

**BROKEN ARROW SCHOOL DISTRICT NO. I-3,
TULSA COUNTY, OKLAHOMA**

SINGLE AUDIT COMPLIANCE REPORTS

JUNE 30, 2013

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INDEPENDENT SCHOOL DISTRICT NO. I-3, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor / Pass Through	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Beginning Balance 7/1/12	Revenue Collected	Total Expenditures	Ending Balance 6/30/13
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII Indian Education	84.060A		\$ 425,994		235,284	414,689	179,405
Title VII Indian Education - Note 4	84.060A			187,294	187,294		
Sub Total			<u>425,994</u>	<u>187,294</u>	<u>422,578</u>	<u>414,689</u>	<u>179,405</u>
<u>Passed Through State Department of Education:</u>							
Title I	84.010		1,697,163		839,106	1,613,143	774,037
Title I Note 4	84.010			736,467	736,467		
<u>Special Education Programs:</u>							
*IDEA-B Flowthrough	84.027		3,577,319		1,647,151	3,279,879	1,632,728
IDEA-B Flowthrough Note 4	84.027			1,472,293	1,472,293		
*IDEA-B PL 108-446 Private schools	84.027		26,384		5,466	22,117	16,651
IDEA-B PL 108-446 Private schools - Note 4	84.027			18,576	18,576		
*IDEA-B Project ECHO	84.027		2,481		0	2,481	2,481
IDEA-B Project ECHO - Note 4	84.027			4,472	4,472		
*IDEA-B Preschool	84.173		67,805		42,442	67,805	25,363
IDEA-B Preschool - Note 4	84.173			20,738	20,738		
Title II Part A	84.367		439,950		174,648	424,492	249,844
Title II Part A - Note 4	84.367			271,718	271,718		
Title II Part D Note 4	84.318			977	977		
Title III Part A Limited English Proficiency	84.365		91,337		0	63,712	63,712
Title III Part A Limited English Proficiency- Note 4	84.365			32,354	32,354		
Title III Part A Immigrant - Note 4	84.365			13,959	13,959		
Sub Total			<u>5,902,439</u>	<u>2,571,554</u>	<u>5,280,367</u>	<u>5,473,629</u>	<u>2,764,816</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins	84.048		104,828		100,583	100,583	
Carl Perkins - Note 4	84.048			80,305	80,305		
Sub Total			<u>104,828</u>	<u>80,305</u>	<u>180,888</u>	<u>100,583</u>	<u>0</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
<u>Child Nutrition Programs:</u>							
School Breakfast Program	10.553				730,600	730,600	
National School Lunch Program	10.555				2,861,903	2,861,903	
Special milk	10.556				258	258	
Summer Food Program	10.559				4,406	8,306	3,900
Summer Food Program - Note 4	10.559				31,662		
Sub Total					<u>3,628,829</u>	<u>3,601,067</u>	<u>3,900</u>
<u>Passed Through Department of Human Service</u>							
Commodities, non-cash - Note 3	10.555				356,682	356,682	
<u>U.S. Department of Health and Human Services</u>							
<u>Passed Through Oklahoma State Department of Health</u>							
Legacy grant	n/a		20,000		11,571	11,571	0
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		95,700		0	43,124	43,124
Johnson O'Malley - Note 4	15.130			37,459	37,459		
Johnson O'Malley - 3 month money	15.130		23,811		23,811	23,811	
CDBG Urban Count	14.218		5,382		0	5,382	5,382
Flood control	12.106		79		79	79	
Sub Total			<u>124,972</u>	<u>37,459</u>	<u>61,349</u>	<u>72,396</u>	<u>48,506</u>
Total Federal Assistance			<u>\$ 6,578,233</u>	<u>2,876,612</u>	<u>9,942,264</u>	<u>10,030,617</u>	<u>2,996,627</u>

The accompanying notes are an integral part of this schedule.
* Major Programs

INDEPENDENT SCHOOL DISTRICT NO. I-3, TULSA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

1. GENERAL

The schedule of expenditures of federal awards presents the activity of all federal award programs of Broken Arrow School District (the District). The District reporting entity is defined in the notes to the District's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the regulatory basis of accounting, as prescribed by the Oklahoma State Department of Education, which is considered an other comprehensive basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some material presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. NONCASH FEDERAL AWARDS

The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities, in the amount of \$356,683, are recognized as revenue when received.

4. PRIOR YEAR REIMBURSEMENTS

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



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

November 14, 2013

The Honorable Board of Education
Independent Broken Arrow School District No. 3
Broken Arrow Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Independent Broken Arrow School District No. 3 (the District), Tulsa County, Oklahoma, as of and for the year ended June 30, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

November 14, 2013

The Honorable Board of Education
Independent Broken Arrow School District No. 3
Broken Arrow Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Independent Broken Arrow School District No. 3, Broken Arrow Oklahoma's, (District), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the accompanying schedule of audit results, findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

INDEPENDENT SCHOOL DISTRICT NO. I-3, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2013

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

INDEPENDENT SCHOOL DISTRICT NO. I-3, TULSA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

Section 1 - Summary of Auditor's Results

1. An unqualified opinion was issued on the financial statements.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting that were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs that were considered to be material weaknesses.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major were the IDEA-B Special Education cluster (Flow-through 84.027, Private schools 84.027, Project Echo 84.027, Preschool 84.173)
8. The dollar threshold used to determine between Type A and Type B programs was \$300,918
9. The auditee was determined to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS

NONE

Section 3 – Findings and questioned costs for federal awards

NONE

INDEPENDENT SCHOOL DISTRICT NO. I-3, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2012 TO JUNE 30, 2013

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Broken Arrow Public Schools for the audit year 2012-13

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

By _____
Authorized Agent

Subscribed and sworn to before me
This 14th day of November 2013

Notary Public (or Clerk or Judge)

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