

**FINANCIAL STATEMENTS – MODIFIED CASH BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**BRYAN COUNTY SCHOOL FINANCE AUTHORITY,
BRYAN COUNTY, OKLAHOMA**

JUNE 30, 2024

Audited by

**BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

BROKEN ARROW, OK

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
BRYAN COUNTY
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees
Bryan County School Finance Authority
Durant, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying modified cash basis financial statements of the business-type activities of Bryan County School Finance Authority, Durant, Oklahoma (the Authority), a component unit of Bryan County as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities of Bryan County School Finance Authority, Durant, Oklahoma as of June 30, 2024, and the respective changes in modified cash basis financial position, and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified basis of accounting as described in Note 1, and for determining that the modified 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2025 on our consideration of the Authority'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 Authority's 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 Authority's internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

January 21, 2025



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

January 21, 2025

To the Board of Trustees
Bryan County School Finance Authority
Durant County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the business-type activities of the Bryan County School Finance Authority, Durant County, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 21, 2025. Our report on the financial statements disclosed, that, as described in Note 1 to the financial statements, the Authority prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

Broken Arrow, OK

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF AUDIT FINDINGS
JUNE 30, 2024

No Prior Year Audit Findings

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2024

NONE

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2024

ASSETS

Current Assets	
Cash and cash equivalents	\$ 156,470
<i>Total Assets</i>	<u><u>\$ 156,470</u></u>

LIABILITIES

<i>Total Liabilities</i>	<u>\$ 0</u>
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NET POSITION

Unrestricted	<u>156,470</u>
<i>Total Net Position</i>	<u><u>\$ 156,470</u></u>

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

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
FOR YEAR ENDED JUNE 30, 2024

Operating Revenues	
Administrative fees	\$ 31,793
Total Revenue	<u>31,793</u>
Operating Expenses	
Audit	<u>0</u>
Total Expenditures	<u>0</u>
<i>Operating Income/Loss</i>	31,793
Non-Operating Revenues (Expenses)	
Total Non-Operating Revenues (Expenses)	<u>0</u>
<i>Change in net assets</i>	31,793
<i>Net Assets, beginning of fiscal year</i>	<u>124,677</u>
<i>Net Assets, end of fiscal year</i>	<u><u>\$ 156,470</u></u>

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

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
FOR YEAR ENDED JUNE 30, 2024

Cash flows from operating activities

Reciepts from bond customers	\$ 31,793
Payments to vendors	<u>-</u>
Net cash provided (used) by operating activities	<u>31,793</u>

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, beginning of year

Cash and cash equivalents, end of year

31,793
<u>124,677</u>
<u>\$ 156,470</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	31,793
Net cash provided by (used for) operating activities	<u>\$ 31,793</u>

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

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies

1.A. Financial Reporting Entity

Bryan County School Finance Authority, a public trust, created January 3, 2017, for the benefit of Bryan County, Oklahoma, to function as an industrial, cultural, housing, health care, economic development and educational development trust for the benefit of Bryan County, Oklahoma, the State of Oklahoma, its governmental agencies, and private entities, agencies and citizens in its charitable, scientific, literary or educational purposes and in making the most efficient use of all of their economic resources and powers in accordance with the needs and benefit of the Beneficiary (Bryan County) in order to lessen the burdens on government and to stimulate charitable, scientific, literary and educational economic development; to inventory the services, facilities and resources of the entire Beneficiary; to promote, stimulate, encourage and finance the growth and development of commerce, recreation, education, and industry of the Beneficiary as a whole, all in order to achieve maximum utilization of the Beneficiary's human, charitable, scientific, literary, educational, economic, recreational, natural resources and tourist attractions; to foster and promote an industrial climate and the payroll of the Beneficiary and to otherwise promote its general economic welfare and prosperity and to finance any and all programs, facilities or resources promoting or intending to promote any of the foregoing for the benefit of Bryan County.

Bryan County School Finance Authority generally does not acquire any assets or incur any liability when it issues bonds for eligible entities. It may earn and collect administrative fees and must be informed of the unpaid balances. If however Bryan County School Finance Authority manages the assets and liabilities and does not assign them, then the assets and liabilities would be recognized. Note 3 – Conduit Debt Obligations discloses the outstanding obligations, which the Authority has facilitated.

Related Organizations

Bryan County – Bryan County is the beneficiary of this public trust. The elected Bryan County commissioners are the Authority's trustees. Therefore, the Authority is considered to be a component unity of Bryan County.

The accompanying financial statements include all functions and activities over which the Authority exercises financial accountability. Bryan County School Finance Authority is a component unit of the governmental entity of Bryan County, Oklahoma. Bryan County's financial information is not presented in these financial statements. Bryan County financial audits are readily obtainable at, www.sai.ok.gov, the State Authority's website.

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies – cont'd.

1.B. Basis of Presentation

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. All the activities of the Authority are business type activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

1.C. Measurement Focus and Basis of Accounting

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recognized and recorded in the financial statements regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid.

This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

1.D. Assets, Liabilities and Net Position

Cash & Cash Equivalents – For the purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

Net Position – Net Position is divided into three components:

- a. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* – Consists of net assets, with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies – cont’d.

1.D. Assets, Liabilities and Net Position – cont’d

- c. *Unrestricted net position* – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the Authority’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

1.E. Revenues and Expenses

Operating and Nonoperating Revenues – Operating Revenues are considered those whose cash flows are related to operating activities, while revenues related to financial, capital and investing activities are reported as non-operating.

Expenses – The Authority reports expenses relating to the use of economic resources.

Note 2 – Deposits, investments and Collateral

Deposits and Investments – The Authority does not have a written investment policy that limits its investment choices. Investments are limited by State Statute and declaration of trust.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a written policy for custodial risk, but *Oklahoma Statutes* require collateral for all uninsured deposits of public trust funds in financial institutions. At June 30, 2024 the Authority was not exposed to custodial credit risk.

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 3 – Conduit Debt Obligations

BCSFA – Conduit Debt – The Bryan County School Finance Authority has the following conduit debt outstanding at June 30, 2024, in the form of Lease Revenue Bonds.

	<u>Original Issue</u>	<u>Outstanding June 30, 2024</u>
BCSFA - Calera Public School (2017)	\$ 5,790,000	3,895,000
BCSFA - Silo Public School (2018)	7,040,000	5,390,000
BCSFA - Durant Public School (2020)	29,875,000	27,630,000
BCSFA - Calera Public School (2013)	6,090,000	6,090,000
 TOTAL	 <u><u>\$ 48,795,000</u></u>	 <u><u>43,005,000</u></u>

The Bryan County School Finance Authority has the following conduit debt outstanding at June 30, 2024, in the form of Lease Revenue Refunding Bonds.

	<u>Original Issue</u>	<u>Outstanding June 30, 2024</u>
BCSFA - Durant Public School (2020)	<u><u>\$ 30,230,000</u></u>	<u><u>\$ 23,965,000</u></u>

This debt is considered non-commitment debt to the Authority since debt payments are made solely by the schools. Payments are made directly by Calera, Silo and Durant public schools to the Trustee bank. In the event of default by the schools, the Authority has no obligation, in substance, to make any payments on the debt since the note receivable, financing agreements and mortgages on the property with the school are the only security for the debt. As a result of the non-commitment determination, the Authority's indebtedness and related receivable from the school are not recorded in the accompanying financial statements. Total conduit debt on June 30, 2024, was \$66,970,000.

Note 4 – Commitments and Contingencies

The Authority is dependent upon the repayment of the bonds solely from the beneficiary (school) of the bond issues. If the beneficiary (school) defaulted on the bond payments it would not have a significant impact on the Authority's financial condition. Conduit debt is non-recourse debt.

BRYAN COUNTY SCHOOL FINANCE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 5 – Subsequent Events

Management has evaluated subsequent events through January 21, 2025, 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.

Note 6 – Opening Balance

The opening balances as of July 1, 2023, have not been audited. This limitation in scope of the audit occurred because the prior year financial statements were not subject to audit. As a result, we were unable to obtain sufficient audit evidence regarding the opening balances. We were, however, able to confirm the beginning cash balance.

All revenue since the inception of the Authority, which amounts to \$156,470, has been placed in the Bryan County General Fund.



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April 10, 2025

Honorable Board of Trustees
Bryan County School Finance Authority
323 W. Beech
Durant, Oklahoma 74701

Dear Trustees:

Listed below are the observations and recommendations from the audit work we performed for the Bryan County School Finance Authority. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

Minutes

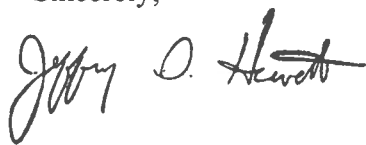
During the audit we observed that the governing board of the Bryan County School Finance Authority did meet at least annually, therefore, we did not observe where the Board annually approved the ground lease and sublease agreements for the outstanding lease revenue bond financing issues. We recommend that the Authority meet at least annually to approve the ground lease and sublease agreements for any outstanding lease revenue bond financing issues and to approve the annual audit report.

Authority Revenue

We observed during the audit that the administrative fees that were received from the Trustee bank, since the Authority's inception, have been deposited into the County General Fund, for a total amount of \$156,470. As of July 1, 2024, the fees are now being deposited into a Bryan County School Finance Authority fund to pay for audit costs. There have been no expenditures relative to the Authority, prior to June 30, 2024. It is presumed that since Bryan County is the beneficiary of the Authority that when the Authority no longer has any activity the remaining funds will be transferred to the Bryan County General Fund, therefore it is presumed that the prior fees do not have to be transferred to the Bryan County School Finance Authority.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff O. Hewett". The signature is fluid and cursive, with a large initial "J" and a stylized "H".

Jeff Hewett

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP