

FINANCIAL STATEMENTS AND REPORTS OF
BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
JUNE 30, 2018

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BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
JUNE 30, 2018

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BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2018

BOARD OF EDUCATION

President
Vice-President
Member
Member
Member

Billy Bryant
Dewayne Scaife
Alan Little
Julie Bell
Russell Brown

School District Treasurer

Richard Womack, CPA

Encumbrance Clerk

Leisa Hallman

Board Clerk

Diane Nobles

Superintendent of Schools

Curtis Shelton

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Bristow School District No. I-2
Bristow, Creek County, Oklahoma

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying basic financial statements - regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of Bristow School District No. I-2, Creek County, Oklahoma (District), as of and for the year ended June 30, 2018, 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 financial reporting provisions of the Oklahoma State Department of Education. 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 judgement, 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 the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

BASIS FOR ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

As discussed in Note 1, the financial statements are prepared by the Bristow School District Number I-2, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects of the financial statements on 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 determined, are presumed to be material.

ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

In my opinion, because of the significance of the matter discussed in the "BASIS FOR ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" paragraph, the basic financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bristow School District No. I-2, Creek County, Oklahoma as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

OPINION ON REGULATORY BASIS OF ACCOUNTING

As discussed in Note 1E, the financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with the accounting and reporting regulations prescribed or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed assets account group is not known.

In my opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position - regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of Bristow School District No .I-2, Creek County, Oklahoma (District), as of June 30, 2018, and the respective changes in financial position - regulatory basis for the year ended on the regulatory basis of accounting described in Note 1.

OTHER MATTERS

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District'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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, I have also issued my report dated December 10, 2018 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sincerely,



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
December 10, 2018

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
COMBINED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2018

	Governmental Fund Type				Fiduciary	Account	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust	General	
					And Agency	Long-Term Debt	
ASSETS							
Cash and cash equivalents	\$ 4,103,415	\$ 905,212	\$1,013,351	\$1,136,281	\$ 318,308	\$ -	\$ 7,476,567
Amount available in Debt Service fund	-	-	-	-	-	1,013,351	1,013,351
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	2,961,649	2,961,649
Amount to be provided for retirement of lease obligations	-	-	-	-	-	-	-
Total Assets	\$ 4,103,415	\$ 905,212	\$1,013,351	\$1,136,281	\$ 318,308	\$3,975,000	\$11,451,567
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Warrants payable	\$ 1,354,989	\$ 57,219	\$ -	\$ 540	\$ -	\$ -	\$ 1,412,748
Encumbrances	493,229	279,852	-	-	-	-	773,081
Due to other groups	-	-	-	-	318,308	-	318,308
Long-term debt:							
Bonds payable	-	-	-	-	-	3,975,000	3,975,000
Total Liabilities	1,848,218	337,071	-	540	318,308	3,975,000	6,479,137
FUND EQUITY							
Unreserved							
Designated for capital projects	-	-	-	1,135,741	-	-	1,135,741
Designated for debt service	-	-	1,013,351	-	-	-	1,013,351
Undesignated	2,255,197	568,141	-	-	-	-	2,823,338
Total fund equity	2,255,197	568,141	1,013,351	1,135,741	-	-	4,972,430
Total liabilities and fund equity	\$ 4,103,415	\$ 905,212	\$1,013,351	\$1,136,281	\$ 318,308	\$3,975,000	\$11,451,567

The accompanying notes are an integral part of this statement.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK 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, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Revenues Collected					
Local Resources	\$ 1,856,668	\$ 287,974	\$ 992,053	\$ 1,635	\$ 3,138,330
Intermediate Sources	307,808	-	-	-	307,808
State Sources	8,729,985	6,955	-	-	8,736,940
Federal Sources	755,742	632,596	-	-	1,388,338
Non-Revenue Receipts	<u>115,802</u>	<u>79,196</u>	<u>-</u>	<u>-</u>	<u>194,998</u>
Total Revenues Collected	<u>11,766,005</u>	<u>1,006,721</u>	<u>992,053</u>	<u>1,635</u>	<u>13,766,414</u>
Expenditures Paid					
Instruction	7,225,709	-	-	-	7,225,709
Support Services	4,680,875	94,240	-	26,708	4,801,823
Non-Instruction Services	167,537	727,669	-	-	895,206
Capital Outlay	-	359,496	-	1,330,814	1,690,310
Other Outlays	50	300	-	-	350
Other Uses	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Agent Charges	<u>-</u>	<u>-</u>	<u>25,350</u>	<u>-</u>	<u>25,350</u>
Total Expenditures Paid	<u>12,074,171</u>	<u>1,181,705</u>	<u>25,350</u>	<u>1,357,522</u>	<u>14,638,748</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	<u>(308,166)</u>	<u>(174,984)</u>	<u>966,703</u>	<u>(1,355,887)</u>	<u>(872,334)</u>
Adjustments to Prior Year					
Estopped Warrants	14	390	-	-	404
Lapsed Encumbrances	<u>80,880</u>	<u>37,836</u>	<u>-</u>	<u>-</u>	<u>118,716</u>
Total Adjustments	<u>80,894</u>	<u>38,226</u>	<u>-</u>	<u>-</u>	<u>119,120</u>
Other Financing Sources (Uses)					
Bond Sale Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,025,000</u>	<u>2,025,000</u>
Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Adjustments	<u>(227,272)</u>	<u>(136,758)</u>	<u>966,703</u>	<u>669,113</u>	<u>1,271,786</u>
Fund Balance, Beginning	<u>2,482,469</u>	<u>704,899</u>	<u>46,648</u>	<u>466,628</u>	<u>3,700,644</u>
Fund Balance, Ending	<u>\$ 2,255,197</u>	<u>\$ 568,141</u>	<u>\$1,013,351</u>	<u>\$1,135,741</u>	<u>\$ 4,972,430</u>

The accompanying notes are an integral part of this statement.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REGULATORY BASIS - BUDGETED GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues Collected									
Local Sources	1,512,349	\$ 1,562,497	\$ 1,856,668	\$ 221,695	\$ 221,695	\$ 287,974	\$ 957,927	\$ 957,927	\$ 992,053
Intermediate Sources	266,797	266,797	307,808	-	-	-	-	-	-
State Sources	7,971,160	8,006,392	8,729,985	7,865	7,865	6,955	-	-	-
Federal Sources	-	503,137	755,742	499,813	499,813	632,596	-	-	-
Non-Revenue Receipts	-	-	115,802	106,992	106,992	79,196	-	-	-
Total Revenues Collected	<u>9,750,306</u>	<u>10,338,823</u>	<u>11,766,005</u>	<u>836,365</u>	<u>836,365</u>	<u>1,006,721</u>	<u>957,927</u>	<u>957,927</u>	<u>992,053</u>
Expenditures Paid									
Instruction	10,617,907	11,206,424	7,225,709	720,408	720,408	-	-	-	-
Support Services	1,427,560	1,427,560	4,680,875	-	-	94,240	-	-	-
Non-Instruction Services	187,308	187,308	167,537	820,856	820,856	727,669	-	-	-
Capital Outlays	-	-	-	-	-	359,496	-	-	-
Other Outlays	-	-	50	-	-	300	-	-	-
Other Uses	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal Retirement	-	-	-	-	-	-	-	-	-
Interest and Fiscal Agent Charges	-	-	-	-	-	-	25,350	25,350	25,350
Total Expenditures Paid	<u>12,232,775</u>	<u>12,821,292</u>	<u>12,074,171</u>	<u>1,541,264</u>	<u>1,541,264</u>	<u>1,181,705</u>	<u>25,350</u>	<u>25,350</u>	<u>25,350</u>
Excess of Revenues Collected Over(Under) Expenditures Paid Before Adjustments									
To Prior Year	<u>(2,482,469)</u>	<u>(2,482,469)</u>	<u>(308,166)</u>	<u>(704,899)</u>	<u>(704,899)</u>	<u>(174,984)</u>	<u>932,577</u>	<u>932,577</u>	<u>966,703</u>
Adjustments to Prior Year									
Estopped Warrants	-	-	14	-	-	390	-	-	-
Lapsed Encumbrances	-	-	80,880	-	-	37,836	-	-	-
Total Adjustments	<u>-</u>	<u>-</u>	<u>80,894</u>	<u>-</u>	<u>-</u>	<u>38,226</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Other									
Financing Sources (Uses)	<u>(2,482,469)</u>	<u>(2,482,469)</u>	<u>(227,272)</u>	<u>(704,899)</u>	<u>(704,899)</u>	<u>(136,758)</u>	<u>932,577</u>	<u>932,577</u>	<u>966,703</u>
Fund Balance, Beginning	<u>2,482,469</u>	<u>2,482,469</u>	<u>2,482,469</u>	<u>704,899</u>	<u>704,899</u>	<u>704,899</u>	<u>46,648</u>	<u>46,648</u>	<u>46,648</u>
Fund Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,255,197</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 568,141</u>	<u>\$ 979,225</u>	<u>\$ 979,225</u>	<u>\$1,013,351</u>

The accompanying notes are an integral part of this statement.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of Significant Accounting Policies

The basic financial statements of Bristow Public Schools Independent District No. I-2, Creek County, Oklahoma (the District) have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of 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 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 Parent Teacher Association (PTA) is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the PTA.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of Significant Accounting Policies, (continued)
- B. Fund Accounting and Description of Funds

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

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

General Fund - The general fund is used to account for all transactions, except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Salary Incentive Aid Program. Expenditures include all costs associated with the daily operation of the schools except the programs funded for building repairs and maintenance, child nutrition, 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.

Special Revenue Fund - The special revenue fund includes the District's Building Fund and Child Nutrition 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.

The Child Nutrition Fund derives monies from the operation of the school lunch and breakfast programs.

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 cost. The primary revenue source is local property taxes levied specifically for debt service.

Capital Projects Fund - The capital projects fund is the District's Bond Fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of Significant Accounting Policies, (continued)
- B. Fund Accounting and Description of Funds, (continued)

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of the net income is necessary or useful to sound financial administration. Goods and services from such activities can be provided either outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District does not have Proprietary Funds at this time.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside partners, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a 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.

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.

General Long-Term Debt Account Group - This account group was established 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.

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

Memorandum Only - Total Column

The total column on the 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 flow 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.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of Significant Accounting Policies, (continued)
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 the state and local governments prior to the effective date of GASB Statement No. 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 are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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

- D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the second Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes a legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

The District may upon approval by the majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. The District electors have made the levies permanent.

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 and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Summary of Significant Accounting Policies, (continued)
- 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 certificates of deposit or 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 consists 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.

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, 2018 is not known but is not believed to be material to the basic financial statements.

Capital Assets - The General Fixed Assets Account Group is not presented. The amount which would be included in it is not known.

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.

Employees are allowed varying amounts of sick leave during the year in accordance with Oklahoma Statutes. Sick leave used during the year is recorded as an expense in the governmental fund. Vested accumulated rights to receive sick pay benefits may be used in subsequent years, transferred to another District, or added to years of service upon retirement. Based on the District's experience it is not probable that District will pay for vested accumulated rights to receive sick leave. Therefore, a liability for vested accumulated sick leave has not been recorded.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

- 1. Summary of Significant Accounting Policies, (continued)
- E. Assets, Liabilities, and Fund Equity, (continued)

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

F. Revenue, Expenses, and Expenditures

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

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

The District receives revenue from the state to administer certain categorical education programs. 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 the 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 expenditure/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 transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of saving and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2018, all of the Districts deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$7,476,567 at June 30, 2018. The bank balance of the deposits at June 30, 2018 was approximately \$7,495,858.

Credit Risk

Fixed-income securities are subject to credit risk. However, the District did not have fixed income securities at June 30, 2018.

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's Treasurer and Board of Education monitor the District's investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2018, all of the District's deposits consisted of demand deposits and certificates of deposit.

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. These bonds are required to be fully paid serially within 25 years from the date of issue.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

3. General Long-Term Debt, (continued)

General long-term debt of the District consists of bonds payable. Debt service requirements for bonds are payable solely from 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, 2018:

	Bonds Payable	Capital Lease Obligation	Total
Balance, July 1, 2017	\$ 1,950,000	\$ 5,237	\$ 1,955,237
Additions	2,025,000	-	2,025,000
Retirements	-	(5,237)	(5,237)
Balance, June 30, 2018	<u>\$ 3,975,000</u>	<u>\$ -</u>	<u>\$ 3,975,000</u>

A brief description of the outstanding general obligation bond issues at June 30, 2018 is set forth below:

Independent School District No. I-2 Building Bonds, series 2016, original issue \$1,950,000, interest rate of 1.3%, due in annual installments of \$975,000, final installment of \$975,000 due January 1, 2020.	1,950,000
Independent School District No. I-2 Building Bonds, series 2017, original issue \$2,025,000, interest rate of 1.25% to 4.45%, due in two installments of \$1,010,000 and final installment of \$1,015,000 due October 1, 2021.	2,025,000
Total debt service principal	<u>\$ 3,975,000</u>

The annual debt service requirements of bond principal and payment of interest are as follows:

Year ending June 30	Principal	Interest	Total
2019	\$ 975,000	\$ 52,683	\$ 1,027,683
2020	975,000	40,008	1,015,008
2021	1,010,000	27,333	1,037,333
2022	1,015,000	12,688	1,027,688
	<u>\$ 3,975,000</u>	<u>\$ 132,712</u>	<u>\$ 4,107,712</u>

Interest expense on general long-term debt incurred during the current year totaled \$25,350.

The District has recorded the liability for lease payments of the general long-term debt account group for the equipment. During the year, this capital lease obligation was paid in full.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

4. Employee Retirement System

The District participants in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer Public Employee Retirement System administered by the Board of Trustees of the Oklahoma Teachers' Retirement System. The System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Title 70 Section 17 of Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action.

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under funded pension benefit obligation as determined as part of the latest actuarial valuation.

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The required contribution for participating members is 7% of compensation. Additionally, OTRS receives federal matching contributions for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenue from sales tax, use tax, corporate income tax, and individual income tax. The District is required by statute to contribute 9.5% of compensation. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2018. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The annual report may be obtained by writing to Oklahoma Teacher's Retirement System, PO Box 53524, Oklahoma City, OK, 73152 or by calling 405-521-2387.

The Districts total contributions for 2018, 2017, and 2016 were \$1,296,431, \$1,157,701, and \$1,203,039 respectively.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, 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.

6. Risk Management

The District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees's health and life, and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

7. Subsequent Events

The District has considered subsequent events through December 10, 2018, the date which the financial statements were available for release. The District is not aware of any subsequent events which would require disclosure.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND CASH FUND BALANCES
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 566,956	\$ 338,256	\$ 905,212
Total Assets	<u>\$ 566,956</u>	<u>\$ 338,256</u>	<u>\$ 905,212</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants Payable	\$ -	\$ 57,219	\$ 57,219
Encumbrances	<u>236,060</u>	<u>43,792</u>	<u>279,852</u>
Total Liabilities	<u>236,060</u>	<u>101,011</u>	<u>337,071</u>
Fund Equity:			
Unreserved Undesignated	<u>330,896</u>	<u>237,245</u>	<u>568,141</u>
Total Fund Equity	<u>330,896</u>	<u>237,245</u>	<u>568,141</u>
Total Liabilities and Fund Equity	<u>\$ 566,956</u>	<u>\$ 338,256</u>	<u>\$ 905,212</u>

The accompanying notes are an integral part of this statement.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID, AND CHANGES IN CASH BALANCES - REGULATORY BASIS
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Total</u>
Revenues Collected:			
Local Sources	\$ 233,210	\$ 54,764	\$ 287,974
State Sources	-	6,955	6,955
Federal Sources	46,945	585,651	632,596
Non-Revenue Receipts	<u>-</u>	<u>79,196</u>	<u>79,196</u>
Total Revenues	<u>280,155</u>	<u>726,566</u>	<u>1,006,721</u>
Expenditures Paid:			
Instruction	-	-	-
Support Services	94,240	-	94,240
Non-instruction	-	727,669	727,669
Capital Outlay	359,496	-	359,496
Other Outlay	<u>-</u>	<u>300</u>	<u>300</u>
Total Expenditures Paid	<u>453,736</u>	<u>727,969</u>	<u>1,181,705</u>
Excess of Revenues Collected Over(Under) Expenses Paid Before Adjustments to Prior Year	<u>(173,581)</u>	<u>(1,403)</u>	<u>(174,984)</u>
Adjustments to Prior Year			
Estopped Warrants	-	390	390
Lapsed Encumbrances	<u>-</u>	<u>37,836</u>	<u>37,836</u>
Total Adjustments	<u>-</u>	<u>38,226</u>	<u>38,226</u>
Excess (Deficiency) of Revenue Collected Over(Under) Expenditures Paid and Other Financing Sources (Uses)	(173,581)	36,823	(136,758)
Fund Balance - Beginning of Year	<u>504,477</u>	<u>200,422</u>	<u>704,899</u>
Fund Balance - Ending of Year	<u>\$ 330,896</u>	<u>\$ 237,245</u>	<u>\$ 568,141</u>

The accompanying notes are an integral part of this statement.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK 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, 2018

	Building Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 215,931	\$ 215,931	\$ 233,210	\$ 5,764	\$ 5,764	\$ 54,764	\$ 221,695	\$ 221,695	\$ 287,974
State Sources	-	-	-	7,865	7,865	6,955	7,865	7,865	6,955
Federal Sources	-	-	46,945	499,813	499,813	585,651	499,813	499,813	632,596
Non-Revenue Receipts	-	-	-	106,992	106,992	79,196	106,992	106,992	79,196
Total Revenue Collected	<u>215,931</u>	<u>215,931</u>	<u>280,155</u>	<u>620,434</u>	<u>620,434</u>	<u>726,566</u>	<u>836,365</u>	<u>836,365</u>	<u>1,006,721</u>
Expenditures Paid:									
Instruction	720,408	720,408	-	-	-	-	720,408	720,408	-
Support Services	-	-	94,240	-	-	-	-	-	94,240
Non-Instruction Services	-	-	-	820,856	820,856	727,669	820,856	820,856	727,669
Capital Outlay	-	-	359,496	-	-	-	-	-	359,496
Other Outlay	-	-	-	-	-	300	-	-	300
Total Expenditures Paid	<u>720,408</u>	<u>720,408</u>	<u>453,736</u>	<u>820,856</u>	<u>878,468</u>	<u>727,969</u>	<u>1,541,264</u>	<u>1,541,264</u>	<u>1,181,705</u>
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments To Prior Year	<u>(504,477)</u>	<u>(504,477)</u>	<u>(504,477)</u>	<u>(200,422)</u>	<u>(200,422)</u>	<u>(1,403)</u>	<u>(704,899)</u>	<u>(704,899)</u>	<u>(174,984)</u>
Adjustments to Prior Year									
Estopped Warrants	-	-	-	-	-	390	-	-	390
Lapsed Encumbrances	-	-	-	-	-	37,836	-	-	37,836
Total Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,226</u>	<u>-</u>	<u>-</u>	<u>38,226</u>
Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	<u>(504,477)</u>	<u>(504,477)</u>	<u>(173,581)</u>	<u>(200,422)</u>	<u>(200,422)</u>	<u>36,823</u>	<u>(704,899)</u>	<u>(704,899)</u>	<u>(136,758)</u>
Fund Balance - Beginning	<u>504,477</u>	<u>504,477</u>	<u>504,477</u>	<u>200,422</u>	<u>200,422</u>	<u>200,422</u>	<u>704,899</u>	<u>704,899</u>	<u>704,899</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 330,896</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 237,245</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 568,141</u>

The accompanying notes are an integral part of this statement.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY
REGULATORY BASIS - ALL AGENCY FUNDS
JUNE 30, 2018

	Agency Fund Activity Funds	Total
ASSETS		
Cash and Cash Equivalents	\$ 318,308	\$ 318,308
Total Assets	<u>\$ 318,308</u>	<u>\$ 318,308</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Due to Others	\$ 318,308	\$ 318,308
Total Liabilities	<u>318,308</u>	<u>318,308</u>
Fund Equity:		
Unreserved/Undesignated	<u>-</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 318,308</u>	<u>\$ 318,308</u>

The accompanying notes are an integral part of this statement.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2018

Edison Elementary

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Reserve	\$ 7,371	\$ 20,535	\$ 19,762	\$ 8,144
Media	1,886	3,899	3,872	1,913
Faculty Club	106	325	431	-
Yearbook	1,726	3,995	4,572	1,149
Santa Shop	563	4,527	4,581	509
Vending Machine	399	912	864	447
Children Support Act	960	-	235	725
Picture	4,191	2,537	3,450	3,278
Judy Vice Memorial Fund	570	-	-	570
Total Activities	<u>\$ 17,772</u>	<u>\$ 36,730</u>	<u>\$ 37,767</u>	<u>\$ 16,735</u>

Collins Elementary

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Reserve	\$ 14,728	\$ 45,184	\$ 36,590	\$ 23,322
Media	5,634	6,319	4,873	7,080
Faculty Club	-	707	465	242
Yearbook	3,299	4,825	3,497	4,627
Pictures	1,148	1,762	2,401	509
Children Support	60	-	23	37
Total Activities	<u>\$ 24,869</u>	<u>\$ 58,797</u>	<u>\$ 47,849</u>	<u>\$ 35,817</u>

Bristow Middle School

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Tech Ed	\$ 3,391	\$ -	\$ 23	\$ 3,368
Student Council	1,750	1,994	1,644	2,100
Pep Club	1,402	2,235	2,247	1,390
Library	355	4,408	4,288	475
Newspaper	174	-	-	174
Art Department	120	-	-	120
Physical Education	166	-	82	84
Teacher Courtesy Fund	315	620	550	385
Reserve	5,566	19,024	16,026	8,564
Yearbook	5,340	7,016	9,295	3,061
Picture	1,752	908	200	2,460
Total Activities	<u>\$ 20,331</u>	<u>\$ 36,205</u>	<u>\$ 34,355</u>	<u>\$ 22,181</u>

The accompanying notes are an integral part of this statement.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2018

Bristow High School

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Athletics	\$ 41,553	\$ 126,823	\$ 132,099	\$ 36,277
Band	18,506	78,004	82,876	13,634
Academics	881	1,537	1,379	1,039
Future Farmers of America	9,188	91,526	84,989	15,725
FCCLA	4,279	700	1,291	3,688
Library	593	806	317	1,082
Log	4,169	14,844	18,003	1,010
Extra-curricular	6,413	7,424	6,655	7,182
Pep Club	462	659	449	672
Reserve	2,761	4,121	2,567	4,315
Scholarships	14,327	8,750	9,250	13,827
Speech	12,652	9,041	5,616	16,077
Student Council	-	32,763	28,586	4,177
Summer School	11,282	12,812	11,986	12,108
Vocal	3,515	9,676	10,165	3,026
SACS/Leadership	2,242	7,440	9,100	582
Academic Banquet	4,298	4,385	4,071	4,612
Cheerleading	5,843	10,415	9,856	6,402
Basketball	8,421	14,684	11,192	11,913
Wrestling	8,785	9,303	6,066	12,022
Bristow Academy	2,539	-	-	2,539
Track	5,119	11,443	3,511	13,051
Softball	375	7,791	4,933	3,233
Technology	9,343	240	1,351	8,232
JOM Scholarship	1,026	179	1,111	94
Total Activities	<u>\$ 178,572</u>	<u>\$ 465,366</u>	<u>\$ 447,419</u>	<u>\$ 196,519</u>

Administrative

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Child Nutrition Program	\$ -	\$ 79,269	\$ 79,269	\$ -
Spirit of 1976 Scholarship	700	500	500	700
Revolving Account	4,934	1,941	3,338	3,537
Home Alone	4,197	99,084	103,281	-
Falcon Scholarship	-	7,000	7,000	-
Yourman Scholarship	9,719	4,311	10,415	3,615
Cape Scholarship CD	15,141	190	500	14,831
Cape Scholarship	-	500	500	-
Community Together	189	-	-	189
Concession Vending Account	4,230	2,250	2,292	4,188
Auditorium Account	5,414	-	-	5,414
Yourman Scholarship	7,235	87	740	6,582
Harvat Foundation	6,500	5,000	5,500	6,000
Jean Ann Wilson Scholarship	2,000	1,500	1,500	2,000
Total Activities	<u>\$ 60,259</u>	<u>\$ 201,632</u>	<u>\$ 214,835</u>	<u>\$ 47,056</u>

The accompanying notes are an integral part of this statement.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal Grantor's CFDA#	Approved Number	Balance at Amount	July1,2017	Receipts	Expenditures*	Balance at June30,2018	U.S.
Department of Education								
Direct Programs								
Title VII	84.060		\$ -	\$ -	\$ 135,927	\$ 92,726	\$ -	
Impact Aid	84.041		-	-	75,774	62,196	-	
Impact Aid Disabled	84.041		-	-	-	13,578	-	
Total Title VII Cluster			-	-	75,774	75,774	-	
T-6 Sub. 2 (SDE)			-	-	20,940	30,845	-	
Total Direct			-	-	232,641	199,345	-	
Passed Through State								
Dept. of Educ.								
Title I Basic	84.010		-	-	420,354	451,588	-	
Title I School Support	84.010		-	-	-	5,000	-	
Title I Part D Local	84.010		-	-	-	14,516	-	
Total Title I Cluster			-	-	420,354	471,104	-	
Sp Ed Pro Devlp OSDE Sondersored	84.027		-	-	5,506	193	-	
Sp Ed Prof Devlp District	84.027		-	-	-	5,313	-	
Total Sp Ed Prof Devlp Cluster			-	-	5,506	5,506	-	
Title D	84.013		-	-	13,360	-	-	
JTPA - Vocational	84.126		-	-	16,564	16,564	-	
Title II, Part A	84.367		-	-	56,955	54,680	-	
Total Passed Through State Dept. of Educ.			-	-	496,175	531,290	-	
Passed Through State Dept. of Career and Technology								
Carl Perkins Secondary	84.048		-	-	33,669	21,676	-	
Carl Perkins Suppl. Grants	84.048		-	-	-	21,619	-	
Total Carl Perkins Cluster			-	-	33,669	43,295	-	
Total Passed Through State Dept. Of Career and Tech								
Total U.S. Dept. Of Education			-	-	779,049	790,495	-	
U.S. Dept of Interior Passed Through Muscogee Creek Nation								
Indian Education Program	15.130		-	-	23,639	11,216	-	
Indian Education 3-Month	15.130		-	-	-	11,777	-	
Total Indian Education Cluster			-	-	23,639	22,993	-	
U.S. Dept Of Agriculture Passed Through State Dept.of Education								
School Breakfast Program	10.553		-	-	134,742	134,742	-	
School Lunch Program	10.555		-	-	396,570	396,570	-	
Child/Adult Care Food	10.558		-	-	7,996	7,208	-	
Summer Food Service	10.559		-	13,962	46,342	47,955	12,349	
Passed Through State Dept. Of Human Services								
Child Nutrition Cluster								
Non-Cash Asst. (Commodities)	10.555		-	-	62,839	62,839	-	
Total U.S. Dept. Of Agriculture			-	13,962	648,489	650,102	12,349	
Total Expenditures of Federal Awards								
			\$ -	\$ -	\$1,451,177	\$ 1,463,590	\$ -	

Note 1 - * Represents federal share of expenditures only.

Note 2 - Commodities received in the amount of \$64,188 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule is prepared using the regulatory basis of accounting described in Note 1C.

Note 4 - The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

BRISTOW SCHOOL DISTRICT NO. I-2
 CREEK COUNTY, OKLAHOMA
 STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2018

<u>Bond Type</u>	<u>Bonding Company</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Effective Date</u>
Surety/Position*	CNA Surety	18235715	\$ 170,000	9/21/17 - 9/21/18
Surety/Position*	CNA Surety	18235715	\$ 170,000	9/21/16 - 9/21/17
Surety/Treasurer	CNA Surety	01554555	\$ 100,000	7/1/17 - 7/1/18

* Position bond covers the following positions in the indicated amounts:

Superintendent	\$100,000
High School Activity Custodian	\$ 25,000
Middle School Activity Custodian	\$ 5,000
Edison Activity Custodian	\$ 5,000
Collins Activity Custodian	\$ 5,000
Board Clerk/Minutes Clerk	\$ 5,000
Administration Activity Custodian/Lunch Fund Custodian	\$ 20,000
Encumbrance Clerk	<u>\$ 5,000</u>
Total	<u>\$170,000</u>

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

To the Board of Education
Bristow School District No. I-2
Creek County
Bristow, Oklahoma

I have audited, in accordance with the 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 basic financial statements - regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of Bristow School District No. I-2, Creek County, Oklahoma (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated December 10, 2018 which 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. The report did not include the General Fixed Assets Account Group.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned cost, we identified certain deficiencies in internal control that we consider to be material weaknesses and/or significant deficiencies.

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. I consider the deficiency described in the accompanying schedule of findings and questioned costs as number 2018-1 and 2018-2 to be a material weakness.

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs number 2018-3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These items are described in the accompanying schedule of findings and questioned costs as item number 2018-1 and 2018-2.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control 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.

Sincerely,

 Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
December 10, 2018

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

To the Honorable Board of Education
Independent School District No. I-2
Bristow, Creek County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited Bristow School District No. I-2, Creek County, Oklahoma (the District) 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, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned cost.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and Uniform Guidance require that I 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 I considered necessary in the circumstance.

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

Opinion on Each Major Federal Program

In my opinion, Independent School District No. I-2, Creek 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, 2018.

Report on Internal Control Over Compliance

Management of Independent School District No. I-2, Creek County, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness Independent School District No. I-2, Creek County, Oklahoma'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 the type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
December 10, 2018

BRISTOW SCHOOL DISTRICT NO. I-2
 CREEK COUNTY, OKLAHOMA
 STATUS OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2018

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Qualified on regulatory basis of accounting

Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiency identified that is not considered to be material weakness(es)? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
 Material Weakness(es) identified? Yes No
 Significant deficiency identified that is not considered to be material weakness(es)? Yes None Reported

Type of auditor's report issued on compliance to major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Programs tested as Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title 1 - Part A Basic
84.060	Title 7 - Part A Indian Education

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

See the Schedule of Findings and Questioned Cost for matters noted.

Section III - Federal Award Findings and Questioned Cost

No matters were noted.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2018

Finding 2018-01

Condition: The District entered into a teacher contract with a contract amount of payment higher than the District's salary schedule. The teacher was paid per an amount on the salary schedule. This resulted in the teacher being paid less than the contract amount.

Criteria: Oklahoma State Statues, Title 70, states when a contract is entered into, the contract shall be binding on the teacher and on the board of education until the teacher legally has been discharged from the teaching position or released by the board of education from the contract. The teacher was paid from the salary schedule and not the contract. The contracted amount was higher than the salary schedule.

Effect: The District underpaid the teacher per the contract amount.

Recommendation: The District should review contracts to be certain they are in agreement with the District salary schedule. Any contracts which vary from the salary schedule should be documented as to the reason. The District should consult legal counsel concerning the underpayment to the employee.

District Response: The District has obtained a new contract with the correct amount of salary shown. We will review future contracts to insure the contract is within the District salary schedule.

Finding 2018-02

Condition: A regular meeting of the Board of Education was held on a day other than the scheduled date.

Criteria: The District approved 2018 meeting dates in November 2017 in accordance with the Oklahoma Open Meetings Act. The January meeting date approved was scheduled for January 15, 2018, however, the meeting was held on January 8, 2018. The meeting should have been held as a rescheduled regular meeting or as a special meeting.

Effect: The meeting held on January 8, 2018 as a regular meeting should have been a special meeting or rescheduled regular meeting.

Recommendation: The District should insure all meeting dates approved are correct, and the meeting is held on that date or follow procedures for a special meeting or rescheduled regular meeting.

District Response: Board of Education meetings are held on the second Monday of each month. District personnel have reviewed the 2018 and 2019 schedules to make certain the correct date is shown. In the event a meeting cannot be held on the approved day, the District will use special meeting procedures.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings reported for the year ended June 30, 2017.

BRISTOW SCHOOL DISTRICT NO. I-2
CREEK COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2017 TO JUNE 30, 2018

State of Oklahoma)
County of Creek)

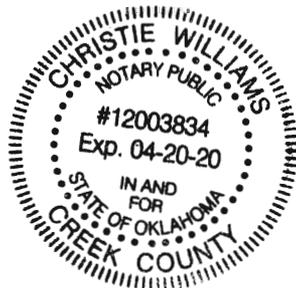
The undersigned auditing firm of lawful age, being first duly sworn on oath, says that firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Bristow School District No. I-2 for the audit year 2017-2018.

Ralph Osborn, CPA
Auditing Firm

By *Ralph Osborn*
Authorized Agent

Subscribed and sworn to before me
on this 10^h day of December 2018.

Christie Williams
Notary Public



My commission expires on:

20th day of April, 2020

My commission number: 12003834

BRISTOW SCHOOL DISTRICT NO. I-2
AUDIT ACKNOWLEDGMENT
JUNE 30, 2018

The Annual independent audit for Bristow Public Schools was presented to the Board of Education in an Open Board Meeting on December 10, 2018 by Ralph Osborn, CPA. Ralph Osborn

The School Board acknowledges that as the governing body of the district, responsible for the district's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgment form, will be sent to the Oklahoma State Department of Education within 30 days from its presentation, as stated in 70 O. S. 22-108:

"The local board of education shall forward a copy of the audit report to the State Board of Education within thirty (30) days after receipt of said audit."

Cynthia Stettin
Superintendent of Schools

[Signature]
Board of Education President

[Signature]
Board of Education Vice-President

[Signature]
Board of Education Member

Board of Education Member

Board of Education Member

Subscribed and sworn to before me on this 10th day of December, 2018.

My commission expires on 13th day of December 2020.

[Signature]
Notary Public

Commission Number: 04011111

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