

BRIDGE CREEK INDEPENDENT SCHOOL DISTRICT NO. 95

GRADY COUNTY, OKLAHOMA

JUNE 30, 2017

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GRADY COUNTY, OKLAHOMA

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**BRIDGE CREEK INDEPENDENT SCHOOL DISTRICT NO. I-95, GRADY COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2017**

BOARD OF EDUCATION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Bridge Creek Independent School District #95
Grady County, Oklahoma

Board Members:

Report on Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the **Bridge Creek Independent School District #95**, Grady County, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As discussed in Note 1, the financial statements are prepared by **Bridge Creek Independent School District #95** Grady County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the above paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of **Bridge Creek Independent School District #95**, Grady County, Oklahoma, as of June 30, 2017, or the changes in its financial position, for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balance arising from regulatory basis transactions of each fund type and account group of **Bridge Creek Independent School District, #95**, Grady County, Oklahoma as of June 30, 2017, and the revenues collected, expenditures paid and encumbered, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

Other Matters

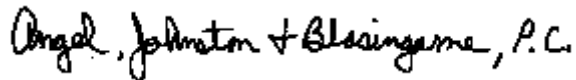
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Bridge Creek Independent School District #95, Grady County, Oklahoma’s** basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *Oklahoma Department of Education* and/or *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements-regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements-regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2017, on our consideration of the **Bridge Creek Independent School District, #95, Grady County, Oklahoma's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering **Bridge Creek Independent School District, #95, Grady County, Oklahoma's** internal control over financial reporting and compliance.



Chickasha, Oklahoma
November 2, 2017

COMBINED FINANCIAL STATEMENTS

Bridge Creek School District No.1-95, Grady County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2017

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2017
ASSETS							
Cash and Cash Equivalents	\$ 2,099,198	\$ 333,218	\$ 1,324,990	\$ 1,296,957	\$ 212,229	\$ 0	\$ 5,266,591
Investments	483,578	20,000	0	0	0	0	503,578
Amounts Available in Debt Service Fund	0	0	0	0	0	1,324,990	1,324,990
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	2,445,010	2,445,010
Amounts to be Provided For Capitalized Lease Obligations	0	0	0	0	0	16,660,122	16,660,122
Amounts to be Provided For Compensated Absences	0	0	0	0	0	61,830	61,830
Total Assets	\$ 2,582,775	\$ 353,218	\$ 1,324,990	\$ 1,296,957	\$ 212,229	\$ 20,491,952	\$ 26,262,121
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	\$ 311,901	\$ 21,997	\$ 0	\$ 0	\$ 0	\$ 0	\$ 333,898
Reserve for Encumbrances	120	0	0	0	0	0	120
Due to Activity Groups	0	0	0	0	212,229	0	212,229
General Obligation Bonds Payable	0	0	0	0	0	3,770,000	3,770,000
Capitalized Lease Obligations Payable	0	0	0	0	0	16,660,122	16,660,122
Compensated Absences Payable	0	0	0	0	0	61,830	61,830
Total Liabilities	\$ 312,021	\$ 21,997	\$ 0	\$ 0	\$ 212,229	\$ 20,491,952	\$ 21,038,199
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 1,324,990	\$ 0	\$ 0	\$ 0	\$ 1,324,990
Capital Projects	0	0	0	1,296,957	0	0	1,296,957
Building Programs	0	88,263	0	0	0	0	88,263
Child Nutrition Programs	0	242,077	0	0	0	0	242,077
Cooperative Programs	0	882	0	0	0	0	882
Unassigned	2,270,754	(0)	0	0	0	0	2,270,754
Total Fund Balances	\$ 2,270,754	\$ 331,222	\$ 1,324,990	\$ 1,296,957	\$ 0	\$ 0	\$ 5,223,923
Total Liabilities and Fund Balances	\$ 2,582,775	\$ 353,218	\$ 1,324,990	\$ 1,296,957	\$ 212,229	\$ 20,491,952	\$ 26,262,121

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

Bridge Creek School District No.1-95, Grady County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ended June 30, 2017

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2017
Revenue Collected:					
Local Sources	\$ 1,519,848	\$ 433,547	\$ 1,257,319	\$ 0	\$ 3,210,714
Intermediate Sources	350,117	0	0	0	350,117
State Sources	6,485,334	83,448	0	0	6,568,782
Federal Sources	518,673	357,758	0	0	876,431
Non-Revenue Receipts	417	82	8,029	0	8,528
<i>Total Revenue Collected</i>	<u>\$ 8,874,389</u>	<u>\$ 874,834</u>	<u>\$ 1,265,348</u>	<u>\$ 0</u>	<u>\$ 11,014,572</u>
Expenditures Paid:					
Instruction	\$ 5,321,099	\$ 50,267	\$ 0	\$ 0	\$ 5,371,366
Support Services	2,849,748	197,724	0	441	3,047,913
Operation of Non-Instructional Services	0	631,703	0	0	631,703
Facilities Acquisition and Construction	0	9,436	0	1,269,815	1,279,251
Other Outlays	417	82	0	0	499
Other Uses	0	0	0	0	0
Repayments	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	1,085,000	0	1,085,000
Interest and Fiscal Agent Fees	0	0	31,318	0	31,318
<i>Total Expenditures Paid</i>	<u>\$ 8,171,264</u>	<u>\$ 889,212</u>	<u>\$ 1,116,318</u>	<u>\$ 1,270,256</u>	<u>\$ 11,447,050</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 703,125</u>	<u>\$ (14,378)</u>	<u>\$ 149,031</u>	<u>\$ (1,270,256)</u>	<u>\$ (432,478)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 1,766</u>	<u>\$ 4,353</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,119</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 919	\$ (0)	\$ 0	\$ 0	\$ 919
Bond Proceeds	0	0	0	1,295,000	1,295,000
Transfers In	23,401	21,000	0	0	44,401
Transfers Out	(21,000)	(13,457)	0	0	(34,457)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 3,320</u>	<u>\$ 7,543</u>	<u>\$ 0</u>	<u>\$ 1,295,000</u>	<u>\$ 1,305,863</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 708,211</u>	<u>\$ (2,482)</u>	<u>\$ 149,031</u>	<u>\$ 24,744</u>	<u>\$ 879,503</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,562,544</u>	<u>333,704</u>	<u>1,175,959</u>	<u>1,272,213</u>	<u>4,344,419</u>
<i>Fund Balance - End of Year</i>	<u>\$ 2,270,754</u>	<u>\$ 331,222</u>	<u>\$ 1,324,990</u>	<u>\$ 1,296,957</u>	<u>\$ 5,223,923</u>

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

Bridge Creek School District No.1-95, Grady County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ended June 30, 2017

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 1,370,381	\$ 1,370,381	\$ 1,519,848	\$ 437,652	\$ 437,652	\$ 433,547	\$ 1,208,553	\$ 1,208,553	\$ 1,257,319
Intermediate Sources	294,200	294,200	350,117	0	0	0	0	0	0
State Sources	5,949,332	5,949,332	6,485,334	83,800	83,800	83,448	0	0	0
Federal Sources	182,625	182,625	518,673	334,800	334,800	357,758	0	0	0
Non-Revenue Receipts	0	0	417	0	0	82	0	0	8,029
<i>Total Revenue Collected</i>	<u>\$ 7,796,538</u>	<u>\$ 7,796,538</u>	<u>\$ 8,874,389</u>	<u>\$ 856,252</u>	<u>\$ 856,252</u>	<u>\$ 874,834</u>	<u>\$ 1,208,553</u>	<u>\$ 1,208,553</u>	<u>\$ 1,265,348</u>
Expenditures Paid:									
Instruction	\$ 745,587	\$ 745,587	\$ 5,321,099	\$ 108,479	\$ 108,479	\$ 50,267	\$ 0	\$ 0	\$ 0
Support Services	8,549,244	8,549,244	2,849,748	197,724	197,724	197,724	0	0	0
Operation of Non-Instructional Services	0	0	0	847,239	847,239	631,703	0	0	0
Facilities Acquisition and Construction	0	0	0	9,436	9,436	9,436	0	0	0
Other Outlays	1,251	1,251	417	13,621	13,621	82	2,384,512	2,384,512	1,116,318
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 9,296,082</u>	<u>\$ 9,296,082</u>	<u>\$ 8,171,264</u>	<u>\$ 1,176,499</u>	<u>\$ 1,176,499</u>	<u>\$ 889,212</u>	<u>\$ 2,384,512</u>	<u>\$ 2,384,512</u>	<u>\$ 1,116,318</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (1,499,544)</u>	<u>\$ (1,499,544)</u>	<u>\$ 703,125</u>	<u>\$ (320,247)</u>	<u>\$ (320,247)</u>	<u>\$ (14,378)</u>	<u>\$ (1,175,959)</u>	<u>\$ (1,175,959)</u>	<u>\$ 149,031</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,766</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,353</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 919	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0	\$ 0
Transfers In	0	0	23,401	0	0	21,000	0	0	0
Transfers Out	(63,000)	(63,000)	(21,000)	(13,457)	(13,457)	(13,457)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (63,000)</u>	<u>\$ (63,000)</u>	<u>\$ 3,320</u>	<u>\$ (13,457)</u>	<u>\$ (13,457)</u>	<u>\$ 7,543</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>\$ (1,562,544)</u>	<u>\$ (1,562,544)</u>	<u>\$ 708,211</u>	<u>\$ (333,704)</u>	<u>\$ (333,704)</u>	<u>\$ (2,482)</u>	<u>\$ (1,175,959)</u>	<u>\$ (1,175,959)</u>	<u>\$ 149,031</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,562,544</u>	<u>1,562,544</u>	<u>1,562,544</u>	<u>333,704</u>	<u>333,704</u>	<u>333,704</u>	<u>1,175,959</u>	<u>1,175,959</u>	<u>1,175,959</u>
<i>Fund Balance - End of Year</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 2,270,754</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 331,222</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,324,990</u>

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

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Bridge Creek Public Schools Independent District No. 95, Grady 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."

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

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

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

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program.

Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund, Child Nutrition Fund, and 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 consists of money collected from an alternative education grant.

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

4. Capital Projects Fund - The Capital Projects Fund consists of the District's 2014-2017 Combined Purpose Bond issues. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. 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.

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

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

1.B. Fund Accounting, (continued)

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:

- 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.

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

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

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

- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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

1.D. Budgets and Budgetary Accounting

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

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

1.E. Assets, Liabilities and Fund Equity

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

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

Property Tax Revenues – The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

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

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

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

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

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

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have been reported in the general long-term debt account group.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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

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

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

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

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

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

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

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

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

Resource Use Policy

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

1.F. Revenue, Expenses, and Expenditures

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

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

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

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

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

The District receives revenue from the state to administer certain categorical education programs. The State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Note 2 – Deposit and Investment Risk

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

		Carrying Value
Deposits		
Demand Deposits	\$	5,278,098
Time Deposits		0
Total Deposits	\$	<u>5,278,098</u>
Investments		
	<u>Credit Rating</u>	<u>Maturity</u>
		Fair Value
		\$ 0
Total Investments		<u>\$ 0</u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity		
Cash and Cash Equivalents	\$	5,266,591
Activity Fund Outstanding Checks/Deposits in Transit		11,507
Total Deposits and Investments	\$	<u>5,278,098</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.

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 2 – Deposit and Investment Risk, (continued)

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also 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, 2017, the District was not exposed to 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 or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully uninsured certificates of deposit or savings accounts in out-of-state financial institutions.
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
4. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
5. Warrants, bonds or judgments of the school district.
6. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.
7. 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.
8. 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 did not have any investments in debt securities as of June 30, 2017.

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 did not have any investments as of June 30, 2017.

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 2 – Deposit and Investment Risk, (continued)

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

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

Note 3 - General Long-term Debt

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

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

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

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2016	\$ 3,560,000	\$ 17,835,600	\$ 27,000	\$ 21,422,600
Additions	1,295,000	63,613	34,830	1,393,443
Retirements	1,085,000	1,239,091	0	2,324,091
Balance, June 30, 2017	<u>\$ 3,770,000</u>	<u>\$ 16,660,122</u>	<u>\$ 61,830</u>	<u>\$ 20,491,952</u>

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

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2017 Combined Purpose Bonds	2.00%	February 1, 2020	\$ 1,295,000	\$ 1,295,000
2015 Combined Purpose Bonds	0.95%	March 1, 2018	1,220,000	1,220,000
2016 Combined Purpose Bonds	1.75%	March 1, 2019	1,255,000	1,255,000
Totals			<u>\$ 3,770,000</u>	<u>\$ 3,770,000</u>

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 3 - General Long-term Debt (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017 Building Bonds			
2017-2018	\$ 0	\$ 25,900	\$ 25,900
2018-2019	0	25,900	25,900
2019-2020	1,295,000	25,900	1,320,900
Sub Total	\$ 1,295,000	\$ 77,700	\$ 1,372,700
2015 Combined Purpose Bonds			
2017-18	\$ 1,220,000	\$ 11,590	1,231,590
Sub Total	\$ 1,220,000	\$ 11,590	\$ 1,231,590
2016 Combined Purpose Bonds			
2017-18	\$ 0	\$ 43,925	43,925
2018-19	1,255,000	21,962	1,276,962
Sub Total	\$ 1,255,000	\$ 65,887	\$ 1,320,887
Total Bonds	\$ 3,770,000	\$ 155,177	\$ 3,925,177

Interest expense on bonds payable incurred during the current year totaled \$31,317.50.

The District has entered into lease agreements as lessee for financing the acquisition of a new high school, construction and copiers. These lease agreements qualify as capital leases for accounting purposes since the 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.

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 3 - General Long-term Debt (continued)

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	Construction	Copiers	High School	Total
2018	\$ 29,700	\$ 14,280	\$ 1,247,100	\$ 1,291,080
2019	1,276,800	14,280	0	1,291,080
2020	1,276,800	14,280	0	1,291,080
2021	1,276,800	14,280	0	1,291,080
2022	1,276,800	11,900	0	1,288,700
2023	1,276,800	0	0	1,276,800
2024	1,276,800	0	0	1,276,800
2025	1,276,800	0	0	1,276,800
2026	1,276,800	0	0	1,276,800
2027	1,276,800	0	0	1,276,800
2028	1,276,800	0	0	1,276,800
2029	1,276,800	0	0	1,276,800
2030	1,276,800	0	0	1,276,800
Total	\$ 15,351,300	\$ 69,020	\$ 1,247,100	\$ 16,667,420
Less: Amount Representing Interest	0	7,298	0	7,298
Present Value of Future Minimum Lease Payments	\$ 15,351,300	\$ 61,722	\$ 1,247,100	\$ 16,660,122

Additionally, the District accrued for unused sick leave. Upon retirement from teaching in the Bridge Creek District, the Board of Education's policy provides for paying the retiring teacher \$100/day, up to a maximum of seventy days for unused sick leave accumulated in the district. Based upon this policy, the liability for compensated absences at June 30, 2017 is \$68,700.

Note 4- Teacher Retirement

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

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

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

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 4 – Teacher Retirement, (continued)

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

The District's contributions to the System for the years ending June 30, 2017, 2016, and 2015 were \$443,557, \$412,384, and \$421,086, respectively.

The compensation for employees covered by the System for the year ended June 30, 2017 was \$4,554,543; the District's total compensation was \$6,378,918. In addition to the District's 9.50% contributions, the District was required to pay into the System 7.70% of compensation arising from federal grants \$21,985. There were \$244,322 contributions made by employees during the year ended June 30, 2017.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2016, is as follows:

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

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

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

Note 5 - Contingencies

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

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. The District had the following insurance coverage during the year: Commercial property - \$28,833,611; general liability - \$1,000,000; and educators liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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

The District is also a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of their taxable payroll for unemployment insurance. The funds for each district are kept separate and districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in their account they would be liable for the excess.

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.

Bridge Creek ISD No. 95, Grady County
Notes To The Financial Statements
For The Year Ended June 30, 2017

Note 8– Surety Bonds

The treasurer is bonded by Western Surety Company, bond number 18232487 for the penal sum of \$100,000 for the term July 19, 2016 to July 19, 2017.

The superintendent is bonded by RLI Insurance Company, bond number LSM0594852 for the penal sum of \$100,000 for the term July 1, 2016 to July 1, 2017.

The payroll clerk is bonded by RLI Insurance Company, bond number LSM0138403 for the penal sum of \$100,000 for the term July 1, 2016 to July 1, 2017.

The Encumbrance Clerk is bonded by Old Republic Surety, bond number POB-1103659 for the penal sum of \$5,000 for the term October 18, 2016 to October 18, 2017.

The Activity Fund Custodian and Minutes clerk are bonded by Old Republic Surety, bond number POB-1103659 for the penal sum of \$5,000 each for the term October 18, 2016 to October 18, 2017.

Note 9 Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements

OTHER SUPPLEMENTAL INFORMATION

Bridge Creek School District No.1-95, Grady County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
June 30, 2017

	Building Fund	Child Nutrition Fund	Coop Fund	Total June 30, 2017
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 99,313	\$ 233,023	\$ 882	\$ 333,218
Investments	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
<i>Total Assets</i>	<u><u>\$ 99,313</u></u>	<u><u>\$ 253,023</u></u>	<u><u>\$ 882</u></u>	<u><u>\$ 353,218</u></u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants Payable	\$ 11,050	\$ 10,946	\$ 0	\$ 21,997
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u><u>\$ 11,050</u></u>	<u><u>\$ 10,946</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 21,997</u></u>
Fund Balances:				
Restricted	<u>\$ 88,263</u>	<u>\$ 242,077</u>	<u>\$ 882</u>	<u>\$ 331,222</u>
<i>Total Fund Balances</i>	<u><u>\$ 88,263</u></u>	<u><u>\$ 242,077</u></u>	<u><u>\$ 882</u></u>	<u><u>\$ 331,222</u></u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 99,313</u></u>	<u><u>\$ 253,023</u></u>	<u><u>\$ 882</u></u>	<u><u>\$ 353,218</u></u>

Bridge Creek School District No.1-95, Grady County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2017

	Building Fund	Child Nutrition Fund	Cooperative Fund	Total June 30, 2017
Revenue Collected:				
Local Sources	\$ 227,302	\$ 206,244	\$ 0	\$ 433,547
Intermediate Sources	0	0	0	0
State Sources	0	57,318	26,130	83,448
Federal Sources	0	357,758	0	357,758
Non-Revenue Receipts	0	82	0	82
<i>Total Revenue Collected</i>	<u>\$ 227,302</u>	<u>\$ 621,402</u>	<u>\$ 26,130</u>	<u>\$ 874,834</u>
Expenditures Paid:				
Instruction	\$ 3,770	\$ 0	\$ 46,497	\$ 50,267
Support Services	197,724	0	0	197,724
Operation of Non-Instructional Services	0	631,703	0	631,703
Facilities Acquisition and Construction	9,436	0	0	9,436
Other Outlays	0	82	0	82
Other Uses	0	0	0	0
Repayments	0	0	0	0
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 210,930</u>	<u>\$ 631,785</u>	<u>\$ 46,497</u>	<u>\$ 889,212</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 16,372</u>	<u>\$ (10,383)</u>	<u>\$ (20,367)</u>	<u>\$ (14,378)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 2,253</u>	<u>\$ 2,100</u>	<u>\$ 0</u>	<u>\$ 4,353</u>
Other Financing Sources (Uses):				
Estopped Warrants	\$ 0	\$ (0)	\$ 0	\$ (0)
Transfers In	0	0	21,000	21,000
Transfers Out	0	(13,457)	0	(13,457)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ (13,457)</u>	<u>\$ 21,000</u>	<u>\$ 7,543</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 18,625</u>	<u>\$ (21,740)</u>	<u>\$ 633</u>	<u>\$ (2,482)</u>
<i>Fund Balance - Beginning of Year</i>	<u>69,638</u>	<u>263,817</u>	<u>250</u>	<u>333,704</u>
<i>Fund Balance - End of Year</i>	<u>\$ 88,263</u>	<u>\$ 242,077</u>	<u>\$ 882</u>	<u>\$ 331,222</u>

Bridge Creek School District No. I-95, Grady County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2017

	Building Fund			Cooperative Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 195,752	\$ 195,752	\$ 227,302	\$ 18,000	\$ 18,000	\$ 0	\$ 223,900	\$ 223,900	\$ 206,244
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	32,000	32,000	26,130	51,800	51,800	57,318
Federal Sources	0	0	0	0	0	0	334,800	334,800	357,758
Non-Revenue Receipts	0	0	0	0	0	0	0	0	82
<i>Total Revenue Collected</i>	<u>\$ 195,752</u>	<u>\$ 195,752</u>	<u>\$ 227,302</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 26,130</u>	<u>\$ 610,500</u>	<u>\$ 610,500</u>	<u>\$ 621,402</u>
Expenditures Paid:									
Instruction	\$ 58,230	\$ 58,230	\$ 3,770	\$ 50,250	\$ 50,250	\$ 46,497	\$ 0	\$ 0	\$ 0
Support Services	197,724	197,724	197,724	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0	847,239	847,239	631,703
Facilities Acquisition and Construction	9,436	9,436	9,436	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	13,621	13,621	82
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 265,390</u>	<u>\$ 265,390</u>	<u>\$ 210,930</u>	<u>\$ 50,250</u>	<u>\$ 50,250</u>	<u>\$ 46,497</u>	<u>\$ 860,860</u>	<u>\$ 860,860</u>	<u>\$ 631,785</u>
<i>Excess of Revenues Collected Over (Under)</i>									
<i>Expenditures Paid Before Adjustments to</i>									
<i>Prior Year Encumbrances</i>	<u>\$ (69,638)</u>	<u>\$ (69,638)</u>	<u>\$ 16,372</u>	<u>\$ (250)</u>	<u>\$ (250)</u>	<u>\$ (20,367)</u>	<u>\$ (250,360)</u>	<u>\$ (250,360)</u>	<u>\$ (10,383)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,253</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,100</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
Transfers In	0	0	0	0	0	21,000	0	0	0
Transfers Out	0	0	0	0	0	0	(13,457)	(13,457)	(13,457)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,000</u>	<u>\$ (13,457)</u>	<u>\$ (13,457)</u>	<u>\$ (13,457)</u>
<i>Excess (Deficiency) of Revenue Collected</i>									
<i>Over Expenditures Paid and Other Financing</i>									
<i>Sources (Uses)</i>	<u>\$ (69,638)</u>	<u>\$ (69,638)</u>	<u>\$ 18,625</u>	<u>\$ (250)</u>	<u>\$ (250)</u>	<u>\$ 633</u>	<u>\$ (263,817)</u>	<u>\$ (263,817)</u>	<u>\$ (21,740)</u>
<i>Fund Balance - Beginning of Year</i>	<u>69,638</u>	<u>69,638</u>	<u>69,638</u>	<u>250</u>	<u>250</u>	<u>250</u>	<u>263,817</u>	<u>263,817</u>	<u>263,817</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ (0)</u></u>	<u><u>\$ (0)</u></u>	<u><u>\$ 88,263</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 882</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 242,077</u></u>

Bridge Creek School District No.1-95, Grady County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity
Regulatory Basis - Activity Fund
June 30, 2017

	School Activity Fund
<u>ASSETS</u>	
Cash	\$ 212,229
Investments	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 212,229</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>212,229</u>
<i>Total Liabilities</i>	<u>\$ 212,229</u>
Fund Equity:	
Unassigned	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$ 212,229</u></u>

Bridge Creek School District No. I-95, Grady County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ended June 30, 2017

ACTIVITIES	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
First Grade	\$ 9,948	\$ 6,642	\$ 5,896	\$ 10,694
Second Grade	7,765	14,292	15,598	6,459
Third Grade	4,945	11,437	10,152	6,229
Fourth Grade	5,814	16,766	17,348	5,232
Fifth Grade	3,971	11,935	9,134	6,772
Pre-K	4,403	20,995	19,309	6,089
Kindergarten	4,734	8,146	10,507	2,373
Elem Curriculum	98	0	0	98
Elem Student Store	1,587	463	611	1,438
MS Vending	2,057	780	970	1,867
Elementary P.E.	723	1,051	1,700	74
Science Club	1,409	150	327	1,231
H.S. Office	(733)	5,595	3,234	1,628
Boys Basketball	15,451	6,771	9,452	12,770
Gifted	116	55	0	171
Drama	96	0	66	30
Wrestling	548	2,769	3,211	106
Girls Basketball	5,203	17,511	19,374	3,340
Girls Soccer	1,546	2,724	1,883	2,386
Robotics	6,322	3,975	6,831	3,466
Baseball	1,925	15,751	12,978	4,697
Band	16	4,280	2,938	1,357
Yearbook	21,964	9,878	10,505	21,337
H.S. Student Council	562	2,534	2,640	455
MS Art	841	107	0	948
H.S. Cheerleaders	6,869	28,929	30,114	5,685
Clearing and Refund	48	235	0	283
Football	32,436	22,433	43,759	11,111
Athletics	(730)	81,955	73,902	7,323
Elementary Library	6,527	16,160	18,348	4,339
Business Leaders	690	374	393	671
FCCLA	8,582	624	2,004	7,201
Spanish Club	1,773	1,095	1,032	1,836
MS Student Council	684	244	79	849
H.S. Vocal Music	1,409	7,340	8,439	310
Special Education	2,308	17,111	16,396	3,022
National Honor Society	267	174	195	247
Art club	611	1,986	263	2,334
Chess Club	150	0	0	150
Middle School Library	3,734	4,476	2,186	6,024
High School Library	1,429	754	657	1,525
Elementary Vending (1,2,3)	6,263	4,276	3,222	7,317
Teacher of the Year	159	1,200	479	880
Elementary Musci	2,169	470	1,097	1,542
Softball	1,542	8,014	8,663	893
Class of 2019	1,377	4,627	2,503	3,500
HS Student Services	214	195	195	214
Class of 2018	1,934	9,798	5,436	6,295
AR Store	1,106	3,100	1,291	2,914
Middle School Account	8,880	13,811	14,431	8,260
MS Academic Team	1,020	40	130	930
Computer Applications	256	0	0	256
Class of 2017	3,524	40	2,919	645
Doug Todd Memorial Scholarship	10,000	2,500	7,500	5,000
Food Basket Account	6,081	2,850	4,600	4,331
MS Science Account	21	0	0	21
MS Honor Society	150	0	0	150
Miscellaneous	24,846	3,446	13,369	14,923
Total Activities:	\$ 237,636	\$ 402,863	\$ 428,271	\$ 212,229

BRIDGE CREEK INDEPENDENT SCHOOL DISTRICT NO. 95, GRADY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass- Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2016	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2017	Indirect Cost Included In Federal Grant Expenditures
<u>U.S. Department of Education</u>							
Direct Programs:							
Title VI, Part B-Small Rural School Achievement	84.358	587	0	38,384	38,384	0	
Passed Through Oklahoma Department of Education:							
Title I, Basic	84.010	511	0	201,696	201,696	0	1,387
Title I Cluster			0	201,696	201,696	0	1,387
IDEA-B Flowthrough	84.027	621	0	241,774	242,157	(383)	0
IDEA-B Preschool	84.173	641	0	2,537	2,537	(0)	0
Special Education Cluster			0	244,310	244,694	(384)	0
Title II, Part A	84.367	541	(11,982)	34,283	22,301	(0)	
Total U.S. Department of Education			(11,982)	518,673	507,075	(384)	1,387
<u>U.S. Department of Homeland Security</u>							
Passed Through							
Federal Emergency Management	97.036	594	20,349	0	0	20,349	0
Total Federal Emergency Management			20,349	0	0	20,349	0
<u>U.S. Department of Agriculture</u>							
Passed Through Oklahoma Department of Education:							
Breakfast Program	10.553	764	0	78,197	78,197	0	0
Lunch Program	10.555	763	0	279,561	279,561	0	0
Commodities Distributed-Lunch (Note 3)	10.565	N/A	0	48,299	48,299	0	0
Child Nutrition Cluster			0	406,057	406,057	0	0
Total U.S. Department of Agriculture			0	406,057	406,057	0	0
TOTAL FEDERAL ASSISTANCE			8,367	924,730	913,132	19,965	1,387

Bridge Creek ISD No. 95, Grady County
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

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

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

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



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

The Honorable Board of Education
Bridge Creek Independent School District #95
Grady County, Oklahoma

Board Members:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis, within the combined financial statements of **Bridge Creek Independent School District #95**, Grady County, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated November 2, 2017. The report on these financial statements was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Bridge Creek Independent School District #95**, Grady County, Oklahoma's, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2017-001 through 2017-004).

Compliance and Other Matters

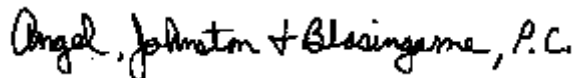
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

Bridge Creek Independent School District #95, Oklahoma's, Response to Findings

Bridge Creek Independent School District #95, Oklahoma's responses to the findings identified in our audit are described in the attached corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

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



Chickasha, Oklahoma
November 2, 2017



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

The Honorable Board of Education
Bridge Creek Independent School District #I-95
Grady County, Oklahoma

Board Members:

Report on Compliance for Each Major Federal Program

We have audited **Bridge Creek Independent School District #I-95**, Grady County, Oklahoma's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Bridge Creek Independent School District, I-95** Grady County, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, **Bridge Creek Independent School District #I-95**, Grady County, Oklahoma 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, 2017.

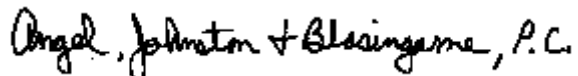
Report on Internal Control Over Compliance

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

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

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

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



Chickasha, Oklahoma
November 2, 2017

Bridge Creek ISD No. 95, Grady County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2017

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Internal Control Over Financial Reporting:

Material Weakness(es) identified? ____ Yes X No

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

Noncompliance material to financial statements noted? ____ Yes X No

Federal Awards:

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

Internal Control Over Major Programs:

Material Weakness(es) identified? ____ Yes X No

Significant Deficiencies identified not considered to be material weaknesses? x Yes ____ No

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

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

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

Identification of Major Programs:

CFDA#

84.010, 84.367

Title I Cluster

84.027, 84.173

Special Education Cluster

Bridge Creek ISD No.95, Grady County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2017
(continued)

Findings-Financial Statement Audit

2017-001 – Finding

Statement of Condition – During our testing of the Special Ed activity fund sub-account Blue and Gold fundraiser, we noticed a time difference between the receipt dates and the deposit dates.

Criteria –Oklahoma State statute states that collections of over \$100 must be deposited daily.

Cause/Effect of Condition –It appears the sponsor may not have been turning money in on a daily basis. Lack of following the internal controls could result in monies being lost, stolen or otherwise not being accounted for.

Recommendation - Sponsors should turn in money over \$100 to the activity fund custodian on a daily basis to allow the custodian to deposit the money in a timely manner.

2017-002 – Finding

Statement of Condition –One employee's retirement burden was underpaid by \$841.

Criteria – The proper teacher retirement percentage should be paid on employee's salaries.

Cause/Effect of Condition – This was a part time employee. In the prior year, it was assumed she was not eligible since she was part time. This was corrected in Oct 2016, but the payroll clerk failed to correct August and September. Teacher's retirement is incorrectly funded.

Recommendation - The District should contact teacher retirement to discuss how to remit the underpaid amounts. In addition, the District needs to make sure they are aware of the rules for participating in teacher's retirement.

2017-003 – Finding

Statement of Condition – The district changed from a 5 day week to a 4 day week. The superintendent did not want the support personnel to take a cut in pay so they were paid the same as in the prior year. The contracts stated the same hourly rate as the prior year. In order for the employees to be paid the same as the prior year, they would have had to have an increase in the hourly rate, since they were working less hours. We did not see any official board approval for support employees to be paid the same as in prior year and the contracts did not reflect an increase in the hourly rate.

Bridge Creek ISD No.95, Grady County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2017
(continued)

Criteria – All employees pay, including allowances, should be stated in the contract.

Cause/Effect of Condition Management did not want employees to get paid less than prior year. Employees could be paid amounts that are not approved by the board of education.

Recommendation - Employee contracts should be reviewed for correctness and employees should be paid based upon a signed contract.

2017-004 – Finding

Statement of Condition – During our testing of the Superintendent's payroll contract, we noticed the retirement fringe was not paid on \$2,000 of salary (bonus and Christmas check) and his other fringe was underpaid.

Criteria – The superintendent has to be paid the amount listed on the contract filed with the State Department of Education.

Cause/Effect of Condition - The underpayment of the retirement fringe was an oversight. The underpayment of the other fringe was partly due to a correction for the prior year and miscalculation of the current year. The superintendent was underpaid his contract amount.

Recommendation - We recommend all wages paid to superintendent be included on his contract.

Findings and Questioned Costs – Major Federal Award Programs Audit

(None Noted)

Bridge Creek ISD No. 95, Grady County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

2016-1 - Finding

Statement of Condition – During our testing of expenditures in the Activity Fund, we noted 10 of 51 transactions tested where the purchase order was dated after the date of the invoice, statement or other supporting documentation

Criteria – A purchase order should initiate the purchasing process. No good or service should be ordered or purchased prior to an approved purchase order being received.

Cause/Effect of Condition – The school has this policy in place, but some sponsors fail to get a purchase order prior to ordering a good/service. The school may not wish to purchase the particular good/service or it may not be an expenditure that is approved to be purchased from that particular subaccount. Also, it would be possible for the subaccount to be over expended if goods/service were ordered prior to the Activity Fund custodian checking available balances.

Recommendation –A purchase order should initiate the purchasing process. No good or service should be ordered or purchased prior to an approved purchase order being received. The school has been working with the sponsors to educate them on the purchasing process.

Current Status – This was corrected in the 2016-17 year.

2016-2 - Finding

Statement of Condition – The school overspent their budget for the Coop Fund by \$3778.88

Criteria – The school had original appropriations of \$49,979.14. They expended \$53,758.02. The school did not file a supplemental appropriation to increase their appropriations

Cause/Effect of Condition - The school was unaware they had exceeded their budget . The school did not have legal appropriations; therefore, the school should not have expended the additional funds.

Recommendation - The school should closely monitor the amount of available appropriations in each fund. The school should file supplemental appropriations with the County Excise Board should they need additional appropriations

Current Status – This Coop Fund budget was not overspent in the 2016-17 year.

2016-3 - Finding

Statement of Condition – The payroll clerk, encumbrance clerk, and treasurer's contracts had \$5,593.04 as the flex benefit amount. The actual amount paid was \$6,157.80 a difference of \$564.76 (\$1,694.28 total). The correct amount of flex benefits were paid, but the contract amount was incorrect.

Criteria – All employees pay, including allowances, should be stated in the contract.

Cause/Effect of Condition - Flex benefit amounts were not updated on the contracts. Employees could be paid inaccurate amounts.

Recommendation - Employee contracts should be reviewed for correctness and employees should be paid based upon a signed contract.

Current Status – This was corrected in the 2016-17 year.

Findings and Questioned Costs – Major Federal Award Programs Audit**Federal Program – IDEAB-Flowthrough CFDA #84027 period ending June 30, 2016****2016-4 - Finding**

Statement of Condition – One employee's retirement burden was overpaid by approximately \$900. No retirement burden was paid for two employees an approximate underpayment of \$10,200. These employees were paid with federal funds, so the rate that should have been paid was 17.75%.

Criteria – The school is required to pay 9.50% into the teacher retirement system for all employees and an additional 8.25% match on salaries paid from federal funds.

Cause/Effect of Condition - The employee that teacher retirement was underpaid for, had her salary reclassified from federal to regular which caused her burden to be overpaid. The two underpayments were on part time speech pathologists. It was assumed they were not eligible since they were part time. Teacher's retirement is incorrectly funded.

Recommendation - The District needs to make sure they are aware of the rules for participating in teacher's retirement.

Current Status – This was corrected in the 2016-17 year.

OTHER INFORMATION

Bridge Creek ISD No. 95, Grady County
Schedule of Accountant's Professional Liability Insurance Affidavit
For Year Ending June 30, 2017

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with *Bridge Creek Independent School District* for the audit year 2016-17.

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by _____

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

Notary Public

My Commission Expires 07-01-18

SCHOOL'S CORRECTIVE ACTION PLAN

**BRIDGE CREEK PUBLIC SCHOOL DISTRICT
GRADY COUNTY**

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2016-2017

AUDIT FINDING REFERENCE NUMBER: 1 - 2017-001

DESCRIPTION OF FINDING: During our testing of the Special Ed activity fund sub-account Blue and Gold fundraiser, we noticed a time difference between the receipt dates and the deposit dates.

CONTACT PERSON: David Morrow

STEPS IMPLEMENTED: The Special Ed Director did all of the money collection and receipt for the school wide fundraiser. This year each special education teacher will be responsible for their own money collection and receipting of same. This will allow the deposits to be made on the same day it was received

COMPLETION DATE: Following the completion of the Fall and Spring sale of Blue and Gold products.

**BRIDGE CREEK PUBLIC SCHOOL DISTRICT
GRADY COUNTY**

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2016-2017

AUDIT FINDING REFERENCE NUMBER: 2 - 2017-002

DESCRIPTION OF FINDING: One employee's retirement burden was underpaid by \$841.00.

CONTACT PERSON: David Morrow

STEPS IMPLEMENTED: The underpayment will be paid to the Teacher Retirement System. When a new situation is presented, a call to the Teacher Retirement System will be made to verify the action to be taken.

COMPLETION DATE: December 1, 2017

BRIDGE CREEK PUBLIC SCHOOL DISTRICT

GRADY COUNTY

AUDIT FINDINGS

CORRECTIVE ACTION PLAN

AUDIT YEAR 2016-2017

AUDIT FINDING REFERENCE NUMBER: 3- 2017-003

DESCRIPTION OF FINDING: District changed from 5 day to 4 day week. The superintendent did not want the support personnel to take a cut in pay so they were paid the same as in the prior year. The contracts stated the same hourly rate as the prior year. In order for the employees to be paid the same as the prior year, they would have had to have an increase in the hourly rate, since they were working less hours. We did not see any official board approval for support employees to be paid the same as in prior year and the contracts did not reflect an increase in the hourly rate.

CONTACT PERSON: David Morrow

STEPS IMPLEMENTED: The support employee contracts will include the difference of pay and will be listed on the contract as a stipend.

COMPLETION DATE: 2017-2018-Contracts

**BRIDGE CREEK PUBLIC SCHOOL DISTRICT
GRADY COUNTY**

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2016-2017

AUDIT FINDING REFERENCE NUMBER: 4 - 2017- 004

DESCRIPTION OF FINDING: During our testing of the Superintendent's payroll contract, we noticed the retirement fringe was not paid on \$2,000 of salary (bonus and Christmas check) and his other fringe was underpaid.

CONTACT PERSON: David Morrow

STEPS IMPLEMENTED: The underpayment will be paid to the Superintendent. The Superintendent's contract will list all wages paid, including the fringes paid.

COMPLETION DATE: December 1, 2017