

**BRIDGE CREEK SCHOOL DISTRICT NO. I-095**

GRADY COUNTY, OKLAHOMA

JUNE 30, 2020

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**BRIDGE CREEK SCHOOL DISTRICT NO. I-095**  
GRADY COUNTY, OKLAHOMA  
JUNE 30, 2020

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**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**School District Officials**  
**June 30, 2020**

**BOARD OF EDUCATION**

President	Neva Ford
Vice President	Kent Sugg
Clerk	Terry Vincent
Member	Ryan Spangler
Member	Andrew Dawkins

**SUPERINTENDENT OF SCHOOLS**

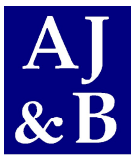
David Morrow

**ENCUMBRANCE CLERK**

Jill Mathies

**SCHOOL DISTRICT TREASURER**

Robbie Lavelle



## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Bridge Creek School District No. I-095  
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 School District No. I-095, Grady County, Oklahoma, as of and for the year ended June 30, 2020, 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 fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 adverse and qualified audit opinions.

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

As described in Note 1, the financial statements are prepared by Bridge Creek School District No. I-095 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 meet 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 School District No. I-095, Grady County, Oklahoma, as of June 30, 2020, or the changes in its financial position, or, where applicable, its cash flows for the year then ended.

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

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed 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 School District No. I-095, Grady County, Oklahoma as of June 30, 2020, 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**

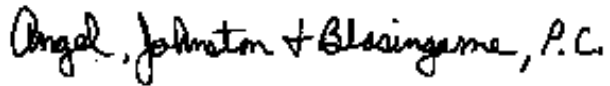
#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bridge Creek School District No. I-095, 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 *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 January 11, 2021, on our consideration of the Bridge Creek School District No. I-095, 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 solely 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 effectiveness of the Bridge Creek School District No. I-095, Grady County, Oklahoma's 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 School District No. I-095, Grady County, Oklahoma's internal control over financial reporting and compliance.



Chickasha, Oklahoma  
January 11, 2021

## COMBINED FINANCIAL STATEMENTS

**Bridge Creek School District No. I-95, Grady County, Oklahoma**  
**Combined Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis - All Fund Types and Account Groups**  
**June 30, 2020**

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
<b><u>ASSETS</u></b>	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Trust and Agency</b>	<b>General Long- Term Debt</b>	<b>June 30, 2020</b>
Cash and Cash Equivalents	\$ 1,782,537	\$ 340,540	\$ 1,788,677	\$ 1,858,793	\$ 282,158	\$ 0	\$ 6,052,705
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	1,788,677	1,788,677
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	3,591,323	3,591,323
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	16,757,617	16,757,617
Amounts to be Provided For Compensated Absences	0	0	0	0	0	79,200	79,200
<b><i>Total Assets</i></b>	<b>\$ 1,782,537</b>	<b>\$ 340,540</b>	<b>\$ 1,788,677</b>	<b>\$ 1,858,793</b>	<b>\$ 282,158</b>	<b>\$ 22,216,817</b>	<b>\$ 28,269,522</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Liabilities:							
Warrants Payable	\$ 128,853	\$ 41,566	\$ 0	\$ 2,000	\$ 0	\$ 0	\$ 172,419
Reserve for Encumbrances	0	0	0	0	0	0	0
Due to Activity Groups	0	0	0	0	282,158	0	282,158
General Obligation Bonds Payable	0	0	0	0	0	5,380,000	5,380,000
Capitalized Lease Obligations Payable	0	0	0	0	0	16,757,617	16,757,617
Compensated Absences Payable	0	0	0	0	0	79,200	79,200
<b><i>Total Liabilities</i></b>	<b>\$ 128,853</b>	<b>\$ 41,566</b>	<b>\$ 0</b>	<b>\$ 2,000</b>	<b>\$ 282,158</b>	<b>\$ 22,216,817</b>	<b>\$ 22,671,394</b>
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 1,788,677	\$ 0	\$ 0	\$ 0	\$ 1,788,677
Capital Projects	0	0	0	1,856,793	0	0	1,856,793
Building Programs	0	102,099	0	0	0	0	102,099
Child Nutrition Programs	0	194,195	0	0	0	0	194,195
Cooperative Programs	0	2,680	0	0	0	0	2,680
Unassigned	1,653,684	(0)	0	0	0	0	1,653,684
<b><i>Total Fund Balances</i></b>	<b>\$ 1,653,684</b>	<b>\$ 298,974</b>	<b>\$ 1,788,677</b>	<b>\$ 1,856,793</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,598,128</b>
<b><i>Total Liabilities and Fund Balances</i></b>	<b>\$ 1,782,537</b>	<b>\$ 340,540</b>	<b>\$ 1,788,677</b>	<b>\$ 1,858,793</b>	<b>\$ 282,158</b>	<b>\$ 22,216,817</b>	<b>\$ 28,269,522</b>

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, 2020**

Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2020
<b>Revenue Collected:</b>					
Local Sources	\$ 1,997,459	\$ 557,436	\$ 1,788,300	\$ 0	\$ 4,343,195
Intermediate Sources	523,458	0	0	0	523,458
State Sources	7,779,474	117,562	0	0	7,897,036
Federal Sources	596,556	509,777	0	0	1,106,333
Non-Revenue Receipts	15,937	1,254	3,607	0	20,798
<i>Total Revenue Collected</i>	<u>\$ 10,912,885</u>	<u>\$ 1,186,028</u>	<u>\$ 1,791,907</u>	<u>\$ 0</u>	<u>\$ 13,890,821</u>
<b>Expenditures Paid:</b>					
Instruction	\$ 7,304,872	\$ 27,546	\$ 0	\$ 0	\$ 7,332,418
Support Services	4,283,713	369,920	0	26,000	4,679,633
Operation of Non-Instructional Services	0	808,807	0	0	808,807
Facilities Acquisition and Construction	47,776	34,780	0	1,781,700	1,864,256
Other Outlays	13,838	1,254	0	0	15,092
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	1,525,000	0	1,525,000
Interest and Fiscal Agent Fees	0	0	105,233	0	105,233
<i>Total Expenditures Paid</i>	<u>\$ 11,650,198</u>	<u>\$ 1,242,307</u>	<u>\$ 1,630,233</u>	<u>\$ 1,807,700</u>	<u>\$ 16,330,437</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (737,313)</u>	<u>\$ (56,279)</u>	<u>\$ 161,675</u>	<u>\$ (1,807,700)</u>	<u>\$ (2,439,617)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>					
Estopped Warrants	\$ 2,300	\$ 2,002	\$ 0	\$ 0	\$ 4,302
Bond Proceeds	0	0	0	1,875,000	1,875,000
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 2,300</u>	<u>\$ 2,002</u>	<u>\$ 0</u>	<u>\$ 1,875,000</u>	<u>\$ 1,879,302</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (735,013)</u>	<u>\$ (54,277)</u>	<u>\$ 161,675</u>	<u>\$ 67,300</u>	<u>\$ (560,315)</u>
<i>Fund Balance - Beginning of Year</i>	<u>2,388,697</u>	<u>353,251</u>	<u>1,627,002</u>	<u>1,789,493</u>	<u>6,158,443</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 1,653,684</u></u>	<u><u>\$ 298,974</u></u>	<u><u>\$ 1,788,677</u></u>	<u><u>\$ 1,856,793</u></u>	<u><u>\$ 5,598,128</u></u>

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

**Bridge Creek School District No. I-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, 2020**

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 1,798,089	\$ 1,798,089	\$ 1,997,459	\$ 492,731	\$ 492,731	\$ 557,436	\$ 1,723,840	\$ 1,723,840	\$ 1,788,300
Intermediate Sources	446,200	446,200	523,458	0	0	0	0	0	0
State Sources	7,701,569	7,701,569	7,779,474	110,400	138,939	117,562	0	0	0
Federal Sources	574,208	574,208	596,556	367,400	367,400	509,777	0	0	0
Non-Revenue Receipts	0	0	15,937	0	0	1,254	0	0	3,607
<i>Total Revenue Collected</i>	<u>\$ 10,520,066</u>	<u>\$ 10,520,066</u>	<u>\$ 10,912,885</u>	<u>\$ 970,531</u>	<u>\$ 999,070</u>	<u>\$ 1,186,028</u>	<u>\$ 1,723,840</u>	<u>\$ 1,723,840</u>	<u>\$ 1,791,907</u>
<b>Expenditures Paid:</b>									
Instruction	\$ 8,376,680	\$ 8,376,680	\$ 7,304,872	\$ 26,974	\$ 55,513	\$ 27,546	\$ 0	\$ 0	\$ 0
Support Services	4,296,663	4,296,663	4,283,713	396,229	396,229	369,920	0	0	0
Operation of Non-Instructional Services	0	0	0	864,546	864,546	808,807	0	0	0
Facilities Acquisition and Construction	234,531	234,531	47,776	34,780	34,780	34,780	0	0	0
Other Outlays	888	888	13,838	1,254	1,254	1,254	3,350,843	3,350,843	1,630,233
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>\$ 12,908,762</u>	<u>\$ 12,908,762</u>	<u>\$ 11,650,198</u>	<u>\$ 1,323,782</u>	<u>\$ 1,352,321</u>	<u>\$ 1,242,307</u>	<u>\$ 3,350,843</u>	<u>\$ 3,350,843</u>	<u>\$ 1,630,233</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (2,388,697)</u>	<u>\$ (2,388,697)</u>	<u>\$ (737,313)</u>	<u>\$ (353,251)</u>	<u>\$ (353,252)</u>	<u>\$ (56,279)</u>	<u>\$ (1,627,002)</u>	<u>\$ (1,627,002)</u>	<u>\$ 161,675</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Other Financing Sources (Uses):</b>									
Estopped Warrants	\$ 0	\$ 0	\$ 2,300	\$ 0	\$ 0	\$ 2,002	\$	\$	\$
Transfers In	0	0	0	0	0	0			
Transfers Out	0	0	0	0	0	0			
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,300</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,002</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>\$ (2,388,697)</u>	<u>\$ (2,388,697)</u>	<u>\$ (735,013)</u>	<u>\$ (353,251)</u>	<u>\$ (353,252)</u>	<u>\$ (54,277)</u>	<u>\$ (1,627,002)</u>	<u>\$ (1,627,002)</u>	<u>\$ 161,675</u>
<i>Fund Balance - Beginning of Year</i>	<u>2,388,697</u>	<u>2,388,697</u>	<u>2,388,697</u>	<u>353,251</u>	<u>353,251</u>	<u>353,251</u>	<u>1,627,002</u>	<u>1,627,002</u>	<u>1,627,002</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,653,684</u>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 298,974</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,788,677</u>

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

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

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

The basic financial statements of the Bridge Creek School District No. I-095, Grady County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

**1.A. Reporting Entity**

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public-school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma support. The general operating authority for the public-school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and /or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

**1.B. Fund Accounting**

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

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

**1.B. Fund Accounting, (continued)**

Funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types."

**Governmental Fund Types**

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

**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 and expended 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 2018 through 2020 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 School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**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 are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**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 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 – 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 approximates 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 School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**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, 2020, 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.

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

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

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.

**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.

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

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

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

**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 School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**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, 2020:

		<u>Carrying Value</u>
Deposits		
Demand Deposits		\$ 6,055,666
Total Deposits		<u>\$ 6,055,666</u>
Investments		
	<u>Credit Rating</u>	<u>Maturity</u>
		<u>Fair Value</u>
		\$ 0
Total Investments		<u>\$ 0</u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity		
Cash and Cash Equivalents		\$ 6,052,705
Activity Fund Outstanding Checks/Deposits in Transit		<u>2,961</u>
Total Deposits and Investments		<u>\$ 6,055,666</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 School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**Note 2 – Deposit and Investment Risk, (continued)**

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

The District did not have any custodian credit risk as of June 30, 2020 as defined above.

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

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

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

The District did not have any investment credit risk as of June 30, 2020, as defined above.

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

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**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, 2020, the District had no concentration of credit risk as defined above.

**Note 3 - General Long-Term Debt**

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

General long-term debt of the District consists of bonds payable and lease purchases. 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, 2020:

	<b>Bonds Payable</b>	<b>Capital Lease Obligations</b>	<b>Compensated Absences</b>	<b>Total</b>
Balance July 1, 2019	\$ 5,030,000	\$ 18,242,154	\$ 82,500	\$ 23,354,654
Additions	1,875,000	352,548	-	2,227,548
Retirements	1,525,000	1,837,085	3,300	3,365,385
Balance, June 30, 2020	<u>\$ 5,380,000</u>	<u>\$ 16,757,617</u>	<u>\$ 79,200</u>	<u>\$ 22,216,817</u>

A brief description of the outstanding general obligation bond issues at June 30, 2020 is set forth below:

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
2020 Combined Purpose Bonds	2.00%	February 1, 2023	\$ 1,875,000	\$ 1,875,000
2018 Combined Purpose Bonds	1.75 to 2.00%	June 1, 2021	1,930,000	1,700,000
2019 Combined Purpose Bonds	2.40%	June 1, 2021	1,805,000	1,805,000
<b>Totals</b>			<u><b>\$ 5,610,000</b></u>	<u><b>\$ 5,380,000</b></u>

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**Note 3 - General Long-Term Debt (continued)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>2020 Combined Purpose Bonds</b>			
2020-2021	\$ -	\$ 37,500	\$ 37,500
2021-2022	40,000	37,500	77,500
2022-2023	1,835,000	36,700	1,871,700
<b>Sub Total</b>	<b>\$ 1,875,000</b>	<b>\$ 111,700</b>	<b>\$ 1,986,700</b>
<b>2018 Combined Purpose Bonds</b>			
2020-2021	\$ -	\$ -	\$ -
2021-2022	1,700,000	34,000	1,734,000
<b>Sub Total</b>	<b>\$ 1,700,000</b>	<b>\$ 34,000</b>	<b>\$ 1,734,000</b>
<b>2019 Combined Purpose Bonds</b>			
2020-21	\$ 1,805,000	\$ 43,320	\$ 1,848,320
<b>Sub Total</b>	<b>1,805,000</b>	<b>43,320</b>	<b>1,848,320</b>
<b>Total Bonds</b>	<b>\$ 5,380,000</b>	<b>\$ 189,020</b>	<b>\$ 5,569,020</b>

Interest paid on general debt during the 2019-2020 year was \$105,232.

The District has entered into various lease agreements as lessee for financing the acquisition of a new high school construction, Educational Facilities Lease, LED Lights and copiers. The lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

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

<u>Year Ending June 30</u>	<u>Copier</u>	<u>Construction</u>	<u>LED Lights</u>	<u>Educational Facilities Lease</u>	<u>Total</u>
2021	\$ 22,800	\$ 1,276,800	\$ 38,696	\$ 574,200	\$ 1,963,946
2022	22,800	1,276,800	38,696	648,450	2,043,146
2023	22,800	1,276,800	38,696	727,650	2,122,346
2024	22,800	1,276,800	38,696	806,850	2,206,496
2025	9,500	1,276,800	38,695	891,000	1,315,495
2026	-	1,276,800	38,695	-	1,315,495
2027	-	1,276,800	38,695	-	1,315,495
2028	-	1,276,800	-	-	1,276,800
2029	-	1,276,800	-	-	1,276,800
2030	-	1,276,800	-	-	1,276,800
<b>Total</b>	<b>\$ 100,700</b>	<b>\$ 12,768,000</b>	<b>\$ 270,869</b>	<b>\$ 3,648,150</b>	<b>\$ 16,787,719</b>
Less: Amount Representing Interest	8,233	-	21,869	-	30,102
<b>Present Value of Future Minimum Lease Payments</b>	<b>\$ 92,467</b>	<b>\$ 12,768,000</b>	<b>\$ 249,000</b>	<b>\$ 3,648,150</b>	<b>\$ 16,757,617</b>

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**Note 3 - General Long-Term Debt (continued)**

**Compensated Absences**-The District will pay \$100.00 per day for unused sick leave of an employee who retires or is terminated up to a maximum of 70 days. The amount of District liability for the year ending June 30, 2020 for compensated absences is \$79,200.

**Note 4 - Employee Retirement System**

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

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

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

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% applicable compensation for the year ended June 30, 2020. 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, 2020, 2019, and 2018 were \$652,870, \$599,439, and \$502,101 respectively.

The compensation for employees covered by the System for the year ended June 30, 2020 was \$6,781,522; the District's total compensation was \$9,171,104. 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 \$17,638. There were \$388,796 contributions made by employees during the year ended June 30, 2020.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2019. 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 agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**Note 6 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public official's liability. The District had the following insurance coverage during the year: Commercial property - \$38,583,862; general liability - \$1,000,000; and educator's liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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

**Note 7 - Use of Estimates**

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

**Note 8 – Surety Bonds**

The Treasurer is bonded by Western Surety Company, bond number 18232487 for the penal sum of \$100,000 for the term July 19, 2019 to July 19, 2020.

The Superintendent is bonded by RLI Insurance Company, bond number LSM0594852 for the penal sum of \$100,000 for the term July 1, 2019 to July 1, 2020.

The Payroll Clerk is bonded by RLI Insurance Company, bond number LSM1276009 for the penal sum of \$100,000 for the term July 1, 2019 to July 1, 2020.

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, 2019 to October 18, 2020.

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, 2019 to October 18, 2020.

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes To Combined Financial Statements**  
**For The Year Ended June 30, 2020**

**Note 9 – Budget Amendment**

The Coop Fund budget was amended once during the year by filing a supplemental appropriation form with the county clerk's office. The supplemental appropriation was filed 2-12-20 in the amount of \$28,539.16. This increased the original Coop Fund Budget from \$26,973.86 to \$55,513.02.

**Note 10 – Difference Between Estimate of Needs and Financial Statement-Child Nutrition Fund**

After the Estimate of Needs was prepared, it was noted that the school had opened a new bank account for the purpose of depositing 5% of all on-line Child Nutrition Fund payments to be used to offset the fees being charged by the online payment system vendor. However, these transactions were not included in the school's OCAS system and therefore, the fund balance was understated by \$1,440.74. We adjusted the Financial Statements to include this additional bank balance of \$1,440.74 in the Child Nutrition Fund.

**Note 11 – Difference Between Estimate of Needs and Financial Statement-General Fund**

After the Estimate of Needs was prepared, we noticed the school had entered into a Lease Purchase Agreement with the First National Bank in the amount of \$249,000 for the purchase of LED lighting for the school. The proceeds to pay for the lighting was given to the school and the school recorded the income as Miscellaneous Reimbursements. The school expended \$186,755.63 of these funds to pay for the LED lighting in May 2020. The balance due of \$62,651.88 was not expended until September 2021. Since this was a lease/purchase transaction, the school should have never received the proceeds of \$249,000 and the school should not have paid for the lighting. The bank should have paid the \$249,000 directly to the lighting vendor. The actual purchase of the LED lighting is between the bank and the lighting company. The school would then lease the LED lighting from the bank and make payments to the bank.

By the school receiving the proceeds of \$249,000, the General Fund revenues were overstated by \$249,000. The school has overstated General Fund expenditures in the amount of \$186,755.63. Also, the schools General Fund cash balance and in turn their fund balance is overstated by \$62,244.37. This amount is not material to the financial statements; however, we have adjusted the financial statements by decreasing General Fund revenues by \$249,000, decreasing expenditures by \$186,755.63 and decreasing the school's cash and fund balance by \$62,244.37. .

**Note 12 – 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 INFORMATION



**Bridge Creek School District No. I-95, Grady County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis - All Special Revenue Funds**  
**June 30, 2020**

	<b>Building Fund</b>	<b>Child Nutrition Fund</b>	<b>Coop Fund</b>	<b>Total June 30, 2020</b>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 135,427	\$ 202,434	\$ 2,680	\$ 340,540
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 135,427</u></u>	<u><u>\$ 202,434</u></u>	<u><u>\$ 2,680</u></u>	<u><u>\$ 340,540</u></u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Warrants Payable	\$ 33,327	\$ 8,238	\$ 0	\$ 41,566
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u><u>\$ 33,327</u></u>	<u><u>\$ 8,238</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 41,566</u></u>
Fund Balances:				
Restricted	<u>\$ 102,099</u>	<u>\$ 194,195</u>	<u>\$ 2,680</u>	<u>\$ 298,974</u>
<i>Total Fund Balances</i>	<u><u>\$ 102,099</u></u>	<u><u>\$ 194,195</u></u>	<u><u>\$ 2,680</u></u>	<u><u>\$ 298,974</u></u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 135,427</u></u>	<u><u>\$ 202,434</u></u>	<u><u>\$ 2,680</u></u>	<u><u>\$ 340,540</u></u>

**Bridge Creek School District No. I-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, 2020**

	<b>Building Fund</b>	<b>Child Nutrition Fund</b>	<b>Cooperative Fund</b>	<b>Total June 30, 2020</b>
<b>Revenue Collected:</b>				
Local Sources	\$ 328,514	\$ 228,922	\$ 0	\$ 557,436
Intermediate Sources	0	0	0	0
State Sources	0	88,309	29,252	117,562
Federal Sources	0	509,777	0	509,777
Non-Revenue Receipts	1,005	249	0	1,254
<i>Total Revenue Collected</i>	<u>\$ 329,519</u>	<u>\$ 827,257</u>	<u>\$ 29,252</u>	<u>\$ 1,186,028</u>
<b>Expenditures Paid:</b>				
Instruction	\$ 0	\$ 0	\$ 27,546	\$ 27,546
Support Services	369,920	0	0	369,920
Operation of Non-Instructional Services	0	808,807	0	808,807
Facilities Acquisition and Construction	34,780	0	0	34,780
Other Outlays	1,005	249	0	1,254
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>\$ 405,705</u>	<u>\$ 809,055</u>	<u>\$ 27,546</u>	<u>\$ 1,242,307</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (76,186)</u>	<u>\$ 18,201</u>	<u>\$ 1,706</u>	<u>\$ (56,279)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>				
Estopped Warrants	\$ 2,002	\$ 0	\$ 0	\$ 2,002
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 2,002</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,002</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (74,184)</u>	<u>\$ 18,201</u>	<u>\$ 1,706</u>	<u>\$ (54,277)</u>
<i>Fund Balance - Beginning of Year</i>	<u>176,283</u>	<u>175,994</u>	<u>974</u>	<u>353,251</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 102,099</u></u>	<u><u>\$ 194,195</u></u>	<u><u>\$ 2,680</u></u>	<u><u>\$ 298,974</u></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, 2020

	Building Fund			Cooperative Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 255,731	\$ 255,731	\$ 328,514	\$ 0	\$ 0	\$ 0	\$ 237,000	\$ 237,000	\$ 228,922
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	26,000	54,539	29,252	84,400	84,400	88,309
Federal Sources	0	0	0	0	0	0	367,400	367,400	509,777
Non-Revenue Receipts	0	0	1,005	0	0	0	0	0	249
<i>Total Revenue Collected</i>	<u>\$ 255,731</u>	<u>\$ 255,731</u>	<u>\$ 329,519</u>	<u>\$ 26,000</u>	<u>\$ 54,539</u>	<u>\$ 29,252</u>	<u>\$ 688,800</u>	<u>\$ 688,800</u>	<u>\$ 827,257</u>
<b>Expenditures Paid:</b>									
Instruction	\$ 0	\$ 0	\$ 0	\$ 26,974	\$ 55,513	\$ 27,546	\$ 0	\$ 0	\$ 0
Support Services	396,229	396,229	369,920	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0	864,546	864,546	808,807
Facilities Acquisition and Construction	34,780	34,780	34,780	0	0	0	0	0	0
Other Outlays	1,005	1,005	1,005	0	0	0	249	249	249
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>\$ 432,014</u>	<u>\$ 432,014</u>	<u>\$ 405,705</u>	<u>\$ 26,974</u>	<u>\$ 55,513</u>	<u>\$ 27,546</u>	<u>\$ 864,794</u>	<u>\$ 864,794</u>	<u>\$ 809,055</u>
<i>Excess of Revenues Collected Over (Under)</i>									
<i>Expenditures Paid Before Adjustments to</i>									
<i>Prior Year Encumbrances</i>	<u>\$ (176,283)</u>	<u>\$ (176,283)</u>	<u>\$ (76,186)</u>	<u>\$ (974)</u>	<u>\$ (974)</u>	<u>\$ 1,706</u>	<u>\$ (175,994)</u>	<u>\$ (175,994)</u>	<u>\$ 18,201</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>									
Estopped Warrants	\$ 0	\$ 0	\$ 2,002	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,002</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected</i>									
<i>Over Expenditures Paid and Other Financing</i>									
<i>Sources (Uses)</i>	<u>\$ (176,283)</u>	<u>\$ (176,283)</u>	<u>\$ (74,184)</u>	<u>\$ (974)</u>	<u>\$ (974)</u>	<u>\$ 1,706</u>	<u>\$ (175,994)</u>	<u>\$ (175,994)</u>	<u>\$ 18,201</u>
<i>Fund Balance - Beginning of Year</i>	<u>176,283</u>	<u>176,283</u>	<u>176,283</u>	<u>974</u>	<u>974</u>	<u>974</u>	<u>175,994</u>	<u>175,994</u>	<u>175,994</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 102,099</u>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 2,680</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 194,195</u>

**Bridge Creek School District No. I-95, Grady County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Fund Equity**  
**Regulatory Basis - Activity Fund**  
**June 30, 2020**

	<b>School Activity Fund</b>
<b><u>ASSETS</u></b>	
Cash	\$ 282,158
Investments	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 282,158</u></u>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>	
Liabilities:	
Due To Activity Groups	\$ <u>282,158</u>
<i>Total Liabilities</i>	<u>\$ 282,158</u>
Fund Equity:	
Unassigned	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$ 282,158</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, 2020**

<b>ACTIVITIES</b>	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
First Grade	\$ 5,112	\$ 6,431	\$ 8,316	\$ 3,227
Second Grade	6,932	9,572	10,476	6,029
Third Grade	5,758	7,383	4,646	8,495
Fourth Grade	1,220	6,022	4,102	3,140
Fifth Grade	6,351	8,404	7,193	7,562
Pre-K	5,441	12,983	11,943	6,481
Kindergarten	10,515	17,795	13,202	15,108
ECC Sunshine Fund	139	370	120	389
Elementary Intermediate Vending	10,736	9,540	7,578	12,698
Elementary Student Store	1,079	286	379	986
Elementary Yearbook	2,328	2,144	1,543	2,928
MS Vending	582	228	576	233
Elementary P.E.	648	0	43	605
Science Club	1,503	0	0	1,503
H.S. Office	4,557	1,815	2,604	3,768
Boys Basketball	9,078	620	7,180	2,517
Gifted	261	2,470	2,512	219
Drama	30	0	0	30
Wrestling	164	0	0	164
Girls Basketball	5,967	3,960	2,546	7,381
Girls Soccer	4,013	1,525	50	5,488
Robotics	2,361	7,155	5,835	3,681
Baseball	12,325	5,021	7,071	10,276
Band	787	0	180	607
Yearbook	22,863	2,815	4,343	21,335
H.S. Student Council	654	1,401	1,210	845
H.S. Cheerleaders	3,164	16,907	16,355	3,716
Clearing And Refund	373	0	373	0
Football	2,469	23,287	12,484	13,271
Athletics	17,067	99,388	87,233	29,223
Elementary Library	3,751	15,966	14,300	5,418
Business Leaders	631	0	0	631
FCCLA	7,055	2,941	1,705	8,292
Spanish Club	2,224	900	720	2,404
MS Student Council	1,221	528	629	1,120
Middle School Media	2,743	2,915	2,096	3,562
HS Vocal Music	1,142	0	440	703
Special Education	3,444	34,215	28,930	8,729
National Honor Society	416	157	45	528
Art Club	3,608	644	2,353	1,899
Chess Club	150	0	0	150
Middle School Library	7,289	5,447	4,385	8,352
High School Library	2,285	3,320	2,786	2,819
Elementary Vending (1,2,3)	5,749	10,261	5,629	10,382
Teacher of the Year	858	1,600	1,619	839
Elementary Music	3,277	0	0	3,277
Spring Fling	500	0	0	500
BCIS Steam	2,436	43	637	1,842
Softball	262	6,194	1,024	5,432
Class of 2023	0	1,170	0	1,170
AR Store	2,065	2,700	2,590	2,175
Middle School Account	14,175	26,649	27,190	13,634
Class of 2020	8,607	595	4,004	5,198
MS Academic Team	468	0	229	239
Class of 2021	2,736	2,904	2,849	2,791
Intermediate Stuco	421	1,855	846	1,430
Computer Applications	256	0	0	256
Track	227	0	0	227
Class of 2022	572	2,000	1,000	1,572
ECC Steam	653	22	419	256
Food Basket Account	3,461	5,584	4,418	4,627
MS Science Account	21	0	0	21
MS Honor Society	150	0	0	150
MS Fellowship of Christian Athletes	337	346	0	683
HS Academic Team	543	0	20	523
Miscellaneous	8,327	9,023	8,926	8,424
Total Activities	\$ 236,538	\$ 385,500	\$ 339,879	\$ 282,158

**Bridge Creek School District No. I-095, Grady County, Oklahoma**

**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2020**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA#</b>	<b>Pass- Through Grantor's Project Number</b>	<b>Deferred Revenue (Accounts Receivable) July 1, 2019</b>	<b>Federal Grant Receipts</b>	<b>Federal Grant Expenditures</b>	<b>Deferred Revenue (Accounts Receivable) June 30, 2020</b>	<b>Indirect Cost Included In Federal Grant Expenditures</b>
<b><u>U.S. Department of Education</u></b>							
Direct Programs:							
Title VI, Part B-Small Rural School Achievement	84.358	587	(2,600)	25,439	22,839	0	0
Passed Through Oklahoma Department of Education:							
Title I, Basic	84.010	511/541/552	(65,320)	262,993	227,055	(29,382)	0
<b>Title I</b>			(65,320)	262,993	227,055	(29,382)	0
IDEA-B Flowthrough	84.027	621	(20,912)	257,374	267,074	(30,612)	0
IDEA-B Project ECHO	84.027	615	(600)	5,170	4,570	0	0
IDEA-B Preschool	84.173	641	(1,122)	9,962	8,840	0	0
<b>Special Education Cluster</b>			(22,634)	272,506	280,484	(30,612)	0
Title II, Part A	84.367	541	(10,619)	35,619	25,000	0	0
<b>Total U.S. Department of Education</b>			<b>(101,173)</b>	<b>596,557</b>	<b>555,378</b>	<b>(59,994)</b>	<b>0</b>
<b><u>U.S. Department of Agriculture</u></b>							
Passed Through Oklahoma Department of Education:							
Breakfast Program	10.553	764	0	152,696	152,696	0	0
Lunch Program	10.555	763	0	357,081	357,081	0	0
Commodities Distributed-Lunch (Note 3)	10.555	N/A	0	40,353	40,353	0	0
<b>Child Nutrition Cluster</b>			0	550,130	550,130	0	0
<b>Total U.S. Department of Agriculture</b>			<b>0</b>	<b>550,130</b>	<b>550,130</b>	<b>0</b>	<b>0</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>(101,173)</b>	<b>1,146,687</b>	<b>1,105,508</b>	<b>(59,994)</b>	<b>0</b>

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

**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, 2020. 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 a selected portion of the operations of the School, it is not intended and does not present the financial position, changes in net position 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 School District No. I-095  
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 School District No. I-095, Grady County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated January 11, 2021. 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 of America 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 School District No. I-095, Grady County, Oklahoma's, internal control over financial reporting (internal control) as a basis for designing 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 that we consider to be significant deficiencies. (2020-001 through 2020-004).

### **Compliance and Other Matters**

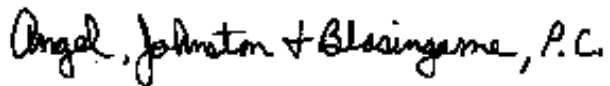
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 School District No. I-095, Grady County, Oklahoma's, Response to Findings**

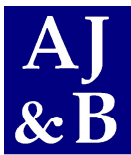
Bridge Creek School District No. I-095, Grady County, Oklahoma's response to the findings identified in our audit are described in the attached corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

A handwritten signature in black ink that reads "Angel Johnston + Blessingame, P.C." The signature is written in a cursive, flowing style.

Chickasha, Oklahoma  
January 11, 2021



**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 School District No. I-095  
Grady County, Oklahoma

Board Members:

**Report on Compliance for Each Major Federal Program**

We have audited Bridge Creek School District No. I-095, 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, 2020. 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 School District No. I-095, Grady County, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 School District No. I-095, 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, 2020.

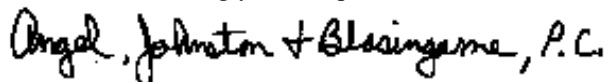
## Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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  
January 11, 2021

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2020**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

Type of Auditor's Report Issued: Adverse opinion on the combined financial statements-regulatory basis 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 State Department of Education.

Internal Control Over Financial Reporting:

Material Weakness(es) identified? ☐ Yes ☒ No

Significant Deficiencies identified not considered to be material weaknesses? ☒ Yes ☐ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards:**

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

Internal Control Over Major Programs:

Material Weakness(es) identified? ☐ Yes ☒ No

Significant Deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ No

Audit Findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)? ☐ Yes ☒ No

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

Auditee Qualified as low-risk auditee under Uniform Guidance? ☐ Yes ☒ No

**Identification of Major Programs:**

**CFDA#**

84.010

Title I

84.027, 84.173

Special Education Cluster

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**Findings-Financial Statement Audit**

**2020-001**

**Statement of Condition** – Time sheets are not being kept by all employees that are non-exempt by FLSA and are not being signed by the employee and supervisor

**Criteria** – The Fair Labor Standards Act requires accurate time records be maintained by all non-exempt employees. Employees should be paid 1 ½ their regular rate of pay anytime they work over 40 hours/work week. Internal control procedures require signatures on time records to verify time was actually worked. Both the supervisor and employee should sign timesheets.

**Cause/Effect of Condition** – Internal control procedures are not being followed. Employees could be overpaid (work less than 40 hours) or underpaid (work over 40 hours). Employees could be paid for hours not actually worked.

**Recommendation** – All employees that are non-exempt should complete and sign a timesheet to reflect time worked. The supervisor should review timesheets before they approve and sign them to ensure they are accurate. Employees should be paid for all overtime shown on timesheets.

**2020-002**

**Statement of Condition** – During our testing of payroll, we were unable to reconcile the Superintendent's salary to his contract. The Superintendent's contract states "As part of salary the district will provide compensation in the amount equal to the family health benefits excluding spouse health unless spouse leaves the district (Health, Dental and Vision) as well as the superintendent's Dental and Vision." We were unable to reconcile the benefit amounts paid to the premiums. It appears he was overpaid \$431.

**Criteria** – Per Oklahoma State Statute §70-5-141, "The school district shall not be authorized to pay any salary, benefits or other compensation to a superintendent which are not specified in the contract on file."

**Cause/Effect of Condition** - The District had personnel changes in the payroll position. The Superintendent was paid an amount which was not specified in the contract on file with the State Department of Education.

**Recommendation** – All wages paid to superintendent should be included on his contract or amended contract and filed with the State Department of Education.

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**2020-003**

**Statement of Condition** –We noted that the school had opened a new bank account for the purpose of depositing 5% of all on-line Child Nutrition Fund payments. These funds were to be used to offset the fees being charged by the on-line payment system vendor. Funds are automatically deposited and withdrawn from this account by the on-line vendor (VANCO). However, the revenues and expenditures into and out of this account were not included in the school's OCAS (Oklahoma Cost Accounting System) data or included on the school's accounting system. The result of this are as follows:

1. Revenues and expenditures are not reported to the State Department of Education through their OCAS system.
- 2.The school did not have the Board of Education approve the opening of the new bank account.
- 3.The expenditures from the account were drafted out by the vendor and the school did not prepare and have purchase orders approved prior to expending these funds.

**Criteria** – According to Title 70, Chapter 1, Section 5-135, OAC 210:25-5-4 ,Title 70, Section 5-115 (D) and OAC 25-5-11 (b) a school should record and report all revenue, expenditures and cash balances on their accounting system and report these transactions using the OCAS framework. Note that the financial statements have been adjusted to include these omissions even though they were not material.

It is good practice that any bank account opened or closed should be approved by the Board of Education.

Per Oklahoma State Statue Section 70-5-135, " before any purchase is completed, a purchase order or encumbrance must be issued". No bill shall be paid unless it is supported by an itemized invoice clearly describing the items purchased, the quantity of each item, its unit price, its total cost and proof of receipt of such goods and services."

**Cause/Effect of Condition** - It appears to be an oversight by the school. The school treasurer actually caught this issue and alerted necessary parties.

By not recording the financial activity for this account, the cash balance, revenues and expenditures were all understated on the school's financial statements. The amounts understated are not material to the financial statements or the Child Nutrition Fund. Also, this information was not reported to the State Department of Education under the required OCAS coding.

By not having the Board of Education approve any new or closed accounts, this increases the chances of unauthorized accounts being maintained by the school.

The school could expend more than their legal appropriations or items could be ordered that would not have been approved by the Board or purchasing officer.

**Recommendation** –All cash balances, revenues and expenditures should be recorded on the accounting system of the school as well as reported under the OCAS reporting system of the State Department of Education.  
All new or closed bank accounts should be approved by the Board of Education.  
The district should make sure that no purchase is initiated without first obtaining an approved purchase order and adequate documentation.

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ended June 30, 2020**  
**(Continued)**

**2020-004**

**Statement of Condition** –The school entered into a Lease Purchase/ Agreement with the First National Bank in the amount of \$249,000 for the purchase of LED lighting for the school. The proceeds to pay for the lighting was given to the school and the school recorded the income as Miscellaneous Reimbursements. The school expended \$186,755.63 of these funds to pay for the LED lighting in May 2020. The balance due of \$62,651.88 was not expended until September 2021. Since this was a lease/purchase transaction, the school should have never received the proceeds of \$249,000 and the school should not have paid for the lighting. The bank should have paid the \$249,000 directly to the lighting vendor. The actual purchase of the LED lighting is between the bank and the lighting company. The school would then lease the LED lighting from the bank and make payments to the bank.

**Criteria** – The school did not treat this transaction as a true lease purchase. Since they received the proceeds and paid the vendor, it more resembles that of a loan. In a true lease purchase, the bank would pay the vendor and then the school would lease the equipment from the bank. The school would then pay lease payments to the bank.

**Cause/Effect of Condition** - The school was not aware the bank should pay the vendor directly and the school should not receive the proceeds. By the school receiving the proceeds of \$249,000, the General Fund revenues were overstated by \$249,000. The school has overstated General Fund expenditures in the amount of \$186,755.63. Also, the schools General Fund cash balance and in turn their fund balance is overstated by \$62,244.37. This amount is not material to the financial statements; however, we have adjusted the financial statements by decreasing General Fund revenues by \$249,000, decreasing expenditures by \$186,755.63 and decreasing the school's cash and fund balance by \$62,244.37. The school was not aware the bank should pay the vendor directly and the school should not receive the proceeds.

**Recommendation** –Any future lease purchase transactions should be handled appropriately by not receiving the proceeds or expending the funds.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

(None)

**Bridge Creek School District No. I-095, Grady County, Oklahoma**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2020**

**2019-001**

**Statement of Condition** – During the testing of the Superintendent's contract, the following issues were noted:

- Retirement fringe was deducted from his salary on \$2,500.
- Retirement fringe and burden were paid on the Additional Stipend to cover the Superintendent's expenses.
- The Superintendent was underpaid \$214.16.

**Criteria** – - The Superintendent's contract states "District agrees to pay both the employer's and employee's statutory contribution to the Oklahoma Teacher Retirement System for the benefit of Superintendent."

- The Oklahoma Teacher's Retirement manual defines ineligible Compensation as "a) Expense reimbursement payments and b) Office, vehicle, housing or other maintenance allowances"

**Cause/Effect of Condition** – This was due to the payroll clerk being new to their position. This in turn could lead to both the Superintendent and Teacher's Retirement being under/over paid.

**Recommendation** – Review the Teacher's retirement manual for eligible and ineligible compensation. Contact Teacher's retirement to clarify any questions.

**Current Status** – We were unable to reconcile the insurance premium benefit paid for the superintendent for the 2019-2020 year.

**2019-002**

**Statement of Condition** – During our testing of beginning and ending activity fund balances, we noted that the General Refund Account had a remaining balance of \$373.00 at the end of the year.

**Criteria** – Oklahoma State Law Section 161(G) states that "The board of education of a school district may establish, by board resolution, a general fund refund subaccount within the school activity fund. The balance in the subaccount shall be determined by need, and it shall be funded by refunds and reimbursements received, including but not limited to, rental income, reimbursements for lost and damaged textbooks, summer school and adult tuition, overpayments and tax refunds, as well as transfers, by treasurer's check, from the school district general fund. The subaccount may be expended only for the refund of revenues previously received and deposited either into the subaccount or directly into the general fund. Any remaining balance in the refund subaccount shall be transferred to the school district general fund on or before June 30 of each year."

**Cause/Effect of Condition** - The activity fund custodian was unaware of the requirement that all funds of this type be transferred to the General Fund on or before June 30. This could lead to the overstatement of the activity fund balance and the understatement of General Fund revenues.

**Recommendation** – We recommend that all balances, that require transfer, be transferred on or before June 30.

**Current Status** – This account had a zero balance as of 6-30-2020.



**2019-003**

**Statement of Condition** – During our testing of activity fund disbursements, it was noted that 2 of the 31 tested disbursements were not properly approved in the purpose of account.

**Criteria** – Per Oklahoma Cost Account System, Title 70-1-5-129, "... The board of education, at the beginning of each fiscal year and as needed during each fiscal year, shall approve all school activity fund subaccounts, all subaccount fund-raising activities and all purposes for which the monies collected in each subaccount can be expended..."

**Cause/Effect of Condition** - The activity fund custodian was unaware of the nature of the language included on the purpose of the account. This could lead to funds being paid that are not approved through the school board.

**Recommendation** – We recommend that all purpose of accounts have language that will allow for all required items to be purchased and approved.

**Current Status** – This was not noted during the 2019-2020 year.

OTHER OKLAHOMA DEPARTMENT OF EDUCATION REQUIRED INFORMATION

**Bridge Creek School District No. I-095, Grady County, Oklahoma  
Schedule of Accountant's Professional Liability Insurance Affidavit  
For the Year Ended June 30, 2020**

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 School District No. I-095, Grady County, Oklahoma*, for the audit year 2019-2020.

ANGEL, JOHNSTON, & BLASINGAME, P.C.

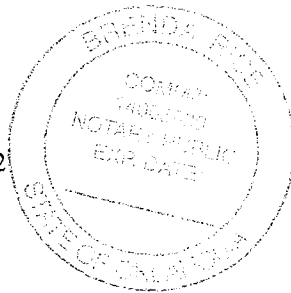
*Daniel Johnston*

by \_\_\_\_\_

Subscribed and sworn to before me this 12 day of January, 2021.

*Brenda Rice*  
Notary Public

My Commission Expires 07-01-2022



## SCHOOL'S CORRECTIVE ACTION PLAN



**BRIDGE CREEK PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2019-2020**

**AUDIT FINDING REFERENCE NUMBER:** 2020-001

**DESCRIPTION OF FINDING:** Timesheets were found that had not been signed.  
During our transition in the payroll department there were lapses in internal control  
procedures.

**CONTACT PERSON:** Monica Brower

**STEPS IMPLEMENTED:** The new payroll department has reviewed our internal  
control procedures and has implemented processes to insure all FLSA guidelines are  
being followed.

**COMPLETION DATE:** 9-1-2020

*David Morrow*

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**BRIDGE CREEK**  
PUBLIC SCHOOLS

**Bridge Creek Public Schools**  
David Morrow, Superintendent  
PH (405) 387-4880  
EMAIL [dmorrow@bridgecreek.k12.ok.us](mailto:dmorrow@bridgecreek.k12.ok.us)

**BRIDGE CREEK PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2019-2020**

**AUDIT FINDING REFERENCE NUMBER:** 2020-002

**DESCRIPTION OF FINDING:** The Superintendent was overpaid by \$431.00.

**CONTACT PERSON:** Monica Brower

**STEPS IMPLEMENTED:** The superintendent contract was audited and compared to the data in the school personnel system. The necessary corrections were made to correct this error.

**COMPLETION DATE:** 9-1-2020

*David Morrow*



**BRIDGE CREEK**  
PUBLIC SCHOOLS

**Bridge Creek Public Schools**  
David Morrow, Superintendent  
PH (405) 387-4880  
EMAIL [dmorrow@bridgecreek.k12.ok.us](mailto:dmorrow@bridgecreek.k12.ok.us)

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**BRIDGE CREEK PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2019-2020**

**AUDIT FINDING REFERENCE NUMBER: 2020-003**

**DESCRIPTION OF FINDING: A new bank account was opened with our new student information system for auto payments for the CN departments and the service fees were not reported as revenue.**

**CONTACT PERSON: David Morrow**

**STEPS IMPLEMENTED: As soon as this was discovered we reported it to the auditor and ask what steps were needed to correct this oversight.**

**COMPLETION DATE: 10-1-2020**

*David Morrow*

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**BRIDGE CREEK**  
PUBLIC SCHOOLS

**Bridge Creek Public Schools**  
David Morrow, Superintendent  
PH (405) 387-4880  
EMAIL [dmorrow@bridgecreek.k12.ok.us](mailto:dmorrow@bridgecreek.k12.ok.us)

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**BRIDGE CREEK PUBLIC SCHOOL DISTRICT**

**GRADY COUNTY**

**AUDIT FINDINGS  
CORRECTIVE ACTION PLAN**

**AUDIT YEAR 2019-2020**

**AUDIT FINDING REFERENCE NUMBER: 2020-004**

**DESCRIPTION OF FINDING: A lease purchase amount was given to the district instead of the funds remaining at the institution the agreement was with.**

**CONTACT PERSON: David Morrow**

**STEPS IMPLEMENTED: In a lease/purchase agreement the school is now aware not to accept the funds.**

**COMPLETION DATE: 1-6-2021**

*David Morrow*

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