

BOONE-APACHE INDEPENDENT SCHOOL DISTRICT NO. 56
CADDO COUNTY, OKLAHOMA
JUNE 30, 2017

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BOONE-APACHE INDEPENDENT SCHOOL DISTRICT NO. 56

CADDO COUNTY, OKLAHOMA

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**BOONE-APACHE INDEPENDENT SCHOOL DISTRICT NO. I-56, CADDO COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2017**

BOARD OF EDUCATION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Boone-Apache Independent School District #56
Caddo County, Oklahoma

Board Members:

Report on Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the **Boone-Apache Independent School District #56**, Caddo County, Oklahoma, as of and for the year ended June 30, 2017, 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 the financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 error or fraud.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As discussed in Note 1, the financial statements are prepared by **Boone-Apache Independent School District #56** Caddo County, Oklahoma, 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 determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of 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 above paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of **Boone-Apache Independent School District #56**, Caddo County, Oklahoma, as of June 30, 2017, or the changes in its financial position, 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 by 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 balance arising from regulatory basis transactions of each fund type and account group of **Boone-Apache Independent School District, #56**, Caddo County, Oklahoma as of June 30, 2017, and the revenues collected, expenditures paid and encumbered, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

Other Matters

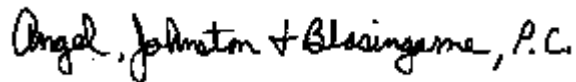
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Boone-Apache Independent School District #56, Caddo County, Oklahoma’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 *Oklahoma Department of Education and/or Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining 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 on the regulatory basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017, on our consideration of the **Boone-Apache Independent School District, #56, Caddo County, Oklahoma'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 Standard* in considering **Boone-Apache Independent School District, #56, Caddo County, Oklahoma's** internal control over financial reporting and compliance.



Chickasha, Oklahoma
December 7, 2017

COMBINED FINANCIAL STATEMENTS

Boone-Apache School District No.1-056, Caddo County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2017

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
ASSETS	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2017
Cash and Cash Equivalents	\$ 1,095,359	\$ 406,853	\$ 129,984	\$ 1,113,373	\$ 184,792	\$ 0	\$ 2,930,361
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	129,984	129,984
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	835,016	835,016
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	9,948,041	9,948,041
Total Assets	\$ 1,095,359	\$ 406,853	\$ 129,984	\$ 1,113,373	\$ 184,792	\$ 10,913,041	\$ 13,843,402
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	\$ 142,216	\$ 11,836	\$ 0	\$ 9,750	\$ 0	\$ 0	\$ 163,802
Reserve for Encumbrances	17,272	10,493	0	4,600	0	0	32,365
Due to Activity Groups	0	0	0	0	184,792	0	184,792
General Obligation Bonds Payable	0	0	0	0	0	965,000	965,000
Capitalized Lease Obligations Payable	0	0	0	0	0	9,948,041	9,948,041
Total Liabilities	\$ 159,488	\$ 22,329	\$ 0	\$ 14,350	\$ 184,792	\$ 10,913,041	\$ 11,294,000
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 129,984	\$ 0	\$ 0	\$ 0	\$ 129,984
Capital Projects	0	0	0	1,099,023	0	0	1,099,023
Building Programs	0	309,633	0	0	0	0	309,633
Child Nutrition Programs	0	60,556	0	0	0	0	60,556
Cooperative Programs	0	14,335	0	0	0	0	14,335
Unassigned	935,871	0	0	0	0	0	935,871
Total Fund Balances	\$ 935,871	\$ 384,524	\$ 129,984	\$ 1,099,023	\$ 0	\$ 0	\$ 2,549,402
Total Liabilities and Fund Balances	\$ 1,095,359	\$ 406,853	\$ 129,984	\$ 1,113,373	\$ 184,792	\$ 10,913,041	\$ 13,843,402

The notes to the financial statements are an integral part of this statement.

Boone-Apache School District No.1-056, Caddo County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ended June 30, 2017

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2017
Revenue Collected:					
Local Sources	\$ 887,205	\$ 157,607	\$ 898,169	\$ 0	\$ 1,942,981
Intermediate Sources	69,795	0	0	0	69,795
State Sources	2,294,910	45,242	0	0	2,340,153
Federal Sources	523,843	548,704	0	0	1,072,547
Non-Revenue Receipts	19	0	2,612	0	2,632
<i>Total Revenue Collected</i>	<u>\$ 3,775,773</u>	<u>\$ 751,554</u>	<u>\$ 900,781</u>	<u>\$ 0</u>	<u>\$ 5,428,108</u>
Expenditures Paid:					
Instruction	\$ 2,368,790	\$ 30,777	\$ 0	\$ 0	\$ 2,399,567
Support Services	1,308,326	232,816	0	18,400	1,559,543
Operation of Non-Instructional Services	0	346,891	0	0	346,891
Facilities Acquisition and Construction	15,000	28,986	0	941,260	985,246
Other Outlays	19	0	0	0	19
Other Uses	0	0	0	0	0
Repayments	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	1,340,000	0	1,340,000
Interest and Fiscal Agent Fees	0	0	21,819	0	21,819
<i>Total Expenditures Paid</i>	<u>\$ 3,692,135</u>	<u>\$ 639,469</u>	<u>\$ 1,361,819</u>	<u>\$ 959,660</u>	<u>\$ 6,653,083</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 83,637</u>	<u>\$ 112,085</u>	<u>\$ (461,038)</u>	<u>\$ (959,660)</u>	<u>\$ (1,224,976)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 322</u>	<u>\$ 49</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 371</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 121	\$ (0)	\$ 0	\$ 0	\$ 121
Bond Proceeds	0	0	0	840,000	840,000
Transfers In	0	23,421	0	0	23,421
Transfers Out	(23,421)	0	0	0	(23,421)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (23,301)</u>	<u>\$ 23,421</u>	<u>\$ 0</u>	<u>\$ 840,000</u>	<u>\$ 840,121</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 60,659</u>	<u>\$ 135,555</u>	<u>\$ (461,038)</u>	<u>\$ (119,660)</u>	<u>\$ (384,484)</u>
<i>Fund Balance - Beginning of Year</i>	<u>875,212</u>	<u>248,969</u>	<u>591,022</u>	<u>1,218,683</u>	<u>2,933,886</u>
<i>Fund Balance - End of Year</i>	<u>\$ 935,871</u>	<u>\$ 384,524</u>	<u>\$ 129,984</u>	<u>\$ 1,099,023</u>	<u>\$ 2,549,402</u>

The notes to the financial statements are an integral part of this statement.

Boone-Apache School District No. I-056, Caddo County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ended June 30, 2017

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 837,536	\$ 837,536	\$ 887,205	\$ 179,022	\$ 179,022	\$ 157,607	\$ 896,453	\$ 896,453	\$ 898,169
Intermediate Sources	105,500	105,500	69,795	0	0	0	0	0	0
State Sources	2,168,223	2,168,223	2,294,910	30,800	30,800	45,242	0	0	0
Federal Sources	177,681	177,681	523,843	260,600	260,600	548,704	0	0	0
Non-Revenue Receipts	0	0	19	0	0	0	0	0	2,612
<i>Total Revenue Collected</i>	<u>\$ 3,288,940</u>	<u>\$ 3,288,940</u>	<u>\$ 3,775,773</u>	<u>\$ 470,422</u>	<u>\$ 470,422</u>	<u>\$ 751,554</u>	<u>\$ 896,453</u>	<u>\$ 896,453</u>	<u>\$ 900,781</u>
Expenditures Paid:									
Instruction	\$ 2,491,474	\$ 2,491,474	\$ 2,368,790	\$ 37,519	\$ 37,519	\$ 30,777	\$ 0	\$ 0	\$ 0
Support Services	1,634,238	1,634,238	1,308,326	285,839	285,839	232,816	0	0	0
Operation of Non-Instructional Services	0	0	0	388,548	388,548	346,891	0	0	0
Facilities Acquisition and Construction	15,000	15,000	15,000	30,486	30,486	28,986	0	0	0
Other Outlays	19	19	19	0	0	0	1,487,475	1,487,475	1,361,819
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 4,140,731</u>	<u>\$ 4,140,731</u>	<u>\$ 3,692,135</u>	<u>\$ 742,392</u>	<u>\$ 742,392</u>	<u>\$ 639,469</u>	<u>\$ 1,487,475</u>	<u>\$ 1,487,475</u>	<u>\$ 1,361,819</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (851,791)</u>	<u>\$ (851,791)</u>	<u>\$ 83,637</u>	<u>\$ (271,969)</u>	<u>\$ (271,969)</u>	<u>\$ 112,085</u>	<u>\$ (591,022)</u>	<u>\$ (591,022)</u>	<u>\$ (461,038)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 322</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 49</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 121	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	23,000	23,000	23,421	0	0	0
Transfers Out	(23,421)	(23,421)	(23,421)	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (23,421)</u>	<u>\$ (23,421)</u>	<u>\$ (23,301)</u>	<u>\$ 23,000</u>	<u>\$ 23,000</u>	<u>\$ 23,421</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (875,212)</u>	<u>\$ (875,212)</u>	<u>\$ 60,659</u>	<u>\$ (248,969)</u>	<u>\$ (248,969)</u>	<u>\$ 135,555</u>	<u>\$ (591,022)</u>	<u>\$ (591,022)</u>	<u>\$ (461,038)</u>
<i>Fund Balance - Beginning of Year</i>	<u>875,212</u>	<u>875,212</u>	<u>875,212</u>	<u>248,969</u>	<u>248,969</u>	<u>248,969</u>	<u>591,022</u>	<u>591,022</u>	<u>591,022</u>
<i>Fund Balance - End of Year</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 935,871</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 384,524</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 129,984</u>

The notes to the financial statements are an integral part of this statement.

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Boone-Apache Public Schools Independent District No. 56, Caddo County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

1.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 the 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. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

1.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."

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, Governmental Fund Types, (continued)

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).

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues 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.

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund, the Child Nutrition Fund, and the Cooperative 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 to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

Cooperative Fund - The Cooperative Fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. Boone-Apache was the LEA for a cooperative agreement established by a state alternative education grant.

3. 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 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.

4. Capital Projects Fund - The Capital Projects Fund consists of the District's 2014 Building bond issue. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities.

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

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, trust funds are used for their accounting and reporting. 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.

1. Agency Funds - The Agency Fund is the School Activities fund, which is used to account for monies, collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of 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.

1. General long-term Debt Account Group - This account group is used 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. It is also used to account for liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

2. General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the District. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only - Total Column

The total column on the general purpose 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.

1.C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed 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 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:

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.C. Basis of Accounting and Presentation, (continued)

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is 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.

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

1.E. Assets, Liabilities and Fund Equity

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 direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximated market value.

Property Tax Revenues – 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. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll 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 are due prior to January 1. The second half is due prior to April 1.

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 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.

Inventories – The value of consumable inventories at June 30, 2017, is not material to the basic financial statements.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group has not been presented.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the amount is not material to the financial statements.

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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Balance - In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are spendable (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Resource Use Policy

It is the District's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the District's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the School considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts

1.F. Revenue, Expenses, and Expenditures

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

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

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.F. Revenue, Expenses, and Expenditures, (continued)

The District receives revenue from the state to administer certain categorical education programs. The State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also 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 revenues be accounted for in the general fund.

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. Transfers in/transfers out may not agree because activity fund transactions are not included.

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2017:

		<u>Carrying Value</u>
Deposits		
Demand Deposits	\$	2,935,303
Time Deposits		<u>0</u>
Total Deposits	\$	<u><u>2,935,303</u></u>
Investments		
	<u>Credit Rating</u>	<u>Maturity</u>
		<u>Fair Value</u>
Total Investments	\$	<u>0</u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity		
Cash and Cash Equivalents	\$	2,930,361
Activity Fund Reconciling Items		<u>4,942</u>
Total Deposits and Investments	\$	<u><u>2,935,303</u></u>

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name.

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 2 – Deposit and Investment Risk, (continued)

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limit acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2017 the District did not have any custodial credit risk as defined above.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The district had no investment credit risk as of June 30, 2017, as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 2 – Deposit and Investment Risk, (continued)

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2017, the District had no concentration of credit risk as defined above.

Note 3 - General Long-term Debt

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

General long-term debt of the District consists of bonds payable and capital leases. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2017:

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2016	\$ 1,465,000	\$ 10,789,323	\$ 0	\$ 12,254,323
Additions	840,000	0	0	840,000
Retirements	1,340,000	841,282	0	2,181,282
Balance, June 30, 2017	<u>\$ 965,000</u>	<u>\$ 9,948,041</u>	<u>\$ 0</u>	<u>\$ 10,913,041</u>

A brief description of the outstanding general obligation bond issues at June 30, 2017, is set forth below:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2015 Building Bonds	1.05%	October 1, 2017	125,000	125,000
2016 Building Bond	1.25%	October 1, 2018	840,000	840,000
Totals			<u>\$ 965,000</u>	<u>\$ 965,000</u>

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 3 - General Long-term Debt, (continued)

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 Building Bonds			
2017-18	\$ 0	\$ 10,500	\$ 10,500
2018-19	840,000	10,500	850,500
Sub Total	\$ 840,000	\$ 21,000	\$ 861,000
2015 Building Bonds			
2017-18	125,000	\$ 1,313	\$ 126,313
Sub Total	\$ 125,000	\$ 1,313	\$ 126,313
Total Bonds	\$ 965,000	\$ 22,313	\$ 987,313

Interest expense on bonds payable incurred during the current year totaled \$21,818.75

The District has entered into lease agreements as lessee for financing the acquisition of School Buildings and a new bus. These lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. These leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

As noted in Note 1 to the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the above assets as assets in the General Fixed Assets Account Group. The District has recorded the liability for future lease payments in the general long-term debt account group for the above leases. The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, is as follows:

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 3 - General Long-term Debt, (continued)

Year Ending June 30	Caddo County		Total
	Educational Authority	Bus Lease	
2018	\$ 826,350	\$ 16,963	\$ 843,313
2019	826,350	16,963	843,313
2020	826,350	0	826,350
2021	826,350	0	826,350
2022	826,350	0	826,350
2023	826,350	0	826,350
2024	826,350	0	826,350
2025	826,350	0	826,350
2026	826,350	0	826,350
2027	826,350	0	826,350
2028	826,350	0	826,350
2029	826,350	0	826,350
Total	\$ 9,916,200	\$ 33,926	\$ 9,950,126
Less: Amount Representing Interest		-2,085	-2,085
Present Value of Future Minimum Lease Payments	\$ 9,916,200	\$ 31,841	\$ 9,948,041

Note 4 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Ok 73152 or by calling (405) 521-2387.

Funding Policy - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public education institutions who work at least 20 hours per week.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2017. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 4 - Employee Retirement System, (continued)

The District's contributions to the System for the years ending June 30, 2017, 2016, and 2015 were \$213,946, \$213,356, and \$201,316, respectively.

The compensation for employees covered by the System for the year ended June 30, 2017 was \$2,162,053; the District's total compensation was \$2,861,319. In addition to the District's 9.50% contributions, the District was required to pay into the System 7.70% of compensation arising from federal grants \$23,731.93. There were \$109,841.40 contributions made by employees during the year ended June 30, 2017.

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 nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2016, is as follows:

Total pension obligation	\$ 22,193,244,472
Net assets available for benefits, at cost	<u>14,577,868,730</u>
Nonfunded pension benefit obligation	<u>\$ 7,615,375,742</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2016. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

Note 5 - Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency. 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 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public official's liability. The District had the following insurance coverage during the year: Commercial property - \$16,495,015; general liability - \$2,000,000; and educator's liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Boone-Apache ISD No. 56, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 6 – Risk Management, (continued)

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the school reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

The District is also a member of the Oklahoma Public Schools Unemployment Compensation Program.

Note 7 - Use of Estimates

The preparation of financial statements in conformity with the cash basis and budget laws of the Oklahoma State Department of Education 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 the reporting period. Actual results could differ from those estimates.

Note 8 – Surety Bonds

The District has a Public Employees Schedule Bond with The Ohio Casualty Insurance Company. The bond number is 3862382 and covers the term of August 22, 2016 to August 22, 2017. The Treasurer and assistant treasurer are each covered for the penal sum of \$100,000, the encumbrance clerk/minutes clerk/payroll clerk are covered for \$5,000, and the superintendent is covered for \$100,000. There are various other positions covered as well.

Note 9 – Subsequent Events

In August 2017, the District issued \$840,000 in General Obligation Building Bonds. The proceeds from these bonds will be used to construct, equip, repair and remodel school buildings, acquire school furniture, fixtures and equipment, and acquire and improve school sites. This bond has a coupon rate of 1.5%, a nominal rate of 1.344% and a maturity date of October 1, 2019.

OTHER SUPPLEMENTAL INFORMATION

Boone-Apache School District No.1-056, Caddo County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
June 30, 2017

<u>ASSETS</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Coop Fund</u>	<u>Total June 30, 2017</u>
Cash and Cash Equivalents	\$ 321,319	\$ 69,082	\$ 16,451	\$ 406,853
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 321,319</u>	<u>\$ 69,082</u>	<u>\$ 16,451</u>	<u>\$ 406,853</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants Payable	\$ 9,471	\$ 248	\$ 2,116	\$ 11,836
Reserve for Encumbrances	<u>2,215</u>	<u>8,278</u>	<u>0</u>	<u>10,493</u>
<i>Total Liabilities</i>	<u>\$ 11,686</u>	<u>\$ 8,526</u>	<u>\$ 2,116</u>	<u>\$ 22,329</u>
Fund Balances:				
Restricted	<u>\$ 309,633</u>	<u>\$ 60,556</u>	<u>\$ 14,335</u>	<u>\$ 384,524</u>
<i>Total Fund Balances</i>	<u>\$ 309,633</u>	<u>\$ 60,556</u>	<u>\$ 14,335</u>	<u>\$ 384,524</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 321,319</u>	<u>\$ 69,082</u>	<u>\$ 16,451</u>	<u>\$ 406,853</u>

Boone-Apache School District No.1-056, Caddo County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2017

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Cooperative Fund</u>	<u>Total June 30, 2017</u>
Revenue Collected:				
Local Sources	\$ 98,473	\$ 59,134	\$ 0	\$ 157,607
Intermediate Sources	0	0	0	0
State Sources	22,127	8,126	14,989	45,242
Federal Sources	278,066	270,638	0	548,704
Non-Revenue Receipts	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 398,667</u>	<u>\$ 337,898</u>	<u>\$ 14,989</u>	<u>\$ 751,554</u>
Expenditures Paid:				
Instruction	\$ 0	\$ 0	\$ 30,777	\$ 30,777
Support Services	232,816	0	0	232,816
Operation of Non-Instructional Services	0	346,891	0	346,891
Facilities Acquisition and Construction	28,986	0	0	28,986
Other Outlays	0	0	0	0
Other Uses	0	0	0	0
Repayments	0	0	0	0
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 261,802</u>	<u>\$ 346,891</u>	<u>\$ 30,777</u>	<u>\$ 639,469</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 136,865</u>	<u>\$ (8,992)</u>	<u>\$ (15,788)</u>	<u>\$ 112,085</u>
Adjustments to Prior Year Encumbrances	<u>\$ 49</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 49</u>
Other Financing Sources (Uses):				
Estopped Warrants	\$ (0)	\$ (0)	\$ (0)	\$ (0)
Transfers In	0	0	23,421	23,421
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 23,421</u>	<u>\$ 23,421</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 136,913</u>	<u>\$ (8,992)</u>	<u>\$ 7,634</u>	<u>\$ 135,555</u>
<i>Fund Balance - Beginning of Year</i>	<u>172,720</u>	<u>69,548</u>	<u>6,701</u>	<u>248,969</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 309,633</u></u>	<u><u>\$ 60,556</u></u>	<u><u>\$ 14,335</u></u>	<u><u>\$ 384,524</u></u>

Boone-Apache School District No. I-056, Caddo County, Oklahoma
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
 Budget and Actual - Regulatory Basis - Special Revenue Funds
 For the Year Ended June 30, 2017

	Building Fund			Cooperative Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 119,604	\$ 119,604	\$ 98,473	\$ 7,818	\$ 7,818	\$ 0	\$ 51,600	\$ 51,600	\$ 59,134
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	24,000	24,000	22,127	0	0	14,989	6,800	6,800	8,126
Federal Sources	0	0	278,066	0	0	0	260,600	260,600	270,638
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 143,604</u>	<u>\$ 143,604</u>	<u>\$ 398,667</u>	<u>\$ 7,818</u>	<u>\$ 7,818</u>	<u>\$ 14,989</u>	<u>\$ 319,000</u>	<u>\$ 319,000</u>	<u>\$ 337,898</u>
Expenditures Paid:									
Instruction	\$ 0	\$ 0	\$ 0	\$ 37,519	\$ 37,519	\$ 30,777	\$ 0	\$ 0	\$ 0
Support Services	285,839	285,839	232,816	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0	388,548	388,548	346,891
Facilities Acquisition and Construction	30,486	30,486	28,986	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 316,324</u>	<u>\$ 316,324</u>	<u>\$ 261,802</u>	<u>\$ 37,519</u>	<u>\$ 37,519</u>	<u>\$ 30,777</u>	<u>\$ 388,548</u>	<u>\$ 388,548</u>	<u>\$ 346,891</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (172,720)</u>	<u>\$ (172,720)</u>	<u>\$ 136,865</u>	<u>\$ (29,701)</u>	<u>\$ (29,701)</u>	<u>\$ (15,788)</u>	<u>\$ (69,548)</u>	<u>\$ (69,548)</u>	<u>\$ (8,992)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 49</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0	\$ (0)
Transfers In	0	0	0	23,000	23,000	23,421	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 23,000</u>	<u>\$ 23,000</u>	<u>\$ 23,421</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (0)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (172,720)</u>	<u>\$ (172,720)</u>	<u>\$ 136,913</u>	<u>\$ (6,701)</u>	<u>\$ (6,701)</u>	<u>\$ 7,634</u>	<u>\$ (69,548)</u>	<u>\$ (69,548)</u>	<u>\$ (8,992)</u>
<i>Fund Balance - Beginning of Year</i>	<u>172,720</u>	<u>172,720</u>	<u>172,720</u>	<u>6,701</u>	<u>6,701</u>	<u>6,701</u>	<u>69,548</u>	<u>69,548</u>	<u>69,548</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ (0)</u></u>	<u><u>\$ (0)</u></u>	<u><u>\$ 309,633</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 14,335</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 60,556</u></u>

Boone-Apache School District No.1-056, Caddo County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity
Regulatory Basis - Activity Fund
June 30, 2017

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 184,792
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 184,792</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>184,792</u>
<i>Total Liabilities</i>	<u>\$ 184,792</u>
Fund Equity:	
Unassigned	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 184,792</u>

Boone-Apache School District No.1-056, Caddo County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ended June 30, 2017

ACTIVITIES	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
805 FACULTY & STAFF SCHOLARSHIP	\$ 565	\$ 951	\$ 900	\$ 616
806 WOODWARD SCHOLARSHIP	36,063	23,390	3,000	56,453
807 GENERAL ACTIVITY	1,842	779	2,145	476
808 DRAMA	383	1,464	1,005	841
810 BENEVOLENT FUND	518	1,112	650	980
813 NEWSPAPER/MULTIMEDIA	407	0	0	407
814 SENIOR CLASS	2,566	108	2,498	176
815 JUNIOR CLASS	4,879	6,818	8,742	2,954
816 SOPHOMORE CLASS	50	480	0	530
817 FRESHMAN CLASS	0	2,772	1,160	1,612
818 FFA	21,602	49,895	50,305	21,192
819 FCCLA	467	2,751	2,618	600
820 H. S. GENERAL ACTY	3,240	1,060	2,756	1,543
821 ANNUAL	25,911	9,837	10,342	25,406
823 ART	962	6,162	5,826	1,298
825 BAND	1,686	13,698	11,480	3,905
826 ELEMENTARY ACTY	22,102	43,125	25,260	39,967
828 H.S. STUDENT COUNCIL	1,643	3,215	3,324	1,534
833 M.S. STUDENT COUNCIL	2,583	3,531	3,112	3,002
835 INDIAN CLUB	1,091	187	243	1,034
836 CHEERLEADERS	1,809	30,788	28,461	4,136
839 TSA	847	1,734	2,045	536
841 ELEMENTARY LIBRARY	3,257	6,223	6,599	2,882
843 M.S. GENERAL ACTY	2,354	0	532	1,821
847 H.S. LIBRARY	3,420	3,028	3,638	2,809
855 ATHLETICS	8,022	78,069	78,010	8,081
Total Activities	\$ 148,270	\$ 291,173	\$ 254,651	\$ 184,792

BOONE-APACHE INDEPENDENT SCHOOL DISTRICT NO. 56, CADDO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2016	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2017	Indirect Costs Included In Federal Grant Expenditures
U.S. Department of Education							
<u>Direct Programs:</u>							
Small Rural School Achievement	84.358A	588	0	32,740	32,740	0	0
Impact Aid	84.041	591	35,785	276,459	208,133	104,111	0
Impact Aid - Special Education	84.041	592	-	11,827	11,827	0	0
<u>Passed Through Oklahoma State Department of Education:</u>							
Title I, Basic	84.010	511	0	147,355	147,355	0	0
Title I Cluster			0	147,355	147,355	0	0
IDEA-B Flowthrough	84.027	621	0	110,948	110,948	0	0
IDEA-B Preschool	84.173	641	0	3,526	3,526	0	0
Special Education Cluster			0	114,474	114,474	0	0
Title II, Part A,	84.367	541/586	0	30,931	30,931	0	0
21st Century	84.287	553	(54,702)	185,219	178,892	(48,375)	0
Total U.S. Department of Education			(18,917)	799,005	724,352	55,736	0
U.S. Department of Human Services							
<u>Passed through Oklahoma Department of Human Services:</u>							
OJT Rehabilitative Services	84.126	456	0	2,904	3,627	(723)	0
Total U.S. Department of Human Services			0	2,904	3,627	(723)	0
U.S. Department of Agriculture							
<u>Passed Through State Department of Education:</u>							
Breakfast Program	10.553	764	0	61,199	61,199	0	0
Lunch Program	10.555	763	0	199,399	199,399	0	0
Summer Food Service Program	10.559	766	6,739	10,040	2,009	14,770	0
Commodities Distributed-Lunch	(Note 3) 10.565	N/A	0	20,845	20,845	0	0
Child Nutrition Cluster			6,739	291,483	283,452	14,770	0
Total U.S. Department of Agriculture			6,739	291,483	283,452	14,770	0
TOTAL FEDERAL ASSISTANCE			(12,178)	1,093,392	1,011,431	69,783	0

Boone-Apache ISD No. 56, Caddo County
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

Note 1 – Basis of Presentation – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only selected portion of the operations of the School, it is not intended and does not present the financial position, changes in net assets or cash flows of the School.

Note 2 – Summary of Significant Accounting Policies – Expenditures reported on the Schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except for nonmonetary assistance noted in Note 3. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 – Food Distribution – Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

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

The Honorable Board of Education
Boone-Apache Independent School District #56
Caddo County, Oklahoma

Board Members:

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 **Boone-Apache Independent School District #56**, Caddo County, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated December 7, 2017. The report on these financial statements 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 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 **Boone-Apache Independent School District #56**, Caddo County, Oklahoma'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2017-001 through 2017-003).

Compliance and Other Matters

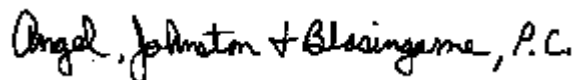
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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*.

Boone-Apache Independent School District #56, Oklahoma's, Response to Findings

Boone-Apache Independent School District #56, Oklahoma's responses to the findings identified in our audit are described in the attached corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

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.



Chickasha, Oklahoma
December 7, 2017

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

The Honorable Board of Education
Boone-Apache Independent School District #56
Caddo County, Oklahoma

Board Members:

Report on Compliance for Each Major Federal Program

We have audited **Boone-Apache Independent School District #56**, Caddo County, Oklahoma's, compliance with the types of compliance requirements described in *the OMB 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, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Boone-Apache Independent School District, I-97** Caddo County, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, **Boone-Apache Independent School District #56**, Caddo County, Oklahoma complied, in all material respects, with the 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2017-004. Our opinion on each major federal program is not modified with respect to these matters.

Boone-Apache Independent School District #56, Caddo County, Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion the response.

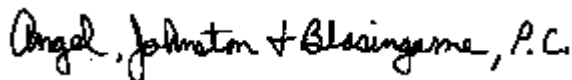
Report on Internal Control Over Compliance

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 a 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Chickasha, Oklahoma
December 7, 2017

Boone-Apache ISD No.56, Caddo County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2017

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of Auditor's Report Issued: Adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.

Internal Control Over Financial Reporting:

Material Weakness(es) identified? ___ Yes X No

Significant Deficiencies identified not considered to be material weaknesses? X Yes ___ No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards:

Type of auditor's report issued on compliance for major programs: Unmodified in conformity with the regulatory basis of accounting.

Internal Control Over Major Programs:

Material Weakness(es) identified? ___ Yes X No

Significant Deficiencies identified not considered to be material weaknesses? X Yes ___ No

Audit Findings disclosed that are required to be reported in accordance with Uniform Guidance, Section .510(a)? ___ Yes X No

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee Qualified as low-risk auditee? ___ Yes X No

Identification of Major Programs:

CFDA#

84.010	Title I
10.553, 10.555, 10.559, 10.565	Child Nutrition Fund Cluster

Boone-Apache ISD No. 56, Caddo County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2017
(Continued)

Findings-Financial Statement Audit

2017-001 - Finding

Statement of Condition – Employee was paid for more time than was documented on the timesheet. Some timesheets reflected the employee was paid twice for the same time worked. On a couple of employees, the timesheet did not reflect any time off for lunch.

Criteria – The Fair Labor Standards Act requires accurate time records be maintained by all non-exempt employees.

Cause/Effect of Condition – Employee either turned in inaccurate timesheets that don't reflect actual work performed or the employee was overpaid. Also, the employee was paid twice for the same hours worked on some timesheets. The employee was overpaid.

Recommendation – All employees should be informed that timesheets are to reflect only time worked. The supervisor should review timesheets before they approve them to ensure they are accurate.

2017-002 – Finding

Statement of Condition – We noted that 6 of the 51 purchases tested had invoices that were dated prior to the date of the purchase order. They also had 6 invoices that were without a signature as an acknowledgment of receipt of goods or services.

Criteria – Before an item is ordered, a purchase order should be prepared and approved by the encumbrance clerk (to ensure there are sufficient appropriations to make the purchase) and the purchasing officer (to ensure the item is authorized). Then the encumbrance clerk should encumber the purchase (input the purchase order into the district's software so they can lower available appropriations) and give the purchase order to the person who initiated the purchase so they can order the item. Proper purchasing procedures include a signature denoting goods or services were received in order to prevent the school from paying for items not received.

Cause/Effect of Condition – It appears that employees are not always following purchasing procedures which could lead to items being ordered prior to the purchase order being prepared or the school paying for the incorrect goods and services. The district could expend more than their legal appropriations or items could be ordered that would not have been approved by the purchasing agent. The district due to improper receiving of items could actually be paying for incorrect items or items that were not actually received.

Recommendation – The district should make sure no purchase is initiated without first obtaining an approved purchase order and should not pay an invoice without a signature confirming the good or service was received or performed.

Boone-Apache ISD No. 56, Caddo County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2017
(Continued)

2017-003 – Finding

Statement of Condition – During our testing of activity fund invoices we noted 10 of 41 invoices dated prior to the date of the purchase order. We also noted that 6 of the invoices were not signed for verification of receipt of goods or services.

Criteria – Oklahoma School Law requires activity fund expenditures to be approved by the activity fund custodian prior to the good or services being ordered.

Cause/Effect of Condition – Sponsors are not following sound internal control procedures required by Oklahoma School Law. This puts the school at risk for paying for items that are not approved expenditures for the particular sub account.

Recommendation – We recommend that sponsors follow internal control procedures in order to be in compliance with Oklahoma School Law.

Findings and Questioned Costs – Major Federal Award Programs Audit

2017-004 - Finding – Impact Aid CFDA 84.041 Grant Period ending June 30, 2017

Statement of Condition – During our testing of Impact Aid revenues and expenditures, we noted that \$10,220 was coded to Project 592. The correct amount of Project 592 revenue and expenditures should have been \$11,827.

Criteria – The school should code the special education portion of Impact Aid to Project 592. The regular portion of Impact Aid should be coded to Project 591.

Cause/Effect of Condition – The school miscalculated the amount of Project 592 funds received. In total, the Impact Aid funds received and expended were correct. The allocation between Project 591 and 592 was incorrect. The school is required to spend the special education portion of Impact Aid for special education needs. Calculating the incorrect amount of special education revenues received could lead to an incorrect amount of expenditures for special education needs.

Recommendation – Care should be taken in calculating the special education portion of Impact Aid funding. The school has already corrected the coding of the Impact Aid funds with the State Department of Education.

Boone-Apache ISD No. 56, Caddo County
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2017

2016-1 - Finding - National School Lunch CFDA 10:553-10:559 Grant Period Ending June 30, 2016

Statement of Condition – During our testing of the National School Lunch program, we noted that the school did not have a non-kickback affidavit received on invoices to Keystone.

Criteria – Oklahoma Law requires a non-kickback affidavit for expenditures to a vendor over \$25,000.

Cause/Effect of Condition – The school was unaware of this requirement.

Recommendation – The school obtain a non-kickback affidavit on all future invoices over \$25,000.

Current Status – This was not noted in the 2016-2017 audit.

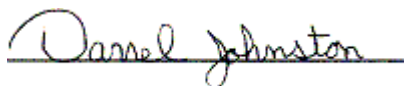
OTHER INFORMATION

Boone-Apache ISD No. 56, Caddo County
Schedule of Accountant's Professional Liability Insurance Affidavit
For Year Ending June 30, 2017

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

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 engagement with *Boone-Apache Schools* for the audit year *2016-2017*.

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by _____

Subscribed and sworn to before me this _____ day of _____, 2017.

Notary Public

My Commission Expires 07-01-18

SCHOOL'S CORRECTIVE ACTION PLAN



Boone-Apache Public Schools

"Home of the Warriors"

522 East Floyd Street, P.O. Box 354

Apache, OK 73006

Phone (580) 588-3369 • FAX (580) 588-3400

Don Schneberger - Superintendent of Schools



AUDIT FINDINGS- CORRECTIVE ACTION PLANS

BOONE-APACHE SCHOOL DISTRICT (I-056)
CADDO COUNTY

AUDIT YEAR- 2016-17

AUDIT FINDING REFERENCE #: 2017-001

DESCRIPTION OF FINDING: Employee was paid for more time than was documented on the timesheet. And on a couple of employees, the timesheet did not reflect any time off for lunch.

CORRECTIVE ACTION PLAN: All non-exempt employees must turn in accurate timesheets each week. They have been informed again that they must turn in accurate timesheets, including their time-off for lunch. At the beginning of the school year, non-exempt employees will meet to discuss proper timesheets, etc during staff development training. The Administration Office will do a much better job making sure the timesheets are filled out correctly.

Don Schneberger
Superintendent of Schools
12/7/17

Apache High School
Todd Vail - Principal
PH: (580) 588-3358
FAX: (580) 588-2079

Apache Middle School
Steven Base - Principal
PH: (580) 588-3358
FAX: (580) 588-3026

Apache Elementary School
Amber Crow - Principal
PH: (580) 588-3577
FAX: (580) 588-2030



Boone-Apache Public Schools

"Home of the Warriors"

522 East Floyd Street, P.O. Box 354

Apache, OK 73006

Phone (580) 588-3369 • FAX (580) 588-3400

Don Schneberger - Superintendent of Schools



AUDIT FINDINGS- CORRECTIVE ACTION PLANS

BOONE-APACHE SCHOOL DISTRICT (I-056) CADDO COUNTY

AUDIT YEAR- 2016-17

AUDIT FINDING REFERENCE #: 2017-002

DESCRIPTION OF FINDING: It was noted that 6 of the 51 purchases tested had invoices that were dated prior to the date of the purchase order. Also noted that 6 invoices were without signature to acknowledge receipt of goods or services.

CORRECTIVE ACTION PLAN: All staff was again reminded to follow the proper procedure before ever ordering any goods or services. A purchase order must be approved by the Administration Office and assigned before any goods or services can be ordered. Also, all staff was reminded to sign confirming the goods or services were received or performed and no payment cannot be made without this signature. We also conduct In-Service training at the beginning of the school year to ALL staff on how to properly purchase goods.

Don Schneberger
Superintendent of Schools
12/7/17

Apache High School
Todd Vail - Principal
PH: (580) 588-3358
FAX: (580) 588-2079

Apache Middle School
Steven Base - Principal
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Apache Elementary School
Amber Crow - Principal
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Boone-Apache Public Schools

"Home of the Warriors"

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Don Schneberger - Superintendent of Schools



AUDIT FINDINGS- CORRECTIVE ACTION PLANS

BOONE-APACHE SCHOOL DISTRICT (I-056)
CADDO COUNTY

AUDIT YEAR- 2016-17

AUDIT FINDING REFERENCE #: 2017-003

DESCRIPTION OF FINDING: It was noted that 10 of 41 activity fund invoices were dated prior to the date of the purchase order. Also 6 of the invoices were not signed for verification of receipt of goods or services.

CORRECTIVE ACTION PLAN: All sponsors that have an activity fund and make purchases were informed again on the proper procedures for purchasing an items or items. A purchase order must be approved through the Administration Office before any time can be ordered. Also all purchases or services received, must be properly signed by sponsor to show receipt of goods or services. Not only does the entire staff receive In-Service training on proper purchasing procedures, but activity sponsors are given additional training because of their large number of purchases.

Don Schneberger
Superintendent of Schools
12/7/17

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AUDIT FINDINGS- CORRECTIVE ACTION PLANS

BOONE-APACHE SCHOOL DISTRICT (I-056)
CADDO COUNTY

AUDIT YEAR- 2016-17

AUDIT FINDING REFERENCE #: 2017-004

DESCRIPTION OF FINDING: Impact Aid carryover dollars were incorrectly coded for 2016-2017 school year. The carryover dollars were correct but all dollars should have been coded to Project 592 (Special Education Fund).

CORRECTIVE ACTION PLAN: We shall be more careful in the coding of all funds that come through the Central Office. We will be more aware of the proper coding for all revenue as it comes through.

Don Schneberger
Superintendent of Schools
12/7/17

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