

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

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

JUNE 30, 2013

Audited by

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

BROKEN ARROW, OK

INDIAN CAPITAL TECHNOLOGY CENTER
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013

BOARD OF EDUCATION

President

Budo Perry

Vice-President

James Carson

Clerk

Darrell Russell

Member

Roger Sharp

Member

Marion Shauffler

SUPERINTENDENT

Thomas F. Stiles

**ASSISTANT SUPERINTENDENT/
DIRECTOR OF FINANCE**

Tony Pivec

TREASURER

Carl Frazier

INDIAN CAPITAL TECHNOLOGY CENTER
JUNE 30, 2013

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Government-Wide Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements:	
Statement of Assets, Liabilities and Cash Fund Balances – Governmental Funds	8
Statement of Revenues, Expenditures and Changes in Cash Fund Balances – Governmental Funds	9
Notes to Financial Statements	11
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	25
Budgetary Comparison Schedule – Building Fund	26
Other Supplementary Information:	
Combining Statement of Changes in Assets and Liabilities – Agency Funds	27
Supporting Schedules and Reports Required by <i>Government Auditing Standards</i>:	
Schedule of Expenditures of Federal Awards	28
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements - Regulatory Basis Performed in Accordance with Government Auditing Standards	29
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	31
Disposition of Prior Year's Significant Deficiencies and Material Instances of Non-Compliance	33
Schedule of Audit Results, Findings and Questioned Costs	34
Schedule of Accountant's Professional Liability Insurance Affidavit	35



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Indian Capital Technology Center School District No. 4
Muskogee, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Indian Capital Technology Center School District No. 4 (the District), Muskogee County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Building Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-5 and 25-26, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

January 9, 2014

Indian Capital Technology District
Muskogee County, Oklahoma
Management's Discussion and Analysis
June 30, 2013

Management of Indian Capital Technology Center School District No. 4 (the District) provides this Management's Discussion and Analysis of the Indian Capital Technology District Annual Financial Report for readers of the District's financial statements. This narrative overview and analysis of the financial activities of the District is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements.

Using This Report

The District is in its ninth year of implementing reporting standards with significant changes in content and structure from years prior to fiscal year ended June 30, 2013. The Statement of Net Assets and the Statement of Activities (on pages 6 and 7) provide information about the activities of the District as a whole and present a longer-term view of the District'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 District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District 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 District's finances is, "Is the District 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 District 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 District's net assets and changes in them. One could think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating. For the 2012-13 fiscal year, the District's net assets increased by \$1,901,600.

In government-wide financial statements, activities are normally divided into two categories – governmental activities and business-type activities. The District had no business-type activities for the 2012-13 fiscal year, thus it is not discussed in detail.

Governmental activities – Basic services provided by the District, 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 District, 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 District's operation in more detail than government-wide financial statements. Because the focus of District funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for District funds with similar information presented for District activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the District's fund balance sheet and the District'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 District 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 District's fund balance sheet and in the District's statement of revenues, expenditures, and changes in fund balances. The fund financial statement provides more detailed information about the District's funds, focusing on its most significant or major fund – the general fund

Fund Balances

As of the close of fiscal year 2013, the District funds reported a government-wide ending fund balance of \$16.93 million, an increase of \$1,311,373 in comparison with the prior year. Of this total increase amount, \$279,523 was general fund and \$1,031,850 was building fund. Total revenue for the year less activity fund was \$19.85 million. Total expenditures for like funds were \$18.65 million, leaving a net balance of \$1,202,340 of revenue over expenditures for these type funds, before prior year adjustments.

	<u>2013 Fund Balances</u>	<u>2012 Fund Balances</u>	<u>Dollar Change</u>	<u>Percent Change</u>
General Fund	\$ 6,453,549	\$ 6,174,026	\$ 279,523	4.53%
Building Fund	\$10,472,778	\$ 9,440,928	\$ 1,031,850	10.93%
Totals	\$ 16,926,327	\$ 15,614,954	\$ 1,311,373	8.40%

Long-term Debt

At June 30, 2013, the District 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 District on the Muskogee campus. The dining commons/seminar District was completed in 2004-05. This lease purchase agreement was paid off December 2010. In 2006-07, the District 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 District approved two lease-purchase agreements for additional technology equipment in the amount of \$140,000 and \$336,913. These lease-purchase agreements were scheduled to be paid off in 2014 and 2015, respectively, but were actually paid off completely in the 2011-12 fiscal year.

Fixed Assets

The District currently tracks all assets with a value of \$250 or more. The District employed American Appraisal Associates to do an initial investigation and appraisal of District 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 District on February 22, 2002. Internal records have been compiled on District software since the time of that report. For the 2012-13 fiscal year, \$1,708,146 of fixed assets were added to the District'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	\$ 20,028,481
Machinery and equipment	<u>\$ 15,299,330</u>
Total	<u>\$ 37,504,013</u>

The net book value, which includes \$20,508,101 of accumulated depreciation, as of June 30, 2013 was \$16,995,912.

Contacting the District's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District'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. 41st Street East, Muskogee, Oklahoma, 74403, telephone at (918) 686-7565, or visit our website at www.ictctech.com.

INDIAN CAPITAL TECHNOLOGY CENTER
STATEMENT OF NET ASSETS
JUNE 30, 2013

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash	\$ 11,233,633
Investments	6,411,152
Total current assets	17,644,785
Noncurrent assets:	
Capital assets, net of depreciation	16,995,912
Total Assets	\$ 34,640,697
 <u>LIABILITIES</u>	
Current liabilities:	
Encumbrances	\$ 718,458
Noncurrent liabilities:	
Unused leave liability	503,738
Total Liabilities	\$ 1,222,196
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	\$ 16,995,912
Restricted for capital costs	10,472,778
Assigned	4,735,000
Unassigned	1,214,811
Total Net Assets	\$ 33,418,501

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

INDIAN CAPITAL TECHNOLOGY CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

		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	\$ 6,400,951	1,066,346	135,508	(5,199,097)
Support Services	8,860,017	797,684	403,913	(7,658,420)
Non-instruction services	575,025			(575,025)
Facilities acquisition and construction services	697,777			(697,777)
Other outlays	45,645			(45,645)
Other uses (student aid)	1,477,896		1,403,544	(74,352)
Total governmental activities	18,057,311	1,864,030	1,942,965	(14,250,316)
General revenues-				
Property taxes				11,516,688
State aid - formula grants				4,465,699
Reimbursements				14,511
Investment earnings				45,985
Special items-				
Adjustments to prior year encumbrances				109,033
Total general revenues and special items				16,151,916
Change in net assets				1,901,600
Net assets, beginning of period				31,516,901
Net assets, end of period				\$ 33,418,501

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, 2013

	General Fund	Building Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 4,413,474	7,082,054	11,495,528
Investments	2,723,403	3,687,749	6,411,152
Total Assets	\$ 7,136,877	10,769,803	17,906,680

LIABILITIES AND FUND BALANCES

Liabilities:			
Warrants payable	\$ 254,003	7,892	261,895
Encumbrances	429,325	289,133	718,458
Total Liabilities	683,328	297,025	980,353
Fund Balances:			
Reserved:			
Building fund		10,472,778	10,472,778
Unreserved:			
General fund	6,453,549		6,453,549
Total Fund Balances	6,453,549	10,472,778	16,926,327
Total Liabilities and Fund Balances	\$ 7,136,877	10,769,803	

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 \$37,504,013 and the accumulated depreciation is (\$20,508,101)	16,995,912
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	(503,738)
	16,492,174
Net Assets of Governmental Activities	\$ 33,418,501

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, 2013

	General Fund	Building Fund	Total Governmental Funds
Revenues Collected:			
Local sources	\$ 10,905,758	2,474,959	13,380,717
State sources	4,465,699		4,465,699
Federal sources	1,942,966		1,942,966
Interest earnings	45,985		45,985
Non-revenue receipts	4,823	9,688	14,511
Total revenues collected	<u>17,365,231</u>	<u>2,484,647</u>	<u>19,849,878</u>
Expenditures:			
Instruction	6,024,422	422,587	6,447,009
Support services	8,872,885	531,301	9,404,186
Operation of non-instructional services	575,025		575,025
Facilities acquisition and construction services	130,312	567,465	697,777
Other outlays:			
Indirect cost entitlement	16,184		16,184
Correcting entry	7,459	4,059	11,518
Other uses (student aid)	1,477,896		1,477,896
Repayments	17,898		17,898
Bank fees and cash charges	45		45
Total expenditures	<u>17,122,126</u>	<u>1,525,412</u>	<u>18,647,538</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	243,105	959,235	1,202,340
Adjustments to prior year encumbrances	<u>36,418</u>	<u>72,615</u>	<u>109,033</u>
Excess of revenues collected over (under) expenditures	279,523	1,031,850	1,311,373
Cash fund balances, beginning of year	<u>6,174,026</u>	<u>9,440,928</u>	<u>15,614,954</u>
Cash fund balances, end of year	<u>\$ 6,453,549</u>	<u>10,472,778</u>	<u>16,926,327</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, 2013

Net change in fund balances - governmental funds \$ 1,311,373

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	1,708,146	
Depreciation expense	<u>(1,163,977)</u>	544,169

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		<u>46,058</u>
------------------------------------	--	---------------

Changes in net assets of governmental activities		<u><u>\$ 1,901,600</u></u>
--	--	----------------------------

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Indian Capital Technology Center School District No. 4 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of 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 District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

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

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not 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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting - cont'd

Special Revenue Funds – Special revenue funds include the District'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 District property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Agency 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 District-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, 2013

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, 2013

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

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

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

E. Assets, Liabilities and Fund Equity

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

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

Inventories – The value of consumable inventories at June 30, 2013, is not material to the combined financial statements.

INDIAN CAPITAL TECHNOLOGY CENTER
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

Capital Assets – The capital assets acquired 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, 2013 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 287,902	-	-	287,902
Land Improvements	1,888,300	-	-	1,888,300
Buildings	19,329,882	698,599	-	20,028,481
Equipment	14,289,783	1,009,547	-	15,299,330
Total	35,795,867	1,708,146	-	37,504,013
Less:				
Accumulated Depreciation	(19,344,124)	(1,163,977)	-	(20,508,101)
Governmental Capital Assets	\$ 16,451,743	544,169	-	16,995,912

As of June 30, 2013, the District 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 District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District’s treasurer.

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

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – 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 District had no unmatured obligations at June 30, 2013.

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

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

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

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

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

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

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

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.

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 District and the state, and distributed to Districts in amounts that differ in proportion to those which are collected within such systems.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The Oklahoma State Department of Career and Technology 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 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 District 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 District's general fund.

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

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

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

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

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

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

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

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

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

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2012-13 fiscal year.

2. CASH AND INVESTMENTS

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

Cash – The District's bank balance of deposits and cash pools at June 30, 2013, was \$11,794,112. 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 District'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 District's third party agent in the District's name.

Investments – At June 30, 2013, the District's investments consisted certificates of deposits and of investment pools (sweep accounts) invested in money market funds with an approximate fair market value of \$6,437,152.

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 District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. CASH AND INVESTMENTS – cont'd

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 District 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 District 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, 2013.

4. GENERAL LONG-TERM DEBT

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue.

The District had not outstanding debt at June 30, 2013.

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District 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, 2013

5. EMPLOYEE RETIREMENT SYSTEM – 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 Districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District 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 District. The District contributed 9.50% and the State of Oklahoma contributed the remaining amount during this year. The District 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 District at 5.12%.

Annual Pension Cost

The District's total contributions for 2013, 2012 and 2011 were \$1,439,807, \$1,372,235 and \$1,377,838, respectively.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. 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, 2013

6. RISK MANAGEMENT

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

7. CONTINGENCIES

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2012-13 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 District at June 30, 2013.

Subsequent Events

Management has evaluated subsequent events through January 10, 2014, 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.

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, 2013

	Budgeted Amounts		Actual Amounts	Prior Year (Memorandum Only)
	Original	Final		
Revenues Collected:				
Local sources	\$ 9,857,371	9,857,371	10,905,758	10,454,037
State sources	4,378,156	4,378,156	4,465,699	4,347,714
Federal sources	490,926	490,926	1,942,966	2,166,855
Interest earnings	30,000	30,000	45,985	37,539
Non-revenue receipts			4,823	352
Total revenues collected	<u>14,756,453</u>	<u>14,756,453</u>	<u>17,365,231</u>	<u>17,006,497</u>
Expenditures:				
Instruction	7,194,480	7,194,480	6,024,422	6,010,566
Support services	10,690,961	10,690,961	8,872,885	8,408,868
Operation of non-instructional services	902,102	902,102	575,025	532,965
Facilities acquisition and construction services	226,609	226,609	130,312	725
Other outlays:				
Reimbursement	1,100	1,100		
Clearing account	9,319	9,319		
Indirect cost entitlement	21,121	21,121	16,184	17,091
Correcting entry	9,700	9,700	7,459	494
Other uses (student aid)	1,851,791	1,851,791	1,477,896	1,717,917
Repayments	23,296	23,296	17,898	15,881
Bank fees and cash charges			45	
Total expenditures	<u>20,930,479</u>	<u>20,930,479</u>	<u>17,122,126</u>	<u>16,704,507</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(6,174,026)	(6,174,026)	243,105	301,990
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>36,418</u>	<u>1,096</u>
Excess of revenue collected over (under) expenditures	(6,174,026)	(6,174,026)	279,523	303,086
Cash fund balance, beginning of year	<u>6,174,026</u>	<u>6,174,026</u>	<u>6,174,026</u>	<u>5,870,940</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>6,453,549</u>	<u>6,174,026</u>

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, 2013

	Budgeted Amounts		Actual Amounts	Prior Year (Memorandum Only)
	Original	Final		
Revenues Collected:				
Ad valorem taxes	\$ 2,251,570	2,251,570	2,205,442	2,218,193
Local sources			269,517	366,172
Non-revenue receipts			9,688	
Total revenue collected	<u>2,251,570</u>	<u>2,251,570</u>	<u>2,484,647</u>	<u>2,584,365</u>
Expenditures:				
Instruction	603,717	603,717	422,587	379,781
Support services	1,829,628	1,829,628	531,301	1,413,953
Operation of non-instruction services	2,750	2,750		
Facilities acquisition and construction services	4,811,386	4,811,386	567,465	472,369
Other Outlays	4,445,017	4,445,017	4,059	90
Total expenditures	<u>11,692,498</u>	<u>11,692,498</u>	<u>1,525,412</u>	<u>2,266,193</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(9,440,928)	(9,440,928)	959,235	318,172
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>72,615</u>	<u>2,652</u>
Excess of revenue collected over (under) expenditures	(9,440,928)	(9,440,928)	1,031,850	320,824
Cash fund balance, beginning of year	<u>9,440,928</u>	<u>9,440,928</u>	<u>9,440,928</u>	<u>9,120,104</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>10,472,778</u>	<u>9,440,928</u>

INDIAN CAPITAL TECHNOLOGY CENTER
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

<u>ASSETS</u>	<u>BALANCE</u> 7-01-12	<u>ADDITIONS</u>	<u>NET</u> <u>ADJUSTMENTS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 6-30-13
Cash	\$ 247,326	414,154		403,104	258,376
Investments	25,976	24			26,000
Total Assets	<u>\$ 273,302</u>	<u>414,178</u>	<u>0</u>	<u>403,104</u>	<u>284,376</u>
 <u>LIABILITIES</u> 					
Funds held for school organizations:					
Skills USA dues	\$ 1,954	6,079		6,243	1,790
HOSA dues	520	2,900		2,089	1,331
FCCLA dues	0	808		720	88
BPA dues	2,092	2,330		1,816	2,606
RAD tech activities	981	10,094		7,787	3,288
Cafeteria	671	123,436		118,141	5,966
Interest - checking	0	137		137	0
Interest - Citifund	3	24		26	1
Miscellaneous	9,888	6,467		3,801	12,554
Refund tuition/books	8,782	29,279		38,061	0
Scholarship fund	3,958	0		0	3,958
Scholarship fund - Wilson	17,520	0		0	17,520
Scholarship fund - Sequoyah	561	0		0	561
Scholarship fund - Greer	282	0		282	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 - Carpentry	4,103	0		0	4,103
Scholarship fund - OBI Tahlequah	2,000	0		1,000	1,000
Scholarship fund - Home Builders	0	1,000		0	1,000
Tech prep fund	1	239		240	0
Health certification	74,877	33,419		17,359	90,937
Paraprofessional Cert.	1,275	45		0	1,320
Citifund	26,145	26		0	26,171
Practical nursing	48,907	44,593		46,923	46,577
Surg Tech Activities	4,247	2,381		699	5,929
Student activities	23,842	24,021		21,590	26,273
Student Meals	13,689	9,412		20,857	2,244
A-Team	8,208	3,701		694	11,215
Tuition - Cooperative	1,133	76		76	1,133
Board activities	0	1,154		923	231
Electronics student activities	682	0		682	0
Employee insurance	9,976	5,387		4,938	10,425
Technology superintendent's	30	0		0	30
Student financial aid	0	107,170		107,170	0
Unidentified	850	0		850	0
Total Liabilities	<u>\$ 273,302</u>	<u>414,178</u>	<u>0</u>	<u>403,104</u>	<u>284,376</u>

INDIAN CAPITAL TECHNOLOGY CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Federal Grantor's/ Pass-through Grantor's No.</u>	<u>Program or Award Amount</u>	<u>Balance at 7/1/12</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Balance at 6/30/13</u>
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
* Pell grants	84.063	P063P123286	\$ 1,385,839		1,380,820	1,385,839	5,019
Pell grants 2011-12 - Note	84.063	P063P113286		13,724	13,724		
Sub Total			<u>1,385,839</u>	<u>13,724</u>	<u>1,394,544</u>	<u>1,385,839</u>	<u>5,019</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		216,872		162,309	215,031	52,722
Carl Perkins Grant 2011-12 - Note	84.048			68,316	68,316		
TANF	93.558		274,054		181,277	265,913	84,636
TANF 2011-12 - Note	93.558			136,519	136,519		
Sub Total			<u>490,926</u>	<u>204,835</u>	<u>548,421</u>	<u>480,944</u>	<u>137,358</u>
Total Federal Assistance			<u>\$ 1,876,765</u>	<u>218,559</u>	<u>1,942,965</u>	<u>1,866,783</u>	<u>142,377</u>

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

* Major program



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

January 9, 2014

The Honorable Board of Education
Indian Capital Technology Center School District No. 4
Muskogee, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Indian Capital Technology Center School District No. 4 (the District), Muskogee County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 9, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

January 9, 2014

The Honorable Board of Education
Indian Capital Technology Center School District No. 4
Muskogee, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Indian Capital Technology Center School District No. 4, Muskogee, Oklahoma's, (the District), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the accompanying schedule of audit results, findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

INDIAN CAPITAL TECHNOLOGY CENTER
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2013

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

INDIAN CAPITAL TECHNOLOGY CENTER
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

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
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2012 TO JUNE 30, 2013

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 2012-13.

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

By _____
Authorized Agent

Subscribed and sworn to before me
This 9st day of January, 2014

Notary Public (or Clerk or Judge)

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