable		412,615	683,704	1,096,319
Compensated leave payable:				
Long term compensated leave		2,756,446	582,116	3,338,562
Total liabilities		3,169,061	1,265,820	4,434,881
Fund Balances				
Reserved for:				
Restricted fund balance			54,521,122	54,521,122
Assigned fund balance		2,119,364	8,924,887	11,044,251
Unreserved:				
Unassigned fund balance		23,638,379		23,638,379
Total fund balances		25,757,743	63,446,009	
Total liabilites and fund balances	$	28,926,804	64,711,829	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets	$ 309,523,293	
Depreciation	(152,501,266)	
		157,022,027
Other liabilities not payable for the current period		
Net pension liability		(62,030,056)
Deferred outflows of resources related to pensions		4,273,273
Net assets of governmental activities in the Statement of Net Assets		$ 188,468,996

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

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
JULY 1, 2017 TO JUNE 30, 2018

	GENERAL FUND	BUILDING FUND	TOTAL GOVERNMENTAL FUNDS
Revenues			
Local sources	$ 62,176,558	33,995,639	96,172,197
State sources	4,820,800	5	4,820,805
Federal sources	3,350,501		3,350,501
Interest	353,664	588,901	942,565
Total revenues	70,701,523	34,584,545	105,286,068
Expenditures			
Instruction	26,534,808	1,019,804	27,554,612
Support services - instructional	9,337,283	119,342	9,456,625
Support services - operational	28,017,591	14,901,924	42,919,515
Operation of non-instructional services	3,365,015		3,365,015
Facilities and construction	11,115	17,944,905	17,956,020
Other outlays	2,191,659		2,191,659
Repayments	395,387		395,387
Total expenditures	69,852,858	33,985,975	103,838,833
Excess (deficiency) of revenues over expenditures	848,665	598,570	1,447,235
Other financing sources (uses):			
Adjustments to prior year encumbrances	3,293		3,293
Total other financing sources (uses)	3,293	-	3,293
Revenue and other sources over (under) expenditures and other uses	851,958	598,570	1,450,528
Net assets, beginning of year	24,905,785	62,847,439	87,753,224
Net assets balance, end of year	$ 25,757,743	63,446,009	89,203,752

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

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
JULY 1, 2017 TO JUNE 30, 2018

Net change in fund balance - governmental funds	$	1,450,528
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset		
Depreciation		(11,997,651)
Fixed asset additions (deletions), net		10,393,457
Governmental funds report district pension contributions as expenditures. However, the Statement of Activities reports pension benefits, net of contributions, as pension expense.		(2,040,611)
Change in net assets of governmental activities	$	(2,194,277)

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

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
STATEMENT OF FIDUCIARY NET ASSETS
JULY 1, 2017 TO JUNE 30, 2018

		ACTIVITY FUND
ASSETS		
Cash, and cash equivalents	$	175,784
LIABILITIES AND NET ASSETS		
Liabilities		
Funds held for school organizations	$	175,784

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

TULSA TECHNOLOGY CENTER NO. 18, TULSA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. **Summary of Significant Accounting Policies**

A. Reporting Entity

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

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

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

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

A. Reporting Entity – contd.

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

B. Basic Financial Statements

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

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

Fund Financial Statements

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

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

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

B. Basic Financial Statements – contd.

Governmental Fund Types

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

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

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

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

Debt Service Fund - The debt service fund is the Center's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments. The Center did not maintain a debt service fund in 2017-18.

Capital Projects Funds - The capital projects fund is the Center's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment. The Center did not maintain a capital projects fund in 2017-18.

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

B. Basic Financial Statements – contd.

Proprietary Fund Types

The Center's Proprietary Funds, or Enterprise Funds, are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes two activities reported in the Enterprise Fund. The Center did not maintain a proprietary fund in 2017-18.

Fiduciary Fund Types

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

C. *Measurement Focus and Basis of Accounting* – contd.

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

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

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

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

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

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

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

C. Measurement Focus and Basis of Accounting – contd.

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

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

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

E. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

E. Assets, Liabilities and Fund Equity – contd.

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

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

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

Unmatured Obligations – The unmatured obligations represent the total of all annual accrual for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the statutory basis of accounting. The Center had no unmatured obligations at June 30, 2018.

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

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

E. Assets, Liabilities and Fund Equity – contd.

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

Deferred Outflows of Resources – The Center reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outlow is reported for contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2017) at the end of the current fiscal year (June 30, 2018). No deferred outflows of resources affect the governmental funds financial statements in the current year.

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

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about

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

E. Assets, Liabilities and Fund Equity – contd.

the fiduciary net position of the Oklahoma Teacher Retirement System (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported to TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position and Fund Balance

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

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

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

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

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

Governmental Fund Financial Statements

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

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

E. Assets, Liabilities and Fund Equity – contd.

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

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

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

F. *Revenue and Expenditures*

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the Center and available to the Center for its use. The Center is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the Center's service area of Tulsa, Creek, Okmulgee, Osage, Pawnee, Rogers, Wagoner and Washington counties. The County Assessor, upon receipt of the certification of tax levies from the counties' excise boards, extends the tax levies on the tax roll for submission to the county treasurers prior to October 1. The County Treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

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

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

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

F. *Revenue and Expenditures* – contd.

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

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

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

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

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

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

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

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

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

F. *Revenue and Expenditures* – contd.

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

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

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

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

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

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

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

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

F. *Revenue and Expenditures* – contd.

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2017-18 fiscal year.

3. **Cash and Investments**

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

Deposits – At June 30, 2018, the bank balance of deposits, cash investments, and cash pools was $4,591,676.

Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. State statutes require collateral for all deposits in excess of federally insured amounts. The Center policy for custodial credit risk requires compliance with the provisions of state law. At June 30, 2018, the Center was not exposed to custodial credit risk.

Investments – As of June 30, 2018, $86,547,471, consists of combination of certificates of deposit of banks, trust companies, and savings and loans associations, government money market mutual funds and FDIC insured savings accounts held by trustee bank. These funds are classified as investments for the purposes of disclosure requirements and therefore, are not subject to custodial credit risk. For presentation on the face of the statement of net position, these funds are classified as cash.

3. **Cash and Investments** – contd.

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

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

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

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

4. **Capital Assets and Property, Plant and Equipment**

Capital assets activity for the year ended June 30, 2018, was as follows:

Class	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Land	$ 6,358,527	-	-	6,358,527
Buildings & Improvements	257,144,979	7,078,346	-	264,223,325
Equipment & Fixtures	35,626,330	4,322,039	(1,006,929)	38,941,440
Totals	299,129,836	11,400,385	(1,006,929)	309,523,292
Less accumulated depreciation for:				
Building & Improvements	(115,331,728)	(10,112,481)	-	(125,444,209)
Equipment & Fixtures	(25,171,887)	(2,848,843)	963,673	(27,057,057)
Totals	(140,503,615)	(12,961,324)	963,673	(152,501,266)
Capital Assets, Net	$158,626,221	(1,560,939)	(43,256)	157,022,026

5. **Interfund Receivables and Payables**

There were no interfund receivables or payables at June 30, 2018.

6. Employee Retirement System

Teachers' Retirement System of Oklahoma

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

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

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

6. **Employee Retirement System** – contd.

- Upon death of a retired member, the System will pay $5,000 to the designated beneficiary in addition to the benefits provided by the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon withdrawal from the System, a member's contributions are refundable with interest, based on the years of service.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2018, qualifying employee contributions were reduced by a retirement credit of $238,224 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2017, the Center had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the Center are established and may be amended by the state legislature. For the year ended June 30, 2018, the Center contributions to the System were not determined.

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

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

At June 30, 2018, the Center reported a net pension liability of $62,030,056 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension lability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on a projection of the Center's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the Center's proportion was 0.93682364%.

6. **Employee Retirement System** – contd.

For the year ended June 30, 2018, the Center recognized pension expense of $4,869,368. At June 30, 2018, the Center reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,234,957
Changes in Assumptions	7,361,262	3,708,040
Net difference between projected and actual earnings on pension plan investments	881,731	
Changes in differences between Center contributions and proportionate share of contributions		61,820
Center contributions subsequent to the measurement date	4,035,097	
	$12,278,090	$ 8,004,817

The $4,035,097 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended	
2018	$ (539,777)
2019	3,304,285
2020	2,088,270
2021	(1,322,451)
2022	(51,709)
Thereafter	794,655
	$ 4,273,273

6. **Employee Retirement System** – contd.

Actuarial Assumptions – The total pension liability as of June 30, 2018, was determined based on an actuarial valuation prepared as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Percentage of Payroll
- Amortization Period – Amortization over an open 30-year period
- Asset Valuation Method – 5-year smooth market
- Inflation – 2.50%
- Salary Increases – Composed of 3.0% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.50%
- Retirement Age – Experience-based table of rates based on age, service and gender.
- Mortality – RP-2000 Combined Mortality Table, projected to 2018 using Scale AA, multiplied by 60% for males and 50% for females.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study, dated May 13, 2015, for the period July 1, 2009 – June 30, 2014.

Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

6. Employee Retirement System – cont'd

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

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

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

Discount Rate – A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows was used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

6. Employee Retirement System – cont'd

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

	1% decrease 6.5%	Current Discount 7.5%	1% increase 8.5%
Net Pension Liability	$ 88,427,158	$ 62,030,056	$ 42,527,876

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

7. Risk Management

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

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

8. Contingencies

Litigation

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

9. **Subsequent Events**

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

REQUIRED SUPPLEMENTARY INFORMATION

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	As of June 30,		
	2017	2016	2015
Center's proportion of the net pension liability	0.93682364%	0.90881449%	0.88047136%
Center's proportionate share of the net pension liability	$ 62,030,056	$ 75,845,654	$ 53,468,898
Center's covered-employee payroll	$ 39,621,399	$ 39,151,571	$ 37,295,282
Center's proportionate share of the net pension liability as a percentage of its covered payroll	156.56%	193.72%	143.37%
Plan fiduciary net position	$ (57,756,783)	$ (55,716,172)	$ (60,031,970)
Plan fiduciary net position as a percentage of the total pension liability	93.11%	73.46%	112.27%

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

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

June 30th,	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contributions Deficiency (Excess)	Center's Covered-Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2018	$ 3,905,173	3,905,173	-	41,107,410	9.50%
2017	3,764,006	3,764,006	-	39,621,399	9.50%
2016	3,720,425	3,720,425	-	39,151,571	9.50%
2015	3,546,023	3,546,023	-	37,295,282	9.51%
2014	3,212,374	3,212,374	-	33,805,076	9.50%
2013	2,993,605	2,993,605	-	31,508,241	9.50%
2012	3,020,485	3,020,485	-	31,794,623	9.50%
2011	3,024,166	3,024,166	-	31,276,719	9.67%
2010	2,973,623	2,973,623	-	31,604,544	9.41%
2009	$ 2,646,922	2,646,922	-	29,832,984	8.87%

Notes to Required Supplementary Information:

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

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

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget			
	Original	Final	Actual	
Revenues:				
Local sources	$ 59,912,899	59,912,899	62,342,112	2,429,213
State sources	4,416,191	4,416,191	4,791,860	375,669
Federal sources	3,152,300	3,152,300	3,069,876	(82,424)
Interest earnings	125,000	125,000	353,648	228,648
Total revenues	67,606,390	67,606,390	70,557,496	2,951,106
Expenditures:				
Instruction	27,687,880	27,687,880	26,890,122	797,758
Support services	56,336,501	56,336,501	37,899,136	18,437,365
Operation of non-instructional services	3,557,372	3,557,372	3,429,315	128,057
Facilities, acquisition and const. services	-	-		
Other outlays:				
Other uses	3,189,291	3,189,291	2,542,639	646,652
Repayments	423,525	423,525	408,216	15,309
Total expenditures	91,194,569	91,194,569	71,169,428	20,025,141
Revenues over (under) expenditures	(23,588,179)	(23,588,179)	(611,932)	22,976,247
Other financing sources (uses)				
Adjustments to prior year encumbrances			316,656	316,656
Total other financing sources (uses)			316,656	316,656
Revenue and other sources over (under) expenditures and other uses	(23,588,179)	(23,588,179)	(295,276)	23,292,903
Cash fund balance, beginning of year	23,588,179	23,588,179	23,588,179	-
Cash fund balance, end of year	$ -	-	23,292,903	23,292,903

Reconciliation of budgetary comparison statutory basis to GAAP basis:

Accounts receivable not recognized as revenue	$ 3,101,922
Liabilities payable recognized as expenditures:	
Reserve for encumbrances	2,119,364
Leave payable	(2,756,446)
Fund balance end of year GAAP basis	$ 25,757,743

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUILDING FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	Building Fund			Variance with Final Budget Favorable (Unfavorable)
	Budget			
	Original	Final	Actual	
Revenues:				
Local sources	$ 31,333,905	31,333,905	34,007,899	2,673,994
State sources			5	5
Interest earnings			588,901	588,901
Total revenues	31,333,905	31,333,905	34,596,805	3,262,900
Expenditures:				
Instruction	1,306,473	1,306,473	1,155,159	151,314
Support services	47,201,030	47,201,030	15,979,485	31,221,545
Facilities, acquisition and const. services	32,588,290	32,588,290	14,380,860	18,207,430
Total expenditures	81,095,793	81,095,793	31,515,504	49,580,289
Revenues over (under) expenditures	(49,761,888)	(49,761,888)	3,081,301	52,843,189
Other financing sources (uses)				
Adjustments to prior year encumbrances			914,685	914,685
Total other financing sources (uses)			914,685	914,685
Revenue and other sources over (under) expenditures and other uses	(49,761,888)	(49,761,888)	3,995,986	53,757,874
Cash fund balance, beginning of year	49,761,888	49,761,888	49,761,888	-
Cash fund balance, end of year	$ -	-	53,757,874	53,757,874

Reconciliation of budgetary comparison statutory basis to GAAP basis:

Accounts receivable not recognized as revenue	$ 1,345,364
Liabilities payable recognized as expenditures:	
Reserve for encumbrances	8,924,887
Leave payable	(582,116)
Fund balance end of year GAAP basis	$ 63,446,009

OTHER SUPPLEMENTARY INFORMATION

TULSA TECHNOLOGY CENTER NO. 18
TULSA, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2017	Revenue Collected	Total Expenditures	Ending Balance 6/30/2018
U.S. Department of Education							
Direct Programs:							
Pell Grant Program:							
Pell Grants	84.063	474	$ 2,185,197		1,880,000	2,187,197	(307,197)
Pell Grants - 2016-17	84.063	n/a		(246,294)	246,294		
Pell Grants - Administration	84.063	474	3,185			3,185	(3,185)
Pell Grants - Administration - 2016-17	84.063	n/a		(910)	910		
Subtotal - Pell Grant Program			2,188,382	(247,204)	2,127,204	2,190,382	(310,382)
Supplemental Educational Opportunity Grant	84.007	477	34,515		18,000	34,275	(16,275)
Subtotal - Direct Programs			2,222,897	(247,204)	2,145,204	2,224,657	(326,657)
Passed Through State Department of Career and Technology Education:							
* Carl Perkins Cluster:							
Carl Perkins Secondary	84.048	421	838,423		520,302	798,345	(278,043)
Carl Perkins Secondary - 2016-17	84.048	n/a		(204,488)	204,488		
Carl Perkins Post-Secondary	84.048	422	72,275		42,475	56,797	(14,322)
Carl Perkins Post-Secondary - 2016-17	84.048	n/a		(4,571)	4,571		
Subtotal - Carl Perkins Programs (Cluster)			910,698	(209,059)	771,836	855,142	(292,365)
TANF	93.558	452	279,100		50,298	240,012	(189,714)
TANF - 2016-17	93.558	n/a		(69,321)	69,321		
Bid Assistance Center (OBAN)	12.002	436	30,467		30,467	30,467	-
Cyber Security Training - 2016-17	47.076	n/a		(2,750)	2,750		
Subtotal - Passed Through Dept. of Career and Tech Ed.			1,220,265	(281,130)	924,672	1,125,621	(482,079)
Total Federal Assistance			$ 3,443,162	(528,334)	3,069,876	3,350,278	(808,736)

* Major federal programs

Note 1 - There were no amounts passed to subrecipients.

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

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

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tulsa Technology Center No. VT-18, Tulsa, Oklahoma, as of and for the year ended June 30, 218, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated February 8, 2019. This report was unqualified with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting to determine the 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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

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

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

February 8, 2019

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

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

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of Tulsa Technology Center No. VT-18, Tulsa, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (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 Center'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 its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center'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* (The 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Tulsa Technology Center No. VT-18, Tulsa, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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Report on Internal Control over Compliance
The management of Tulsa Technology Center No. VT-18, Tulsa, Oklahoma 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, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control* over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

February 8, 2019

TULSA TECHNOLOGY CENTER NO. 18, TULSA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Section 1 – Summary of Auditor's Results

1. An unqualified opinion was issued on the financial statements with respect to generally accepted accounting principles.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Uniform Guidance.
7. Program determined to be major are the Carl Perkins Secondary and Post-Secondary Programs (84.048).
8. The dollar threshold used to determine between Type A and Type B programs was $750,000.
9. The auditee was determined to be a low-risk auditee.

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

None

Section 3 – Findings and questioned costs for federal awards

None

TULSA TECHNOLOGY CENTER NO. 18, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2018

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

TULSA TECHNOLOGY CENTER NO. 18, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2017 TO JUNE 30, 2018

State of Oklahoma)
County of Tulsa)

The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public Center Audit Law" at the time of audit contract and during the entire audit engagement with Tulsa Technology Center for the audit year 2017-18.

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

BY Jack N. Jenkins
AUTHORIZED AGENT

Subscribed and sworn to before me on this
8 day of, Feb, 2019

Karla Jenkins
NOTARY PUBLIC

NOTARY SEAL PUBLIC
KARLA JENKINS
Notary Public in and for the
State of Oklahoma
Commission #09009637
My Commission expires 11/20/2021

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

AUDIT ACKNOWLEDGEMENT

Tulsa Technology Center
Tulsa, Oklahoma
Audit Year
July 1, 2017 through June 30, 2018

The annual independent audit for Tulsa Technology Center, was presented to the Board of Education in an open board meeting on February 25, 2019, by Jenkins & Kemper, CPAs, P.C.

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

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

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

Superintendent	Board of Education President
Board of Education Vice President	Board of Education Member
Sharon Whelpley Board of Education Member	Board of Education Member
David E. Charney Board of Education Member	Board of Education Member

Subscribed and sworn to me this 12 day of March. My commission expires on the 2 day of October, 2022.

Felicia J. Senter
Notary Public

FELICIA J SENTER
Notary Public in and for
STATE OF OKLAHOMA
Commission #18009919
Expires: October 2, 2022