

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

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

JUNE 30, 2015

Audited by

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

BROKEN ARROW, OK

INDIAN CAPITAL TECHNOLOGY CENTER
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015

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INDIAN CAPITAL TECHNOLOGY CENTER
JUNE 30, 2015

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Government-Wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements:	
Statement of Assets, Liabilities and Cash Fund Balances – Governmental Funds	9
Statement of Revenues, Expenditures and Changes in Cash Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Assets, Liabilities and Net Position	11
Notes to Financial Statements	12
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	32
Budgetary Comparison Schedule – Building Fund	33
Other Supplementary Information:	
Combining Statement of Changes in Assets and Liabilities – Agency Funds	34
Supporting Schedules and Reports Required by <i>Government Auditing Standards</i>:	
Schedule of Expenditures of Federal Awards	35
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	36
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	38
Disposition of Prior Year's Significant Deficiencies and Material Instances of Non-Compliance	40
Schedule of Audit Results, Findings and Questioned Costs	41
Schedule of Accountant's Professional Liability Insurance Affidavit	42



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

January 20, 2016

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, 2015, 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, 2015, 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 31-32, 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 20, 2016, 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

Indian Capital Technology District
Muskogee County, Oklahoma
Management's Discussion and Analysis
June 30, 2015

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, 2015. 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, 2015. 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 2014-15 fiscal year, the District's net assets decreased by \$12,745,047, principally due to the inclusion of the net pension liability of the District.

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 2014-15 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 2015, the District funds reported governmental funds ending fund balances of \$15.79 million, an increase of \$324,008, in comparison with the prior year. Of this total increase amount, \$335,259 was general fund increase and \$11,251 decrease was building fund. Total revenue for the year less activity fund was \$20.17 million. Total expenditures for like funds were \$19.99 million, leaving a net balance of \$176,503 of revenues over expenditures for these type funds, before prior year adjustments.

	<u>2015 Fund Balances</u>	<u>2014 Fund Balances</u>	<u>Dollar Change</u>	<u>Percent Change</u>
General Fund	\$ 7,336,878	\$ 7,001,619	\$ 335,259	4.79%
Building Fund	\$ 8,456,738	\$ 8,467,989	(\$ 11,251)	(0.13%)
Totals	\$ 15,793,616	\$ 15,469,608	\$ 324,008	4.66%

Long-term Debt

At June 30, 2015, the District had no long term debt.

Financial Analysis

Statement of Net Position

	<u>2015</u>	<u>2014</u>
Assets		
Current assets	\$ 18,746,348	19,130,051
Capital assets	18,473,711	17,636,594
Total	<u>37,220,059</u>	<u>36,766,645</u>
Deferred outflows	<u>1,455,522</u>	<u>0</u>
Liabilities		
Current liabilities	2,952,732	3,660,443
Non current liabilities	12,231,802	544,570
Total	<u>15,184,534</u>	<u>4,205,013</u>
Deferred inflows	<u>3,674,446</u>	<u>0</u>
Net Position		
Invested in capital assets	18,473,711	17,636,594
Restricted	8,456,738	8,467,989
Unrestricted	(7,113,848)	6,457,049
Total	<u>\$ 19,816,601</u>	<u>32,561,632</u>

Revenues

	<u>2015</u>	<u>2014</u>
Program Revenues:		
Charges for services	\$ 2,444,963	3,285,459
Operating grants and contributions	773,800	1,887,248
General Revenues:		
Property taxes	12,076,896	11,637,934
State aid	4,440,246	4,264,619
Reimbursements	375,272	6,481
Investment earnings	37,157	34,175
Other	19,921	0
Adjustment to prior encumbrances	147,504	172,630
Total	<u>\$ 20,315,759</u>	<u>21,288,546</u>

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 2014-15 fiscal year, \$2,052,396 of fixed assets were added to the District’s financial statements, with large purchases including the administration building, several transportation vehicles and technology equipment.

	<u>Historical Cost</u>
Land	\$ 287,902
Land improvements	\$ 1,888,300
Buildings and improvements	\$ 23,195,172
Machinery and equipment	<u>\$ 5,778,876</u>
Total	<u>\$ 31,150,250</u>

The net book value, which includes \$12,676,539 of accumulated depreciation, as of June 30, 2015 was \$18,473,711.

Net Pension Liability

Although legally the pension is a State of Oklahoma obligation, implementation of GASB Statement 68 (See note 6), resulted in the recognition of the District’s long-term obligation for pension benefits as a liability. The District’s recognition of the Teachers’ Retirement System’s net pension liability as of June 30, 2015 was \$11,721,335. This was a decrease of \$3,872,735 from the prior year (2013) primarily due to investment gains by the Teachers’ Retirement System in 2014, which was the measurement year for the net pension liability as of June 30, 2015. See Note 4 for additional information on the net pension liability.

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 POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 11,933,190
Investments	6,446,142
Accounts receivable	367,016
Total current assets	<u>18,746,348</u>
Noncurrent assets:	
Capital assets, net of depreciation	<u>18,473,711</u>
Total Assets	<u>\$ 37,220,059</u>
DEFERRED OUTFLOWS	
Deferred outflows of resources related to pensions	<u>1,455,522</u>
LIABILITIES	
Current liabilities:	
Warrants outstanding	\$ 1,017,854
Encumbrances	1,934,878
Total current liabilities	<u>2,952,732</u>
Noncurrent liabilities:	
Unused leave liability	510,467
Pension obligation	11,721,335
Total noncurrent liabilities	<u>12,231,802</u>
Total Liabilities	<u>15,184,534</u>
DEFERRED INFLOWS	
Deferred inflows of resources related to pensions	<u>3,674,446</u>
NET POSITION	
Invested in capital assets, net of related debt	18,473,711
Restricted for capital costs	8,456,738
Unrestricted	<u>(7,113,848)</u>
Total Net Position	<u>\$ 19,816,601</u>

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

INDIAN CAPITAL TECHNOLOGY CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		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	\$ 5,950,224	1,334,052	773,800	(3,842,372)
Support Services	9,546,924	1,110,911		(8,436,013)
Non-instruction services	571,564			(571,564)
Facilities acquisition and construction services	365,996			(365,996)
Other outlays	49,977			(49,977)
Other uses (student aid)	651,396			(651,396)
Depreciation	1,215,279			(1,215,279)
Total governmental activities	18,351,360	2,444,963	773,800	(15,132,597)
General revenues-				
Property taxes				12,076,896
State aid - formula grants				4,440,246
Reimbursements				375,272
Investment earnings				37,157
Other				19,921
Special items-				
Adjustments to prior year encumbrances				147,504
Total general revenues and special items				17,096,996
Change in net position				1,964,399
Net position, beginning of period - as restated				17,852,202
Net position, end of period				\$ 19,816,601

INDIAN CAPITAL TECHNOLOGY CENTER
STATEMENT OF ASSETS, LIABILITIES AND CASH FUND BALANCES -
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Building Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 5,981,332	5,951,858	11,933,190
Investments	2,743,316	3,702,826	6,446,142
Receivables	350,321	16,695	367,016
Total Assets	\$ 9,074,969	9,671,379	18,746,348

LIABILITIES AND FUND BALANCES

Liabilities:			
Warrants payable	\$ 688,380	329,474	1,017,854
Encumbrances	1,049,711	885,167	1,934,878
Total Liabilities	1,738,091	1,214,641	2,952,732
Fund Balances:			
Restricted		8,456,738	8,456,738
Unassigned	7,336,878		7,336,878
Total Fund Balances	7,336,878	8,456,738	15,793,616
Total Liabilities and Fund Balances	\$ 9,074,969	9,671,379	

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 \$31,150,250.
and the accumulated depreciation is (\$12,676,539)

18,473,711

Net pension obligation are not due and payable in the current year, therefore not reported in funds

(11,721,335)

Deferred inflows and outflows related to pensions are applicable to future periods,
therefore not reported in funds.

(2,218,924)

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

(510,467)

4,022,985

Net Assets of Governmental Activities

\$ 19,816,601

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, 2015

	General Fund	Building Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues Collected:			
Local sources	\$ 11,745,250	2,635,082	14,380,332
State sources	4,440,244		4,440,244
Federal sources	1,290,600		1,290,600
Interest earnings	37,157		37,157
Non-revenue receipts	19,921		19,921
Total revenues collected	<u>17,533,172</u>	<u>2,635,082</u>	<u>20,168,254</u>
Expenditures:			
Instruction	6,324,859	394,536	6,719,395
Support services	9,422,526	676,915	10,099,441
Operation of non-instructional services	571,564		571,564
Facilities acquisition and construction services	229,326	1,670,652	1,899,978
Other outlays:			
Correcting entry	19,945		19,945
Other uses (student aid)	651,396		651,396
Repayments	30,032		30,032
Total expenditures	<u>17,249,648</u>	<u>2,742,103</u>	<u>19,991,751</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	283,524	(107,021)	176,503
Adjustments to prior year encumbrances	<u>51,735</u>	<u>95,770</u>	<u>147,505</u>
Excess of revenues collected over (under) expenditures	335,259	(11,251)	324,008
Cash fund balances, beginning of year	<u>7,001,619</u>	<u>8,467,989</u>	<u>15,469,608</u>
Cash fund balances, end of year	<u>\$ 7,336,878</u>	<u>8,456,738</u>	<u>15,793,616</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 POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - governmental funds		\$ 324,008
<p>Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in net assets are different because:</p>		
<p>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.</p>		
Capital outlay expenditures	2,052,396	
Depreciation expense	<u>(1,215,279)</u>	837,117
<p>Governmental funds report district pension contributions as expenditures. However, the Statement of activities reports the cost of pension benefits, net of contributions, as pension expense.</p>		
		769,171
<p>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:</p>		
Decrease in unused leave liability		<u>34,103</u>
Changes in net position of governmental activities		<u>\$ 1,964,399</u>

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

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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 COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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 classified as program revenues are reported as general revenues.

Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. 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).

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements - cont'd

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.

Special Revenue Funds – Special revenue funds include the building fund and the co-op fund. The District did not maintain a co-op fund during the 2014-15 fiscal year.

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.

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Debt Service Fund – The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements - cont'd

Capital Projects Fund – The capital projects fund is the District’s bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment.

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.

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District did not maintain any expendable trust funds during the 2014-15 school year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Medical Insurance Fund – The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund – The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements – cont'd

Account Groups

GASB 34 eliminates the presentation of account groups but provides for these records to be maintained and incorporates the information into the governmental column in the government-wide statement of net assets.

Total Column

The total column on the government-wide and fund financial statements are 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.

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the financial statements and 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:

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

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

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

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.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Budgets and Budgetary Accounting – cont'd

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.

The 2014-15 Estimate of Needs was not amended by supplemental appropriations during the fiscal year.

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

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

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

Inventories – The value of consumable inventories at June 30, 2015, is not material to the combined financial statements.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-50
Equipment and fixtures	5-15
Vehicles	10

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 budget basis of accounting.

Unmatured Obligations – The District had no unmatured obligations at June 30, 2015.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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. The remaining portion of such obligations is reported in the general long-term debt account group.

Net Position and Fund Balance

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

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

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

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

Governmental Fund Financial Statements

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

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

Committed 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.

Assigned 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 COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the 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.

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.

Deferred Outflows of Resources – The District reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. A deferred outflow is reported for contributions made to Oklahoma Teacher Retirement System (TRS the Plan) between the measurement date of the net pension liabilities (June 30, 2014) and the end of the current fiscal year (June 30, 2015). No deferred outflows of resources affect the governmental funds financial statements in the current year.

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

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Teacher Retirement System (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported to TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Intermediate Revenues - Revenues from intermediate sources are the amounts 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.

State Revenues – Revenues from state sources for current operations are primarily governed by the state vocational-technical program formula and equalization formula under the provisions of Article XIV, Title 70, Oklahoma Statutes. The State Board of Career and Technology Education administers the allocation of these formulas.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

The District receives revenue from the state to administer certain categorical educational programs. State Board of Career and Technology 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 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 passthrough 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.

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.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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 – Consist 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.

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 residual equity transfers nor operating transfers made during the current fiscal year.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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 at June 30, 2015, was \$11,933,190. 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, 2015, 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 \$6,446,142.

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.

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 First United Bank and Citizens Security Bank, 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.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

3. CAPITAL ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Capital assets activity for the year ended June 30, 2015, was as follows:

<u>Class</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	\$ 287,902			287,902
Land improvements	1,888,300			1,888,300
Buildings	21,661,189	1,533,983		23,195,172
Equipment & Fixtures	15,530,376	518,413	10,269,913	5,778,876
Totals	<u>39,367,767</u>	<u>2,052,396</u>	<u>10,269,913</u>	<u>31,150,250</u>
Less:				
Accumulated depreciation	<u>(21,731,173)</u>	<u>(1,215,279)</u>	<u>10,269,913</u>	<u>(12,676,539)</u>
Totals	<u>(21,731,173)</u>	<u>(1,215,279)</u>	<u>10,269,913</u>	<u>(12,676,539)</u>
Grand Totals	<u>\$ 17,636,594</u>	<u>837,117</u>	<u>0</u>	<u>18,473,711</u>

4. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2015.

5. GENERAL LONG-TERM DEBT

State statutes prohibit the District from being indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters.

The District had no bonded debt as of June 30, 2015 and no capital leases.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

6. EMPLOYEE RETIREMENT SYSTEM

Teachers' Retirement System of Oklahoma

Plan Description – The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. The System issues a publically available financial report that can be obtained at <http://www.ok.gov/trs/>.

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

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2015, qualifying employee contributions were reduced by a retirement credit of \$69,350 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2015, the District had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2015, the District contributions to the System for were \$1,455,522.

The State of Oklahoma, a non-employer contributing emity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was \$69,350.

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

At June 30, 2015, the District reported a liability of \$11,721,335 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.21787409%, which was the same as its proportion measured as of June 30, 2013.

INDIAN CAPITAL TECHNOLOGY CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

6. EMPLOYEE RETIREMENT SYSTEM

For the year ended June 30 2015, the District recognized pension expense of \$686,351. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	193,202
Changes of assumptions		644,481
Net difference between projected and actual earnings on pension plan benefits		2,836,763
District contributions after measurement date	1,455,522	
	<u>\$ 1,455,522</u>	<u>3,674,446</u>

\$1,455,522 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended	
2016	\$ 745,507
2017	745,507
2018	745,507
2019	745,507
2020	36,316
Thereafter	11,621
	<u>\$ 3,029,965</u>

Actuarial assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Percentage of Payroll
- Amortization Period – Amortization over an open 30-year period
- Asset Valuation Method – 5-year smooth market
- Inflation – 3.00%
- Salary Increases – Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 8.00%
- Retirement Age – Experience-based table of rates based on age, service, and gender.
- Mortality – RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

INDIAN CAPITAL TECHNOLOGY CENTER
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

6. EMPLOYEE RETIREMENT SYSTEM

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.50%	6.60%
Domestic Equity	57.50%	6.80%
Private Equity	5.00%	7.90%
Real Estate	7.00%	5.50%
Limited Partnerships	7.00%	7.90%
	<u>100.00%</u>	

Discount rate – A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2013 and 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

INDIAN CAPITAL TECHNOLOGY CENTER
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

7. 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.

8. CONTINGENCIES

Litigation

The District is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three year period pursuant to state law.

Subsequent Events

Management has evaluated subsequent events through January 20, 2016, 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.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2014-15 fiscal year. The revised OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*, established uniform audit requirements for nonfederal entities which expended more than \$500,000 in federal awards.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

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, 2015

	Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	10,046,812	11,678,519	11,794,581
State sources	4,414,417	4,440,244	4,264,619
Federal sources	476,935	1,800,436	1,887,247
Interest earnings	30,000	37,157	34,175
Non-revenue receipts		19,922	6,174
Total revenues collected	<u>14,968,164</u>	<u>17,976,278</u>	<u>17,986,796</u>
Expenditures:			
Instruction	7,472,568	6,324,859	6,507,151
Support services	11,443,660	9,422,526	8,595,836
Operation of non-instructional services	879,441	571,564	513,046
Facilities acquisition and construction services	331,519	229,326	201,367
Other outlays:			
Reimbursement	1,100		
Clearing account	40,067		
Indirect cost entitlement	5,851		10,112
Correcting entry	21,378	19,945	7,093
Other uses (student aid)	1,673,862	1,444,822	1,590,698
Repayments	100,337	30,032	25,554
Bank fees and cash charges			65
Total expenditures	<u>21,969,783</u>	<u>18,043,074</u>	<u>17,450,922</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(7,001,619)	(66,796)	535,874
Adjustments to prior year encumbrances	<u>0</u>	<u>51,734</u>	<u>12,196</u>
Excess of revenue collected over (under) expenditures	(7,001,619)	(15,062)	548,070
Cash fund balance, beginning of year	<u>7,001,619</u>	<u>7,001,619</u>	<u>6,453,549</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>6,986,557</u>	<u>7,001,619</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, 2015

	Budget	Actual Amounts	Prior Year (Memorandum Only)
Revenues Collected:			
Ad valorem taxes	2,272,947	2,390,119	2,331,632
Local sources		228,268	797,181
Non-revenue receipts			307
Total revenue collected	<u>2,272,947</u>	<u>2,618,387</u>	<u>3,129,120</u>
Expenditures:			
Instruction	672,639	394,536	440,736
Support services	1,625,465	676,915	554,739
Operation of non-instruction services	2,750		
Facilities acquisition and construction services	2,171,197	1,670,652	4,298,561
Other Outlays:			
Clearing	6,267,524		
Correcting entry	1,361		
Total expenditures	<u>10,740,936</u>	<u>2,742,103</u>	<u>5,294,036</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(8,467,989)	(123,716)	(2,164,916)
Adjustments to prior year encumbrances	<u>0</u>	<u>95,770</u>	<u>160,434</u>
Excess of revenue collected over (under) expenditures	(8,467,989)	(27,946)	(2,004,482)
Cash fund balance, beginning of year	<u>8,467,989</u>	<u>8,467,989</u>	<u>10,472,778</u>
Cash fund balance, end of year	<u><u>0</u></u>	<u><u>8,440,043</u></u>	<u><u>8,468,296</u></u>

INDIAN CAPITAL TECHNOLOGY CENTER
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

<u>ASSETS</u>	BALANCE 7-01-14	ADDITIONS	NET ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-15
Cash	\$ 233,738	390,639		393,343	231,034
Investments	26,013	13			26,026
Total Assets	<u>\$ 259,751</u>	<u>390,652</u>	<u>0</u>	<u>393,343</u>	<u>257,060</u>
<u>LIABILITIES</u>					
Funds held for school organizations:					
Skills USA dues	\$ 2,512	8,339		8,865	1,986
Skills fundraiser	0	300		0	300
HOSA dues	1,364	3,028		2,169	2,223
HOSA fundraisers	6	354		277	83
FCCLA dues	0	714		714	0
BPA dues	1,884	1,256		1,680	1,460
RAD tech activities	3,298	13,023		11,789	4,532
Cafeteria	6,726	118,217		119,949	4,994
Automotive Y.E.S.	0	60		0	60
Interest - Citifund	3	13		15	1
Miscellaneous	10,101	5,393		6,584	8,910
Refund tuition/books	0	53,502		53,502	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 - Bill Willis	353	0		0	353
Scholarship fund - C. Williams	4,697	0		0	4,697
Scholarship fund - Stillwell	615	0		0	615
Scholarship fund - Carpentry	4,103	0		0	4,103
Scholarship fund - OBI Tahlequah	250	0		250	0
Scholarship fund - Home Builders	750	0		0	750
Health certification	68,739	20	(291)	15,683	52,785
Paraprofessional Cert.	1,545	357	291	1,159	1,034
Citifund	26,171	0		0	26,171
Practical nursing	39,511	37,643		21,509	55,645
Surg Tech Activities	6,150	1,829		1,818	6,161
Student activities	31,437	20,303		19,778	31,962
Student Meals	5,726	15,562		17,397	3,891
A-Team	10,000	0		2,482	7,518
Tuition - Cooperative	1,133	0		0	1,133
Board activities	151	1,326		1,266	211
Employee insurance	10,457	4,254		5,063	9,648
Technology superintendent's	30	0		0	30
Student financial aid	0	105,159		101,394	3,765
Total Liabilities	<u>\$ 259,751</u>	<u>390,652</u>	<u>0</u>	<u>393,343</u>	<u>257,060</u>

INDIAN CAPITAL TECHNOLOGY CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<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 7/1/14</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Balance at 6/30/15</u>
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
* Pell grants	84.063	P063P143286	\$ 1,310,226		1,221,992	1,310,226	88,234
Pell grants - Note	84.063	P063P133286		72,828	72,828		
Sub Total			<u>1,310,226</u>	<u>72,828</u>	<u>1,294,820</u>	<u>1,310,226</u>	<u>88,234</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		223,492		184,855	223,166	38,311
Carl Perkins Grant - Note	84.048			107,116	107,116		
Bid Assistance Coord.	12.002		19,620		19,620	19,620	
TANF	93.558		265,274		108,228	265,273	157,045
TANF - Note	93.558			85,797	85,797		
Sub Total			<u>508,386</u>	<u>192,913</u>	<u>505,616</u>	<u>508,059</u>	<u>195,356</u>
Total Federal Assistance			<u>\$ 1,818,612</u>	<u>265,741</u>	<u>1,800,436</u>	<u>1,818,285</u>	<u>283,590</u>

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

* Major program



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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 20, 2016

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, 2015, 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 20, 2016.

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 20, 2016

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, 2015. 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, 2015.

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 significant 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, 2015

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, 2015

Section 1 – Summary of Auditor’s Results:

1. An unqualified opinion was issued on the financial statements.
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, 2014 TO JUNE 30, 2015

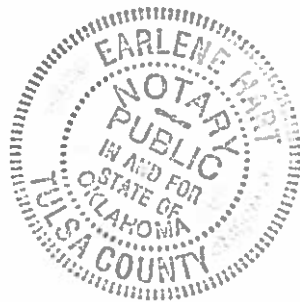
State of Oklahoma)
) ss
County of Tulsa)

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 2014-15.

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

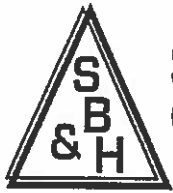
By Jeffrey D. Hewett
Authorized Agent

Subscribed and sworn to before me
This 20th day of January, 2016



Earlene Hart
Notary Public (or Clerk or Judge)

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



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P.O. BOX 1310 • 101 N. MAIN ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

January 20, 2016

Mr. Tony Pivec, Supt.
Indian Capital Technology Center
2403 North 41st Street East
Muskogee, Oklahoma 74403

Dear Mr. Pivec:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report. They are observations of findings that could evolve into material findings if not addressed.

Financial Reporting

Currently, the District's financial staff is not able to prepare a complete set of financial statements and notes. In the past we have assisted in this function for the District. However, due to the ongoing issuance of new governmental accounting standards, we will not be able to continue in this capacity. We recommend that the District either hire an accounting firm to prepare a complete set of financial statements and notes or hire additional staff that will have experience and knowledge of governmental accounting and reporting.

Fixed Assets

Currently the District utilizes the fixed asset system that is a module of the financial accounting software used by the district. We were able to obtain a listing of the additions and deletions for the fixed assets each year, however, the depreciation portion of the

Mr. Tony Pivec, Supt.
Indian Capital Technology Center


Page 2

Fixed Assets – cont'd

software is not being used and has therefore been calculated manually. An adjustment was made to the fixed assets and the related depreciation to remove old assets that had been fully depreciated. We recommend that the district obtain some training on the current software or look at purchasing new fixed asset software in order to maintain a more accurate listing of the districts fixed assets and depreciation.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,


Jeff Hewett

For

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP