

**BATTIEST PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO 1-71  
McCURTAIN COUNTY, OKLAHOMA**

Financial Statements  
June 30, 2013

With Independent Auditors' Report Thereon

**BATTIEST PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO 1-71  
McCURTAIN COUNTY, OKLAHOMA  
June 30, 2013**

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**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO 1-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
June 30, 2013

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**BATTIEST PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO 1-71  
McCURTAIN COUNTY, OKLAHOMA  
June 30, 2013**

Board of Education

President	James Hamilton
Vice-President	Marla Reynolds
Member - Clerk	Wade Hodge
Member	Kevin Blake
Member	Amy Gilbreath

School District Treasurer

Glenda Reich

Minute Clerk

Glenda Reich

Encumbrance Clerk

Daina Huff

Superintendent of Schools

Lendall Martin

**JOHNSTON & BRYANT**

Certified Public Accountants

Pete Johnston, C.P.A.  
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Ada, Oklahoma 74821-1564  
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MEMBER  
American Institute of Certified Public Accountants  
Oklahoma Society of Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

The Board of Education  
Battiest Independent School District I-71  
Battiest, McCurtain County, Oklahoma

**Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Battiest School District I-71, Battiest, Oklahoma (District), as of and for the year ended June 30, 2013, 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 financial reporting provisions of the Oklahoma State Department of Education. Management is also responsible for 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As discussed in Note 1, the financial statements are prepared by the Battiest School District Number I-71 on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Battiest School District Number I-71, Battiest, Oklahoma as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

### **Basis for Qualified Opinion on Regulatory Basis of Accounting**

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed in the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

### **Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of Battiest School District Number I-71, Battiest, Oklahoma, as of June 30, 2013, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

### **Other Matters**

### **Other Information**

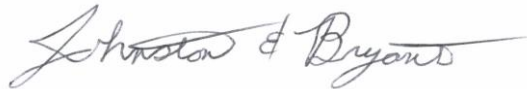
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements-regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial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

Battiest Independent School District I-71  
Battiest, Oklahoma

The combining financial statements-regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining statements-regulatory basis and the schedule of expenditures of federal awards are 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 November 1, 2013 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.



November 1, 2013  
Ada, Oklahoma

**COMBINED FINANCIAL STATEMENTS**



**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
 Combined Statement of Assets, Liabilities and Fund Balance  
 All Fund Types and Account Groups - Regulatory Basis  
 June 30, 2013

	Governmental Fund Types		Fiduciary Fund Types	Totals
	General	Special Revenue	Trust and Agency	(Memorandum Only)
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 597,075	\$ 268,588	\$ 39,097	\$ 904,760
TOTAL ASSETS	\$ 597,075	\$ 268,588	\$ 39,097	\$ 904,760
 <u>LIABILITIES AND FUND BALANCE:</u>				
<u>LIABILITIES:</u>				
Warrants Payable	\$ 73,761	\$ 3,679	\$ -	\$ 77,440
Encumbrances	6,805	-	-	6,805
TOTAL LIABILITIES	80,566	3,679	-	84,245
 <u>FUND BALANCE:</u>				
Fund Balances	516,509	264,909	39,097	820,515
TOTAL FUND BALANCE	516,509	264,909	39,097	820,515
TOTAL LIABILITIES AND FUND BALANCE	\$ 597,075	\$ 268,588	\$ 39,097	\$ 904,760

The accompanying notes are an integral part of this statement.

**BATTIEST PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-71  
McCURTAIN COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid and  
Changes in Fund Balances  
All Governmental Fund Types - Regulatory Basis  
Year Ended June 30, 2013

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>REVENUES COLLECTED:</u>			
District Sources	\$ 360,131	\$ 52,326	\$ 412,457
Intermediate Sources	30,431	-	30,431
State Sources	1,680,665	1,996	1,682,661
Federal Sources	393,436	95,973	489,409
	<u>2,464,663</u>	<u>150,295</u>	<u>2,614,958</u>
 <u>EXPENDITURES PAID:</u>			
Instruction	1,216,813	-	1,216,813
Support Services	1,167,389	25,656	1,193,045
Non-Instruction Services	98,559	120,414	218,973
Capital Outlay	-	-	-
Other Outlays	133	-	133
	<u>2,482,894</u>	<u>146,070</u>	<u>2,628,964</u>
TOTAL EXPENDITURES PAID			
Excess of Revenues Collected Over (Under) Expenditures Paid	(18,231)	4,225	(14,006)
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(18,231)	4,225	(14,006)
FUND BALANCE, BEGINNING OF YEAR	<u>534,740</u>	<u>260,684</u>	<u>795,424</u>
FUND BALANCE, END OF YEAR	<u>\$ 516,509</u>	<u>\$ 264,909</u>	<u>\$ 781,418</u>

The accompanying notes are an integral part of this statement.

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
 Combined Statement of Revenues Collected, Expenditures Paid  
 And Changes in Fund Balance - Budget and Actual - Regulatory Basis  
 Budgeted Governmental Fund Types – General Fund  
 Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUES COLLECTED:</u></b>				
District Sources	\$ 264,714	\$ 264,714	\$ 360,131	\$ 95,417
Intermediate Sources	26,957	26,957	30,431	3,474
State Sources	1,624,452	1,632,602	1,680,665	48,063
Federal Sources	-	198,949	393,436	194,487
TOTAL REVENUE COLLECTED	<u>1,916,123</u>	<u>2,123,222</u>	<u>2,464,663</u>	<u>341,441</u>
<b><u>EXPENDITURES PAID:</u></b>				
Instruction	1,184,778	1,391,877	1,216,813	175,064
Support Services	1,167,392	1,167,392	1,167,389	3
Non-Instruction Services	98,560	98,560	98,559	1
Capital Outlay	-	-	-	-
Other Outlays	133	133	133	-
TOTAL EXPENDITURES PAID	<u>2,450,863</u>	<u>2,657,962</u>	<u>2,482,894</u>	<u>175,068</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(534,740)	(534,740)	(18,231)	516,509
<b><u>OTHER FINANCING RESOURCES (USES)</u></b>				
Operating Transfers In (Out)	-	-	-	-
Excess Of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(534,740)	(534,740)	(18,231)	516,509
FUND BALANCE, BEGINNING OF YEAR	<u>534,740</u>	<u>534,740</u>	<u>534,740</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 516,509</u>	<u>\$ 516,509</u>

The accompanying notes are an integral part of this statement.

**BATTIEST PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-71  
McCURTAIN COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid  
And Changes in Fund Balance - Budget and Actual - Regulatory Basis  
Budgeted Governmental Fund Types – Special Revenue Fund  
Year Ended June 30, 2013

	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES COLLECTED:</u>			
District Sources	\$ 43,253	\$ 52,326	\$ 9,073
Intermediate Sources	-	-	-
State Sources	1,912	1,996	84
Federal Sources	82,662	95,973	13,311
TOTAL REVENUE COLLECTED	<u>127,827</u>	<u>150,295</u>	<u>22,468</u>
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	261,859	25,656	236,203
Non-Instruction Services	126,652	120,414	6,238
Other	-	-	-
TOTAL EXPENDITURES PAID	<u>388,511</u>	<u>146,070</u>	<u>242,441</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(260,684)	4,225	264,909
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)	-	-	-
Excess Of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(260,684)	4,225	264,909
FUND BALANCE, BEGINNING OF YEAR	<u>260,684</u>	<u>260,684</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 264,909</u>	<u>\$ 264,909</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 1. Summary of Significant Accounting Policies**

The financial statements of the Battiest Public Schools Independent District No. I-71 (the "District") have been prepared in conformity with another comprehensive basis of accounting prescribed or permitted by the Oklahoma Department of Education. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

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 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 basis -- but not the only -- criterion for including a potential component unit in 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 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 involved 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.

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. 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).

**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 Fund** - The special revenue fund of the District consists of the Building Fund and Child Nutrition Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries.

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Fund Accounting (continued)**

**Debt Service Fund** - 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 debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earning from temporary investments.

**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.

**Proprietary Fund Types**

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the District (internal service fund).

**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. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principle. 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 operations.

Agency Fund - The Agency Fund is the Schools Athletics and Activities Fund which is used to account for monies collected principally through fundraising efforts and athletic events of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

**Account Groups**

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.



**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 1. Summary of Significant Accounting Policies (continued)**

**General Long-Term Debt Account Group** - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt-service fund and the amount to be provided in future years to complete retirement of the debt principal.

**General Fixed Asset Account Group** - This account group is used to account for property, plant and equipment of the school district.

**Memorandum Only - Total Column**

The total column on the combined financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**C. Basis of Accounting**

The District prepares its basic financial statements in a presentation format that is prescribed or permitted by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

**D. Encumbrance Accounting**

Encumbrances for goods or purchased services are documented by purchase orders or contracts.

**E. Budgets and Budgetary Accounting**

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund 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.

**F. Assets, Liabilities and Fund Balance**

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

**Investments** - Investments consist of the purchase of Certificates of Deposit. All investments are recorded at cost.

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

**Fixed Assets and Property, Plant and Equipment** - The General Fixed Assets Account Group is not presented.

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 1. Summary of Significant Accounting Policies (continued)**

**F. Assets, Liabilities and Fund Equity (continued)**

**Compensated Absences** - The school does not calculate a dollar value of compensated absences. The amount is paid each year to the employees.

**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.

**Due to Activity Groups** - Due to Activity groups represent the funds received from school related groups and organizations over which the board of education exercises control. These funds are credited to the account maintained by the District for the benefit of the group or organization.

**Reserved for Debt Service** - The balance of the sinking fund is restricted by Oklahoma statutes to be used only for paying of the principal and interest on bonds and judgments (to the extent of all outstanding obligations of the District).

**Cash Fund Balance** - Cash fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

**G. Revenue, Expenses and Expenditures**

**Local Sources** - Revenues from local sources is the money generated from within the District's boundaries. It includes ad valorem tax, interest income, tuition, fees, rentals, disposals, commissions and reimbursements.

**Intermediate Sources** - Revenues from intermediate sources are monies collected by an intermediate administrative unit (i.e. county government) between the District and the state levels, and distributed to the District in amounts that are different than the proportion collected within the District's boundaries.

**State Sources** - 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 State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 1. Summary of Significant Accounting Policies (continued)**

**G. Revenue, Expenses and Expenditures (continued)**

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

The District receives revenues from the state to administer certain categorical educational programs. State Board of Education rules require that revenue ear-marked 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 Education requires that categorical educational program revenue be accounted for in the general fund.

**Federal Sources** - Revenues from federal sources are monies received from the federal government in the form of grants or entitlements (either directly or passed through another entity). A grant is monies received which must be spent for a specific purpose or activity. An entitlement is an amount given to the District based upon an allocation formula.

**Instruction Expenditures** - Instruction expenditures include the activities dealing directly with the interaction between teachers and students.

**Support Services Expenditures** - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction.

**Operation of Non-Instructional Services Expenditures** - This expenditures category consists of activities which provide non-instructional services to students, staff or the community.

**Capital Outlays** - This expenditure category 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** - This category is for items not properly classified as expenditures, but which still require budgetary or accounting control.

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 1. Summary of Significant Accounting Policies (continued)**

**G. Revenue, Expenses and Expenditures (continued)**

**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.

**H. Statement of Cash Flows**

Since the District does not currently have any Proprietary Fund Types, the statement of cash flows has not been presented in the fiscal 2013 accompanying financial statements.

**I. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

**Note 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 and savings accounts of bank and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

In accordance with state statutes, the districts investment policy as follows:

It is the policy of the Board of Education that all general fund receipts shall be transmitted to the treasurer of the board of education. A receipt shall be issued by the person receiving the funds to the person depositing the funds, and a copy of the receipt shall be forwarded to the treasurer. All disbursements shall be issued by the treasurer in the form of legal warrants, bonds, or interest coupons.

**BATTIEST PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-71  
McCURTAIN COUNTY, OKLAHOMA**

Notes to Financial Statements  
June 30, 2013

**Note 2. Cash and Investments(continued)**

The treasurer shall invest the following funds in direct obligation of the United States government, in certificates of deposit of banks secured by acceptable collateral, or in savings accounts or savings certificates of savings and loan associations. All deposits shall be insured by the Federal Deposit Insurance Corporation (FDIC):

1. Reserve funds from the general fund.
2. Reserve funds from the building fund.
3. Reserve funds in the sinking fund.

To determine that school funds are properly secured, the treasurer shall obtain from each bank where funds are deposited a listing of collateral pledged, setting forth the par value and market value of such collateral each time an investment is made.

Said funds are to be invested monthly in accordance with all applicable state and school laws.

Credit Risk is the risk that an issuer or other counter part to an investment will not fulfill its obligation.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investment held for longer periods of time are subject to increased risk of adverse interest rate changes. The School's policy provides that to the extent practicable, investments are matched with anticipated cash flows. The school's investments are held in bank accounts and certificates of deposits which are short term to minimize Interest Rate Risk to as low of level as possible.

The District's deposits and investments are in two institutions as follows:

	Bank Balance	Pledged Collateral	FDIC Insurance
McCurtain County National Bank	\$ 865,663	\$ 1,002,590	\$ 250,000
First National Bank Idabel, OK	40,358	-	250,000
Total Deposits	\$ 906,021	\$ 1,002,590	

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 3. Contingencies**

Amounts received or receivable from grantor 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 amount, 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.

**Note 4. Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**Note 5. School Employee Bonding**

The encumbrances clerk, minute clerk, and lunch fund custodian are all bonded by Western Surety Company for the amount of \$5,000

The superintendent is bonded by Western Surety Company for the amount of \$100,000.

The activity fund custodian and principal are bonded by the Western Surety Company for the amount of \$20,000.

The Treasurer is bonded by Western Surety Company in amount of \$100,000.

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 6. Subsequent Events**

Management has evaluated subsequent events through November 1, 2013 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.

**Note 7. 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.

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.



**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2013

**Note 7. Employee Retirement System(continued)**

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 employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14.0% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales tax use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% and the State of Oklahoma, plus the federal contribution contributed the remaining 4.5% during this year. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

Annual Pension Cost

The District's total contributions for 2013, 2012, and 2011 were \$72,086, \$77,001 and \$71,628 respectfully.

## COMBINING FINANCIAL STATEMENTS

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Combining Statement of Assets, Liabilities and Fund Balances  
All Special Revenue Funds - Regulatory Basis  
June 30, 2013

	<u>Child Nutrition Program Fund</u>	<u>Building Fund</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 21,461	\$ 247,127	\$ 268,588
TOTAL ASSETS	<u>\$ 21,461</u>	<u>\$ 247,127</u>	<u>\$ 268,588</u>
<u>LIABILITIES AND CASH FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Encumbrances	\$ -	\$ -	\$ -
Outstanding Warrants	<u>110</u>	<u>3,569</u>	<u>3,679</u>
TOTAL LIABILITIES	<u>110</u>	<u>3,569</u>	<u>3,679</u>
<u>FUND EQUITY:</u>			
Fund Balances	<u>21,351</u>	<u>243,558</u>	<u>264,909</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,461</u>	<u>\$ 247,127</u>	<u>\$ 268,588</u>

**BATTIEST PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-71  
McCURTAIN COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid  
And Changes in Fund Balances - All Special Revenue Funds - Regulatory Basis  
June 30, 2013

	Child Nutrition Program Fund	Building Fund	Total (Memorandum Only)
<u>REVENUES COLLECTED:</u>			
District Sources of Revenue	\$ 7,127	\$ 45,199	\$ 52,326
Intermediate Sources of Revenue	-	-	-
State Sources of Revenue	1,996	-	1,996
Federal Sources of Revenue	95,973	-	95,973
	<u>105,096</u>	<u>45,199</u>	<u>150,295</u>
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	-	25,656	25,656
Non-Instruction Services	120,414	-	120,414
Capital Outlay	-	-	-
Other Outlays	-	-	-
	<u>120,414</u>	<u>25,656</u>	<u>146,070</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(15,318)	19,543	4,225
<u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	-	-	-
Excess of Revenues and Other Resources Over (Under) Expenditures and Other Uses	(15,318)	19,543	4,225
FUND BALANCE, BEGINNING OF YEAR	<u>36,669</u>	<u>224,015</u>	<u>260,684</u>
FUND BALANCE, END OF YEAR	<u>\$ 21,351</u>	<u>\$ 243,558</u>	<u>\$ 264,909</u>

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid  
And Changes in Fund Balances – Budget and Actual (Regulatory Basis)  
Special Revenue Fund Types  
Year Ended June 30, 2013

	Building Fund		
	Original Budget	Final Budget	Actual
<u>Revenues Collected:</u>			
District Sources of Revenue	\$ 37,844	\$ 37,844	\$ 45,199
State Sources of Revenue	-	-	-
Federal Sources of Revenue	-	-	-
<b>TOTAL REVENUE COLLECTED</b>	<u>37,844</u>	<u>37,844</u>	<u>45,199</u>
<b>EXPENDITURES</b>			
Instruction	-	-	-
Support Services	261,859	261,859	25,656
Non-Instruction Services	-	-	-
Capital Outlays	-	-	-
Other Outlays	-	-	-
<b>TOTAL EXPENDITURES PAID</b>	<u>261,859</u>	<u>261,859</u>	<u>25,656</u>
Excess of Revenue Over (Under) Expenditures Paid	(224,015)	(224,015)	19,543
<u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	-	-	-
Revenues and Other Resources Over (Under) Expenditures and Other Uses	(224,015)	(224,015)	19,543
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>224,015</u>	<u>224,015</u>	<u>224,015</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,558</u>

Child Nutritional Fund		
Original Budget	Final Budget	Actual
\$ 5,409	\$ 5,409	\$ 127
1,912	1,912	1,996
82,662	82,662	95,973
<u>89,983</u>	<u>89,983</u>	<u>105,096</u>
-	-	-
-	-	-
126,652	126,652	120,414
-	-	-
-	-	-
<u>126,652</u>	<u>126,652</u>	<u>120,414</u>
(36,669)	(36,669)	(15,318)
-	-	-
(36,669)	(36,669)	(15,318)
<u>36,669</u>	<u>36,669</u>	<u>36,669</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,351</u>

Total		
Original Budget	Final Budget	Actual
\$ 43,253	\$ 43,253	\$ 52,326
1,912	1,912	1,996
82,662	82,662	95,973
<u>127,827</u>	<u>127,827</u>	<u>150,295</u>
-	-	-
261,589	261,859	25,656
126,652	126,652	120,414
-	-	-
-	-	-
<u>388,511</u>	<u>388,511</u>	<u>146,070</u>
(260,684)	(260,684)	4,225
-	-	-
(260,684)	(260,684)	4,225
<u>260,684</u>	<u>260,684</u>	<u>260,684</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,909</u>

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Combining Assets, Liabilities and Fund Balance  
Fiduciary Funds – Regulatory Basis  
June 30, 2013

	<u>Agency Fund</u>
	<u>Activity</u>
	<u>Fund</u>
 <u>ASSETS</u>	
Cash	\$ 39,097
TOTAL ASSETS	\$ 39,097
 <u>FUND BALANCE</u>	
Unreserved/Undesignated	\$ 14,449
Designated Student Groups	24,648
	39,097
TOTAL LIABILITIES AND FUND BALANCE	\$ 39,097

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
 Detail of Activity Funds – Regulatory Basis  
 Year Ended June 30, 2013

<u>Description</u>	Beginning Balance 6/30/2012	Receipts	Adjustments	Disbursements	Ending Balance 6/30/2013
Athletics	\$ 391	\$ 17,875	\$ -	\$ 14,611	\$ 3,655
Softball	379	18,289	-	18,486	181
Texas Rangers	-	5,000	-	1,994	3,006
Baseball	201	8,773	-	7,651	1,323
Gen Activity	210	46	-	85	171
Cafeteria	-	7,110	-	7,110	-
Class of 2015	508	972	-	1,410	70
Drama Club	490	211	-	147	554
Class of 2013	8	-	-	-	8
Business	71	-	-	-	71
Cheerleaders	2,078	-	-	-	2,078
Elementary	10,868	27,467	-	23,869	14,466
Yearbook	4,063	5,689	-	4,626	5,126
High School	912	6,012	-	5,937	986
FFA	2,013	23,207	-	23,341	1,879
Student Council	154	-	-	-	154
Nat. Honor Society	66	288	-	85	269
FCCLA	375	5,965	-	5,856	483
Library	2,145	4,711	-	2,822	4,034
ISA	315	831	-	870	276
Science Club	307	-	-	-	307
<b>Total</b>	<b>\$ 25,554</b>	<b>\$ 132,444</b>	<b>\$ -</b>	<b>\$ 118,901</b>	<b>\$ 39,097</b>



## SUPPORTING SCHEDULES

**BATTIEST PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Schedule of Expenditures of Federal Awards-Regulatory Basis  
Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA No.	Pass Through Grantor's Number
<u>U.S. Department of Education Direct Programs:</u>		
Impact Aid - Current	84.041	46-OK-2013
Small Rural School Achievement Programs	84.358A	S358A104799
Title VII	84.060A	S060A061064
TOTAL U.S. DEPARTMENT OF EDUCATION		
<u>Passed Through State Department of Education:</u>		
IDEA - B	84.027	N/A
Title I Part A - Basic	84.010	N/A
Indian Ed - JOM	15.130	N/A
Special Ed (ARRA) - Preschool	84.173	N/A
Title II - Part A	84.367	N/A
Medicaid Resources	93.778	N/A
Title I Academic Achievement	84.010	N/A
TOTAL DEPARTMENT OF EDUCATION		
<u>Passed through State Department of Oklahoma</u>		
Forest Reserves	10.665	N/A
TOTAL STATE OF OKLAHOMA		
<u>Passed Through U.S. Department of Agriculture:</u>		
Child Nutrition - Breakfasts	10.553	N/A
Child Nutrition - Lunches	10.555	N/A
TOTAL DEPARTMENT OF AGRICULTURE		
<u>Passed Through U.S. Department of Human Services:</u>		
Commodity Supplemental Food Program	10.565	N/A
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES		
TOTAL FEDERAL ASSISTANCE		

Balance June 30, 2012		Receipts	Expenditures	Balance June 30, 2013	
\$	26,668	\$ 48,340	\$ 75,007	\$	-
	7,312	4,398	9,740		-
	6,858	11,566	19,604		6,319
	<u>40,838</u>	<u>64,304</u>	<u>104,351</u>		<u>6,319</u>
	32,565	40,444	53,710		4
	60,476	57,466	72,130		12,553
	5,706	1,953	7,689		306
	1,516	1,275	3,300		-
	20,917	19,211	24,013		105
	-	8,661	1,716		-
	-	-	2,849		-
	-	-	-		-
	<u>121,180</u>	<u>129,010</u>	<u>165,407</u>		<u>12,968</u>
	-	33,741	33,741		-
	-	<u>33,741</u>	<u>33,741</u>		-
	-	24,129	22,833		-
	-	68,835	65,767		-
	-	<u>92,964</u>	<u>88,600</u>		-
	-	7,372	7,372		-
	-	<u>7,372</u>	<u>7,372</u>		-
\$	<u>162,018</u>	<u>\$ 327,391</u>	<u>\$ 399,471</u>	\$	<u>19,287</u>

**BATTIEST PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-71  
MCCURTAIN COUNTY, OKLAHOMA**

Notes to Schedule of Expenditures of Federal Awards – Regulatory Basis  
Year Ended June 30, 2013

**Note 1:** The accompanying schedule of expenditures of federal awards includes the federal grant expenditures of Battiest Public Schools, I-71, McCurtain County, Oklahoma and is presented on the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

No amounts were passed through to a subrecipient.

**SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT**

**BATTIEST PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-71  
McCURTAIN COUNTY, OKLAHOMA**  
Schedule of Accountant's Professional Liability Insurance Affidavit  
July 1, 2012 to June 30, 2013

STATE OF OKLAHOMA    )  
  )ss  
COUNTY OF MCCURTAIN )

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit agreement with the Battiest Public Schools for the audit year 2012-2013.

Johnston and Bryant, C.P.A.'S  
By *Rike Johnston CPA*

Subscribed and sworn to before me this 4<sup>th</sup> day of November 2013.

*Keisha Brewer*  
Notary Public

My commission expires 3-15-14

Commission No. 06002835



**INDEPENDENT AUDITORS' 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**

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

The Board of Education  
Battiest School District Number I-71  
Battiest, 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 accompanying fund type and account group financial statements-regulatory basis within the combined financial statements of the Battiest School District Number I-71, Battiest, Oklahoma(District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 1, 2013, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of the financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

**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 the District's Internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

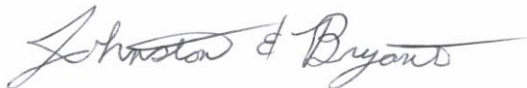


### **Compliance and Other Matters**

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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Ada, Oklahoma  
November 1, 2013

**BATTIEST INDEPENDENT SCHOOL DISTRICT NO.I-71**  
**McCURTAIN COUNTY, OKLAHOMA**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013

Status of Prior Year Findings

None.

Current Year Audit Findings

None.