

**FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR**

**INDIAN CAPITAL TECHNOLOGY CENTER  
MUSKOGEE COUNTY, OKLAHOMA**

**JUNE 30, 2011**

Audited by

**SANDERS, BLEDSOE & HEWETT  
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

INDIAN CAPITAL TECHNOLOGY CENTER  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2011

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INDIAN CAPITAL TECHNOLOGY CENTER  
JUNE 30, 2011

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# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Indian Capital Technology Center  
Muskogee, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Capital Technology Center (the Center), Muskogee, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents, which collectively comprise the Center's basic financial statements. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Center as of June 30, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2012, 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, grants 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* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages 3-5 and 25-26, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Center taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

February 9, 2012

**Indian Capital Technology Center**  
**Muskogee County, Oklahoma**  
Management's Discussion and Analysis  
June 30, 2011

Management of Indian Capital Technology Center (the Center) provides this Management's Discussion and Analysis of the Indian Capital Technology Center Annual Financial Report for readers of the Center's financial statements. This narrative overview and analysis of the financial activities of the Center is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the Center's financial statements.

**Using This Report**

The Center is in its eighth year of implementing reporting standards with significant changes in content and structure from years prior to fiscal year ended June 30, 2011. The Statement of Net Assets and the Statement of Activities (on pages 6 and 7) provide information about the activities of the Center as a whole and present a longer-term view of the Center's finances. Fund financial statements start on page 8, and tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Center's operations in more detail than the government-wide statements by providing information about the Center's most significant funds. The remaining statements provide financial information about activities for which the Center acts solely as an agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

One of the most important questions asked about the Center's finances is, "Is the Center as a whole better off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Center as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the regulatory basis of accounting prescribed by the State of Oklahoma.

These two statements report the Center's net assets and changes in them. One could think of the Center's net assets – the difference between assets and liabilities – as one way to measure the Center's financial health, or financial position. Over time, increases or decreases in the Center's net assets are an indicator of whether its financial health is improving or deteriorating. For the 2010-11 fiscal year, the Center's net assets increased by \$2,856,290.

In government-wide financial statements, activities are normally divided into two categories – governmental activities and business-type activities. The Center had no business-type activities for the 2010-11 fiscal year, thus it is not discussed in detail.

Governmental activities – Basic services provided by the Center, including educational activities for daytime high school and adults, short term training for adults, services and training for business and industry, and general administration.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the Center's operation in more detail than government-wide financial statements. Because the focus of Center funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Center funds with similar information presented for Center activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Center's near-term financing decisions. Both the Center's fund balance sheet and the Center's fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between funds and the activities of each. The Center has three different fund accounts. They are the general fund, the building fund, and the activity fund. Each major fund is presented in a separate column in the Center's fund balance sheet and in the Center's statement of revenues, expenditures, and changes in fund balances. The fund financial statement provides more detailed information about the Center's funds, focusing on its most significant or major fund – the general fund

## **Fund Balances**

As of the close of fiscal year 2011, the Center funds reported a government-wide ending fund balance of \$14.99 million, an increase of \$1,853,276 in comparison with the prior year. Of this total increase amount, \$780,339 was general fund and \$1,072,937 was building fund. Total revenue for the year less activity fund was \$19.83 million. Total expenditures for like funds were \$18.09 million, leaving a net balance of \$1,746,915 of revenue over expenditures for these type funds, before prior year adjustments.

	<u>2011 Fund Balances</u>	<u>2010 Fund Balances</u>	<u>Dollar Change</u>	<u>Percent Change</u>
General Fund	\$5,870,940	\$5,090,601	\$ 780,339	15.32%
Building Fund	<u>\$9,120,104</u>	<u>\$8,047,167</u>	<u>\$ 1,072,937</u>	<u>13.33%</u>
Totals	\$ 14,991,044	\$ 13,137,768	\$ 1,853,276	14.11%

## **Long-term Debt**

At June 30, 2011, the Center had a lease purchase agreement with the Oaks Economic Development Authority. The \$2,000,000 of proceeds was used for renovations to the old Tahlequah campus, and the remaining balance was used for the construction of a dining commons/seminar center on the Muskogee campus. The dining commons/seminar center was completed in 2004-05. This lease purchase agreement was paid off December 2010. In 2006-07, the Center approved two lease-purchases for additional technology equipment, in the amounts of \$26,165 and \$123,495, respectively. These lease-purchase agreements were also paid off in 2010-11 fiscal year.

In 2010-11, the Center approved two lease-purchase agreements for additional technology equipment in the amount of \$140,000 and \$336,913. These lease-purchase agreements are scheduled to be paid off in 2014 and 2015, respectively. Actual principal balances on the lease-purchases at June 30, 2011, were \$105,793 and \$336,912, respectively.

**Fixed Assets**

The Center currently tracks all assets with a value of \$250 or more. The Center employed American Appraisal Associates to do an initial investigation and appraisal of Center assets. The Summary Appraisal Report complied with the reporting requirements set forth by the Uniform Standards of Professional Appraisal Practice. The report was presented to the Center on February 22, 2002. Internal records have been compiled on Center software since the time of that report. For the 2010-11 fiscal year, \$1,718,486 of fixed assets were added to the Center’s financial statements, with large purchases including several transportation vehicles and technology equipment.

	<u>Historical Cost</u>
Land	\$ 287,902
Land improvements	\$ 1,888,300
Buildings and improvements	\$ 18,892,926
Machinery and equipment	<u>\$ 13,693,952</u>
Total	<u>\$ 34,763,080</u>

The net book value, which includes \$18,247,854 of accumulated depreciation, as of June 30, 2011 was \$16,515,226.

**Contacting the Center’s Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Center’s finances and to demonstrate the Center’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administration office at 2403 N. 41<sup>st</sup> Street East, Muskogee, Oklahoma, 74403, telephone at (918) 686-7565, or visit our website at [www.ictctech.com](http://www.ictctech.com).





**SANDERS, BLEDSOE & HEWETT**  
CERTIFIED PUBLIC ACCOUNTANTS, LLP

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STANDARDS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

The Honorable Board of Education  
Indian Capital Technology Center  
Muskogee, Oklahoma

We have audited the combined financial statements of Indian Capital Technology Center (the Center), Muskogee, Oklahoma, as of and for the year ended June 30, 2011, and have issued our report thereon dated February 9, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

February 9, 2012



**SANDERS, BLEDSOE & HEWETT**  
CERTIFIED PUBLIC ACCOUNTANTS, LLP

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Board of Education  
Indian Capital Technology Center  
Muskogee, Oklahoma

Compliance

We have audited the compliance of Indian Capital Technology Center (the Center), Muskogee, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 control 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the school board, management, the Oklahoma Department of Career and Technology Education and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

February 9, 2012

INDIAN CAPITAL TECHNOLOGY CENTER  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL  
INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2011

There were no prior year's reportable conditions or material instances of non-compliance.

INDIAN CAPITAL TECHNOLOGY CENTER  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011

**Section 1** – Summary of Auditor’s Results:

1. An unqualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls of the financial statements.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. The program determined to be major is the Pell Grant Program (84.063).
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined not to be a low-risk auditee.

**Section 2** – No findings relating to the financial statements required to be reported in accordance with GAGAS:

None

**Section 3** – No findings and questioned costs for federal awards:

None

INDIAN CAPITAL TECHNOLOGY CENTER  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash	\$ 9,545,548
Investments	6,278,097
Total current assets	15,823,645
Noncurrent assets:	
Capital assets, net of depreciation	16,515,226
Total Assets	32,338,871
 <u>LIABILITIES</u>	
Current liabilities:	
Warrants payable	198,149
Encumbrances	634,452
Current maturities of capital lease obligation	114,707
Total current liabilities	947,308
Noncurrent liabilities:	
Unused leave liability	581,063
Capital lease payable	327,998
Total noncurrent liabilities	909,061
Total Liabilities	1,856,369
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	16,515,226
Unrestricted	13,967,276
Total Net Assets	\$ 30,482,502

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

INDIAN CAPITAL TECHNOLOGY CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Functions/Programs:				
Governmental Activities -				
Instruction	\$ 6,139,550	1,083,566	112,172	(4,943,812)
Support Services	8,199,814	446,663	501,581	(7,251,570)
Non-instruction services	512,273			(512,273)
Facilities acquisition and construction services	389,991			(389,991)
Other outlays	28,382		10,056	(18,326)
Other uses (student aid)	1,812,048		2,007,858	195,810
Total governmental activities	17,082,058	1,530,229	2,631,667	(12,920,162)
General revenues-				
Property taxes				10,822,672
State aid - formula grants				4,787,942
Reimbursements				778
Investment earnings				58,699
Special items-				
Adjustments to prior year encumbrances				106,361
Total general revenues and special items				15,776,452
Change in net assets				2,856,290
Net assets, beginning of period				27,626,212
Net assets, end of period				\$ 30,482,502

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



INDIAN CAPITAL TECHNOLOGY CENTER  
STATEMENT OF ASSETS, LIABILITIES AND CASH FUND BALANCES -  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Building Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 3,776,545	5,769,003	9,545,548
Investments	2,609,708	3,668,389	6,278,097
Total Assets	\$ 6,386,253	9,437,392	15,823,645
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Warrants payable	\$ 192,354	5,795	198,149
Encumbrances	322,959	311,493	634,452
Total Liabilities	515,313	317,288	832,601
Fund Balances:			
Unreserved:			
Undesignated, reported in-			
General fund	5,870,940		5,870,940
Building fund		9,120,104	9,120,104
Total Fund Balances	5,870,940	9,120,104	14,991,044
Total Liabilities and Fund Balances	\$ 6,386,253	9,437,392	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$34,763,080 and the accumulated depreciation is (\$18,247,854)	16,515,226
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Unused leave liability	(581,063)
Capital lease obligation payable	(442,705)
	15,491,458
Net Assets of Governmental Activities	\$ 30,482,502

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

INDIAN CAPITAL TECHNOLOGY CENTER  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Building Fund	Total Governmental Funds
Revenues Collected:			
Local sources	\$ 10,052,199	2,300,701	12,352,900
State sources	4,787,942		4,787,942
Federal sources	2,631,667		2,631,667
Interest earnings	58,699		58,699
Return on assets	779		779
Total revenues collected	<u>17,531,286</u>	<u>2,300,701</u>	<u>19,831,987</u>
Expenditures:			
Instruction	5,923,349	365,287	6,288,636
Support services	8,511,605	542,137	9,053,742
Operation of non-instructional services	512,273		512,273
Facilities acquisition and construction services	65,547	324,444	389,991
Other outlays:			
Indirect cost entitlement	10,144		10,144
Correcting entry	979		979
Other uses (student aid)	1,812,048		1,812,048
Repayments	17,259		17,259
Total expenditures	<u>16,853,204</u>	<u>1,231,868</u>	<u>18,085,072</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	678,082	1,068,833	1,746,915
Adjustments to prior year encumbrances	<u>102,257</u>	<u>4,104</u>	<u>106,361</u>
Excess of revenues collected over (under) expenditures	780,339	1,072,937	1,853,276
Cash fund balances, beginning of year	<u>5,090,601</u>	<u>8,047,167</u>	<u>13,137,768</u>
Cash fund balances, end of year	<u>\$ 5,870,940</u>	<u>9,120,104</u>	<u>14,991,044</u>

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

INDIAN CAPITAL TECHNOLOGY CENTER  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ASSETS,  
LIABILITIES AND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - governmental funds \$ 1,853,276

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of revenues, expenditures, and changes in net assets. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlay expenditures	1,718,486	
Depreciation expense	<u>(953,036)</u>	765,450

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in unused leave liability		149,086
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Payment of capital lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of assets, liabilities, and net assets and does not affect the statement of revenues, expenditures, and changes in net assets.

Debt added during 2010-11	(476,913)	
Principal paid during 2010-11	<u>565,391</u>	<u>88,478</u>

Changes in net assets of governmental activities		<u>\$ 2,856,290</u>
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The accompanying notes are an integral part of these financial statements.

INDIAN CAPITAL TECHNOLOGY CENTER  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Prior Year (Memorandum Only)
	Original	Final		
Revenues Collected:				
Local sources	\$ 8,661,361	8,661,361	10,052,199	9,842,693
State sources	4,685,647	4,685,647	4,787,942	4,781,878
Federal sources	523,300	523,300	2,631,667	1,687,681
Interest earnings	100,000	100,000	58,699	144,877
Return on assets			779	9,462
Total revenues collected	13,970,308	13,970,308	17,531,286	16,466,591
Expenditures:				
Instruction	6,477,141	6,477,141	5,923,349	6,401,923
Support services	9,449,757	9,449,757	8,511,605	8,366,061
Operation of non-instructional services	670,310	670,310	512,273	535,053
Facilities acquisition and construction services	179,613	179,613	65,547	304,569
Other outlays:				
Reimbursement	1,100	1,100		
Clearing account	397,459	397,459		
Indirect cost entitlement	12,063	12,063	10,144	10,117
Correcting entry	9,700	9,700	979	9,640
Other uses (student aid)	1,839,890	1,839,890	1,812,048	1,575,250
Repayments	23,876	23,876	17,259	3,293
Total expenditures	19,060,909	19,060,909	16,853,204	17,205,906
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(5,090,601)	(5,090,601)	678,082	(739,315)
Adjustments to prior year encumbrances	0	0	102,257	185,964
Excess of revenue collected over (under) expenditures	(5,090,601)	(5,090,601)	780,339	(553,351)
Cash fund balance, beginning of year	5,090,601	5,090,601	5,090,601	5,643,952
Cash fund balance, end of year	\$ 0	0	5,870,940	5,090,601

INDIAN CAPITAL TECHNOLOGY CENTER  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES  
 BUILDING FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Prior Year (Memorandum Only)
	Original	Final		
Revenues Collected:				
Ad valorem taxes	\$ 1,986,078	1,986,078	2,166,239	2,133,435
Local sources			134,462	100,000
Interest earnings				182,290
Total revenue collected	<u>1,986,078</u>	<u>1,986,078</u>	<u>2,300,701</u>	<u>2,415,725</u>
Expenditures:				
Instruction	563,275	563,275	365,287	352,801
Support services	1,265,258	1,265,258	542,137	520,354
Operation of non-instruction services	2,750	2,750		
Facilities acquisition and construction services	1,661,677	1,661,677	324,444	1,149,082
Other Outlays	6,540,285	6,540,285		
Total expenditures	<u>10,033,245</u>	<u>10,033,245</u>	<u>1,231,868</u>	<u>2,022,237</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(8,047,167)	(8,047,167)	1,068,833	393,488
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>4,104</u>	<u>(7,286)</u>
Excess of revenue collected over (under) expenditures	(8,047,167)	(8,047,167)	1,072,937	386,202
Cash fund balance, beginning of year	<u>8,047,167</u>	<u>8,047,167</u>	<u>8,047,167</u>	<u>7,660,965</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>9,120,104</u>	<u>8,047,167</u>

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

Indian Capital Technology Center School District No. 4 (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 District is part of the public school system of Oklahoma under the general direction and control of the State Board of Career and Technology Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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 benefits the Center and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Center and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the 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.

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**B. Basic Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 properly included among program revenues are reported as general revenues.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

**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 schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

B. Fund Accounting - cont'd

Special Revenue Funds – Special revenue funds include the Center’s building fund.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school 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.

**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. The terms “non-expendable” and “expendable” refer to whether or not the Center is under an obligation to maintain the trust principal. Agency funds generally 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 operation.

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

**Memorandum Only - Total Column**

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.



INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

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

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

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

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

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

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

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

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as a fund liability of the governmental fund that will pay it. The non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

C. Measurement Focus and Basis of Accounting – cont'd

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

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.

E. Assets, Liabilities and Fund Equity

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

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

Inventories – The value of consumable inventories at June 30, 2011, is not material to the combined financial statements.

INDIAN CAPITAL TECHNOLOGY CENTER  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

Capital Assets – The capital assets required prior to June 30, 2001 are valued at appraisal using standard or normal costing. Fixed assets acquired after June 30, 2001 are valued at historical (actual) cost.

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation has been provided using the straight-line method over the following estimated useful lives:

	Useful Life	Capitalization Threshold
Buildings and structures	10-50	\$ 2,500
Improvements	10-50	2,500
Equipment	5-40	300
Furniture and fixtures	5-10	2,500

The capital assets for the year ended June 30, 2011 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 287,902	-	-	287,902
Land Improvements	1,888,300	-	-	1,888,300
Buildings	18,701,859	191,067	-	18,892,926
Equipment	12,166,533	1,527,419	-	13,693,952
<b>Total</b>	<b>33,044,594</b>	<b>1,718,486</b>	<b>-</b>	<b>34,763,080</b>
Less:				
Accumulated Depreciation	(17,294,818)	(953,036)	-	(18,247,854)
<b>Governmental Capital Assets</b>	<b>\$ 15,749,776</b>	<b>765,450</b>	<b>-</b>	<b>16,515,226</b>

As of June 30, 2011, the Center has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets.

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

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

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

Un-matured Obligations – The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting. The Center had no unmatured obligations at June 30, 2011.

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

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.

Cash Fund Balance – Cash fund balance represents the funds not encumbered by purchase orders, legal contracts, outstanding warrants and unmatured obligations.

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. These property taxes are distributed to the Center's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

F. Revenue and Expenditures

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

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

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

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

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

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

The Center receives revenue from the state to administer certain categorical educational programs. Oklahoma State Department of Career and Technology 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 State Department of Career and Technology Education requires that categorical educational program revenues be accounted for in the general fund.

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

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

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

F. Revenue and Expenditures – cont'd

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

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

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

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

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

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

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

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

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

F. Revenue and Expenditures – cont'd

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

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2010-11 fiscal year.

**2. CASH AND INVESTMENTS**

The Center's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the Center.

Cash – The Center's bank balance of deposits and cash pools at June 30, 2011, was \$9,982,616. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The Center's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the Center's third party agent in the District's name.

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**2. CASH AND INVESTMENTS – cont'd**

Investments – At June 30, 2011, the Center's investments consisted certificates of deposits and of investment pools (sweep accounts) invested in money market funds with an approximate fair market value of \$6,278,097.

*Interest rate risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The Center does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses form increasing interest rates.

*Credit risk – Investments* – Credit risk is the risk that the issuer or other counterparty to and investment will not fulfill its obligations. Investments held by the Center in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with The Bank of Oklahoma, and are rated AAA by Standard and Poor's. The Center does not have a formal policy limiting its exposure arising from concentration of investments.

**3. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables or payables at June 30, 2011.

**4. GENERAL LONG-TERM DEBT**

On June 14, 2010, the Center entered into a lease-purchase agreement with MR, Inc. for technology equipment, in the amount of \$140,000, at 4.95% interest. The agreement calls for semi-annual principal and interest payments of \$19,191, with the final payment to be made April 1, 2014. The total obligation of the Center at June 30, 2011 was \$105,793.

On May 14, 2011, the Center entered into a lease-purchase agreement with MR, Inc. for technology equipment, in the amount of \$336,913, at 3.775% interest. The agreement calls for annual principal and interest payments of \$45,487, with the final payment to be made April 1, 2015. The total obligation of the Center at June 30, 2011 was \$336,912.



INDIAN CAPITAL TECHNOLOGY CENTER  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**4. GENERAL LONG-TERM DEBT – cont'd**

The entire repayment, if renewed each year, is detailed as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011-12	\$ 114,707	14,647	129,354
2012-13	117,322	12,033	129,355
2013-14	122,216	7,139	129,355
2014-15	88,460	2,512	90,972
Total	<u>\$ 442,705</u>	<u>36,331</u>	<u>479,036</u>

The Center paid interest on long-term debt of \$28,537 in the 2009-10 fiscal year.

**5. EMPLOYEE RETIREMENT SYSTEM**

Description of Plan

The Center participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of 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. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**5. EMPLOYEE RETIREMENT SYSTEM AND PLAN – cont'd**

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school centers. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The Center, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the Center and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school center. The Center contributed 9.50% and the State of Oklahoma contributed the remaining amount during this year. The Center is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the Center at 5.12%.

Annual Pension Cost

The Center's total contributions for 2011, 2010 and 2009 were \$1,377,383, \$1,366,377 and \$1,311,423, respectively.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

INDIAN CAPITAL TECHNOLOGY CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**6. RISK MANAGEMENT**

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

**7. CONTINGENCIES**

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the Center during the 2010-11 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for non-federal entities which expended more than \$500,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the Center at June 30, 2011.

INDIAN CAPITAL TECHNOLOGY CENTER  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE 7-01-10	ADDITIONS	NET ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-11
<u>ASSETS</u>					
Cash	\$ 192,285	404,873		386,798	210,360
Investments	25,869	64			25,933
Total Assets	<u>\$ 218,154</u>	<u>404,937</u>	<u>0</u>	<u>386,798</u>	<u>236,293</u>
<u>LIABILITIES</u>					
Funds held for school organizations:					
Skills USA	\$ 120	0		120	0
Skills USA dues	1,629	5,893		5,709	1,813
HOSA	327	0		327	0
HOSA dues	564	2,506		2,325	745
FCCLA	1,011	0		1,011	0
FCCLA dues	414	586		628	372
BPA	592	0		592	0
BPA dues	2,285	1,732		1,744	2,273
RAD tech activities	732	4,796		5,329	199
Cafeteria	2,838	140,086		140,823	2,101
Interest - checking	9	0		2	7
Interest - Citifund	11	0		0	11
Miscellaneous	6,351	4,374		4,826	5,899
Refund tuition/books	0	25,272		15,040	10,232
Scholarship fund	3,958	0		0	3,958
Scholarship fund - Wilson	17,520	0		0	17,520
Scholarship fund - Sequoyah	435	126		0	561
Scholarship fund - Greer	755	527		500	782
Scholarship fund - Seq. VICA	126	0		126	0
Scholarship fund - Bill Willis	353	0		0	353
Scholarship fund - C. Williams	4,947	0		0	4,947
Scholarship fund - Stillwell	825	0		0	825
Scholarship fund - Harris	527	0		527	0
Scholarship fund - Carpentry	4,103	0		0	4,103
Tech prep fund	310	0		0	310
Health certification	45,534	26,905		15,005	57,434
Paraprofessional Cert.	425	185		135	475
Citifund	26,030	65		0	26,095
Practical nursing	15,563	21,616		9,972	27,207
Surg Tech Activities	2,008	3,563		1,022	4,549
Student activities	27,296	24,919		30,077	22,138
Student Meals	34,878	9,348		20,194	24,032
A-Team	5,000	1,274		150	6,124
Tuition - Cooperative	949	184		0	1,133
Board activities	201	1,500		1,556	145
Electronics student activities	502	0		0	502
Employee insurance	8,493	1,279		857	8,915
Technology superintendent's	30	0		0	30
Student financial aid	503	128,201		128,201	503
Total Liabilities	<u>\$ 218,154</u>	<u>404,937</u>	<u>0</u>	<u>386,798</u>	<u>236,293</u>

INDIAN CAPITAL TECHNOLOGY CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	Federal Grantor's/ Pass-through Grantor's No.	Program or Award Amount	Balance at 7/1/10	Revenue Collected	Total Expenditures	Balance at 6/30/11
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
* Pell grants	84.063	P063P103286	\$ 1,720,927		1,611,103	1,720,927	89,121
Pell grants 2009-10 - Note	84.063	P063P093286		396,755	396,755		
Sub Total			<u>1,720,927</u>	<u>396,755</u>	<u>2,007,858</u>	<u>1,720,927</u>	<u>89,121</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		232,963		169,736	230,882	61,146
Carl Perkins Grant 2009-10 - Note	84.048			90,830	90,830		
Carl Perkins - Supplemental 2009-10 - Note	84.048			21,517	21,517		
Carl Perkins - Post Secondary	84.048		36,777		36,777	36,777	
Bid Assistance Coord.	12.002		35,000		11,664	11,664	
Tech Prep	84.243		55,000		38,541	54,600	16,059
Tech Prep 2009-10 - Note	84.243			19,031	19,031		
TANF	93.558		259,496		151,570	214,858	63,288
TANF 2009-10 - Note	93.558			84,143	84,143		
Sub Total			<u>619,236</u>	<u>215,521</u>	<u>623,809</u>	<u>548,781</u>	<u>140,493</u>
Total Federal Assistance			<u>\$ 2,340,163</u>	<u>612,276</u>	<u>2,631,667</u>	<u>2,269,708</u>	<u>229,614</u>

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

\* Major program

INDIAN CAPITAL TECHNOLOGY CENTER  
SCHEDULE OF ACCOUNTANT’S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma            )  
  ) ss  
County of Tulsa             )

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant’s Professional Liability Insurance in accordance with the “Oklahoma Public School Audit Law” at the time of audit contract and during the entire audit engagement with Indian Capital Technology Center, Muskogee County for the audit year 2010-11.

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

By \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
This 9<sup>th</sup> day of February, 2012

\_\_\_\_\_  
Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2012  
Commission No. 00008621