

**BOONE-APACHE INDEPENDENT SCHOOL DISTRICT NO. 56**

CADDO COUNTY, OKLAHOMA

JUNE 30, 2012

**TABLE OF CONTENTS**

	<b>Page</b>
<u>SCHOOL DISTRICT OFFICIALS</u>	1
<u>INDEPENDENT AUDITOR'S REPORT</u>	2
<u>COMBINED FINANCIAL STATEMENTS</u>	
Combined Statement of Assets, Liabilities and Equity - Regulatory Basis - All Fund Types and Account Groups	4
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Regulatory Basis - All Governmental Fund Types	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types	6
Notes to Combined Financial Statements	7
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
<u>Combining Financial Statements</u>	
Combining Statement of Assets, Liabilities and Fund Balances - Regulatory Basis - All Special Revenue Funds	Exhibit A-1
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Regulatory Basis - All Special Revenue Funds	Exhibit A-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Regulatory Basis-All Special Revenue Funds	Exhibit A-3
Combining Assets, Liabilities and Fund Equity - Activity Fund - Regulatory Basis	Exhibit A-4
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - Activity Funds	Exhibit A-5
<u>Supporting Schedule(s)</u>	
Schedule of Expenditures of Federal Awards	Exhibit B-1
<u>INTERNAL CONTROL AND COMPLIANCE REPORTS</u>	
* Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards	Exhibit C-1
* Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	Exhibit D-1
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	
Summary of Auditor's Results	Exhibit E-1
Findings Related to Financial Reporting	Exhibit E-1
Findings Related to Federal Awards Compliance	Exhibit E-1
Disposition of Prior year Audit Findings	Exhibit F-1

**BOONE-APACHE INDEPENDENT SCHOOL DISTRICT NO. 56**

CADDO COUNTY, OKLAHOMA

JUNE 30, 2012

**TABLE OF CONTENTS**

OTHER INFORMATION

**Page**

Schedule of Accountants' Professional Liability Insurance

Exhibit G-1

School's Corretive Action Plan

\* The required internal control, compliance, and schedule of findings and questioned costs are required by Government Auditing Standards and OMB Circular A-133 when a single audit is applicable

**BOONE-APACHE INDEPENDENT SCHOOL DISTRICT NO. I-56, CADDO COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2012**

**BOARD OF EDUCATION**

President	Charlotte Myers
Vice President	Mike Farrell
Clerk	Diane Day
Member	Jennifer Smith
Member	Linda Myers

**SUPERINTENDENT OF SCHOOLS**

Paula Squires

**ENCUMBRANCE CLERK**

Anne Denton

**SCHOOL DISTRICT TREASURER**

Cathy Parsons



---

CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

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

Board Members:

We have audited the accompanying fund type and account group financial statements, including budget and actual, of the **Boone-Apache Independent District #56**, Caddo County, Oklahoma, which collectively comprise the district's regulatory financial statements as of and for the year ended June 30, 2012, as listed in the table of contents as combined financial statements,. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **Boone-Apache Independent School District #56**, Caddo County, Oklahoma, has prepared these financial statements using accounting practices prescribed or permitted by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

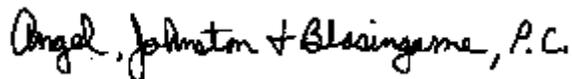
In addition, the District has not maintained the cost of fixed assets purchased in previous years and thus does not know the amount that should be recorded in the General Fixed Asset Account Group. Therefore, the General Fixed Asset Account Group has not been presented. This information is required under the regulatory presentation prescribed by the Oklahoma State Department of Education.

In our opinion, because of the effects of the matters discussed in the third paragraph, the financial statements referred to above do not present fairly in conformity 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, 2012, or the changes in its financial position, for the year then ended.

In our opinion, except for the omission of the General Fixed Asset Account Group results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of **Boone-Apache Independent School District, #56**, Garvin County, Oklahoma as of June 30, 2012, and the revenues collected, expenditures paid/expenses, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2013, on our consideration of the School 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining fund statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *Oklahoma Department of Education* and/or 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 combined financial statements of **Boone-Apache Independent School District #56**, Caddo County, Oklahoma. The combining fund statements 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole on the regulatory basis of accounting described in Note 1.



Chickasha, Oklahoma  
February 14, 2013

COMBINED FINANCIAL STATEMENTS

**Boone-Apache School District No.1-056, Caddo County, Oklahoma**  
**Combined Statement of Assets, Liabilities and Equity**  
**Regulatory Basis - All Fund Types and Account Groups**  
**For the Year Ending June 30, 2012**

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-Term Debt	June 30, 2012
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 533,032	\$ 120,152	\$ 133,423	\$ 22,404	\$ 108,685	\$ 0	\$ 917,697
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	133,423	133,423
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	1,166,577	1,166,577
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	470,972	470,972
<b>Total Assets</b>	<b>\$ 533,032</b>	<b>\$ 120,152</b>	<b>\$ 133,423</b>	<b>\$ 22,404</b>	<b>\$ 108,685</b>	<b>\$ 1,770,972</b>	<b>\$ 2,688,669</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Warrants Payable	\$ 135,812	\$ 13,751	\$ 0	\$ 0	\$ 0	\$ 0	\$ 149,562
Reserve for Encumbrances	11,232	1,556	0	0	0	0	12,788
Due to Activity Groups	0	0	0	0	108,685	0	108,685
General Obligation Bonds Payable	0	0	0	0	0	1,300,000	1,300,000
Capitalized Lease Obligations Payable	0	0	0	0	0	470,972	470,972
<b>Total Liabilities</b>	<b>\$ 147,043</b>	<b>\$ 15,307</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 108,685</b>	<b>\$ 1,770,972</b>	<b>\$ 2,042,007</b>
Fund Equity:							
Reserved for Debt Service	\$ 0	\$ 0	\$ 133,423	\$ 0	\$ 0	\$ 0	\$ 133,423
Reserved for Capital Projects	0	0	0	22,404	0	0	22,404
Cash Fund Balance	385,989	104,845	0	0	0	0	490,835
<b>Total Fund Equity</b>	<b>\$ 385,989</b>	<b>\$ 104,845</b>	<b>\$ 133,423</b>	<b>\$ 22,404</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 646,662</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 533,032</b>	<b>\$ 120,152</b>	<b>\$ 133,423</b>	<b>\$ 22,404</b>	<b>\$ 108,685</b>	<b>\$ 1,770,972</b>	<b>\$ 2,688,669</b>

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**  
**Regulatory Basis - All Governmental Fund Types**  
**For the Year Ending June 30, 2012**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2012
<b>Revenue Collected:</b>					
Local Sources	\$ 693,780	\$ 235,662	\$ 279,881	\$ 0	\$ 1,209,324
Intermediate Sources	80,101	0	0	0	80,101
State Sources	2,484,021	48,833	0	0	2,532,854
Federal Sources	985,732	231,918	0	0	1,217,650
Non-Revenue Receipts	8,597	0	0	0	8,597
<i>Total Revenue Collected</i>	<u>\$ 4,252,230</u>	<u>\$ 516,413</u>	<u>\$ 279,881</u>	<u>\$ 0</u>	<u>\$ 5,048,525</u>
<b>Expenditures Paid:</b>					
Instruction	\$ 2,868,961	\$ 69,409	\$ 0	\$ 0	\$ 2,938,370
Support Services	1,529,474	189,026	0	12,050	1,730,551
Operation of Non-Instructional Services	21,266	328,404	0	0	349,671
Facilities Acquisition and Construction	150	30,548	0	514,747	545,445
Other Outlays	8,597	0	0	0	8,597
Other Uses	0	0	0	0	0
Repayments	0	17	0	0	17
Interest Paid on Warrants and Bank Charges	6	0	0	0	6
Debt Service:					
Principal Retirement	0	0	350,000	0	350,000
Interest and Fiscal Agent Fees	0	0	32,275	0	32,275
<i>Total Expenditures Paid</i>	<u>\$ 4,428,454</u>	<u>\$ 617,405</u>	<u>\$ 382,275</u>	<u>\$ 526,797</u>	<u>\$ 5,954,931</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (176,224)</u>	<u>\$ (100,992)</u>	<u>\$ (102,394)</u>	<u>\$ (526,797)</u>	<u>\$ (906,406)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 2,306</u>	<u>\$ 212</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,518</u>
<b>Other Financing Sources (Uses):</b>					
Estopped Warrants	\$ 1,850	\$ (0)	\$ 0	\$ 0	\$ 1,850
Bond Proceeds	0	0	0	500,000	500,000
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 1,850</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ 500,000</u>	<u>\$ 501,850</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (172,068)</u>	<u>\$ (100,780)</u>	<u>\$ (102,394)</u>	<u>\$ (26,797)</u>	<u>\$ (402,038)</u>
<i>Fund Balance - Beginning of Year</i>	<u>558,057</u>	<u>205,625</u>	<u>235,817</u>	<u>49,201</u>	<u>1,048,700</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 385,989</u></u>	<u><u>\$ 104,845</u></u>	<u><u>\$ 133,423</u></u>	<u><u>\$ 22,404</u></u>	<u><u>\$ 646,662</u></u>

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, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types**  
**For the Year Ending June 30, 2012**

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 755,987	\$ 755,987	\$ 693,780	\$ 215,463	\$ 215,463	\$ 235,662	\$ 246,981	\$ 246,981	\$ 279,881
Intermediate Sources	61,000	61,000	80,101	0	0	0	0	0	0
State Sources	2,319,713	2,343,613	2,484,021	47,000	47,000	48,833	0	0	0
Federal Sources	712,026	882,548	985,732	201,000	201,000	231,918	0	0	0
Non-Revenue Receipts	0	0	8,597	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 3,848,726</u>	<u>\$ 4,043,148</u>	<u>\$ 4,252,230</u>	<u>\$ 463,463</u>	<u>\$ 463,463</u>	<u>\$ 516,413</u>	<u>\$ 246,981</u>	<u>\$ 246,981</u>	<u>\$ 279,881</u>
<b>Expenditures Paid:</b>									
Instruction	\$ 2,841,784	\$ 2,926,235	\$ 2,868,961	\$ 83,676	\$ 83,676	\$ 69,409	\$ 0	\$ 0	\$ 0
Support Services	1,541,499	1,600,382	1,529,474	251,075	251,075	189,026	0	0	0
Operation of Non-Instructional Services	5,000	58,988	21,266	334,337	334,337	328,404	0	0	0
Facilities Acquisition and Construction	17,000	7,000	150	0	0	30,548	0	0	0
Other Outlays	1,500	8,600	8,597	0	0	0	482,798	482,798	382,275
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	17	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	6	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 4,406,783</u>	<u>\$ 4,601,205</u>	<u>\$ 4,428,454</u>	<u>\$ 669,088</u>	<u>\$ 669,088</u>	<u>\$ 617,405</u>	<u>\$ 482,798</u>	<u>\$ 482,798</u>	<u>\$ 382,275</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (558,057)</u>	<u>\$ (558,057)</u>	<u>\$ (176,224)</u>	<u>\$ (205,625)</u>	<u>\$ (205,625)</u>	<u>\$ (100,992)</u>	<u>\$ (235,817)</u>	<u>\$ (235,817)</u>	<u>\$ (102,394)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,306</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 212</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>									
Estopped Warrants	\$ 0	\$ 0	\$ 1,850	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	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>\$ 1,850</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (0)</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>\$ (558,057)</u>	<u>\$ (558,057)</u>	<u>\$ (172,068)</u>	<u>\$ (205,625)</u>	<u>\$ (205,625)</u>	<u>\$ (100,780)</u>	<u>\$ (235,817)</u>	<u>\$ (235,817)</u>	<u>\$ (102,394)</u>
<i>Fund Balance - Beginning of Year</i>	<u>558,057</u>	<u>558,057</u>	<u>558,057</u>	<u>205,625</u>	<u>205,625</u>	<u>205,625</u>	<u>235,817</u>	<u>235,817</u>	<u>235,817</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 385,989</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 104,845</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 133,423</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, 2012**

**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 an other 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, 2012**

**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 Districts 2010 and 2009 Building bond issues, and the 2009 transportation bond issue.. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment..

**Boone-Apache ISD No. 56, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2012**

**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, 2012**

**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 records 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, 2012**

**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, 2012, 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 – Fund balance represents the cash and investments not encumbered by purchase order, legal contracts, and outstanding warrants.

**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.

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

**Boone-Apache ISD No. 56, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2012**

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

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

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, 2012:

			<u>Carrying Value</u>
Deposits			
Demand Deposits	\$		921,276
Time Deposits			<u>0</u>
Total Deposits	\$		<u><u>921,276</u></u>
Investments			
	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
			\$ <u>0</u>
Total Investments			\$ <u><u>0</u></u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents			\$ 917,697
Activity Fund Reconciling			<u>3,579</u>
Items			<u>3,579</u>
Total Deposits and Investments	\$		<u><u>921,276</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, 2012**

**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 limits 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, 2012 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 the 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, 2011, 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, 2012**

**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, 2012, 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, obligations for compensated absences, 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, 2012:

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2011	1,150,000	124,000	0	1,274,000
Additions	500,000	850,000	0	1,350,000
Retirements	350,000	503,028	0	853,028
Balance, June 30, 2012	1,300,000	470,972	0	1,770,972

A brief description of the outstanding general obligation bond issues at June 30, 2012, is set forth below:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2011 Building Bonds	1.15-2.0%	July 1, 2016	\$ 500,000	\$ 500,000
2010 Building Bonds	1.35-2.0%	July 1, 2015	400,000	300,000
2009 Combined Purpose	2.0-2.35%	June 1, 2014	1,000,000	500,000
<b>Totals</b>			<b>\$ 1,900,000</b>	<b>\$ 1,300,000</b>

**Boone-Apache ISD No. 56, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2012**

**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>
<b>2011 Building Bonds</b>			
2012-13	\$ 0	\$ 11,531	\$ 11,531
2013-14	125,000	6,438	131,438
2014-15	125,000	4,469	129,469
2015-16	125,000	2,906	127,906
2016-17	\$ 125,000	\$ 1,031	\$ 126,031
<b>Sub Total</b>	<b>\$ 500,000</b>	<b>\$ 26,375</b>	<b>\$ 526,375</b>
<b>2010 Building Bonds</b>			
2012-13	\$ 100,000	\$ 5,100	\$ 105,100
2013-14	100,000	3,750	103,750
2014-15	100,000	2,000	102,000
<b>Sub Total</b>	<b>\$ 300,000</b>	<b>\$ 10,850</b>	<b>\$ 310,850</b>
<b>2009 Combined Purpose</b>			
2012-13	\$ 250,000	\$ 10,875	\$ 260,875
2013-14	250,000	5,875	255,875
<b>Sub Total</b>	<b>\$ 500,000</b>	<b>\$ 16,750</b>	<b>\$ 516,750</b>
<b>Total Bonds</b>	<b>\$ 1,300,000</b>	<b>\$ 53,975</b>	<b>\$ 1,353,975</b>

Interest expense on bonds payable incurred during the current year totaled \$32,275.

The District has entered into lease agreements as lessee for financing the acquisition of School Buildings. 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:

Year Ending June 30	Caddo County		Total
	Educational Authority	QZAB Payments	
2013	\$ 0	\$ 36,580	\$ 36,580
2014	0	36,580	36,580
2015	391,628	36,580	428,208
<b>Total</b>	<b>\$ 391,628</b>	<b>\$ 109,740</b>	<b>\$ 501,368</b>
Less: Amount Representing Interest	-13,656	-16,740	-30,396
<b>Present Value of Future Minimum Lease Payments</b>	<b>\$ 377,972</b>	<b>\$ 93,000</b>	<b>\$ 470,972</b>

**Boone-Apache ISD No. 56, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2012**

**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. Under the System the District, the State of Oklahoma, and the participating employees make contributions. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. 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. 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 an independent financial report, 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.

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent or the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000, and the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees 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, 2012. 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%.

The District's contributions to the System for the years ending June 30, 2012, 2011, and 2010 were \$221,419, \$212,161, and \$216,401 respectively.

The compensation for employees covered by the System for the year ended June 30, 2012 was \$2,330,779; The District's total compensation was \$3,351,994. In addition to the District's 9.50% contributions, the District was required to pay into the System 7.00% of compensation arising from federal grants (\$11,865) and 9.50% of compensation arising from post retirement employees (\$). There were \$124,264 contributions made by employees during the year ended June 30, 2012.

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, 2011, is as follows:

Total pension obligation	\$ 17,560,754,452
Net assets available for benefits, at cost	<u>9,960,576,151</u>
Nonfunded pension benefit obligation	<u>\$ 7,600,178,301</u>

**Boone-Apache ISD No. 56, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2012**

**Note 4 - Employee Retirement System, (continued)**

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, 2011. 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.

**Litigation**

The District is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable and the amounts are not readily estimable, the District believes the resolution of this matter will not have a material adverse effect on the financial statements and will probably be paid through judgment payable through the sinking fund.

**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, employees' health and life and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**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, 2011 to August 22, 2012. The Treasurer and assistant treasurer are each covered for the penal sum of \$100,000, the encumbrance clerk is covered for \$5,000, and the superintendent is covered for \$100,000. There are various other positions covered as well.

**Boone-Apache ISD No. 56, Caddo County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2012**

**Note 9 – Budget Amendments**

The general fund budget was amended during the year by filing supplemental appropriations with the county clerk's office. These supplemental appropriations were filed April 9, 2012, May 21, 2012 and May 31, 2012 for \$85,000, \$56,794 and \$52,628 respectively. This increased the original general fund budget from \$4,406,783 to \$4,601,205.

OTHER SUPPLEMENTAL INFORMATION

**Boone-Apache School District No.1-056, Caddo County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Cash Fund Balances**  
**Regulatory Basis - All Special Revenue Funds**  
**For the Year Ending June 30, 2012**

<b><u>ASSETS</u></b>	<b><u>Building Fund</u></b>	<b><u>Child Nutrition Fund</u></b>	<b><u>Coop Fund</u></b>	<b><u>Total June 30, 2012</u></b>
Cash and Cash Equivalents	\$ 58,769	\$ 44,743	\$ 16,640	\$ 120,152
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 58,769</u>	<u>\$ 44,743</u>	<u>\$ 16,640</u>	<u>\$ 120,152</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Warrants Payable	\$ 9,870	\$ 2,423	\$ 1,458	\$ 13,751
Reserve for Encumbrances	<u>912</u>	<u>644</u>	<u>0</u>	<u>1,556</u>
<i>Total Liabilities</i>	<u>\$ 10,782</u>	<u>\$ 3,067</u>	<u>\$ 1,458</u>	<u>\$ 15,307</u>
Fund Balance:				
Cash Fund Balance	\$ 47,987	\$ 41,676	\$ 15,182	\$ 104,845
<i>Total Fund Balance</i>	<u>\$ 47,987</u>	<u>\$ 41,676</u>	<u>\$ 15,182</u>	<u>\$ 104,845</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 58,769</u>	<u>\$ 44,743</u>	<u>\$ 16,640</u>	<u>\$ 120,152</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 Ending June 30, 2012**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Cooperative Fund</u>	<u>Total June 30, 2012</u>
<b>Revenue Collected:</b>				
Local Sources	\$ 119,236	\$ 69,426	\$ 47,000	\$ 235,662
Intermediate Sources	0	0	0	0
State Sources	0	21,917	26,916	48,833
Federal Sources	0	231,918	0	231,918
Non-Revenue Receipts	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 119,236</u>	<u>\$ 323,261</u>	<u>\$ 73,916</u>	<u>\$ 516,413</u>
<b>Expenditures Paid:</b>				
Instruction	\$ 0	\$ 0	\$ 69,409	\$ 69,409
Support Services	189,026	0	0	189,026
Operation of Non-Instructional Services	0	328,404	0	328,404
Facilities Acquisition and Construction	30,548	0	0	30,548
Other Outlays	0	0	0	0
Other Uses	0	0	0	0
Repayments	0	17	0	17
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 219,574</u>	<u>\$ 328,422</u>	<u>\$ 69,409</u>	<u>\$ 617,405</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (100,338)</u>	<u>\$ (5,161)</u>	<u>\$ 4,507</u>	<u>\$ (100,992)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 212</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 212</u>
<b>Other Financing Sources (Uses):</b>				
Estopped Warrants	\$ (0)	\$ 0	\$ 0	\$ (0)
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (0)</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>\$ (100,125)</u>	<u>\$ (5,161)</u>	<u>\$ 4,507</u>	<u>\$ (100,780)</u>
<i>Fund Balance - Beginning of Year</i>	<u>148,112</u>	<u>46,837</u>	<u>10,676</u>	<u>205,625</u>
<i>Fund Balance - End of Year</i>	<u>\$ 47,987</u>	<u>\$ 41,676</u>	<u>\$ 15,182</u>	<u>\$ 104,845</u>

Boone-Apache School District No. I-056, Caddo County, Oklahoma  
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances  
 Special Revenue Funds - Budget and Actual  
 For the Year Ending June 30, 2012

	Building Fund			Cooperative Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>												
Local Sources	\$ 102,963	\$ 102,963	\$ 119,236	\$ 45,000	\$ 45,000	\$ 47,000	\$ 67,500	\$ 67,500	\$ 69,426	\$ 215,463	\$ 215,463	\$ 235,662
Intermediate Sources	0	0	0	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	28,000	28,000	26,916	19,000	19,000	21,917	47,000	47,000	48,833
Federal Sources	0	0	0	0	0	0	201,000	201,000	231,918	201,000	201,000	231,918
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 102,963</u>	<u>\$ 102,963</u>	<u>\$ 119,236</u>	<u>\$ 73,000</u>	<u>\$ 73,000</u>	<u>\$ 73,916</u>	<u>\$ 287,500</u>	<u>\$ 287,500</u>	<u>\$ 323,261</u>	<u>\$ 463,463</u>	<u>\$ 463,463</u>	<u>\$ 516,413</u>
<b>Expenditures Paid:</b>												
Instruction	\$ 0	\$ 0	\$ 0	\$ 83,676	\$ 83,676	\$ 69,409	\$ 0	\$ 0	\$ 0	\$ 83,676	\$ 83,676	\$ 69,409
Support Services	251,075	251,075	189,026	0	0	0	0	0	0	251,075	251,075	189,026
Operation of Non-Instructional Services	0	0	0	0	0	0	334,337	334,337	328,404	334,337	334,337	328,404
Facilities Acquisition and Construction	0	0	30,548	0	0	0	0	0	0	0	0	30,548
Other Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	17	0	0	17
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 251,075</u>	<u>\$ 251,075</u>	<u>\$ 219,574</u>	<u>\$ 83,676</u>	<u>\$ 83,676</u>	<u>\$ 69,409</u>	<u>\$ 334,337</u>	<u>\$ 334,337</u>	<u>\$ 328,422</u>	<u>\$ 669,088</u>	<u>\$ 669,088</u>	<u>\$ 617,405</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (148,112)</u>	<u>\$ (148,112)</u>	<u>\$ (100,338)</u>	<u>\$ (10,676)</u>	<u>\$ (10,676)</u>	<u>\$ 4,507</u>	<u>\$ (46,837)</u>	<u>\$ (46,837)</u>	<u>\$ (5,161)</u>	<u>\$ (205,625)</u>	<u>\$ (205,625)</u>	<u>\$ (100,992)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 212</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 212</u>
<b>Other Financing Sources (Uses):</b>												
Estopped Warrants	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
Transfers In	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	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>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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>\$ (148,112)</u>	<u>\$ (148,112)</u>	<u>\$ (100,125)</u>	<u>\$ (10,676)</u>	<u>\$ (10,676)</u>	<u>\$ 4,507</u>	<u>\$ (46,837)</u>	<u>\$ (46,837)</u>	<u>\$ (5,161)</u>	<u>\$ (205,625)</u>	<u>\$ (205,625)</u>	<u>\$ (100,780)</u>
<i>Fund Balance - Beginning of Year</i>	<u>148,112</u>	<u>148,112</u>	<u>148,112</u>	<u>10,676</u>	<u>10,676</u>	<u>10,676</u>	<u>46,837</u>	<u>46,837</u>	<u>46,837</u>	<u>205,625</u>	<u>205,625</u>	<u>205,625</u>
<i>Fund Balance - End of Year</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 47,987</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,182</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,676</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 104,845</u>

**Boone-Apache School District No.1-056, Caddo County, Oklahoma**  
**Combining Assets, Liabilities and Fund Equity**  
**Activity Fund - Regulatory Basis**  
**For the Year Ending June 30, 2012**

<b><u>ASSETS</u></b>	<b><u>School Activity Fund</u></b>
Cash	\$ 108,685
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 108,685</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>	
Liabilities:	
Due To Activity Groups	\$ <u>108,685</u>
<i>Total Liabilities</i>	<u>\$ 108,685</u>
Fund Equity:	
Unreserved/Undesignated	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 108,685</u>

**Boone-Apache School District No. I-056, Caddo County, Oklahoma**  
**Combining Statement of Changes in Assets and Liabilities**  
**Regulatory Basis - Activity Fund**  
**For the Year Ending June 30, 2012**

<b>ACTIVITIES</b>	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2012</b>
General Activity	\$ 743	\$ 18,004	\$ 17,362	\$ 1,386
Drama	13,683	986	1,329	13,341
Benevolent Fund	858	726	515	1,068
7th Grade	1	0	1	0
8th Grade	312	0	311	1
Newspaper/Multi Media	2,657	214	234	2,637
Class of 2013 (SR)	2,155	5,663	3,947	3,871
Class of 2014 (JR)	2,487	6,459	7,462	1,484
Class of 2015 (SOPH)	1,116	947	0	2,063
Class of 2016 (Freshman)	1,733	1,993	2,592	1,135
FFA	16,725	38,430	40,593	14,562
FCCLA	759	1,742	1,268	1,233
H.S. General Activity	587	1,829	941	1,475
Annual	26,442	11,802	11,671	26,572
Art	249	2	90	161
Band	4,093	6,881	9,740	1,234
Elementary Activity	2,655	30,417	30,360	2,713
H.S. Student Council	3,586	11,905	11,394	4,098
M.S. Student Council	737	2,251	1,711	1,277
Indian Club	1,619	825	1,219	1,225
Cheerleaders	2,374	4,567	5,735	1,206
TSA	1,778	3,036	3,540	1,274
Elementary Library	7,088	4,143	5,354	5,877
M.S. General Activity	4,090	43	131	4,002
H.S. Library	2,750	810	724	2,836
GF Refund Account	0	5,180	5,180	0
Athletics	6,373	69,486	63,905	11,954
<b>Total Activities</b>	<b>\$ 107,650</b>	<b>\$ 228,341</b>	<b>\$ 227,306</b>	<b>\$ 108,685</b>

**BOONE-APACHE INDEPENDENT SCHOOL DISTRICT NO. 56, CADDO COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA#</b>	<b>Pass-Through Grantor's Project Number</b>	<b>Deferred Revenue (Accounts Receivable) July 1, 2011</b>	<b>Federal Grant Receipts</b>	<b>Federal Grant Expenditures</b>	<b>Deferred Revenue (Accounts Receivable) June 30, 2012</b>
<b>U.S. Department of Education</b>						
<u>Direct Programs:</u>						
Indian Education Title VII	84.060A	561	(5,891)	65,709	59,818	0
Small Rural School Achievement	84.358A	588	0	18,419	18,419	0
Impact Aid	84.041	591	0	460,085	425,629	34,456
Impact Aid - Special Education	84.041	592	2872	13,846	16,718	0
<u>Passed Through Oklahoma State Department of Education:</u>						
Title I, Basic	84.010	511	0	150,087	150,087	0
<b>Title I Cluster</b>			0	150,087	150,087	0
IDEA-B Flowthrough	84.027	621	0	118,215	118,215	0
IDEA-B Preschool	84.173	641	0	2,395	2,395	0
<b>Special Education Cluster</b>			0	120,611	120,611	0
Title II, Part A,	84.367	586	0	36,056	36,056	0
Education Jobs Fund	84.410	790	0	108,889	108,889	0
<b>Total U.S. Department of Education</b>			<b>(3,019)</b>	<b>973,701</b>	<b>936,226</b>	<b>34,456</b>
<b>U.S. Department of Human Services</b>						
<u>Passed through Oklahoma Department of Human Services:</u>						
OJT Rehabilitative Services	84.126	456	0	2,596	2,596	0
<b>Total U.S. Department of Human Services</b>			<b>0</b>	<b>2,596</b>	<b>2,596</b>	<b>0</b>
<b>U.S. Department of Agriculture</b>						
<u>Passed Through State Department of Education:</u>						
Breakfast Program	(Note 4) 10.553	764	0	65,171	65,171	0
Lunch Program	(Note 4) 10.555	763	0	166,746	166,746	0
Commodities Distributed-Lunch	(Note 2) 10.555	N/A	0	15,690	15,690	0
<b>Child Nutrition Cluster</b>			0	247,607	247,607	0
<u>Passed Through Oklahoma Department of Transportation</u>						
Highway Tree Prgra (SAFETEALU-11-11)	(Note 3) 20.205	N/A	0	9,435	9,435	0
<b>Total U.S. Department of Agriculture</b>			<b>0</b>	<b>257,042</b>	<b>257,042</b>	<b>0</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>(3,019)</b>	<b>1,233,339</b>	<b>1,195,864</b>	<b>34,456</b>

Note 1 - The Schedule of Federal Awards expended was prepared using the same accounting policies used in preparing the District's Financial Statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

Note 2 - Commodities received in the amount of \$15,690 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - The district received a USDA grant (to plant trees) and coded revenues of \$9,435 to the revenue source code. However, they did not use a project code to track the revenue or expenditures. The district did file an expenditure report that showed how they expended this grant and that is the amount shown as expenditures.

Note 4 -The district coded expenditures of \$90,576 and \$187,092 respectively to these project codes. The expenditures reported have been limited to revenue received.



ANGEL,  
JOHNSTON &  
BLASINGAME, P.C.

P.O. BOX 706 • 2700 SOUTH FOURTH  
CHICKASHA, OKLAHOMA 73023  
PHONE (405) 224-6363 • FAX (405) 224-6364  
web [www.telepath.com/ajba](http://www.telepath.com/ajba)

---

CERTIFIED PUBLIC ACCOUNTANTS

---

**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 the fund type and account group financial statements, including budget and actual, of **Boone-Apache Independent School District #56**, Caddo County, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the District's regulatory financial statements, as listed in the table of contents as combined financial statements, and have issued our report thereon dated February 14, 2013. The report on these financial statements was adverse because the District has elected to prepare its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. Our opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to a departure related to the general fixed assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of **Boone-Apache Independent School District #56**, Caddo County, Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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.

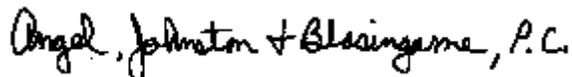
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (Finding 2012-1, 2012-2, 2012-3, 2012-4) 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.

### **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.

The District's responses to the findings identified in our audit are described on the attached Corrective Action Plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the board of education of **Boone-Apache Independent School District #56**, Oklahoma State Department of Education, and certain federal regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.



Chickasha, Oklahoma  
February 14, 2013



ANGEL,  
JOHNSTON &  
BLASINGAME, P.C.

P.O. BOX 706 • 2700 SOUTH FOURTH  
CHICKASHA, OKLAHOMA 73023  
PHONE (405) 224-6363 • FAX (405) 224-6364  
web [www.telepath.com/ajba](http://www.telepath.com/ajba)

---

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Board Members:

Compliance

We have audited **Boone-Apache Independent School District #I-56**, Caddo County, Oklahoma's, compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, **Boone-Apache Independent School District #I-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, 2012.

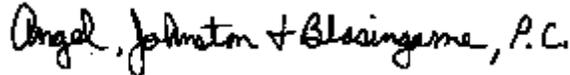
### Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the board of education of **Boone-Apache Independent School District #I-56**, management, others within the District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Chickasha, Oklahoma  
February 14, 2013

**Boone-Apache ISD No. 56, Caddo County**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2012

**Section 1**

Financial Statements

**Summary of Auditor's Results**

- |                                                                                  |                                                                               |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 1. Type of auditor's report issued                                               | Adverse<br>(Due to F/S being prepared on<br>a regulatory basis of accounting) |
| 2. Internal control over financial reporting;                                    |                                                                               |
| a. Material weaknesses identified?                                               | No                                                                            |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes                                                                           |
| c. Noncompliance material to the financial statements noted?                     | No                                                                            |

Federal Awards

- |                                                                                                                         |               |
|-------------------------------------------------------------------------------------------------------------------------|---------------|
| 1. Internal control over major program:                                                                                 |               |
| a. Material weaknesses identified?                                                                                      | No            |
| b. Significant deficiencies identified not considered to be material weaknesses?                                        | None Reported |
| 2. Type of auditor's report issued on compliance for major program:                                                     | Unqualified   |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No            |

4. Identification of major programs:

CFDA Number  
 84.041  
 84.410  
 84.027/84.173

Name of Federal Program  
 Title VIII-PL 874  
 Education Jobs Fund  
 Special Education Cluster

- |                                                                                   |           |
|-----------------------------------------------------------------------------------|-----------|
| 5. Dollar threshold used to distinguish between Type A or Type B programs:        | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No        |

**Boone-Apache ISD No. 56, Caddo County**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012  
(Continued)

**Section 2**

**Financial Statement Findings**

**2012-1 Finding**

**Statement of Condition** - The superintendent was paid \$473.08 more than the amount on her contract.

**Criteria** - Employee contracts should agree to the amount paid.

**Cause/Effect of Condition** - It appears that the payroll clerk had added a payment the year before to pay the superintendent in cash for her health insurance in July 2010 because it had already been paid by her previous employer. However, this line item automatically carried over to the 2011-12 payroll and was paid again.

**Recommendation** - Before the last payroll check is issued, payroll personnel should agree total payments for the year to the employment contract or other supporting documentation. We recommend the superintendent reimburse the district for the overpaid amount.

**2012-2 Finding**

**Statement of Condition** - The district paid interest on a lease purchase payment out of bond fund proceeds.

**Criteria** - A state attorney general opinion concludes that interest cannot be paid from bond proceeds.

**Cause/Effect of Condition** - Employees in charge of making this payment were not aware of this attorney general opinion until a new bond advisor explained it to them. Thus, the district will either have to reimburse the bond fund from other funds or there will be a lack of funds in the bond funds to repay a portion of the principal.

**Recommendation** - We recommend all future bond interest payments be made from the general fund. The district should contact the state department of education to determine what may need to be done to correct this \$24,971.51 error.

**2012-3 - Finding**

**Statement of Condition** - During activity fund disbursement testing, we noted a purchase that exceeded the original P.O. amount by greater than 10% that was not re-approved. The district's purchasing policy requires variances of greater than 10 % be re-approved. We also noted 4 of 20 purchase orders were dated after the invoice (and another 3 did not have a date). Thus, it appears items are being ordered before they are approved by the purchasing officer.

**Criteria** - Purchases exceeding the original purchase order amount by greater than 10% should be re-approved by the purchasing officer in accordance with the district's policy. All goods/services should be properly approved before ordering and all invoices should be complete and accurate including the date of purchase

**Cause/Effect of Condition** - Employees were not following purchasing procedures, which could lead to unauthorized purchases being made.

**Recommendation** - We recommend all purchases be approved with a purchase order prior to the items being ordered and be accompanied by an itemized dated invoice. Also, if purchases are going to exceed 10% of original purchase order, the purchase order should be reapproved.

**2012-4 - Finding**

**Statement of Condition** - After performing a meal collection analysis, it appeared that money collected for adult meals was \$5,477 short of what it should be based upon the number of adult meals shown on the claim for reimbursement. According to the treasurer, the district installed new meal count software during the year. The person in charge of inputting the adult meals, was counting custodial staff as eating every meal whether they did or not. So the meal count for adults was up. However, the price for the meals was not setup correctly and thus it was not included in the amount of meals reimbursed by the General Fund.

**Criteria** - The district should keep an accurate count of adult meals that are actually served to insure that the general fund reimbursements are accurate based on those employees who eat free.

**Cause/Effect of Condition** - There was a lack of understanding of meal collection/reporting procedures. This could potentially result in the general fund reimbursing the child nutrition for more or less than required for free meals. Because the general fund pays for some of the child nutrition expenses, it appears the offset would be sufficient and not a problem. This also makes it appear that the collections for adult (staff) meals are significantly short, when in fact, the numbers could be skewed from counting these employees even when not eating.

**Recommendation** - The district should maintain an accurate count of meals served.

**Boone-Apache ISD No. 56, Caddo County**

Year Ended June 30, 2012

(Continued)

**Section 3**

Federal Award Findings and Questioned Costs

( None Reported)

**Boone-Apache ISD No. 56, Caddo County**  
Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2012

**2011-1 Finding**

**Statement of Condition** – The District received an allocation of \$108,889 for the Education Jobs Fund. The District did not budget or expend this money during the 2010-11 year. They confused these monies (Project 790) with the ARRA Stabilization monies (Project 782). Thus, they were not aware of the availability of these monies.

**Criteria** – Federal grants should be budgeted and expended in a timely manner.

**Cause/Effect of Condition** – The District believed the Education Jobs Fund monies and the ARRA Stabilization monies were the same monies, and therefore, could have missed claiming the available funds.

**Recommendation** – The District should budget and expend the monies during the 2011-12 year.

**Current Status** – The district budgeted and spent these funds during the 2011-12 fiscal year.

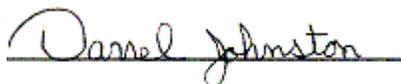
OTHER INFORMATION

Boone-Apache ISD No. 56, Caddo County  
Schedule of Accountant's Professional Liability Insurance Affidavit  
For Year Ending June 30, 2012

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 *2011-2012*.

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Notary Public

My Commission Expires 11-12-16

SCHOOL'S CORRECTIVE ACTION PLAN



# Boone-Apache Public Schools

INDEPENDENT SCHOOL DISTRICT 1-56  
 522 EAST FLOYD STREET  
 P.O. BOX 354  
 APACHE, OKLAHOMA 73006  
 PH. (580) 588-3368 • FAX (580) 588-3400

## Boone-Apache ISD No. 56, Caddo County Corrective Action for Schedule of Finding and Questioned Costs E-2 Year Ended June 30, 2012

### 2012-1 Finding

**Statement of Condition:** The superintendent was paid \$473.08 more than the amount on her contract

**Cause/Effect of Condition:** It appears that the payroll clerk had added a payment the year before to pay the superintendent in cash for her health insurance in July 2010 because it had already been paid by her previous employer. However, this line item automatically carried over to the 2011-12 payroll and was paid again.

**CORRECTIVE ACTION:** The payroll clerk adjusted the superintendent's FY13 salary amount to be paid by \$473.08 to adjust for the over payment.

### 2012-2 Finding

**Statement of Condition:** The district paid interest on a lease purchase payment out of bond fund proceeds.

**Cause/Effect of Condition:** Employees in charge of making this payment were not aware of this Attorney General's opinion until a new bond advisor explained it to them. Thus, the district will either have to reimburse the bond fund from other funds or there will be a lack of funds in the bond funds to repay a portion of the principal

**CORRECTIVE ACTION:** Employees in charge of making interest payments will pay in compliance with the Attorney General's opinion. Action has been taken to repay the bond fund and the District has until end of June 2014 to complete the correction of payment.

### 2012-3 Finding

**Statement of Condition:** During activity fund disbursement testing, we noted a purchase that exceeded the original P.O. amount by greater than 10% that was not re-approved. The district's purchasing policy requires variances of greater than 10% be re-approved. We also noted 4-of 20 purchase orders were dated after the invoice (and another 3 did not have a date). Thus, it appears items are being ordered before they are approved by the purchasing officer.

**Cause/Effect of Condition:** Employees were not following purchasing procedures which could lead to unauthorized purchases being made.

**APACHE ELEMENTARY SCHOOL**

PHONE: (580) 588-3577  
 FAX: (580) 588-2030

**APACHE MIDDLE SCHOOL**

PHONE: (580) 588-2122  
 FAX: (580) 588-3026

**APACHE HIGH SCHOOL**

PHONE: (580) 588-3358  
 FAX: (580) 588-2079

**CORRECTIVE ACTION:** Greater caution is being made by multiple levels of approval (principal, superintendent, and activity fund clerk), training presented at the beginning of the school term, and written caution will be given to any employee if procedures are not followed. Purchase cost that exceed 10% of the original purchase order, will have to be resubmitted for approval before the order can be ordered and/or paid.

#### **2012-4 Finding**

**Statement of Condition:** After performing a meal collection analysis, it appeared that money collected for adult meals was \$5,477. Short of what it should be based upon the number of adult meals shown on the claim for reimbursement. According to the treasurer, the district installed new meal count software during the year. The person in charge of inputting the adult meals was counting custodial staff as eating every meal whether they did or not. So the meal count for adults was up. However, the price for the meals was not setup correctly and thus it was not included in the amount of meals reimbursed by the General Fund.

**Cause/Effect:** There was a lack of understanding of meal collection/reporting procedures. This could potentially result in the general fund reimbursing the child nutrition for more or less than required for free meals. Because the general fund pays for some of the child nutrition expenses, it appears the offset would be sufficient and not a problem. This also makes it appear that the collections for adult staff meals are significantly short, when in fact, the numbers could be skewed from counting these employees even when not eating.

**CORRECTIVE ACTION:** The district has determined that the information within the software has been corrected to accurately reflect the cost of adult meals. There has been proper training for employees in charge of taking meal count using the software so that only meals that are actually served are counted. Employees in charge of meal count for both adult employees and students have been warned to never count a meal prior to it being served by assuming the person will request the meal. Extra effort is being taken to insure that the meal count is accurate.