

# **NEW ISSUE – BOOK-ENTRY ONLY**

Independent School District No. 41  
of Oklahoma County, Oklahoma

*(Western Heights Board of Education)*

## **PRELIMINARY OFFICIAL STATEMENT**

DATED: April 9, 2023

\$7,830,000 Combined Purpose Bonds, Series B, of 2024

**SEALED BIDS WILL BE RECEIVED UNTIL:**  
**11:30 o'clock a.m., on the 23rd day of April, 2024**

The bids will be opened and read and shall be awarded at the first Board of Education meeting held after the bids are due. This is expected to occur at 6:00 o'clock p.m. on the 23rd day of April, 2024

FINANCIAL ADVISOR  
STEPHEN H. MCDONALD & ASSOCIATES, INC.

OFFICIAL BID FORM – Exhibit B

23rd day of April, 2024

Board of Education  
Independent School District No. 41  
Oklahoma County, Oklahoma

Gentlemen:

For your issue of General Obligation Combined Purpose Bonds, Series B, of 2024, dated June 1, 2024 (the "Bonds"), of the par value of \$7,830,000 with principal and semi-annual interest payable through The Depository Trust Company ("DTC") by UMB Bank, n.a., Oklahoma City, Oklahoma, as Paying Agent and Registrar, we hereby agree to pay you therefor a price of par and accrued interest plus a total premium of \$ \_\_\_\_\_ for bonds maturing and bearing interest as follows:

\$1,830,000 due 6-1-2026 @ _____ %	\$2,000,000 due 6-1-2028 @ _____ %
\$2,000,000 due 6-1-2027 @ _____ %	\$2,000,000 due 6-1-2029 @ _____ %
Net Interest Cost: \$ _____	Average Interest Rate: _____ %

Delivery of the Bonds shall be made at our (the purchaser's) expense through DTC against payment of the agreed upon purchase price under the following stipulations: (1) that said Bonds are to be in the hands of the Attorney General of the State of Oklahoma for examination within 30 days from this date without litigation pending; (2) that within 10 days after approval of said Bonds by the Attorney General, we are to be furnished with certified transcript of proceedings covering this issue; (3) that the Bonds shall be tendered to us for payment within 35 days after their approval by the Attorney General which shall not exceed 70 days from this date; (4) if, prior to the delivery of the Bonds, the income received from bonds of the same type and character shall become subject to federal income taxation by ruling, decision or law, we may, at our option, be relieved of our obligation hereunder and in such case our good faith deposit will be returned; and (5) after the expiration of the 30 day contest period we are to be furnished with such additional showings as may be necessary to establish legality, legal delivery and freedom from litigation all to the satisfaction of \_\_\_\_\_, Bond Counsel, whose fee we will pay, otherwise delivery shall be made to us but only at our option.

We agree to provide the Paying Agent and Registrar a complete and accurate list of bondholders, with such other information as it may require, at least five (5) business days prior to the date of closing. We further agree to indemnify and hold the School District and its Paying Agent and Registrar harmless for any loss or liability resulting from errors or omissions in the list so provided to said Paying Agent and Registrar.

We attach hereto certified or cashier's check in the sum of \$156,600.00 to be held by you uncashed and to be forfeited to you as full liquidated damages in the event we fail or refuse to comply with the terms of this agreement; said check to be returned to us (1) immediately if this proposal is rejected or (2) 70 days from this date if demanded by us, in the event you are unable to comply with the provisions hereof.

We agree to complete, execute, and deliver to the School District, at least five business days prior to delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect accompanying the Notice of Sale of Bonds, with such changes thereto as may be acceptable to the School District and Bond Counsel. This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale of Bonds and is not subject to any conditions, except as permitted under the terms of the Notice of Sale of Bonds. This bid shall not be revocable. The undersigned has an established industry reputation for underwriting new issuances of municipal bonds.

This proposal is made for immediate acceptance or rejection.

Respectfully submitted,

\_\_\_\_\_

By: \_\_\_\_\_

At a legal meeting held on the date first above written, the above proposal was considered and upon motion regularly made, seconded and carried was accepted and the bonds sold, awarded and ordered delivered in compliance with the terms and conditions hereof.

WITNESS our official hands and seal the date first above written.

\_\_\_\_\_  
President, Board of Education

ATTEST:

\_\_\_\_\_  
Clerk, Board of Education

(SEAL)

# NOTICE OF SALE OF BONDS

## Conditions of Sale

### Independent School District No. 41 Oklahoma County, Oklahoma

### \$7,830,000 Combined Purpose Bonds, Series B, of 2024

#### Place and Time of Sale

The Board of Education of Independent School District No. 41 of Oklahoma County, Oklahoma (the "School District"), will receive sealed bids at the Western Heights Administration Building, Western Heights Public Schools, 8401 SW 44th Street, Oklahoma City, Oklahoma, **until 11:30 o'clock a.m., Tuesday, the 23rd day of April, 2024**, for the sale of its \$7,830,000 Combined Purpose Bonds, Series B, of 2024 (the "Bonds"), more completely described in the "Preliminary Official Statement". The bids will be opened and read and shall be awarded at the first Board of Education meeting held after the bids are due. This is expected to occur at 6:00 o'clock p.m. on the 23rd day of April, 2024.

#### Address of Bids

Sealed bids, plainly marked "Bid for Bonds", may be mailed either to "Ms. Brayden Savage, Superintendent of Schools, Western Heights Public Schools, 8401 Southwest 44th Street, Oklahoma City, Oklahoma 73179" or to the School District's Financial Advisor, Stephen H. McDonald & Associates, Inc., ATTN: Ron Fisher, 2200 McKown Drive, Norman, Oklahoma 73072. Sealed bids must be submitted in duplicate on the Official Bid Form furnished herein.

#### Types of Bids and Interest Rates

The Bonds will be sold in one block, all or none, and no bid of less than par and accrued interest will be considered. Bidders must specify the rate or rates of interest the Bonds will bear. No interest rate in excess of ten percent (10%) will be considered. Bidders shall specify the rate or rates of interest in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent per annum. Bidders are not restricted as to the number of rates that may be named, provided that the same rate shall be specified for all bonds of the same maturity.

#### Basis for Award

For the purpose of awarding the Bonds, the interest cost of each bid will be computed by determining, at the rate or rates specified therein, the total of all interest on the Bonds from the date thereof to their respective maturities, and deducting therefrom the premium bid, if any. The Bonds, if sold, will be awarded to the bidder whose bid, on the basis of the above computation produces the lowest interest cost to the School District. **THE BOARD OF EDUCATION RESERVES THE RIGHT TO REJECT ALL BIDS AND TO WAIVE ANY MINOR IRREGULARITIES.**

#### Good Faith Deposit

Each bid must be accompanied by a Good Faith Deposit ("Deposit") in the form of a Wire Transfer or Certified or Cashier's Check made payable to "**Treasurer, Independent School District No. 41 of Oklahoma County, Oklahoma**" in the amount of two percent (2%) of the par value of the Bonds, or **\$156,600.00**. The Deposit of the successful bidder will be retained by the School District to assure performance of the contract on the part of said bidder.

The School District will waive the Good Faith requirement prior to the bids being due. The successful bidder will be required to wire the Good Faith deposit the afternoon of April 23, 2024, after the bids are due at 11:30 o'clock a.m. (Central Time).

In the event said bidder should fail or refuse to take up and pay for the Bonds in accordance with his bid, then said Deposit will be cashed as full liquidated damages. Otherwise, said Deposit will be returned to the purchaser upon payment for the Bonds, or credited to the purchase price. No interest on the Deposit will accrue to the Purchaser. Checks of unsuccessful bidders will be promptly returned.

#### Electronic Bids

Bids may be submitted through the facilities of PARITY in accordance with the Rules of Participation and other requirements of PARITY. Subscription to the BiDCOMP/PARITY Competitive Bidding System is required in order to submit a bid electronically. Bidders can contact PARITY at (212) 849-5021 to inquire about electronic bidding services. Any electronic bid submitted through other means shall be disregarded.

Bids submitted through PARITY shall be regarded as though the information were submitted by the bidder on the Bid Form and executed on the bidder's behalf by a duly authorized signatory. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

If any provision of this Notice of Sale shall conflict with information provided by the electronic bidding system, the Notice of Sale shall control. The School District shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being the sole responsibility of the bidder.

For purposes of the electronic bidding process, the time as maintained by PARITY shall constitute the official time. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

### **Book-Entry Only Bonds**

The Bonds are being issued book-entry only and a complete transcript of the legal proceedings had in connection with the issuance of the Bonds will be furnished to the purchaser at no expense.

### **Legal Opinion**

Bids may be submitted subject to the opinion of the Attorney General, which will be provided by the School District without cost. Bids may also be submitted subject to the approving opinion of a recognized Bond Counsel, which opinion shall be obtained at the purchaser's expense.

### **Ratings**

Neither the School District nor its Financial Advisor has obtained, nor do they plan to obtain, a rating of the Bonds by any rating agency other than The Municipal Rating Committee of Oklahoma, Inc.

### **Tax Status of the Bonds; Bank-Qualified Obligations**

It is expected that interest on the Bonds will be excluded from gross income for federal income tax purposes, and that interest on the Bonds will be exempt from State of Oklahoma income taxation. It also is expected that the School District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

### **Non-Litigation Certificate**

At the time of delivery of the Bonds, the School District will execute and furnish the purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain or enjoin the issuance of delivery of the Bonds, or affecting the provision made for their payment or security, or in any manner questioning the validity of the Bonds.

### **Compliance with SEC Rule 15c2-12**

Official Statement. The School District has prepared the accompanying Preliminary Official Statement, and for the limited purpose of complying with Rule 15c2-12, promulgated by the Securities and Exchange Commission, deems such Preliminary Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. The School District will furnish to the Purchaser or Purchasers acting through a designated senior representative, in accordance with instructions received from the Purchaser(s), within seven (7) business days from the sale date a maximum of 20 copies of a Final Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of any Final Official Statements in excess of the number specified shall be prepared and distributed at the cost of the Purchaser(s). The Purchaser(s) shall be responsible for providing the initial reoffering prices and other terms, if any, to the Financial Consultant by the close of the next business day after the sale. Except as noted above, the School District assumes no responsibility or obligation for the distribution or delivery of any copies of the Final Official Statement in connection with the offering or reoffering of the Bonds.

Continuing Disclosure. The School District will undertake, pursuant to Rule 15c2-12, in a written agreement for the benefit of holders of the Bonds, to submit financial and operating information for the School District not later than ten months following the end of the fiscal year in which the bonds are issued (as of the date of this document, June 30 is the end of the fiscal year), and to provide notice of certain events to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system. A description of such undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement.

### **CUSIP Numbers**

CUSIP identification numbers will be printed on the Bonds if assigned by the CUSIP Service Bureau, but neither the failure to print the numbers nor any error with respect thereto shall constitute cause for refusal by the purchaser to accept delivery of the Bonds. All expenses in relation to the printing of the CUSIP Service Bureau numbers shall be paid by the School District except that the CUSIP Service Bureau charge for the assignment of numbers shall be the responsibility of and paid by the purchaser of the Bonds.

## **Delivery**

Delivery of the Bonds shall be made at the expense of the Purchaser through The Depository Trust Company (“DTC”) against payment of the agreed upon purchase price. Delivery of the Bonds to the purchaser is anticipated on or about the 13th day of June, 2024.

## **Additional Information**

Additional information may be obtained from the School District’s Financial Advisor, Stephen H. McDonald & Associates, Inc., 2200 McKown Drive, Norman, Oklahoma 73072. Contact Ron Fisher at (405) 329-0123, ext. 25; or ronfisher@shmcdonald.net.

## **Establishment of Issue Price**

The winning bidder shall assist the School District in establishing the issue price of the Bonds and shall execute and deliver to the School District at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form set forth below, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the School District and Bond Counsel. All actions to be taken by the School District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the School District by its Financial Advisor identified herein and any notice or report to be provided to the School District may be provided to its Financial Advisor.

The School District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds to the public (the “competitive sale requirements”):

- a. the School District shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- b. all bidders shall have an equal opportunity to bid;
- c. the School District anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- d. the School District anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest net interest cost, as set forth in this Notice of Sale of Bonds.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

If the competitive sale requirements are not satisfied, the School District shall so advise the winning bidder. The School District shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the School District if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The School District will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation if the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the School District the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report to the winning bidder the prices at which any maturities of the Bonds subject to the 10% test have been sold to the public, if and for so long as directed by the winning bidder and in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report to the winning bidder the prices at which any maturities of the Bonds subject to the 10% test have been sold to the public, if and for so long as directed in the applicable pricing wires.

Sales of and Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

For purposes of this Notice of Sale:

- a. “public” means any person other than an underwriter or a related party;
- b. “underwriter” means (A) any person that agrees pursuant to a written contract with the School District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bond to the public); and
- c. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to more than 50% common ownership.

If the successful bidder does not intend to reoffer the Bonds for sale to the “public,” the Issue Price Certificate may be modified in a manner approved by the School District.

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the \$7,830,000 Combined Purpose Bonds, Series B, of 2024 (the "Bonds") of Independent School District No. 41 of Oklahoma County, Oklahoma (the "School District"):

[Sales where at least 3 bids are received from established underwriters]

1. Reasonably Expected Initial Offering Price.
  - (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Bonds used by the Underwriter in formulating its bid to purchase the Bonds.
  - (b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.
  - (c) The bid submitted by the Underwriter constituted a firm bid to purchase the Bonds.

[Sales where less than 3 bids are received from established underwriters and at least 10% of each maturity is sold]

1. Sale of the Bonds. As of the date of this Certificate, for each Maturity of the Bonds, the first price at which at least 10% of each Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Sales where the Purchaser has no intention to sell, reoffer, or otherwise dispose of the Bonds]

1. Purchase of the Bonds. On the date of this Certificate, the Purchaser is purchasing the Bonds for the amount of \$ \_\_\_\_\_. The Purchaser is not acting as an Underwriter with respect to the Bonds and is not a related party to an Underwriter of the Bonds. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Bonds (or any portion of the Bonds or any interest in the Bonds). The Purchaser has not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Bonds and the Purchaser has not agreed with the Issuer pursuant to a written agreement to sell the Bonds to persons other than the Purchaser or a related party to the Purchaser.

**Defined Terms.**

- (a) *Issuer* means Independent School District No. 41 of Oklahoma County, Oklahoma.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Regulatory Underwriter or a related party to a Regulatory Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) *Regulatory Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).
- (e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is the 23rd day of April, 2024.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the School District with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G(-GC), and any other federal income tax advice that it may give to the School District from time to time relating to the Bonds.

EXECUTED and DELIVERED as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_, as Underwriter

By: \_\_\_\_\_  
Name: \_\_\_\_\_

*In the opinion of Bond Counsel, under existing law, and subject to compliance with certain covenants, interest on the bonds is not included in the gross income of owners of the Bonds for Federal income tax purposes and is not treated as a preference item for purposes of computing Federal alternative minimum tax. The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Interest on the Bonds is exempt from Oklahoma income taxation. See “Tax Matters” herein.*

**\$7,830,000**  
**Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**(Western Heights Public Schools)**  
**Combined Purpose Bonds, Series B, of 2024**

**Dated: June 1, 2024**

**Due: June 1, as shown below**

The Bonds are being issued by Independent School District No. 41 of Oklahoma County, Oklahoma (the “School District”). The Bonds are dated as of June 1, 2024. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year (each an “Interest Payment Date”), commencing June 1, 2025. The Bonds will be initially issued, in fully registered form, in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. Purchases of the Bonds will be made in book-entry form only, through brokers and dealers who are, or who act through DTC participants. Purchases of the Bonds may be made in the denomination of \$5,000 or any integral multiple thereof. **Beneficial owners of the Bonds will not receive physical delivery of Bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds.** So long as DTC or its nominee is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be payable by UMB Bank, n.a., Oklahoma City, Oklahoma, as initial Paying Agent and Registrar (the “Paying Agent and Registrar”), to DTC or its nominee and disbursement of such payments to DTC Participants will be the responsibility of DTC and disbursement of such payments to beneficial owners of the Bonds will be the responsibility of DTC Participants and Indirect Participants. No physical delivery of the Bonds will be made to the owners thereof. (see “The Bonds – Book-Entry System” herein).

The Bonds are not callable prior to their stated maturities.

The School District has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, as described herein.

The proceeds from the Bonds will be used to construct, furnish, equip, and/or acquire a High School Performing & Visual Arts/STEAM Academy to include, but not be limited to: roofing, doors and door frames, hardware, glass and glazing, drywall, studs, paint, ceilings, sealants and fireproofing, toilet partitions, signs, accessories, fire sprinklers, plumbing, HVAC equipment and electrical; construct, furnish, equip, and/or acquire scoreboards for the football, soccer, baseball and softball fields; perform security improvements throughout the district as needed; acquire and install fencing and gates throughout the district as needed; and acquire vehicle(s) for pupil transportation, as well as to pay all legal, financial and other costs relating to the issuance of the Bonds, as described herein.

The Bonds are direct and general obligations of the School District and are payable as to principal and interest from ad valorem taxes which are required to be levied on all taxable property within the School District, without limitation as to rate or amount.

Maturity Schedule

Due June 1	Principal Amount	Interest Rate	Yield	Due June 1	Principal Amount	Interest Rate	Yield
2026	\$1,830,000			2028	\$2,000,000		
2027	\$2,000,000			2029	\$2,000,000		

This cover page contains only a brief description of the Bonds and the security therefor. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

*The Bonds are offered when, as and if issued by the School District, and subject to the approving opinion of Bond Counsel as to validity and tax exemption. It is expected that the Bonds will be available for delivery on or about the 13th day of June, 2024.*

**FINANCIAL ADVISOR**  
**STEPHEN H. MCDONALD & ASSOCIATES, INC.**  
**Norman, Oklahoma**



**Board of Education  
Independent School District No. 41  
Oklahoma County, Oklahoma**

Briana Flatley, *President*  
Darrin Dunkin, *Vice President*  
Jerome Johnson, *Member*  
Brayden Hunt, *Member*  
Teresa Lewis, *Member*  
LaToya Johnson, *Clerk and Non-Member*

**SCHOOL ADMINISTRATION**

Brayden Savage, *Superintendent of Schools*  
Elizabeth Williams, *School District Treasurer*

**FINANCIAL ADVISOR**

Stephen H. McDonald & Associates, Inc.  
Norman, Oklahoma

This Official Statement, which includes the cover page and the Exhibits hereto, does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized by the School District or the Financial Advisor to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the School District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District, or in the information or opinions set forth herein, since the date of this Official Statement.

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## **INTRODUCTORY STATEMENT**

This Official Statement, including the Exhibits attached hereto (if any), has been prepared on behalf of Independent School District No. 41 of Oklahoma County, Oklahoma (the “School District”), in connection with the original issuance and sale by the School District of its Combined Purpose Bonds, Series B, of 2024 (the “Bonds”).

All financial and other information presented in this Official Statement has been provided by the School District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the School District. No representation is made that past experience, as is shown by such financial and other information, will necessarily continue or be repeated in the future.

Reference to provisions of Oklahoma law, whether codified in the Oklahoma Constitution or the Oklahoma Statutes are references to current provisions. These provisions are subject to amendment, repeal or supplement.

## **THE BONDS**

### **Authorization and Purpose**

The Bonds are being issued and offered pursuant to the authority set forth in Article 10, Section 26 of the Oklahoma Constitution, as amended, Oklahoma Statutes 2011, Title 62§353 and 354, Title 70§15-101ff and/or 106, and a Bond Resolution of the Board of Education of the School District to be adopted on the 23rd day of April, 2024. The Bonds were authorized to be issued at special elections held in the School District on the 10th day of October, 2017, and the 13th day of February, 2024.

Proceeds from the Bonds will be used to construct, furnish, equip, and/or acquire a High School Performing & Visual Arts/STEAM Academy to include, but not be limited to: roofing, doors and door frames, hardware, glass and glazing, drywall, studs, paint, ceilings, sealants and fireproofing, toilet partitions, signs, accessories, fire sprinklers, plumbing, HVAC equipment and electrical; construct, furnish, equip, and/or acquire scoreboards for the football, soccer, baseball and softball fields; perform security improvements throughout the district as needed; acquire and install fencing and gates throughout the district as needed; and acquire vehicle(s) for pupil transportation, as well as to pay all legal, financial and other costs relating to the issuance of the Bonds.

### **General Description**

The Bonds are dated June 1, 2024, are fully registered bonds, and are in denominations of \$5,000 or any integral multiple thereof. The Bonds bear interest from June 1, 2024, and interest will be paid semiannually on June 1 and December 1 of each year (each an “Interest Payment Date”), commencing June 1, 2025. It is anticipated that the Bonds will be available for delivery on or about the 13th day of June, 2024.

The principal of the Bonds is payable, when due, at the designated corporate trust office of UMB Bank, n.a. (the “Registrar” and “Paying Agent”), in Oklahoma City, Oklahoma. Interest on the Bonds will be paid on each Interest Payment Date by check mailed to the registered owner thereof at the address shown on the registration books maintained by the Registrar and Paying Agent at the close of business on the 15th day of the calendar month preceding the Interest Payment

Date, or if such day is a Saturday, Sunday or holiday, on the next preceding business day (the “Record Date”).

### **Redemption Prior to Maturity**

The Bonds are not callable prior to their stated maturity.

### **Tax Matters**

It is expected that interest on the Bonds will be excluded from gross income for federal income tax purposes, and that interest on the Bonds will be exempt from State of Oklahoma income taxation. It also is expected that the School District will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). See the section titled “Tax Matters” herein.

### **Registration and Transfer**

Bonds presented to the Registrar for transfer after the close of business on a Record Date and before the close of business on the next subsequent Interest Payment Date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Bonds. Principal and interest on the Bonds will be paid by the Paying Agent and Registrar to DTC. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described in the section titled “Book-Entry System.”

### **Book-Entry System**

THE INFORMATION IN THIS SECTION, “BOOK-ENTRY SYSTEM”, HAS BEEN FURNISHED BY THE DEPOSITORY TRUST COMPANY. NO REPRESENTATION IS MADE BY THE SCHOOL DISTRICT AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION. THE SCHOOL DISTRICT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS, OR FOR ANY PRINCIPAL, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREOF.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity, and will be deposited with DTC at the office of the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides

asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, AND EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings, a Standard and Poor's Financial Services LLC business. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC (or the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC (or the Paying Agent and Registrar on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or

voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the School District or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of any payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or Agent. Disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the School District or Agent. Under such circumstances, the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

### **Security and Source of Payment**

The Bonds, in the opinion of Bond Counsel, are direct and general obligations of the School District and are payable as to both principal and interest from ad valorem taxes to be levied against all taxable property within the School District, without limitation as to rate or amount.

Ad valorem taxes for the Bonds shall be levied annually beginning in Fiscal Year 2024-25, shall become delinquent one-half on January 1 and one-half on April 1 of each year, and are required to be collected by the County Treasurer, apportioned and paid over to the School District Treasurer, and then deposited directly and only into the Sinking Fund of the School District. IN NO EVENT MAY SUCH AD VALOREM TAXES BE DEPOSITED INTO THE GENERAL FUND OR ANY FUND OF THE SCHOOL DISTRICT OTHER THAN THE SINKING FUND.

As stated above, the Bonds are payable from ad valorem taxes on all taxable property within the School District including real, personal and public service property, and any other moneys available for such purpose. Real and personal property in the School District is currently assessed at a rate of approximately 11% of estimated full market value. Public service property assessments are determined by the Oklahoma State Tax Commission, and currently the assessment ratio is approximately 11.84% of estimated full market value of airline and railroad property and 22.85% of estimated full market value of all other public service property. Pursuant to Oklahoma statutes, County Assessors are required to reassess property within the County at least once each five years. The School District is required to pay its proportionate share of the cost of such reassessment.

Ad valorem tax rates for Sinking Fund purposes are determined by ascertaining the actual dollars of revenues required for payment of principal and interest on indebtedness, fees to fiscal and paying agents and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contributions made into the Sinking Fund. To the resulting net requirements a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20% of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all real, personal and public service property in order to determine the appropriate tax rate for each property owner.

One hundred percent (100%) of the School District's Sinking (Debt Service) Fund revenues come from locally collected ad valorem taxes. None of these ad valorem taxes are collected or disbursed by the State of Oklahoma. Furthermore, as stated above, Sinking Fund taxes are collected by the County Treasurers of the counties in which the School District is situated, are apportioned and paid over to the School District Treasurer and cannot, by Oklahoma Law, be placed in any fund of the School District other than the Sinking Fund. They may be used only for the payment of principal of and interest on indebtedness (including judicial judgments) of the School District.

## **FINANCIAL MATTERS**

### **Ad Valorem Taxes**

Taxable property in the State of Oklahoma (the "State") is placed in one of three classifications: real property, personal property, and public service property. Assessment ratios for real and personal property are determined locally by each County Assessor within guidelines established by the State Board of Equalization and the Oklahoma Tax Commission. Real property assessment ratios may range from 11% to 13.5% of full market value, and personal property assessment ratios may range from 10% to 15%. The assessment ratio for public service property is determined on a statewide basis by the Oklahoma Tax Commission. Currently, real and personal property in the County is assessed at a ratio of 11% of full market value. Public service property is assessed at a ratio of 11.84% of estimated full market value of airline and railroad property and 22.85% of estimated full market value of all other public service property. County Assessors are required to reassess property within the County at least once each five years. The School District is required to pay its proportionate share of the cost of such reassessment.

School districts in Oklahoma are limited to a total of thirty-five (35) mills ad valorem tax for operating (General Fund) purposes, and five (5) mills for Building Fund purposes. In addition, Oklahoma statutes require that the School District each year make an ad valorem tax levy for a Sinking Fund which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year. Such funds are placed in the School District's Sinking Fund and are expended only for these purposes. The ad valorem tax rates for Sinking Fund purposes are determined by ascertaining the actual dollars of revenues required for payment of principal and interest on indebtedness and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contributions made into the Sinking Fund in lieu of ad valorem taxes. To the resulting net requirements a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20% of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all taxable property in order to determine the appropriate tax rate for each property owner.

After review and approval by the Board of Education, copies of the Sinking Fund Estimate are submitted to the County Excise Board to determine the ad valorem tax levy and appropriations. This submission is required to be made by August 27th of each year. The estimates are for the purposes of determining ad valorem taxes required to fund the General, Building, and Sinking



Funds. The amounts contained in the Estimate of Needs are verified by the County Excise Board and, upon verification, the levy contained therein is ordered to be certified to the County Assessor in order that the County Assessor may extend said levy upon the tax rolls for the year for which the Estimate of Needs is submitted. While the County Excise Board may make recommendations with respect to the levy request, it only has the authority to change the reserve for delinquent taxes.

The County Assessor is required to file a tax roll report on or before October 1 of each year with the County Treasurer indicating the net assessed valuation for each municipality within the County. This report includes the assessed valuation for all real, personal and public service property. The County Treasurer has fifteen days after receipt of the tax roll report to start collecting taxes. The first half of taxes is due and payable on November 1 of each year. The second half is due and payable on or before April 1 of each year. However, if the first half is not paid by January 1, both first and second half are declared delinquent as of January 1. If the first half taxes are paid in a timely manner and the second half taxes are not paid on or before April 1, the taxes are considered delinquent. Interest accrues on delinquent taxes at the rate of 1.5% monthly (18% annually), to a maximum of 100% of the taxes due and owing, until such time as the delinquent taxes are paid. In the event taxes and accrued interest are not paid, the property is sold at tax sale on October 1 and the purchaser is issued a certificate of tax lien; however, the original owner of the property has two years in which to redeem the property by paying the taxes, interest and penalties owed. If, at the end of two years he has not done so, the purchaser may then apply for a deed to the property. If there is no purchaser, then the county acquires the same lien and the property is auctioned after approximately two and one-half years.

## Compliance with Constitutional Debt Limitation

The current, summary debt statement of the School District revised from that filed with the State of Oklahoma as of June 30, 2022, is shown below:

2023-24 Estimated Full Market Value	\$4,397,042,194
2023-24 Assessed Valuation, including Homestead Exemptions	\$501,645,631
2023-24 Assessed Valuation, excluding Homestead Exemption	\$499,532,196

The County or Counties indicated below, if any, have held an election under Oklahoma Constitution Article X, §6(B) approving an exemption of certain household and personal property from ad valorem taxation. Accordingly, said County or Counties have calculated the “millage adjustment factor” to be applied to debt percentage limits under Article 10, Section 26(b), resulting in an adjusted debt limit. The adjusted debt limit is as follows:

County	Net Assessed Valuation	District Unadjusted Legal Debt Limit (1)	Millage Adjustment Factor (If App.)	District Adjusted Legal Debt Limit (2)
Oklahoma County	\$499,532,196	\$49,953,219.60	1.00754300000	<u>\$50,330,016.74</u>
<b>TOTAL ADJUSTED LEGAL DEBT LIMIT (BONDING CAPACITY)</b>				<b>\$50,330,016.74</b>

(1) Net Assessed Valuation times 10%.

(2) District Unadjusted Legal Debt Limit times Millage Adjustment Factor.

Total Bonded Indebtedness (including the Bonds)	\$39,525,000	
<u>Less: Current Sinking Fund Balance</u>	<u>8,015,556</u>	
Net General Obligation Bonded Indebtedness		\$31,509,444
Remaining Bonding Capacity		\$18,820,573
Ratio of Net General Obligation Bonded Indebtedness to Net Assessed Valuation		6.31%
Ratio of Net General Obligation Bonded Indebtedness to Estimated Full Market Value		0.72%

**Composition and Growth of the Net Assessed Valuation**

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2023-24 is as follows:

Property	Oklahoma County	Percentage
Real	\$255,856,784	51.22%
Personal	\$209,022,491	41.84%
Public Service	\$34,652,921	6.94%
<b>TOTAL</b>	<b>\$499,532,196</b>	<b>100.00%</b>

The growth of the Net Assessed Valuation of the School District for the past ten years has been as follows:

Fiscal Year	Amount	Fiscal Year	Amount
2023-2024	\$499,532,196	2018-2019	\$382,114,935
2022-2023	\$462,823,484	2017-2018	\$377,112,974
2021-2022	\$423,198,558	2016-2017	\$367,543,565
2020-2021	\$448,680,020	2015-2016	\$351,203,421
2019-2020	\$418,035,666	2014-2015	\$326,631,434

During this period, the Net Assessed Valuation of the School District increased \$172,900,762 or 52.93%.

**General Obligation Bonded Debt Outstanding**

Date of Issuance	Original Principal Amount	Remaining Maturities	Maturity Dates	Total Outstanding
2-1-20	\$10,935,000	\$2,750,000	2-1-25	\$2,750,000
1-1-21	\$13,100,000	\$3,300,000	1-1-25/26	\$6,600,000
3-1-22	\$6,000,000	\$1,500,000	3-1-25/27	\$4,500,000
4-1-23	\$5,660,000	\$1,660,000 \$2,000,000	4-1-25 4-1-26/27	\$5,660,000
6-1-23	\$5,665,000	\$1,665,000 \$2,000,000	6-1-25 6-1-26/27	\$5,665,000
2-1-24	\$6,520,000	\$1,600,000 \$1,640,000	2-1-26 2-1-27/29	\$6,520,000
6-1-24	\$7,830,000	\$1,830,000 \$2,000,000	6-1-26 6-1-27/29	\$7,830,000
<b>TOTAL</b>				<b>\$39,525,000</b>

### Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding

Fiscal Year	Existing Bonds		Combined Purpose Bonds*		Total New Debt Service Requirement
	Principal	Interest	Principal	Interest	
2023-2024		\$295,737.50			\$295,737.50
2024-2025	\$10,875,000.00	\$805,387.50		\$352,350.00	\$12,032,737.50
2025-2026	\$10,400,000.00	\$1,135,900.00	\$1,830,000.00	\$352,350.00	\$13,718,250.00
2026-2027	\$7,140,000.00	\$470,200.00	\$2,000,000.00	\$270,000.00	\$9,880,200.00
2027-2028	\$1,640,000.00	\$155,800.00	\$2,000,000.00	\$180,000.00	\$3,975,800.00
2028-2029	\$1,640,000.00	\$77,900.00	\$2,000,000.00	\$90,000.00	\$3,807,900.00
<b>TOTAL</b>	<b>\$31,695,000.00</b>	<b>\$2,940,925.00</b>	<b>\$7,830,000.00</b>	<b>\$1,244,700.00</b>	<b>\$43,710,625.00</b>

\* The average annual interest rate on the Bonds is assumed to be 4.00%.

### Net Direct, Overlapping and Underlying General Obligation Bonded Indebtedness (as of June 30, 2023)

Municipality	Net Indebtedness	Amount Applying to the School Dist.	Ratio to Assessed Value of the School Dist.	Per Capita Debt
Western Heights Sch. Dist.	\$31,509,444	\$31,509,444	6.31%	\$2,261.17
City of Oklahoma City	\$1,085,968,487	\$65,790,293	13.17%	\$4,721.23
Oklahoma County	\$46,330,336	\$2,467,495	0.49%	\$177.07
<b>TOTAL</b>	<b>\$1,163,808,267</b>	<b>\$99,767,232</b>	<b>19.97%</b>	<b>\$7,159.47</b>

### Sinking Fund Tax Collections

Fiscal Year	Net Levy	Gross Levy	Current Collections	Total Collections
2023-2024	\$10,905,522	\$11,450,798	In process of collection	
2022-2023	\$10,374,389	\$10,893,108	\$10,370,065	\$10,746,754
2021-2022	\$11,069,719	\$11,623,205	\$11,079,544	\$11,401,716
2020-2021	\$9,714,869	\$10,200,613	\$9,791,651	\$9,964,441
2019-2020	\$9,514,678	\$9,990,412	\$8,064,606	\$9,885,705
2018-2019	\$8,905,906	\$9,351,202	\$9,083,809	\$9,293,907

### Percentage of Taxes Collected

The ratio of Current and Total Sinking Fund Tax Collections to the Net Sinking Fund Levy (the levy prior to addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Current Tax Collections to Net Levy	Ratio of Total Tax Receipts to Net Levy
2022-2023	99.96%	103.59%
2021-2022	100.09%	103.00%
2020-2021	100.79%	102.57%
2019-2020	84.76%	103.90%
2018-2019	102.00%	104.36%

The ratio of Current and Total Sinking Fund Tax Collections to the Gross Sinking Fund Levy (the levy after addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Current Tax Collections to Gross Levy	Ratio of Total Tax Receipts to Gross Levy
2022-2023	95.20%	98.66%
2021-2022	95.32%	98.09%
2020-2021	95.99%	97.68%
2019-2020	80.72%	98.95%
2018-2019	97.14%	99.39%

**Trend of Tax Rates of Major Taxing Units\***

Fiscal Year	Western Heights Sch. Dist.	City of Oklahoma City	Oklahoma County	Technology Center	Total Levy
2014-2015	63.56	15.45	23.58	15.69	118.28
2015-2016	63.99	15.62	23.72	15.69	119.02
2016-2017	63.77	14.81	23.81	15.69	118.08
2017-2018	65.00	15.26	23.28	15.69	119.23
2018-2019	64.78	15.51	23.64	15.69	119.62
2019-2020	64.21	15.41	23.49	15.69	118.80
2020-2021	63.04	15.23	23.38	15.69	117.34
2021-2022	67.78	14.73	22.92	15.69	121.12
2022-2023	63.85	15.46	23.05	15.69	118.05
2023-2024	63.23	14.78	22.99	15.69	116.69

\* Expressed in dollars per \$1,000 of net assessed valuation.

**INDEPENDENT SCHOOL DISTRICT NO. 41, OKLAHOMA COUNTY, OKLAHOMA**

**General Information**

Independent School District No. 41 of Oklahoma County, Oklahoma (Western Heights Public Schools) is a 26 square mile school district serving the northwestern portion of the City of Oklahoma City (Population: 687,725), the County Seat of Oklahoma County, and the State Capital of Oklahoma, and the surrounding rural area in Oklahoma County. The City of Oklahoma City is located at the crossroads of two of our country’s major interstates, I-35 and I-40. I-44 also intersects through the City. By valuation, approximately 99.03% of the School District is located inside the City Limits of the City of Oklahoma City and approximately 0.97% is located in the surrounding unincorporated areas of Oklahoma County. School District administrators estimate the population of the School District to be approximately 13,935 people. The School District employs approximately 282 certified teachers and has a current enrollment of 2,892.

Residents of the School District are employed at businesses throughout the Oklahoma City Metropolitan Area. No separate employment figures are available for the School District; however, preliminary figures provided by the United States Department of Labor’s Bureau of Labor Statistics indicate the current (December 2023) unemployment rate for the Oklahoma City Metropolitan Statistical Area is 3.0% and Oklahoma County is 3.2% compared to 3.2% in the State of Oklahoma as a whole, and 3.5% for the United States.

## School District General Fund Revenues and Expenditures

Fiscal Year Ending 6-30	Beginning General Fund Balance	Total Revenue	Total Expenditures	Adjustments to Prior Year Encumbrances	Total Other Financing Sources (Uses)	Ending General Fund Balance
2019	\$3,985,958	\$29,182,415	\$29,499,038	\$148,130	\$68,833	\$3,886,298
2020	\$3,886,298	\$30,674,900	\$31,508,380	\$175,668	\$5,779	\$3,234,266
2021	\$3,234,266	\$29,379,616	\$27,360,162	(\$408,374)	\$0	\$4,845,346
2022	\$4,844,027	+ \$33,281,353	\$31,683,619	\$43,076	\$47,973	\$6,532,810
2023 *	\$6,406,968	+ \$34,562,756	\$35,347,293	\$56,277	\$34,539	\$5,713,247

\* Unaudited figures.

+ Restated.

## Detail of School District General Fund Revenues

Fiscal Year Ending 6-30	Local Sources	County Sources	State Sources	Federal Sources	Total Revenues
2019	\$14,100,667	\$920,488	\$10,160,664	\$4,000,596	\$29,182,415
2020	\$15,197,342	\$934,613	\$9,975,399	\$4,567,546	\$30,674,900
2021	\$15,948,895	\$1,031,222	\$7,080,600	\$5,318,899	\$29,379,616
2022	\$15,609,585	\$923,321	\$8,745,758	\$8,002,689	\$33,281,353
2023 *	\$16,551,309	\$922,801	\$6,343,581	\$10,745,066	\$34,562,756

\* Unaudited figures.

## Student Enrollment Trend

School Year	Total Enrollment	Percentage Change
2014-2015	3,832	
2015-2016	3,750	-2.14%
2016-2017	3,590	-4.27%
2017-2018	3,493	-2.70%
2018-2019	3,360	-3.81%
2019-2020	3,413	1.58%
2020-2021	2,761	-19.10%
2021-2022	2,747	-0.51%
2022-2023	2,847	3.64%
2023-2024	2,892	1.58%

### Student Enrollment Projection

School Year	Total Enrollment	Percentage Change
2024-2025	2,942	1.73%
2025-2026	2,992	1.70%
2026-2027	3,042	1.67%
2027-2028	3,092	1.64%
2028-2029	3,142	1.62%

### ECONOMIC INDICES

#### Unemployment Rate (Twelve Month Moving Average)

	December 2023	November 2023	December 2022
United States	3.5%	3.5%	3.3%
State of Oklahoma	3.2%	3.3%	2.7%
Oklahoma County	3.2%	3.2%	2.6%
Oklahoma City MSA	3.0%	3.1%	2.4%

Source: United States Department of Labor Bureau of Labor Statistics.

#### Sales Tax Collections - City of Oklahoma City

Fiscal Year Ending June 30	Sales Tax Collections
2014	\$417,516,472
2015	\$427,497,808
2016	\$417,342,227
2017	\$405,420,499
2018	\$443,635,042
2019	\$472,473,376
2020	\$463,302,570
2021	\$485,601,547
2022	\$560,574,909
2023	\$594,817,593

Source: Oklahoma Tax Commission.



### Retail Sales - City of Oklahoma City

Fiscal Year Ending June 30	Retail Sales
2014	\$10,774,618,628
2015	\$11,032,201,496
2016	\$10,770,121,987
2017	\$10,462,464,486
2018	\$11,091,318,975
2019	\$11,453,900,020
2020	\$11,231,577,456
2021	\$11,772,158,718
2022	\$13,589,694,766
2023	\$14,419,820,434

Source: Oklahoma Tax Commission.

### Largest Taxpayers

Name of Taxpayer	Type of Business	Net Assessed Valuation
Hobby Lobby Stores, Inc.	Miscellaneous Retail	\$53,741,744
HL American Investments LLC	Leased Metal Fabricated Buildings	\$28,153,302
Associated Wholesale	Assoc. Grocers Wholesale Warehouse	\$13,023,807
Oklahoma Gas & Electric Co.	Public Service	\$12,788,380
Global X Digital	Digital Currency Mining	\$11,481,287
McKesson Corp.	Wholesale Trade/Nondurable Goods	\$10,761,583
OKC Outlets I LLC	OKC Outlet Malls	\$10,137,400
Medline Industries Inc.	Healthcare Company	\$6,329,812
Kratos Unmanned Aerial Systems Inc.	Unmanned Aviation	\$5,432,190
Malarkey Roofing	Roofing Materials	\$4,632,424
Total Net Assessed Valuation of Top Ten Taxpayers:		\$156,481,929
Percentage of School District's Net Assessed Valuation:		31.33%

Source: Oklahoma County Assessor's Office.

## Largest Employers – Greater Oklahoma City Metro Area

Name of Employer	Type of Business	Approximate Number of Employees
State of Oklahoma	State Government	37,600
Tinker Air Force Base	Military Base	26,000
Oklahoma State University	Higher Education	13,940
University of Oklahoma	Higher Education	11,530
INTEGRIS Health	Health Care	11,000
Amazon	Transportation	8,000
Hobby Lobby Stores, Inc.	Wholesale & Retail	6,500
Mercy Hospital	Health Care	6,500
SSM Health Care of Oklahoma, Inc.	Health Care	5,600
FAA Aeronautical Center	Aerospace	5,150

Source: Greater Oklahoma City Chamber of Commerce Website ([https://www.greateroklahomacity.com/index.php?submenu=employers&src=employers&srctype=major\\_employers\\_map](https://www.greateroklahomacity.com/index.php?submenu=employers&src=employers&srctype=major_employers_map)). Last updated: March 2024.

### LITIGATION

To the knowledge of the School District, there is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the legality of the Bonds or proceedings and authority under which the Bonds are to be issued. There is no litigation pending which in any manner questions the right of the School District to construct or finance the proposed improvements.

### LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of the Attorney General of the State of Oklahoma and to the approval of Bond Counsel selected by the Underwriters. Bond Counsel has not participated in the preparation of the Official Statement. Accordingly, Bond Counsel has no responsibility for the accuracy, sufficiency or completeness of any information furnished in connection with any offer or sale of the Bonds.

### CONTINUING DISCLOSURE

The School District has covenanted for the benefit of Bondholders to provide certain financial and operating information for the School District not later than ten months following the end of the fiscal year in which the bonds are issued (as of the date of this document, June 30 is the end of the fiscal year), or later as such information becomes publicly available, and each fiscal year thereafter, and to provide notice of the occurrence of certain events. The specific nature of the financial information and operating data to be provided and the events for which notice must be provided is described in the Continuing Disclosure Certificate (the “Disclosure Certificate”), the form of which is attached hereto as Appendix A. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”).

The financial information and event notices will be filed by the School District or its dissemination agent with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access system (“EMMA”). EMMA is an internet-based,

online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at [www.emma.msrb.org](http://www.emma.msrb.org). Nothing contained on EMMA relating to the School District or the Bonds is incorporated by reference in this Official Statement.

A failure by the School District to comply with the Continuing Disclosure Certificate will not constitute an event of default with respect to the Bonds, although any holder will have any available remedy at law or in equity, including seeking specific performance by court order, to cause the School District to comply with its obligations under the Continuing Disclosure Certificate. Any such failure must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Rule 15c2-12 requires that an issuer or other obligated party disclose in its official statement any instances in the previous five years in which such issuer or obligated party failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5) of the Rule. In connection with one or more of the School District's previous bond issues or bond issues of an authority issued on behalf of the School District, the School District entered into individual continuing disclosure undertakings ("Undertakings") in written agreements specified in paragraph (b)(5)(i) of the Rule. In connection with the Oklahoma County Finance Authority's Educational Facilities Lease Revenue Bonds (Western Heights Public Schools Project), Series 2013, the School District failed to timely file its unaudited financial statements for the fiscal year ended June 30, 2019. The unaudited financial statements were filed on January 8, 2020, eight days after the 6-month requirement under the Series 2013's Continuing Disclosure Agreement. In connection with the Oklahoma County Finance Authority's Educational Facilities Lease Revenue Bonds (Western Heights Public Schools Project), Series 2018A and 2018B, the School District failed to timely file notice of a rating change. S&P Global Ratings downgraded its long-term rating of Oklahoma County Finance Authority's educational facilities lease revenue bonds, issued on behalf of Independent School District No. 41, Oklahoma County, Oklahoma (Western Heights Public Schools) to A from A+ on November 12, 2021. In connection with the Oklahoma County Finance Authority's Educational Facilities Lease Revenue Bonds (Western Heights Public Schools Project), Series 2018A, the School District failed to timely file notice of a rating change on the School District's general obligation bonds. Moody's Investors Service downgraded the issuer and general obligation unlimited tax ratings to A3 from A2 on September 22, 2022, and withdrew the ratings for lack of sufficient information on September 23, 2022. It should be noted that the notice of rating change was timely filed in connection with the School District's general obligation bonds. The School District failed to timely file its audited financial statements for the fiscal year ended June 30, 2022, and failed to timely file notice of such failure.

### **POTENTIAL IMPACT OF COVID-19**

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the operations and effectiveness of municipal governments, such as the School District. One such external event is the global outbreak of COVID-19 ("COVID-19"), a respiratory disease declared in 2020 to be a pandemic (the "Pandemic") by the World Health Organization and an emergency by federal and state governments. Since the start of the Pandemic, Presidential administrations, Congress, the State, and various federal and State agencies and regulatory bodies have enacted legislation and/or issued orders or directives (collectively, "Governmental Actions") to alleviate the effects of the Pandemic. Such legislation and/or orders have been extended and/or modified, and others have expired or been rescinded and/or enjoined. While new legislation may be enacted, new orders may be issued, and existing and new orders may be extended, modified, litigated, or

allowed to expire, no guarantee can be made with regards to the duration and/or effectiveness of any such legislation or orders.

The Governmental Actions, and other future federal, State, and local measures, may have both adverse and positive effects on the operations, financial condition and bond ratings of the School District. In addition, unemployment in the State, business closures and/or restrictions in the State and stock market fluctuation may have adverse effects, as well. The School District continue to assess the economic and social effects of the Pandemic and its impact on their respective operations, financial condition and bond ratings. At present, the School District has not experienced any materially adverse financial impacts from the Pandemic; however, there could be reductions in property tax receipts and other collections, including the corresponding disbursements thereof, as well as other disruptions for a period of time. The School District cannot predict (i) the duration or extent of the Pandemic or any other outbreak emergency or (ii) whether and to what extent the Pandemic or other outbreak or emergency may disrupt the local or global economy, manufacturing, or supply chain, or whether any such disruption may adversely impact the operations, financial condition and bond ratings of the School District.

## **TAX MATTERS**

### **Federal Tax Matters**

***Tax Opinions.*** In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax on individuals. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the School District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The School District has covenanted to comply with such requirements. For tax years beginning after December 31, 2022, interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

In order to maintain the exclusion from federal gross income of interest on the Bonds and for no other purpose, the School District covenants in the No-Arbitrage Certificate or Arbitrage and Use of Proceeds Certificate, and the Resolution Designating Bonds as Qualified Tax-Exempt Obligations, if applicable, to comply with the provisions of the Code. Until and unless, and except to the extent in the opinion of Bond Counsel, the following are not necessary to maintain the exclusion from federal gross income of interest on the Bonds, the School District makes certain covenants, representations and warranties with respect to the Bonds. The School District covenants to submit in a timely manner all reports, accountings and information to the Internal Revenue Service, take whatever action is necessary within its power to assure the continued tax exemption on the Bonds, and take whatever action is necessary within its power to comply with the applicable laws and regulations in order to maintain the exclusion from federal gross income of interest on the Bonds. The School District covenants to not use Bond proceeds in any manner that would result in the loss of the tax-exempt status of the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States and certain corporations subject to the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022), property or casualty insurance

companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

**Original Issue Premium.** Bonds sold at initial public offering prices that are greater than the respective stated amounts to be paid at maturity constitute “**Premium Bonds**”. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over the term of such Premium Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

**Bank Qualified.** The School District has represented that it does not expect to issue greater than \$10,000,000 of tax-exempt obligations during the 2024 calendar year (excluding certain private activity bonds and refunding bonds), and in the Resolution it has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80% of that portion of such institutions’ interest expense allocable to interest on the Bonds. Bond Counsel expresses no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by a holder of the Bonds or a related person to purchase or carry the Bonds.

**Backup Withholding.** As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

**No Other Opinion.** Bond Counsel expresses no other opinion regarding the federal tax consequences arising with respect to the Bonds.

## **State Tax Matters**

In the opinion of Bond Counsel, under the existing laws of the State, the interest on the Bonds is exempt from Oklahoma state income taxation. Bond Counsel expresses no other opinion regarding the State or local tax consequences arising with respect to the Bonds.

## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal

might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

### **RATINGS**

The School District is currently rated “Oklahoma #1” by The Municipal Rating Committee of Oklahoma, Inc. Neither the School District nor the Financial Advisor has obtained, nor do they plan to obtain, a rating of the Bonds from any other rating agency.

### **FINANCIAL STATEMENTS**

The financial statements of the School District for the fiscal year ended June 30, 2022, which were examined by Mary E. Johnson & Associates, PLLC, Certified Public Accountants, Ardmore, Oklahoma, appear in this Official Statement as Exhibit A.

### **UNDERWRITING**

The Bonds have been sold at public sale by the School District to the Underwriters, and the Underwriters have jointly and severally agreed, subject to certain conditions, to purchase all of the Bonds at a price equal to \$ \_\_\_\_\_. The successful proposal for the Bonds was submitted by \_\_\_\_\_, as representative of the Underwriters.

While the Underwriters expect, insofar as possible, to maintain a secondary market for the Bonds, no assurance can be given concerning the future maintenance of such a market by the Underwriters or others, and prospective purchasers of the Bonds should therefore be prepared to hold their Bonds to their maturity.

The Underwriters are not acting as financial advisors to the School District in connection with the offer and sale of the Bonds.

## CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these statements have been or will be realized. Information in this Official Statement has been derived by the School District from official and other sources and is believed by the School District to be accurate and reliable. Information other than that obtained from official records of the School District has not been independently confirmed or verified by the School District and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be construed as or as a part of a contract with the original purchasers or subsequent owners of the Bonds.

Independent School District No. 41,  
Oklahoma County, Oklahoma

/s/ Briana Flatley  
President, Board of Education

ATTEST:

/s/ LaToya Johnson  
Clerk, Board of Education

## Appendix A – Continuing Disclosure Certificate

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Independent School District No. 41 of Oklahoma County, Oklahoma (the “Issuer”) in connection with the issuance of \$7,830,000 General Obligation Combined Purpose Bonds, Series B, of 2024 (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated the 23rd day of April, 2024. The Issuer covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders, including beneficial owners, and in order to assist the Participating Underwriters in complying with paragraph (d)(2) of SEC Rule 15c2-12.

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Audited Financial Statements**” shall mean the Issuer’s annual financial statements, prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State. Revenues are recorded as received in cash, except for revenues susceptible to accrual and material revenues that are not received at the normal time of receipt. Expenditures are recorded in the accounting period in which the fund liability is incurred and encumbered.

“**Dissemination Agent**” shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“**EMMA**” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system.

“**Financial Obligation**” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**Material**” with respect to information, means information as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the offering document related to the Bonds, information disclosed hereunder, or information generally available to the public. Notwithstanding the foregoing, “Material” information includes information that would be deemed “material” for purposes of the purchase or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the information.



“**MSRB**” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“**Participating Underwriter**” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“**Prescribed Form**” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“**Rule**” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State**” shall mean the State of Oklahoma.

### **SECTION 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than ten months following the end of the fiscal year in which the bonds are issued (as of the date of this Disclosure Certificate, June 30 is the end of the fiscal year), or later as such information becomes publicly available, and each fiscal year thereafter, provide annually to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Issuer has retained a separate Dissemination Agent, then not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in the first sentence of subsection (a), the Issuer shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A.

(c) If other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate.

**SECTION 4. Content of Annual Reports.** The Issuer’s Annual Report shall contain or incorporate by reference certain financial information and operating data relating to the Issuer of the type included in Appendix B of the final official statement with respect to the Bonds attached hereto as Exhibit B, but only to the extent such information is customarily prepared by the Issuer annually and is made publicly available, and the Issuer’s Audited Financial Statements, when and if available, or its Unaudited Financial Statements. If the Audited Financial Statements are not available by the time the Annual Report must be provided, Unaudited Financial Statements will be provided and Audited Financial Statements will be provided, when and if available, to the MSRB.

The Issuer is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

If any part of the Annual Report can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Report for the year in which such event first occurs.

If any amendment is made to this Disclosure Certificate, the Annual Report for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

#### **SECTION 5. Reporting of Listed Events.**

(a) Upon the occurrence of any of the following Listed Events, the Issuer (or the Dissemination Agent on behalf of the Issuer) shall give notice of the occurrence of such event to the MSRB in accordance with this Section 5:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if Material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modification to rights of Bondholders, if Material;
8. Bond calls, if Material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if Material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such

an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if Material;

14. Appointment of a successor or additional Trustee/Paying Agent or the change of name of a Trustee/Paying Agent, if Material;
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file a notice of the occurrence of a Listed Event in Prescribed Form with the MSRB within 10 business days of the occurrence of the applicable event. Notwithstanding the foregoing: notice of the occurrence of any Listed Event described in (a)(8) above need not be given under this Section 5 any earlier than when notice (if any) of the underlying event is given to the registered owners of the affected Bonds pursuant to the resolution authorizing the issuance of the Bonds; and notice of any scheduled sinking fund redemption in accordance with the schedule set forth in such resolution or the Official Statement need not be given under this Disclosure Certificate.

**SECTION 6. Termination of Reporting Obligation.** The Issuer's obligation under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**SECTION 7. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of the Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

**SECTION 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any bondholder, including beneficial owners, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court

order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney’s fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 12. Duty To Update EMMA/MSRB.** The Issuer shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB’s e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**SECTION 13. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Bondholders, including beneficial owners, from time to time of the Bonds, and shall create no rights in any other person or entity.

**SECTION 14. Assignment.** The Issuer shall not transfer its obligations under this Disclosure Certificate unless the transferee agrees to assume all obligations of the Issuer hereunder or to execute a continuing disclosure undertaking under the Rule.

**SECTION 15. Recordkeeping.** The Issuer shall maintain records of all Annual Report filings and Listed Events filings, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**SECTION 16. Issuer Contact.** The Issuer designates as the person from whom its Annual Report and Listed Events disclosure can be obtained: Superintendent of Schools, Western Heights Public Schools, 8401 Southwest 44th Street, Oklahoma City, Oklahoma 73179 (405) 350-3410.

Dated this 13th day of June, 2024.

**Independent School District No. 41 of  
Oklahoma County, Oklahoma**

By: \_\_\_\_\_  
President, Board of Education

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Independent School District No. 41 of Oklahoma County,  
Oklahoma

Name of Bond Issue: \$7,830,000 General Obligation Combined Purpose Bonds, Series B,  
of 2024

Date of Issuance: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated the 23rd day of April, 2024. The Issuer anticipates that the Annual Report will be filed by .

Dated: \_\_\_\_\_

**Independent School District No. 41 of  
Oklahoma County, Oklahoma**

By: \_\_\_\_\_  
President, Board of Education

## APPENDIX B

### FINANCIAL INFORMATION AND OPERATING DATA

#### Composition and Growth of the Net Assessed Valuation

The composition of the Net Assessed Valuation of the School District for the Fiscal Year 2023-24 is as follows:

Property	Oklahoma County	Percentage
Real	\$255,856,784	51.22%
Personal	\$209,022,491	41.84%
Public Service	\$34,652,921	6.94%
<b>TOTAL</b>	<b>\$499,532,196</b>	<b>100.00%</b>

The growth of the Net Assessed Valuation of the School District for the past ten years has been as follows:

Fiscal Year	Amount	Fiscal Year	Amount
2023-2024	\$499,532,196	2018-2019	\$382,114,935
2022-2023	\$462,823,484	2017-2018	\$377,112,974
2021-2022	\$423,198,558	2016-2017	\$367,543,565
2020-2021	\$448,680,020	2015-2016	\$351,203,421
2019-2020	\$418,035,666	2014-2015	\$326,631,434

During this period, the Net Assessed Valuation of the School District increased \$172,900,762 or 52.93%.

#### General Obligation Bonded Debt Outstanding

Date of Issuance	Original Principal Amount	Remaining Maturities	Maturity Dates	Total Outstanding
2-1-20	\$10,935,000	\$2,750,000	2-1-25	\$2,750,000
1-1-21	\$13,100,000	\$3,300,000	1-1-25/26	\$6,600,000
3-1-22	\$6,000,000	\$1,500,000	3-1-25/27	\$4,500,000
4-1-23	\$5,660,000	\$1,660,000 \$2,000,000	4-1-25 4-1-26/27	\$5,660,000
6-1-23	\$5,665,000	\$1,665,000 \$2,000,000	6-1-25 6-1-26/27	\$5,665,000
2-1-24	\$6,520,000	\$1,600,000 \$1,640,000	2-1-26 2-1-27/29	\$6,520,000
6-1-24	\$7,830,000	\$1,830,000 \$2,000,000	6-1-26 6-1-27/29	\$7,830,000
<b>TOTAL</b>				<b>\$39,525,000</b>

**Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding**

Fiscal Year	Existing Bonds		Combined Purpose Bonds*		Total New Debt Service Requirement
	Principal	Interest	Principal	Interest	
2023-2024		\$295,737.50			\$295,737.50
2024-2025	\$10,875,000.00	\$805,387.50		\$352,350.00	\$12,032,737.50
2025-2026	\$10,400,000.00	\$1,135,900.00	\$1,830,000.00	\$352,350.00	\$13,718,250.00
2026-2027	\$7,140,000.00	\$470,200.00	\$2,000,000.00	\$270,000.00	\$9,880,200.00
2027-2028	\$1,640,000.00	\$155,800.00	\$2,000,000.00	\$180,000.00	\$3,975,800.00
2028-2029	\$1,640,000.00	\$77,900.00	\$2,000,000.00	\$90,000.00	\$3,807,900.00
<b>TOTAL</b>	<b>\$31,695,000.00</b>	<b>\$2,940,925.00</b>	<b>\$7,830,000.00</b>	<b>\$1,244,700.00</b>	<b>\$43,710,625.00</b>

\* The average annual interest rate on the Bonds is assumed to be 4.00%.

**Net Direct, Overlapping and Underlying General Obligation Bonded Indebtedness (as of June 30, 2023)**

Municipality	Net Indebtedness	Amount Applying to the School Dist.	Ratio to Assessed Value of the School Dist.	Per Capita Debt
Western Heights Sch. Dist.	\$31,509,444	\$31,509,444	6.31%	\$2,261.17
City of Oklahoma City	\$1,085,968,487	\$65,790,293	13.17%	\$4,721.23
Oklahoma County	\$46,330,336	\$2,467,495	0.49%	\$177.07
<b>TOTAL</b>	<b>\$1,163,808,267</b>	<b>\$99,767,232</b>	<b>19.97%</b>	<b>\$7,159.47</b>

### Sinking Fund Tax Collections

Fiscal Year	Net Levy	Gross Levy	Current Collections	Total Collections
2023-2024	\$10,905,522	\$11,450,798	In process of collection	
2022-2023	\$10,374,389	\$10,893,108	\$10,370,065	\$10,746,754
2021-2022	\$11,069,719	\$11,623,205	\$11,079,544	\$11,401,716
2020-2021	\$9,714,869	\$10,200,613	\$9,791,651	\$9,964,441
2019-2020	\$9,514,678	\$9,990,412	\$8,064,606	\$9,885,705
2018-2019	\$8,905,906	\$9,351,202	\$9,083,809	\$9,293,907

### Percentage of Taxes Collected

The ratio of Current and Total Sinking Fund Tax Collections to the Net Sinking Fund Levy (the levy prior to addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Current Tax Collections to Net Levy	Ratio of Total Tax Receipts to Net Levy
2022-2023	99.96%	103.59%
2021-2022	100.09%	103.00%
2020-2021	100.79%	102.57%
2019-2020	84.76%	103.90%
2018-2019	102.00%	104.36%

The ratio of Current and Total Sinking Fund Tax Collections to the Gross Sinking Fund Levy (the levy after addition of the reserve for uncollected taxes) is as follows:

Fiscal Year	Ratio of Current Tax Collections to Gross Levy	Ratio of Total Tax Receipts to Gross Levy
2022-2023	95.20%	98.66%
2021-2022	95.32%	98.09%
2020-2021	95.99%	97.68%
2019-2020	80.72%	98.95%
2018-2019	97.14%	99.39%



**Trend of Tax Rates of Major Taxing Units\***

Fiscal Year	Western Heights Sch. Dist.	City of Oklahoma City	Oklahoma County	Technology Center	Total Levy
2014-2015	63.56	15.45	23.58	15.69	118.28
2015-2016	63.99	15.62	23.72	15.69	119.02
2016-2017	63.77	14.81	23.81	15.69	118.08
2017-2018	65.00	15.26	23.28	15.69	119.23
2018-2019	64.78	15.51	23.64	15.69	119.62
2019-2020	64.21	15.41	23.49	15.69	118.80
2020-2021	63.04	15.23	23.38	15.69	117.34
2021-2022	67.78	14.73	22.92	15.69	121.12
2022-2023	63.85	15.46	23.05	15.69	118.05
2023-2024	63.23	14.78	22.99	15.69	116.69

\* Expressed in dollars per \$1,000 of net assessed valuation.

**School District General Fund Revenues and Expenditures**

Fiscal Year Ending 6-30	Beginning General Fund Balance	Total Revenue	Total Expenditures	Adjustments to Prior Year Encumbrances	Total Other Financing Sources (Uses)	Ending General Fund Balance
2019	\$3,985,958	\$29,182,415	\$29,499,038	\$148,130	\$68,833	\$3,886,298
2020	\$3,886,298	\$30,674,900	\$31,508,380	\$175,668	\$5,779	\$3,234,266
2021	\$3,234,266	\$29,379,616	\$27,360,162	(\$408,374)	\$0	\$4,845,346
2022	\$4,844,027	+ \$33,281,353	\$31,683,619	\$43,076	\$47,973	\$6,532,810
2023	* \$6,406,968	+ \$34,562,756	\$35,347,293	\$56,277	\$34,539	\$5,713,247

\* Unaudited figures.

+ Restated.

**Detail of School District General Fund Revenues**

Fiscal Year Ending 6-30	Local Sources	County Sources	State Sources	Federal Sources	Total Revenues
2019	\$14,100,667	\$920,488	\$10,160,664	\$4,000,596	\$29,182,415
2020	\$15,197,342	\$934,613	\$9,975,399	\$4,567,546	\$30,674,900
2021	\$15,948,895	\$1,031,222	\$7,080,600	\$5,318,899	\$29,379,616
2022	\$15,609,585	\$923,321	\$8,745,758	\$8,002,689	\$33,281,353
2023	* \$16,551,309	\$922,801	\$6,343,581	\$10,745,066	\$34,562,756

\* Unaudited figures.

### Student Enrollment Trend

School Year	Total Enrollment	Percentage Change
2014-2015	3,832	
2015-2016	3,750	-2.14%
2016-2017	3,590	-4.27%
2017-2018	3,493	-2.70%
2018-2019	3,360	-3.81%
2019-2020	3,413	1.58%
2020-2021	2,761	-19.10%
2021-2022	2,747	-0.51%
2022-2023	2,847	3.64%
2023-2024	2,892	1.58%

### Student Enrollment Projection

School Year	Total Enrollment	Percentage Change
2024-2025	2,942	1.73%
2025-2026	2,992	1.70%
2026-2027	3,042	1.67%
2027-2028	3,092	1.64%
2028-2029	3,142	1.62%

## ECONOMIC INDICES

### Unemployment Rate (Twelve Month Moving Average)

	December 2023	November 2023	December 2022
United States	3.5%	3.5%	3.3%
State of Oklahoma	3.2%	3.3%	2.7%
Oklahoma County	3.2%	3.2%	2.6%
Oklahoma City MSA	3.0%	3.1%	2.4%

Source: United States Department of Labor Bureau of Labor Statistics.

**Sales Tax Collections - City of Oklahoma City**

<u>Fiscal Year Ending June 30</u>	<u>Sales Tax Collections</u>
2014	\$417,516,472
2015	\$427,497,808
2016	\$417,342,227
2017	\$405,420,499
2018	\$443,635,042
2019	\$472,473,376
2020	\$463,302,570
2021	\$485,601,547
2022	\$560,574,909
2023	\$594,817,593

Source: Oklahoma Tax Commission.

**Retail Sales - City of Oklahoma City**

<u>Fiscal Year Ending June 30</u>	<u>Retail Sales</u>
2014	\$10,774,618,628
2015	\$11,032,201,496
2016	\$10,770,121,987
2017	\$10,462,464,486
2018	\$11,091,318,975
2019	\$11,453,900,020
2020	\$11,231,577,456
2021	\$11,772,158,718
2022	\$13,589,694,766
2023	\$14,419,820,434

Source: Oklahoma Tax Commission.

## Largest Taxpayers

Name of Taxpayer	Type of Business	Net Assessed Valuation
Hobby Lobby Stores, Inc.	Miscellaneous Retail	\$53,741,744
HL American Investments LLC	Leased Metal Fabricated Buildings	\$28,153,302
Associated Wholesale	Assoc. Grocers Wholesale Warehouse	\$13,023,807
Oklahoma Gas & Electric Co.	Public Service	\$12,788,380
Global X Digital	Digital Currency Mining	\$11,481,287
McKesson Corp.	Wholesale Trade/Nondurable Goods	\$10,761,583
OKC Outlets I LLC	OKC Outlet Malls	\$10,137,400
Medline Industries Inc.	Healthcare Company	\$6,329,812
Kratos Unmanned Aerial Systems Inc.	Unmanned Aviation	\$5,432,190
Malarkey Roofing	Roofing Materials	\$4,632,424
Total Net Assessed Valuation of Top Ten Taxpayers:		\$156,481,929
Percentage of School District's Net Assessed Valuation:		31.33%

Source: Oklahoma County Assessor's Office.

Exhibit A

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
Financial Statements  
Year-End June 30, 2022



**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**School District Officials**  
**As of June 30, 2022**

**Board of Education**

President	Robert Everman
Vice-President	Robert Sharp
Member	Darrin Dunkin
Member	Linda Farley
Member	Briana Flatley

**Board of Education Clerk**

LaToya Johnson

**School District Treasurer**

Lorraine Ochoa

**Interim Superintendent of Schools**

Brayden Savage

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
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**June 30, 2022**

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**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
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**June 30, 2022**

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## Independent Auditor's Report

The Honorable Board of Education  
Western Heights Independent School District No. 41  
Oklahoma City, Oklahoma 73179

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma which comprise the combined statement of assets, liabilities and fund balances – all fund types and account groups as of June 30, 2022, and the related combined statement of revenues collected and expenditures paid and changes in cash fund balances – regulatory basis for the year then ended, and the related notes to the financial statements.

#### *Qualified Opinion on Account Groups*

In our opinion, except for the effects of the matter described in the Basis for Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of the account groups in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

#### *Unmodified Opinion on Fund Types*

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions for each fund type of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma as of June 30, 2022, and the revenues it collected and expenditures it paid and budgetary results for the year then ended, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma as of June 30, 2022, or changes in net position, or cash flows thereof for the year then ended.

## **Basis for Opinions**

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 Western Heights Independent School District No. 41, Oklahoma County, Oklahoma 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 opinions.

### *Basis for Qualified Opinion on the Account Groups*

As discussed in Note 1, the combined financial statements referred to above do not include the General Fixed Asset Account Group which should be included to conform with financial reporting provisions of Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group has not been determined.

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

As described in Note 1, the financial statements are prepared by the School District, on the basis of the financial reporting provisions of Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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.

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 Western Heights Independent School District No. 41'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 Western Heights Independent School District No. 41'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 Western Heights Independent School District No. 41'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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise School District's financial statements as a whole. The accompanying combining financial statements, combining statement of changes in cash balances – regulatory basis – activity funds are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the report. The other information comprises the statement of statutory fidelity and honesty bonds and schedule of accountant's professional liability insurance but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2023, on our consideration of Western Heights Independent School District No. 41 Oklahoma County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract 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 Western Heights Independent School District No. 41 Oklahoma County, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Western Heights Independent School District No. 41 Oklahoma County, Oklahoma's internal control over financial reporting and compliance.

*Mary E. Johnson & Associates PLLC*

Norman, Oklahoma  
August 15, 2023

**Western Heights School District I-41  
Oklahoma County, Oklahoma  
Combined Statement of Assets, Liabilities and Fund Balances  
Regulatory Basis – All Fund Types and Account Groups  
June 30, 2022**

ASSETS	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (memorandum only - Note 1) June 30, 2022
	General	Special Revenue	Debt Service	Capital Projects			
Cash	\$ 8,301,098	\$ 1,341,145	\$ 11,205,072	\$ 11,407,450	\$ 498,624	\$ -	\$ 32,753,389
Amount available in							
Debt service fund	-	-	-	-	-	11,504,207	11,504,207
Trustee fund for debt service	-	-	-	-	-	391,897	391,897
Amount to be provided for							
Financial purchases	-	-	-	-	-	28,745,188	28,745,188
Retirement of general long term debt	-	-	-	-	-	23,130,793	23,130,793
Total Assets	\$ 8,301,098	\$ 1,341,145	\$ 11,205,072	\$ 11,407,450	\$ 498,624	\$ 63,772,085	\$ 96,525,474
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Warrants payable	\$ 1,317,100	\$ 93,167	\$ -	\$ 6,186	\$ -	\$ -	\$ 1,416,453
Due to others	-	-	-	-	498,624	-	498,624
Encumbrances	451,188	265	-	-	-	-	451,453
Financial purchases payable	-	-	-	-	-	29,137,085	29,137,085
General obligation bonds payable	-	-	-	-	-	34,635,000	34,635,000
Total Liabilities	1,768,288	93,432	-	6,186	498,624	63,772,085	66,138,615
<b>Fund Balances:</b>							
<b>Restricted For:</b>							
Debt Service	-	-	11,205,072	-	-	-	11,205,072
Building Services	-	1,247,713	-	-	-	-	1,247,713
Child Nutrition Programs	680,644	-	-	-	-	-	680,644
Capital Projects	-	-	-	11,401,264	-	-	11,401,264
Unassigned	5,852,166	-	-	-	-	-	5,852,166
Total Cash Fund Balances	6,532,810	1,247,713	11,205,072	11,401,264	-	-	30,386,859
Total Liabilities and Fund Balances	\$ 8,301,098	\$ 1,341,145	\$ 11,205,072	\$ 11,407,450	\$ 498,624	\$ 63,772,085	\$ 96,525,474

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances**  
**Regulatory Basis – All Governmental Fund Types**  
**For the Year Ended June 30, 2022**

	Governmental Fund Types				Total (memorandum only - Note 1) June 30, 2022
	General	Special Revenue	Debt Service	Capital Projects	
Revenues collected:					
Local sources	\$ 15,609,585	2,102,115	11,413,535	\$ -	\$ 29,125,235
Intermediate sources	923,321	-	-	-	923,321
State sources	8,745,758	202	-	-	8,745,960
Federal sources	8,002,689	-	-	-	8,002,689
Other	-	-	210	-	210
<b>Total Revenues Collected</b>	<b>33,281,353</b>	<b>2,102,317</b>	<b>11,413,745</b>	<b>-</b>	<b>46,797,415</b>
Expenditures paid:					
Instruction	17,192,448	-	-	104,468	17,296,916
Support services	12,907,853	3,134,402	-	108,656	16,150,911
Non-Instructional services	1,583,318	-	-	-	1,583,318
Capital outlay	-	3,981	-	7,853,483	7,857,464
Debt service:					
Principal payments	-	-	9,355,000	-	9,355,000
Interest and fiscal agent fees	-	-	939,218	-	939,218
<b>Total expenditures paid</b>	<b>31,683,619</b>	<b>3,138,383</b>	<b>10,294,218</b>	<b>8,066,607</b>	<b>53,182,827</b>
Excess of revenues collected over (under) expenditures paid	1,597,734	(1,036,066)	1,119,527	(8,066,607)	(6,385,412)
Other financing sources:					
Estopped warrants	47,973	410	-	-	48,383
Bond sale proceeds	-	-	-	6,000,000	6,000,000
Adjustments to prior year encumbrances	43,076	8,622	-	217,806	269,504
Excess of revenues collected and other sources over (under) expenditures paid and other uses	1,688,783	(1,027,034)	1,119,527	(1,848,801)	(67,525)
Cash fund balances, beginning of year, Restated	4,844,027	2,274,747	10,085,545	13,250,065	30,454,384
Cash fund balances, end of year	\$ 6,532,810	\$ 1,247,713	\$ 11,205,072	\$ 11,401,264	\$ 30,386,859

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

**Western Heights School District I-41  
Oklahoma County, Oklahoma  
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual  
Regulatory Basis – Budgeted Governmental Fund Types  
For the Year Ended June 30, 2022**

	General Fund			Special Revenue-Building Funds		
	Original Budget	Final Budget	Variance	Original Budget	Final Budget	Variance
Beginning cash fund balances - Budgetary basis	\$ 4,845,345	\$ 4,845,345	\$ (1,318)	\$ 2,281,305	\$ 2,281,305	\$ (6,558)
Revenues collected:						
Local sources	14,244,885	14,244,885	1,364,700	1,929,219	1,929,219	172,896
Intermediate sources	960,000	960,000	(36,679)	-	-	-
State sources	7,722,744	7,722,744	1,023,014	300	300	(98)
Federal sources	6,095,937	6,095,937	1,906,752	-	-	-
Total Revenues Collected	29,023,566	29,023,566	4,257,787	1,929,519	1,929,519	172,798
Expenditures paid:						
Instruction	17,753,448	17,753,448	561,000	-	-	-
Support services	14,348,463	14,348,463	1,440,610	3,500,000	3,500,000	365,598
Non-Instructional services	1,767,000	1,767,000	183,682	-	-	-
Capital outlay	-	-	-	720,324	720,324	716,343
Other outlays	-	-	-	-	-	-
Total Expenditures paid	33,868,911	33,868,911	2,185,292	4,220,324	4,220,324	1,081,941
Excess of revenues collected over (under) expenditures paid	(4,845,345)	(4,845,345)	6,443,079	(2,290,805)	(2,290,805)	1,254,739
Other financing sources:						
Estopped warrants	-	-	(47,973)	500	500	90
Adjustment to prior year encumbrances	-	-	(43,076)	9,000	9,000	378
Ending cash fund balances	\$ -	\$ -	\$ 1,980,128	\$ -	\$ -	\$ (915,233)

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual**  
**Regulatory Basis – Budgeted Governmental Fund Types**  
**For the Year Ended June 30, 2022**

	Debt Service Fund			Variance
	Original Budget	Final Budget	Actual	
Beginning cash fund balances - Budgetary basis	\$ 336,692	\$ 336,692	\$ 10,085,545	\$ 9,748,853
Revenues collected:				
Local sources	11,069,469	11,069,469	11,413,535	344,066
Other sources	250	250	210	(40)
Total Revenues Collected	<u>11,069,719</u>	<u>11,069,719</u>	<u>11,413,745</u>	<u>344,026</u>
Expenditures paid:				
Debt service:				
Principal payments	10,720,000	10,720,000	9,355,000	1,365,000
Interest and fiscal agent fees	686,411	686,411	939,218	(252,807)
Total expenditures paid	<u>11,406,411</u>	<u>11,406,411</u>	<u>10,294,218</u>	<u>1,112,193</u>
Excess of revenues collected over (under) expenditures paid	<u>(336,692)</u>	<u>(336,692)</u>	<u>1,119,527</u>	<u>1,456,219</u>
Ending cash balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,205,072</u>	<u>\$ 11,205,072</u>

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



**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

***1. Summary of Significant Accounting Policies***

The basic financial statements of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

***A. The Reporting Entity***

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on state of Oklahoma for 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 five 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.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**1. Summary of Significant Accounting Policies – (continued)**

***B. Fund Accounting***

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

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

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

*Governmental Fund Types*

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

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

Special Revenue Fund - The special revenue fund consists of the District's Building Fund. The Building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**1. Summary of Significant Accounting Policies – (continued)**

***B. Fund Accounting – (continued)***

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

*Fiduciary Fund Types*

Agency Fund - The Agency fund is the School Activities fund which is used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds.

*Account Groups*

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

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.

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 maintain the fixed asset records necessary to account for this account group.

*Memorandum Only - Total Column*

The total column on the basic regulatory financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

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

*Estimates* - The preparation of financial statements in conformity with the regulatory basis of accounting requires the District to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

*Noncash Transactions* - The District received federal food commodities in the amount of \$126,121.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**1. Summary of Significant Accounting Policies – (continued)**

***D. Budgets and Budgetary Accounting***

The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for the purposes of taking public comments. The final budget may be revised upon approval of the board of education in open meeting.

Under current Oklahoma Statutes a formal budget is required for general, building and debt service fund. Budgets are presented for general, building and debt service fund that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to subsequent year.

***E. Assets Liabilities and Fund Balances***

*Investments* – The District's investment policies are governed by Oklahoma Statutes. Permissible investments include direct obligations of the United States government and agencies, certificates of deposits of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, banks and trust companies. Collateral is required for all amounts not covered by FDIC insurance.

*Property Tax Revenues* - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1 and 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 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid for a period of three years or more as of the date such taxes first become due, the property is offered for sale for the amount of taxes due.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**1. Summary of Significant Accounting Policies – (continued)**

*Inventories* - The value of consumable inventories at June 30, 2022 is not material to the financial statements.

*Compensated Absences* - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure of the governmental funds that will pay it. There are no amounts of vested or accumulated vacation leave.

*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 funds not encumbered by purchase order, legal contracts, and outstanding warrants.

***E. 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. Approximately 26% of the District's general fund revenue comes from state sources.

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 educational 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 and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical education program revenues be accounted for in the general fund.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**1. Summary of Significant Accounting Policies – (continued)**

*Interfund Transactions* - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions which are reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of The District has continued to emphasize the importance of the purchasing procedures with staff. Employees receive a manual with policies as well as receive annual training on District procedures. are reported as residual equity transfers.

**2. Cash**

*Custodial Credit Risk* - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2022, cash deposits were fully insured or collateralized by a pledging bank's agent in the District's name.

**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.

General long-term debt of the District consists of bonds payable and financed lease purchases. 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, 2022:

	<i>Bonds Payable</i>	<i>Financed Lease</i>
	<i>(Direct Placement)</i>	<i>Purchases (Direct</i>
		<i>Borrowing)</i>
Balance July 1, 2021, Restated	\$ 37,990,000	\$ 35,535,783
Additions	6,000,000	-
Retirements	<u>(9,355,000)</u>	<u>(6,398,698)</u>
Balance June 30, 2022	<u>\$ 34,635,000</u>	<u>\$ 29,137,085</u>

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**3. General Long Term Debt – (continued)**

**General Obligation Bonds**

A brief description of the outstanding general obligations bond issues at June 30, 2022, is set forth below:

	<i>Amount Outstanding</i>
Western Heights Independent School District, I-41 School General Obligation Combined Purpose Bonds of 2018, original issue \$7,930,000 interest rates from 2.00-2.750% due in installments of \$1,615,000 starting January 1, 2020 with three additional annual payments of \$2,105,000 due on January 1 with final payment on January 1, 2023.	\$ 2,105,000
Western Heights Independent School District, I-41 School General Obligation Combined Purpose Bonds of 2019, original issue \$8,770,000 interest rates from 3.050-5.000% due in installments of \$1,000,000 starting January 1, 2021 with three additional annual payments of \$2,590,000 due on January 1 with final payment on January 1, 2024.	5,180,000
Western Heights Independent School District, I-41 School General Obligation Combined Purpose Bonds of 2020, original issue \$10,935,000 interest rates of 2.000% due in installments of \$2,685,000 starting February 1, 2022 with three additional annual payments of \$2,750,000 due on February 1 with final payment on February 1, 2025.	8,250,000
Western Heights Independent School District, I-41 School General Obligation Combined Purpose Bonds of 2021, original issue \$13,100,000 interest rates of 1.000% due in installments of \$3,200,000 starting January 1, 2023 with three additional annual payments of \$3,300,000 due on January 1 with final payment on January 1, 2026.	13,100,000
Western Heights Independent School District, I-41 School General Obligation Combined Purpose Bonds of 2022, original issue \$6,000,000 interest rates from 2.000-2.625% due in four annual installments of \$1,500,000 starting March 1, 2024 with final payment on March 1, 2027.	6,000,000
	<u>\$ 34,635,000</u>



**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**3. General Long Term Debt – (continued)**

The annual debt service requirements for retirement of bond principal and payment of interest, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,645,000	\$ 424,075	\$ 11,069,075
2024	10,140,000	495,690	10,635,690
2025	7,550,000	196,000	7,746,000
2026	4,800,000	78,000	4,878,000
2027	1,500,000	31,500	1,531,500
Total	<u>\$ 34,635,000</u>	<u>\$ 1,225,265</u>	<u>\$ 35,860,265</u>

***Pledged Revenues***

Property Tax Revenues collected by the District are pledged to repay the District's General Obligation Bonds. As of June 30, 2022, \$34,635,000 general obligations were outstanding. Principal and interest paid for current year and revenues collected were \$9,355,000 and \$939,218 respectively.

***Financed Lease Purchases***

The District enters into lease agreements as lessee for financing the acquisition of equipment. For accounting purposes since the title transfers at the end of the lease term, it has been recorded at the present value of the future minimum lease payments. The leases contain a clause which provides the ability to terminate the agreement at the end of each fiscal year. The District has recorded the liability for future lease payments in the general long-term debt group.

The District has entered into a lease purchase agreement in the amount of \$1,000,000 pursuant to the provisions of federal legislation which authorizes the issuance of Qualified Zone Academy Bonds (QZABs). The funding is to be used for equipment and for renovations. Those assets are leased from Zions First National Bank for a period of ten years beginning February 28, 2015, with annual payments of \$108,434. These payment will include an interest rate of 1.50% for a total of \$84,342 over the term of the agreement.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**3. General Long Term Debt – (continued)**

The District has also entered financing arrangements with the Oklahoma County Finance Authority 2013 (see Note 8). These financing arrangements are accounted for as financed lease purchases, since for accounting purposes the title transfers at the end of lease term. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The District has a rental payment of \$1,500 due semi-annually on March 1 and September 1 which started March 1, 2014. District will have varying annual payments with imputed interest rate of 4.404%, with first payment due September 1 2014. Final payment of lease purchase was made on September 1, 2021.

The District has also entered financing arrangements with the Oklahoma County Finance Authority 2018 (see Note 8). These financing arrangements are accounted for as financed lease purchases, since for accounting purposes the title transfers at the end of lease term. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The District has a rental payment of \$1,500 due semi-annually on March 1 and September 1 which started September 1, 2018. District will have varying annual payments with imputed interest rate of 2.895%, with first payment due September 1, 2020.

Scheduled payments under the lease/purchase agreements for each fiscal year ended June 30, are as follows:

<u>Year Ended June 30,</u>	<u>Amount Due</u>
2023	\$ 8,510,019
2024	11,292,169
2025	<u>11,752,985</u>
	31,555,173
Less: Interest	<u>(2,418,088)</u>
Total	<u>\$ 29,137,085</u>

Interest expense on general long-term debt incurred during the current year totaled \$2,496,252.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**4. *Employee Retirement System***

Teachers' Retirement System of Oklahoma

*Plan Description* – The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. The System issues a publicly available financial report that can be obtained at <http://www.ok.gov/trs/>.

*Benefits Provided* – The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

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

*Contributions* – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2022, qualifying employee contributions were reduced by a retirement credit of \$120,465 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2022, the District had a statutory contribution rate of 9.5% plus 7.90% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2022, the District contributions to the System for were \$1,680,579.

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

**5. *Other Post-Employment Benefits (OPEB)***

In addition to the retirement plan described in Note 4, the District participates in the state-administered Supplemental Health Insurance Program (OPEB Plan) within Teachers' Retirement System of Oklahoma (the OPEB System), which is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Teacher Retirement System (TRS).

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

**5. *Other Post-Employment Benefits (OPEB) (continued)***

Plan Description – The OPEB System provides pays a monthly health insurance premium supplement for each retired member who is enrolled in the health insurance plan provided by the State and Education Employees Group Health and Dental Insurance plan or in an insurance program provided by a participating education employer who provides health insurance coverage to former employees, provided the retired member had at least ten (10) years of Oklahoma service prior to retirement.

Benefits Provided – All retirees are eligible except for special retirees (as defined) and spouses and beneficiaries as long as they have at least 10 years of service. Retirees who elect such coverage receive the smaller of (i) a Medicare supplement benefit, if eligible, or (ii) an amount between \$100 and \$105 per month, depending on service and final average compensation. Payments made on the retirees' behalf to the Employees Group Insurance Division of the Office of Management and Enterprise Services, if the member continues health coverage under that Plan, or (ii) to the member's former employer, if the member retains health coverage under a plan maintained by the former employer.

Contributions – Employer and employee contributions are made based upon the TRS Plan provisions contained in State Statute Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. The cost of the subsidy averages 0.13% of normal cost, as determined by an actuarial valuation.

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

**6. *Contingencies***

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

During 2022, the worldwide coronavirus pandemic continued to impact local, national and global economies. The District is closely monitoring their operations and available fund balances and actively working to minimize current and future impacts of the unprecedented situation. As of date of issuance of these financial statements, the current and future full impact to the District is not known.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

*Contingencies (continued)*

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period pursuant to state law.

**7. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

**8. Ground Lease and Sublease Agreements**

July 2013, the District executed a Ground Lease Agreement and Sublease agreement with Oklahoma County Finance Authority, a public trust, (the Authority). The District will lease the land upon which the improvements are to be constructed for so long as there are obligations outstanding. The Authority will issue the Bonds and apply the proceeds thereof to acquire, construct, furnish, and equip the improvements as approved by voters in February 2013. The premises, including the Improvements, will then be leased by the Authority to the District pursuant to the Sublease Agreement for an initial term expiring on June 30, 2014, provided that the District has the option to renew for successive one-year periods, or until such time as the Sublease agreement is terminated in accordance with its terms.

The Authority issued Bonds in the amount of \$14,265,000 to finance a portion of the Improvements costs. This amount, together with separate issuance by the District of the general obligation bonds, is expected to fund the costs of the Improvements. If Improvements costs exceed the proceeds of the Bonds and the District's general obligation bonds, those costs will be paid out of other legally available monies of the District.

The District intends to issue the balance of the July 2013 voter-approved general obligation bonds over eight-years. The monies derived from the issuance and sale of such bonds will be used to make Lease Purchase Acquisition Payments under the Sublease and thereby periodically acquire from the Authority title to portions of the Improvements. The proceeds of the general obligation bonds authorized at the special election can be used only to finance

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2022**

***Ground Lease and Sublease Agreements (continued)***

the costs of the Improvements, including the Lease Purchase Acquisition Payments. If Improvements costs exceed the proceeds of the Bonds and the District's general obligation bonds, those costs will be paid out of other legally available monies of the District.

The 2013 Oklahoma County Finance Authority Lease Purchase was completed with final payment made on September 1, 2021 and District retained title to the improvements.

February 2018, the District executed a Ground Lease Agreement and Sublease agreement with Oklahoma County Finance Authority, a public trust, (the Authority). The District will lease the land upon which the improvements are to be constructed for so long as there are obligations outstanding. The Authority will issue the Bonds and apply the proceeds thereof to acquire, construct, furnish, and equipment the improvements as approved by voters in October, 2017. The premises, including the Improvements, will then be leased by the Authority to the District pursuant to the Sublease Agreement for an initial term expiring on June 30, 2018, provided that the District has the option to renew for successive one-year periods, or until such time as the Sublease agreement is terminated in accordance with its terms.

The Authority will issue Bonds in the amount of \$25,030,000 Tax -exempt series 2018A and \$8,810,000 federally taxable series 2018B Bonds for a total of \$33,840,000 to finance a portion of the Improvements costs. This amount, together with separate issuance by the District of the first series of its general obligation bonds, is expected to fund the costs of the Improvements. If improvements costs exceed the proceeds of the Bonds and the District's general obligation bonds, those costs will be paid out of other legally available monies of the District.

The District intends to issue the balance of the October 2017 voter-approved general obligation bonds over the next eight years. The monies derived from the issuance and sale of such bonds will be used to make Lease Purchase Acquisition Payments under the Sublease and thereby periodically acquire from the Authority title to portions of the Improvements. The proceeds of the general obligation bonds authorized at the special election can be used only to finance the costs of the Improvements, including the Lease Purchase Acquisition Payments.

As of report date, there is \$28,925,000 authorized but unissued general obligation bonds from the bond election held in October 2017 of which all of bond proceeds are pledged for the Ground and Sublease agreement with Oklahoma County Finance Authority 2018 as discussed in prior paragraphs.

**Western Heights School District I-41**  
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**June 30, 2022**

**9. Tax Abatement**

The State of Oklahoma has authorized by Oklahoma State Statutes Title 31 to offer Homestead and Veterans exemptions to Ad Valorem property taxes. These exemptions reduce the ad valorem taxes remitted to the District. For the year ended June 30, 2022, the District had the \$144,594 in abated ad valorem tax revenues.

**10. Restatement of Beginning Balances**

During the current year, District management completed prior year reconciliation processes related to encumbrances and outstanding warrants to properly state the activity in the beginning balances. In addition, adjustments to the general long-term debt group were identified for breakdown between the capitalized lease obligations outstanding and bonds outstanding and adjustment to principal balance. These restatements resulted in the following changes in the beginning balances:

	6/30/2021 Audit	Restatement	6/30/2021 Restated
<b>Combined Statement of Assets, Liabilities, and Fund Balances All Fund Types and Account Groups - Regulatory Basis</b>			
<b>Governmental Fund Types:</b>			
<b>General Fund</b>			
Liabilities:			
Outstanding Warrants	948,501.60	(33,489.65)	915,011.95
Encumbrances	43,591.63	34,808.76	78,400.39
Fund Balances:			
Cash Fund Balances	4,845,345.51	(1,319.11)	4,844,026.40
 <b>Special Revenue Fund</b>			
Liabilities:			
Outstanding Warrants	64,657.38	3,368.40	68,025.78
Encumbrances	10,833.40	3,190.00	14,023.40
Fund Balances:			
Cash Fund Balances	2,281,304.97	(6,558.40)	2,274,746.57
 <b>Capital Projects Fund</b>			
Liabilities:			
Outstanding Warrants	729,831.19	(626,491.65)	103,339.54
Encumbrances	28,407.35	1,872,458.12	1,900,865.47
Fund Balances:			
Cash Fund Balances	14,496,031.59	(1,245,966.47)	13,250,065.12

**Western Heights School District I-41  
Oklahoma County, Oklahoma  
Notes to Combined Financial Statements  
June 30, 2022**

***Restatement of Beginning Balances (continued)***

	6/30/2021 Audit	Restatement	6/30/2021 Restated
<b>Account Groups: General Long Term Debt Group</b>			
<b>Assets:</b>			
Amount available in			
Debt service fund	10,085,545	-	10,085,545
Trustee fund for debt service	-	409,032	409,032
Amount to be provided for			
Financed purchases	-	35,126,751	35,126,751
Retirement of general long term debt	67,405,839	(39,501,385)	27,904,454
<b>Liabilities</b>			
Financed purchases payable	39,501,385	(3,965,602)	35,535,783
General obligation bonds payable	37,990,000		37,990,000
<b>Combining Statement of Assets, Liabilities and Fund Balances-Capital Project Funds-Regulatory Basis</b>			
<b>Bond Fund 31</b>			
<b>Fund Balances:</b>			
Cash Fund Balances	21,250.00	-	21,250.00
<b>Bond Fund 33</b>			
<b>Liabilities:</b>			
Outstanding Warrants			
Encumbrances	28,407.35	626,491.65	654,899.00
<b>Fund Balances:</b>			
Cash Fund Balances	708,824.65	(626,491.65)	82,333.00
<b>Bond Fund 34</b>			
<b>Liabilities:</b>			
Outstanding Warrants	729,831.19	(626,491.65)	103,339.54
Encumbrances	-	1,245,966.47	1,245,966.47
<b>Fund Balances:</b>			
Cash Fund Balances	13,765,956.94	(619,474.82)	13,146,482.12
<b>Total Capital Projects</b>			
<b>Liabilities:</b>			
Outstanding Warrants	729,831.19	(626,491.65)	103,339.54
Encumbrances	28,407.35	1,872,458.12	1,900,865.47
<b>Fund Balances:</b>			
Cash Fund Balances	14,496,031.59	(1,245,966.47)	13,250,065.12



**Western Heights School District I-41**  
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**June 30, 2022**

***11. Subsequent Events***

April 1, 2023, the District authorized the issuance of \$5,660,000 of General Obligation Building Bonds Series A of 2023. Bonds are due \$1,660,000 on the 1<sup>st</sup> day of April 2025 and two payments of \$2,00,000 due on the 1<sup>st</sup> day of April 2026 and 2027, bearing interest of 5.25%, from their date until paid. Property taxes revenues are pledged to repay this obligation.

June 1, 2023, the District authorized the issuance of \$5,665,000 of General Obligation Building Bonds Series B of 2023. Bonds are due \$1,665,000 on the 1<sup>st</sup> day of June 2025 and two payments of \$2,00,000 due on the 1<sup>st</sup> day of June 2026 and 2027, bearing interest of 5.00% - 5.25%, from their date until paid. Property taxes revenues are pledged to repay this obligation.

The District has evaluated subsequent events through the date which the financial statements were available to be issued.

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**Supplementary Schedule**  
**Combining Statement of Assets, Liabilities and Fund Balances – Regulatory Basis**  
**All Special Revenue Funds**  
**June 30, 2022**

	<u>Building Fund</u>	<u>Special Revenue Total</u>
<b>ASSETS</b>		
Cash	\$ 1,341,145	\$ 1,341,145
Total Assets	\$ 1,341,145	\$ 1,341,145
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Warrants payable	\$ 93,167	\$ 93,167
Encumbrances	265	265
Total Liabilities	93,432	93,432
 <b>Fund Balances:</b>		
<b>Restricted:</b>		
Building Services	\$ 1,247,713	\$ 1,247,713
Total Cash Fund Balances	1,247,713	1,247,713
Total Liabilities and Fund Balances	\$ 1,341,145	\$ 1,341,145

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Oklahoma County, Oklahoma  
Supplementary Schedule  
Combining Statement of Revenues Collected, Expenditures Paid and  
Changes in Cash Fund Balances – Regulatory Basis  
All Special Revenue Funds  
For the Year Ended June 30, 2022**

	<u>Building Fund</u>	<u>Special Revenue Total</u>
Revenues collected:		
Local sources	\$ 2,102,115	\$ 2,102,115
State Sources	202	202
Total Revenues Collected	2,102,317	2,102,317
Expenditures paid:		
Support Services	3,134,402	3,134,402
Capital outlay	3,981	3,981
Total expenditures paid	3,138,383	3,138,383
Excess of revenues collected over (under) expenditures paid	(1,036,066)	(1,036,066)
Other financing sources:		
Estopped warrants	410	410
Adjustments to prior year encumbrances	8,622	8,622
Excess of revenues collected and other sources over (under) expenditures paid and other uses	(1,027,034)	(1,027,034)
Cash fund balances, beginning of year, Restated	2,274,747	2,274,747
Cash fund balances, end of year	\$ 1,247,713	\$ 1,247,713

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**Oklahoma County, Oklahoma**  
**Supplementary Schedule**  
**Combining Statement of Assets, Liabilities and Fund Balances – Regulatory Basis**  
**All Capital Project Funds**  
**For the Year Ended June 30, 2022**

	Bond Fund 31	Bond Fund 33	Bond Fund 34	Bond Fund 35	Total Capital Project Funds
<b>ASSETS</b>					
Cash	\$ 21,250	\$ 82,333	\$ 5,303,867	\$ 6,000,000	\$ 11,407,450
Total Assets	\$ 21,250	\$ 82,333	\$ 5,303,867	\$ 6,000,000	\$ 11,407,450
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Warrants payable	\$ -	\$ -	\$ 6,186	\$ -	\$ 6,186
Total Liabilities	\$ -	\$ -	\$ 6,186	\$ -	\$ 6,186
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Restricted for capital projects	21,250	82,333	5,297,681	6,000,000	\$ 11,401,264
Total Cash Fund Balances	21,250	82,333	5,297,681	6,000,000	\$ 11,401,264
Total Liabilities and Fund Balances	\$ 21,250	\$ 82,333	\$ 5,303,867	\$ 6,000,000	\$ 11,407,450

**Western Heights School District I-41  
Oklahoma County, Oklahoma  
Supplementary Schedule**

**Combining Statement of Revenues Collected, Expenditures Paid and  
Changes in Cash Fund Balances – Regulatory Basis  
All Capital Project Funds**

**For the Year Ended June 30, 2022**

	Bond Fund 31	Bond Fund 33	Bond Fund 34	Bond Fund 35	Total Capital Project Funds
Revenues collected:					
Local sources	-	\$ -	-	-	\$ -
Total Revenues Collected	-	-	-	-	-
Expenditures paid:					
Instruction	-	-	104,468	-	104,468
Support services	-	-	108,656	-	108,656
Non-Instructional services	-	-	-	-	-
Capital outlay	-	-	7,853,483	-	7,853,483
Total expenditures paid	-	-	8,066,607	-	8,066,607
Excess of expenditures paid over revenues collected	-	-	(8,066,607)	-	(8,066,607)
Other financing sources:					
Bond sales proceeds	-	-	-	6,000,000	6,000,000
Adjustments to prior year encumbrances	-	-	217,806	-	217,806
Excess of revenues collected and other sources over (under) expenditures paid and other uses	-	-	(7,848,801)	6,000,000	(1,848,801)
Cash fund balances, beginning of year, restated	21,250	82,333	13,146,482	-	13,250,065
Cash fund balances, end of year	\$ 21,250	\$ 82,333	\$ 5,297,681	\$ 6,000,000	\$ 11,401,264

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
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**Combining Statement of Changes in Cash Balances – Regulatory Basis**  
**Activity Funds**  
**For the Year Ended June 30, 2022**

	BEGINNING					ENDING
	BALANCE	RECEIPTS	CHECKS	ADJUSTMENTS		BALANCE
102 HS Multi-Cultural	\$ 563	\$ -	\$ -	\$ -	\$ -	\$ 563
103 High School Yearbook	1,799	6,462	6,886	(135)		1,240
104 Middle School Girls Golf	100	-	-	-		100
105 Middle School Yearbook	294	2,582	2,072	-		803
106 Athletics	21,971	138,330	101,232	(479)		58,590
107 Bidder Plan Dep. Account	10	-	-	-		10
108 Suburban Conference	-	-	-	-		-
109 High School Wrestling	460	317	312	-		465
110 High School Football	2,539	221	2,535	-		225
111 High School Boys Basketball	175	317	175	-		317
112 H.S. Girls Basketball	145	501	133	-		513
113 H.S. Baseball	114	611	-	-		725
114 Cross Country Track	288	967	906	-		349
115 HS Tech Now Club	218	-	-	-		218
116 H.S. Key Club	1,770	529	-	-		2,299
117 High School Book Club	183	42	-	-		225
119 HS Band	103	5,885	412	-		5,576
120 Band	24,376	40,791	39,185	(245)		25,737
121 Academy	1,753	-	173	-		1,580
122 MS Student Store	508	477	150	-		836
123 High School Library	3,129	135	90	45		3,219
124 Middle School Library	114	1,730	1,715	-		130
125 H.S. Chorus Choir	3,778	13,831	4,989	90		12,710
127 WHSNA	-	-	-	-		-
128 Middle School Choir	3,423	-	3,423	-		-
129 Junior Class	3,000	8,384	5,873	-		5,510
130 Senior Class	2,022	1,751	3,196	895		1,472
131 BS Gifted and Talented	1,060	168	-	-		1,228
132 M.S. Choir Booster Club	92	-	-	-		92
134 WHHS Flower Fund	206	-	-	-		206
135 Lost Textbooks	-	-	-	-		-
136 High School Musical	8,430	1,625	3,522	-		6,533
137 Middle School PE	173	-	-	-		173
138 Middle School General Account	1,253	4,203	1,336	(76)		4,043
139 HS Student Council	4,720	205	194	(0)		4,732
142 Middle School Social Studies	177	-	177	-		-
143 Coca Cola Scholarship	1,185	-	-	-		1,185
144 M.S. Drama	2,021	-	2,021	-		-
145 Council Grove Elementary	10,755	4,329	3,818	(112)		11,154
146 Take Down Club	-	-	-	-		-
147 Jet Stream	1,962	-	-	-		1,962
148 MS Boys Baseball	475	-	-	-		475
149 Middle School FHA	103	-	-	-		103

**Western Heights School District I-41**  
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**Supplementary Schedule**  
**Combining Statement of Changes in Cash Balances – Regulatory Basis**  
**Activity Funds**  
**For the Year Ended June 30, 2022**

		<u>BEGINNING</u> <u>BALANCE</u>	<u>RECEIPTS</u>	<u>CHECKS</u>	<u>ADJUSTMENTS</u>	<u>ENDING</u> <u>BALANCE</u>
150	R.O.T.C.	41,248	93,924	82,018	948	54,102
151	Bridgestone Yearbook	140	2,327	1,750	-	717
152	Vending Activity	2,796	3,657	2,367	(3,719)	368
153	H.S. JETS	188	-	-	-	188
154	High School FCA Club	40	-	-	-	40
155	High School Art Club	711	-	-	-	711
156	Middle School Art Club	88	-	-	-	88
157	H.S. FCCLA	1,086	93	218	-	961
158	Coca Cola Security Fund	2,867	-	-	(340)	2,527
159	H.S. BPA	167	1,368	889	-	646
161	High School Testing Account	445	-	-	-	445
163	Greenville Coke Commissions	104	-	104	-	-
165	HS Cheerleaders	2,779	4,165	6,758	(43)	144
166	M.S. Football	56	-	-	-	56
167	H.S. National Honor Society	26	53	-	-	79
168	MS National Honor Society	262	-	-	-	262
169	High School Science	529	-	-	-	529
170	H.S. Foreign Language	245	-	-	-	245
171	H.S. Math Club	107	-	-	-	107
173	Greenville Elementary	13,241	3,257	2,012	-	14,486
174	Cheerleader Boosters	30	-	-	-	30
175	John Glenn Elem General Act	27,486	5,385	4,714	-	28,158
176	John Glenn Special Olympics	548	-	-	-	548
177	WHIRE	3,848	-	-	-	3,848
179	M.S. Cheerleaders	832	-	-	-	832
180	H.S. Golf	483	-	-	-	483
183	Bridgestone Teacher Fund	248	-	134	-	113
184	Bus Barn	197	-	186	-	11
185	H.S. Comp Tech	373	-	-	-	373
186	HS Special Olympics	2,969	-	-	-	2,969
187	Miscellaneous-Admin	394	-	349	-	45
188	Bridgestone Library	792	6,618	7,094	(38)	279
189	Bridgestone School	6,354	1,850	3,524	173	4,853
190	Bridgestone Choir	5,351	2,066	1,989	(60)	5,369
191	Athletic Concessions	25,175	50,667	55,533	527	20,836
192	Bridgestone PE	2,605	2,604	3,045	-	2,165
193	H.S. Renaissance Account	87	-	-	-	87
194	HS Chess Club	22	-	-	-	22
195	Council Grove Teacher Fund	689	-	80	-	609
196	M.S. TSA	518	-	66	21	473
197	Sophomore Class	1,382	-	-	-	1,382
198	H.S. Academic Bowl	335	-	-	-	335

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**Combining Statement of Changes in Cash Balances – Regulatory Basis**  
**Activity Funds**  
**For the Year Ended June 30, 2022**

	BEGINNING				ENDING
	BALANCE	RECEIPTS	CHECKS	ADJUSTMENTS	BALANCE
199 Title I	147	-	-	-	147
200 Western Heights Chorus Assoc.	10,293	-	10,293	-	-
201 Western Heights Band Assoc.	-	1,220	1,520	300	-
202 Western Heights Homerun Club	1,283	-	1,174	-	109
203 Western Heights Lady Jets Softball	1,333	-	1,333	-	-
204 Grid Iron Club	202	-	-	-	202
206 H.S. Soccer Club	1,477	-	-	-	1,477
207 Indian Club	2,346	326	-	-	2,672
208 John Glenn Teachers Fund	276	230	408	-	98
209 Winds West Teachers Fund	1,154	-	-	-	1,154
210 Greenvale Teachers Fund	799	104	123	-	781
211 Council Grove Vending Account	180	-	-	-	180
212 M.S. Teachers Fund	2,008	178	1,327	-	858
213 Adm. Building Coffee Fund	1,155	-	277	(720)	158
214 H.S. General Act	1,415	1,961	1,826	186	1,736
215 H.S. Spanish Club	33	-	-	-	33
218 John Glenn Vending	196	-	-	-	196
219 Freshman Class	577	603	241	-	938
220 Louise Jay Memorial	84	-	-	-	84
222 Habitat Trail	1,366	-	-	-	1,366
223 M.S. Academic Bowl	149	-	-	-	149
225 Charitable Donation Fund	146	-	-	-	146
229 9th Grade Center Fund	3,434	-	-	-	3,434
231 MS Girls Basketball	706	600	706	(100)	500
232 M.S. Boys Basketball	581	-	581	-	-
233 MS Wrestling	356	-	345	-	11
234 MS Archery	95	-	-	-	95
235 HS/MS Softball	192	-	-	-	192
236 MS Boys Golf	75	-	-	-	75
237 HS PE	-	-	-	-	-
238 Youth & Government	59	-	-	-	59
239 MS Special Olympics	420	-	-	-	420
240 Bridgestone Sports	-	-	-	-	-
241 Deaf Education	20	-	-	-	20
242 HS Drama	4,487	-	-	-	4,487
243 Exchange Club	2,255	-	-	-	2,255
244 Western Heights Alumni	2,717	-	-	-	2,717
245 HS Tennis	8,632	7,635	12,498	1,622	5,391
246 Summer Softball	39	-	39	-	-
247 Council Grove Library	2,372	210	-	-	2,582
248 CG Gifted and Talented	401	-	-	-	401
249 WW Gifted and Talented	899	-	-	-	899
250 WW Library	3,785	4,761	4,486	-	4,060
251 GV Gifted and Talented	405	-	-	-	405
252 GV Library	10,766	1,730	6,465	166	6,197



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**Combining Statement of Changes in Cash Balances – Regulatory Basis**  
**Activity Funds**  
**For the Year Ended June 30, 2022**

		BEGINNING				ENDING
		BALANCE	RECEIPTS	CHECKS	ADJUSTMENTS	BALANCE
253	JG Library	24,668	120	1,887	753	23,655
254	JG Gifted and Talented	1,067	-	-	-	1,067
255	BSI Special ED	2,018	-	196	-	1,822
256	BSI National Honor Society	62	-	-	-	62
257	BSI Academic Team	-	-	-	-	-
258	Football/Thammavongsa	21	-	-	-	21
259	Elementary Sports	2,992	3,214	3,911	200	2,495
260	Greenvale PE	162	-	-	-	162
261	MS/HS Dance Program	384	-	156	-	228
262	HS Piano	347	1,251	136	-	1,461
263	Pennock-James Nursery	32,648	-	-	-	32,648
264	Attendance Rewards	2,355	-	-	-	2,355
265	HS Girls Soccer	1,639	-	-	-	1,639
266	MS Girls Soccer	9	115	-	(35)	89
267	MS Boys Soccer	89	90	-	(35)	144
268	District Wide Coffee Fund	308	-	302	-	6
269	Device Insurance	35,142	260	2,868	-	32,534
270	Steam Center	294	1,000	-	-	1,294
271	HS Softball	-	1,947	1,161	-	787
272	OFASA HS Steam Robotics Club	-	3,096	-	-	3,096
273	OFASA HS Stem Aeronautics Club	-	4,546	-	-	4,546
274	Love's Donations	20,000	-	7,907	-	12,093
		<u>\$ 462,587</u>	<u>\$ 457,685</u>	<u>\$ 421,465</u>	<u>\$ (184)</u>	<u>\$ 498,624</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***

The Honorable Board of Education  
Western Heights Independent School District No. 41  
Oklahoma City, Oklahoma 73179

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements of Western Heights Independent School District No. 41, Oklahoma County Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Western Heights Independent School District No. 41, Oklahoma County Oklahoma's basic regulatory financial statements and have issued our report thereon dated August 15, 2023. Our report included an adverse opinion on U.S. Generally Accepted Accounting Principles and a qualified opinion due to the omission of the general fixed asset account group.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Western Heights Independent School District No. 41, Oklahoma County, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness Western Heights Independent School District No. 41, Oklahoma County, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Heights Independent School District No. 41, Oklahoma County, Oklahoma's internal control.

Our 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 responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-002YB, 2022-003YB, 2022-004YB, 2022-005YB, 2022-006YB, 2022-007YB, 2022-008YB, 2022-009YB, 2022-010YB and 2022-011YB that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001YB, 2022-012YB and 2022-013YB to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Western Heights Independent School District No. 41, Oklahoma County Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-002YB, 2022-03YB, 2022-04YB, 2022-05YB, 2022-09YB, 2022-010YB, 2022-011YB and 2022-012B.

### **Western Heights Independent School District No. 41's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Western Heights Independent School District No. 41's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Western Heights Independent School District No. 41's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

*Mary E. Johnson & Associates PLLC*

Norman, Oklahoma  
August 15, 2023

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***Section I – Summary of Auditor’s Results***

**Financial Statements:**

Type of audit report:	Qualified Opinion	Regulatory Basis
Internal control over financial reporting:		
Material weakness(es) identified?	<u>  X  </u> Yes	<u>      </u> No
Significant Deficiency(ies) identified that are not considered to be material weaknesses?	<u>  X  </u> Yes	<u>      </u> None Reported
Noncompliance material to financial statement	<u>  X  </u> Yes	<u>      </u> No

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**Section II – Financial Statement Findings**

**2022-001YB**

**Financial Reporting**

*Condition:* The District does not have a financial reporting system in place to ensure that all financial information is disclosed in the appropriate accounting period and in accordance with the regulatory basis of accounting and State Department of Education guidelines. In addition, the District does not report a general fixed asset account group as required by the State Department of Education guidelines.

*Criteria:* The responsibility for the financial statements remains with management even when the preparation of the financial statements is transferred to a service provider. An individual with sufficient awareness of disclosure requirements should be designated to oversee the preparation of the financial statements.

*Cause:* The internal control structure of the District focuses primarily on daily operations. The District does have a system of financial reporting that determines the trial balances used in financial statement preparation are final. The District does not currently have a system in place to determine appropriate financial statement disclosures. The District also does not have a system for accounting for general fixed assets.

*Effect:* Potential that financial statement disclosures will be incomplete. Scope limitation on the audit for the general fixed asset account group.

*Recommendation:* We recommend that the District evaluate the costs of providing for the additional assistance needed for the year-end financial reporting process to determine it is in accordance with accounting and regulatory requirements.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* The District’s current budget constraints do not allow for the addition of an outside consultant to assist in the year-end financial reporting process. Management reviews disclosures as presented to determine that they are accurate.

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**2022-002YB            Interest on General Obligation Bonds**

*Condition:*                            General Obligation Bond Interest was paid from the general fund instead of the debt service fund.

*Criteria:*                             Oklahoma State Statute 70-1-119 states the sinking fund of any district shall consist of all money derived from ad valorem taxes or otherwise as provided by law for the payment of bonds and judgments and interest thereon.

*Cause:*                                District was unaware of the requirement of interest to be paid from sinking fund for general obligation bonds, due to the changes in employees and management during fiscal year 2022.

*Context:*                              An adjustment of \$299,135 general obligation bond interest was paid from the general fund.

*Effect:*                                Noncompliance with state law and incorrect data submitted to the State Department of Education.

*Recommendation:*                We recommend the debt service fund (sinking fund) be used to pay general obligation debt principal and interest. We also recommend that financial procedures be developed and documented to allow transactions to be reported in the correct fund, even when staffing changes.

*Views of Responsible Officials  
and Planned Corrective*

*Action:*                                Due to change management and staff there was lack of instruction how to process the payments for general obligation debt. New procedures have been implemented to ensure general obligation debt is paid from the proper fund.

**2022-003YB            Coding of Revenues**

*Condition:*                            Revenues were not properly coded in accordance with the Oklahoma Cost Accounting System (OCAS).

*Criteria:*                             Oklahoma Administrative Code (OAC) 210:25-5-4a The financial structure of an Oklahoma public school district consists of various classifications as referenced in Oklahoma Administrative Code (OAC) 210:25-7-1, (Oklahoma Cost Accounting System [OCAS]). School District accounting systems shall be organized and operated on a basis that assures legal compliance by the recording and summarizing of financial transactions within funds, each of which is completely independent of any other. Each fund shall account

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for and continually maintain the identity of its revenues and expenditures.

*Cause:* Procedures for revenue receipts were not in place to properly identify sources of funds received.

*Effect:* Incorrect reporting of revenues submitted to the State Department of Education.

*Context:* \$4,927 state source revenues and \$42,974 federal source revenues were reported as local source revenues.

*Recommendation:* We recommend that revenues be properly coded in OCAS. We also recommend that procedures be implemented to monitor revenues have been recorded to the proper source.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* Due to the change in management and staff there was lack of instruction on recording of revenues. The District has implemented new procedures to ensure that revenues are recorded in the proper sources.

**2022-004YB Appropriations**

*Condition:* Material appropriations (encumbrances) were reported as outstanding which did not have corresponding pending obligations.

*Criteria:* Oklahoma Administrative Code (OAC) 210:25-5-5-2b at the close of the fiscal year, appropriations will be reserved for any contracts pending for outstanding encumbrances (Contracted for but not completed and/or paid for) by providing to the treasurer, the auditor and the local school board the information on each purchase order/ encumbrance.

*Cause:* District failed to monitor open encumbrances to ensure balances are reasonable for year-end amounts contracted for but not completed and/or paid for.

*Effect:* Possible overstatement of financial statement expenditures and data submitted to the State Department of Education.

*Context:* \$576,314 reduction in general fund and \$28,692 reduction in building fund to properly state encumbrances and expenditures for FY22.

*Recommendation:* We recommend that encumbrances be properly reported for pending obligations. We also recommend that procedures be implemented to monitor open encumbrances to ensure amounts are properly contracted for but not completed.

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*Views of Responsible Officials  
and Planned Corrective*

*Action:* Due to the changes of management during the year end close of FY22, the encumbrances were not evaluated and properly closed. FY23 the district has implemented procedure and evaluated the encumbrance at year end.

**2022-005YB          Warrants Payable**

*Condition:* Warrants payable (outstanding warrants) were overstated.  
*Criteria:* Oklahoma State Statute 70-5-135(H) Voided warrants or checks shall be registered and filed with treasurer.  
*Cause:* District failed to reconcile the outstanding warrants as of year-end.  
*Effect:* Possible overstatement of financial statement expenditures and data submitted to the State Department of Education.  
*Context:* \$53,761 reduction in general fund warrants payable and expenditures and \$81,521 reduction in building fund warrants payable and expenditures.  
*Recommendation:* We recommend that warrants outstanding be properly stated. We also recommend that procedures be implemented to reconcile warrants payable.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* Due to the changes of management during the year end close of FY22, the warrants payable (outstanding warrants) were not evaluated and properly voided. FY23 the district has implemented procedure and monitoring outstanding warrants.

**2022-006YB          Segregation of Duties-Encumbrance Clerk**

*Condition:* Encumbrance clerk currently handles all aspects of paying invoices.  
*Criteria:* Internal controls should properly separate duties related to recording, authorizing and issuing expenditure.  
*Context:* The encumbrance clerk handles initiating, printing, electronically signing all three required signatures and mailing checks for payments.  
*Cause:* District does not have adequate procedures in place to provide for segregation of duties.  
*Effect:* Risk of misappropriation of assets



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*Recommendation:* We recommend the encumbrance clerk not be authorized to handle all aspects of processing payments. We also recommend at least one of the three required signatures be manual. The treasurer should sign checks and review invoices supporting checks to be signed.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* The District will separate the duties of the encumbrance clerk. The treasurer will now complete the third signature on the check as she reviews and matches up with invoices.

**2022-007YB            Segregation of Duties-Treasurer**

*Condition:* The treasurer currently performs all aspects of handling cash receipts.

*Criteria:* An adequately designed internal control system separate duties over handling cash between custody, approval and recordkeeping.

*Context:* The treasurer handles all aspects of cash receipts including issuance of receipts, entry in receipt ledger and making deposits.

*Cause:* District does not have adequate procedures in place to provide for segregation of duties.

*Effect:* Risk of misappropriation of assets

*Recommendation:* We recommend the treasurer not handle all aspects of cash receipts. We recommend another staff member open the mail and prepare a mail log of checks received. Then the checks received can be given to the treasurer for deposit. At month-end, someone other than the treasurer needs to reconcile the mail log to the deposits on the bank statement.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* The District will implement a new procedure in which a separate employee will open mail and prepare a mail log of the checks received. Then at month end that person will also review their mail log to the bank statement to ensure all funds received have been deposited.

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**2022-008YB      Employee Contracts**

*Condition:*                     Employee contracts were not completed consistently with Board approved District pay scales.

*Criteria:*                        To ensure that payroll is properly authorized, control activities should be developed and employed to reduce risks that improper amounts will be paid and all employees are treated consistently.

*Cause:*                            Prior staff were not properly trained. Employee contracts were not properly reviewed to determine contract properly matches with actual duties performed and were consistent with District pay scales.

*Context:*                         10 out of 10 employees tested contracts were not properly prepared.

*Effect:*                            Misappropriation of assets

*Recommendation:*            We recommend that employee contracts be completed consistently using Board approved District pay scales. Staff completing employee contracts need to be properly trained. Completed contracts need to be reviewed. We also recommend employment contracts include actual contract days, duties to be performed and information to support amount paid consistent with District pay scales.

*Views of Responsible Officials  
and Planned Corrective*

*Action:*                            Due to lack of training and guidance the prior human resource director, did not complete contracts accurately and consistently. New human resource director has completed training. In addition, District has reviewed a portion of contracts from FY21 and all contracts for FY22 and implemented procedures to ensure amounts paid agree with contract terms. FY23 new procedures were in place at time contracts were written.

**2022-009YB      Purchase Procedures**

*Condition:*                        Purchases did not follow District purchasing procedures.

*Criteria:*                         District Policy 2.001 The lowest and best purchase price will be determined and awarded. Three quotations by phone, catalog, or verbal will be required from vendors for any prospective purchase which is likely to exceed \$25,000. Sealed quotations shall be required on any single expenditure for goods, equipment or supplies that total \$5,000 or greater.

*Cause:*                              Failure to follow District policies and conflicting District policy.

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*Context:* Eight of twenty-five items examined did not meet the purchasing requirements for bids/quotes.

*Effect:* Lack of compliance with board policy and risk of misappropriation of assets

*Recommendation:* We recommend District policy be followed for all purchases. We recommend all staff, involved in the purchasing process, receive appropriate training. We also recommend that District's purchasing policy be reviewed to ensure compliance with state law and reduction of conflicting thresholds.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* The District has continued to emphasize the importance of the purchasing procedures with staff. Employees receive a manual with policies as well as receive annual training on District procedures. District has revised the Board policy to remove conflicting amounts. Also will make sure to document with purchase order if purchases are sole source, emergency, state contracts or the proper bids/quotes when processing the purchase order.

**2022-010YB                      Appropriated Funds Expenditures**

*Condition:* Expenditures were not properly encumbered prior to purchase for all funds requiring purchase orders.

*Criteria:* Oklahoma State Statute 70-5-135e before any purchase is completed, a purchase order or encumbrance must be issued.

*Cause:* Failure to issue purchase order prior to purchase

*Context:* 7 out of 25 tested were not properly encumbered prior to purchase.

*Effect:* Lack of compliance with state statute.

*Recommendation:* We recommend that purchase orders be completed prior to ordering good/services for all funds when required by state law or District policy. We also recommend all staff, involved in the purchasing process, receive appropriate training.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* District will continue to reiterate the importance of the purchasing procedures. District completes yearly training for employees to ensure they are aware of requirements.

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**2022-011YB      Non-Kickback Affidavit**

*Condition:* Non-Kickback affidavits were not obtained for purchases \$25,000 and more.

*Criteria:* Oklahoma State Statute 62-310.9 on every contract entered into by any county, school district, technology center school district or political subdivision of the state for an architect, contractor, engineer or supplier of construction materials of twenty-five thousand dollars (\$25,000) or more, shall sign the affidavit.

*Cause:* Failure to obtain non-kickback affidavit prior to payment.

*Context:* 9 out of 25 purchase orders did not have required non-kickback affidavits.

*Effect:* Lack of compliance with state statute.

*Recommendation:* We recommend that non-kickback affidavits be obtained for all required purchases. We also recommend that staff handling payment of invoices receive appropriate training on procedures to obtain all required documents before processing invoices for payment.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* The District has implemented procedures that forms are being collected and kept with the purchase orders.

**2022-012YB      Activity Fund Receipts**

*Condition:* Activity Fund Receipts did not have proper support and were not timely deposited.

*Criteria:* Oklahoma Statute 70-5-129 requires receipts equal or exceeding \$100 to be deposited by the following business day or weekly if less than \$100. Oklahoma Administrative Code 210:25-5-13 School Activity fund also requires pre-numbered tickets and reconciliations to be completed for events and pre-numbered receipts must be used for all money received and turned in with deposit.

*Cause:* Activity Fund Sponsors are holding funds collected rather than depositing timely.

*Context:* Nine teacher/sponsors receipts, out of 25 tested, did not turn funds in timely which caused amounts to not be deposited within one day. Seven out of the 25 receipts tested did not have proper receipts or ticket reconciliations.

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*Effect:* Lack of compliance with state law and risk of misappropriation of assets

*Recommendation:* We recommend that all activity fund receipts have proper support and be deposited within state law requirements. We recommend sponsors turn in receipts on a timely basis and not hold amounts collected. We also recommend that activity fund sponsors complete triplicate receipts when funds are received or complete ticket reconciliations when applicable.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* The District has yearly training and will reinforce the activity fund receipt procedures. In addition to training, they have also provided examples for staff to follow.

**2022-013YB      Activity Fund Purchases**

*Condition:* Activity Fund expenditures did not follow District procedures.

*Criteria:* District Activity Fund manual requires a purchase order be issued before purchase can be initiated. Receipt of merchandise be completed and documented by signed receipt of merchandise form before payment can be completed.

*Cause:* Employees didn't follow requirements of activity fund purchases.

*Context:* Three out of 25 purchase orders were issued prior to invoice date; One out of 25 did not have proper receipt of goods/services and 1 out of 25 did not have proper support for amounts paid.

*Effect:* Lack of compliance with District policy.

*Recommendation:* We recommend that activity fund procedures be followed. We also recommend that staff be reminded of requirements for activity fund purchases.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* The District has continued to emphasize the importance of the purchasing procedures with staff. Employees receive a manual with policies as well as receive annual training on District procedures.

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***Financial Statement Findings***

2021-I      *Condition:* Other than the Superintendent, no employees selected for payroll testing had a payroll contract for the 2020-2021 school year. It was reported that the District was unable to come to successful negotiations, therefore no contracts nor negotiated agreements were prepare or approved.

*Recommendation:* The auditor recommended that the School District implement procedures to ensure that all employees paid by the District have a contract and amounts paid to employees reconcile to the Board approved contract. The auditor recommended that management periodically review payroll records to ensure employees are being paid correct amounts based on contracted amount and that any amounts paid in excess of contracted amount is done only with proper documentation and approval.

*Status:* Condition has been resolved

2021-II      *Condition:* Internal controls surrounding the District's payroll procedures did not provide reasonable assurance that employees are being paid in accordance with District contracts and Board Approval. As referenced in condition I, other than the Superintendent, no employees selected for payroll testing had a payroll contract for 2020-2021 school year. It was report that contracts prepared and approved for 2019-2020 were used to process payroll for 2020-2021.

*Recommendation:* The auditor recommended that the School District implement procedures to ensure that all employees paid by the District have a contract and amounts paid to employees reconcile to the board approved contract. The auditor recommended that management periodically review payroll records to ensure employees are being paid correct amounts based on contracted amount and that any amounts paid excess of contracted amount is done with proper documentation and approval. Additionally, the auditor recommended that the District react swiftly in an effort to recoup known overpayments to employees identified.

*Status:* Condition still exists see 2022-008YB

2021-III      *Condition:* The Superintendent was paid \$25,000 on June 30, 2021 according to a provision in his contract that states, 'In order to receive an annual incentive stipend, Superintendent's final summative evaluate score for that fiscal year must be "effective" as defined by the evaluation tool scoring.' The Auditor was unable to be provided with any document stating that this criteria was met for the stipend to be paid. The auditor were provided with board member evaluations. Only 1 of the 5 evaluations viewed were signed by a board member, there was not a

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summative evaluation for any single evaluation and/or the collection evaluations and 'effective' was not listed on the evaluation as a choice.

*Recommendation:* The auditor recommended that the School District implement procedures to ensure that all employees paid by the District have a contract and amounts paid to employees reconcile to the board approved contract. The auditor recommended that the board include approval of any payments based on a measurable action. The Auditor also recommended that management periodically review payroll records to ensure employees are being paid correct amounts based on contracts amount and that any amounts paid in excess of contracted amount is done only with proper documentation and approval.

*Status:* No such condition noted in FY22.

2021-IV *Condition:* Payroll Deductions and/or employee benefits were not reconciled to employee pay records. There were several instances where employee deductions were not paid to the receiving entity in a timely manner. In other instances, the District was paying benefits for employees who were no longer employed by the District.

*Recommendation:* The auditor recommended that the School District implement procedures to ensure that all benefits and deductions are reconciled each payroll period. Furthermore, that a supervisor of the payroll clerk is approving the monthly reconciliations.

*Status:* No such condition noted in FY22.

2021-V *Condition:* Quarterly tax reports are not filed timely. During our audit period we requested to view all 941s. Both the 1<sup>st</sup> and 2<sup>nd</sup> quarter of 2021 were unable to be provided to auditor. It was reported that as of report release date the 2<sup>nd</sup> quarter 941 had not been filed.

*Recommendation:* The auditor recommended that the School District implement procedures to ensure that all quarterly reports are being prepared and filed in a timely manner. Additional, that an administrator of the District is reviewing and approving the filing to ensure accuracy.

*Status:* No such condition noted in FY22.

2021-VI *Condition:* The School District purchasing policy and procedures required three (3) quotations be obtained by phone, catalog, or verbal from vendors for any prospective purchase which is likely to exceed \$25,000. Sealed quotations shall

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be required on any single expenditure for goods, equipment or supplies that total \$5,000 or greater.

*Recommendation:* The auditor recommended that policy and procedures be developed to strengthen internal controls over purchasing and procurement. Furthermore, the internal control system should be monitored by an extensive program oversight by School administration

*Status:* Condition still exists 2022-009YB

2021-VII *Condition:* The School District did not have documented policies relating to Federal programs procurement procedures required by federal law (Uniform Guidance Standards)

*Recommendation:* The auditor recommended that School District review and consider the “General Procurement Standards” as set forth in Uniform Guidance of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 (Uniform Guidance) and document and implement policies that provide procurement standards which conform to applicable Federal law for procuring property and services.

*Status:* Condition has been resolved.

2021-VIII *Condition:* General Fund purchase order number 288 to Mutual of Omaha in the amount of \$8,031.13 for payment of life insurance and disability insurance for the month of September 2020 included payment for several employees which had once worked at the school district but were no longer employe for September 2020. The life insurance premiums were not reconciled to any employee roster, therefore terminated employees were never deleted from the premium invoice. There were also several employees who were current employees and qualified for the insurance but had never been added to the premium invoice list.

*Recommendation:* The auditor recommended the School District’s Board of Education and administration implement policies and procedures ensuring monthly reconciliation of the life insurance premiums to current employee rosters. Any deviations should be immediately investigated.

*Status:* No such condition noted in FY22.

2021-IX *Condition:* The School District maintains separate bank accounts for payroll taxes and Teachers Retirement contributions. Each payroll period federal and state tax liabilities are deposited into the payroll tax account and Teachers Retirement contributions and fees are deposited to the Teachers Retirement contributions are deposited into the respective bank accounts and subsequently electronically



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transferred to the Internal Revenue Services, Oklahoma State Tax Commission and to the Oklahoma Teachers Retirement System.

*Recommendation:* The auditor recommended the School District's Board of Education and School Administration implement policies and procedures to ensure bank reconciliations are prepared on all bank accounts and proper oversight is provided over the employee preparing the bank reconciliation. Additional, payroll taxes and other deductions should be calculated accurately, reconciled to disbursement records, and paid timely. Transfers from the School District operating bank account to the tax and retirement bank accounts should be reviewed by District personnel who accepts responsibility for their completeness and accuracy.

*Status:* Condition has been resolved.

2021-X      *Condition:* Out of fifty-nine purchase orders reviewed, sixteen purchase orders totally \$280,638.97 were supported with invoices dated prior to the purchase order date.

*Recommendation:* The auditor recommended the Board of Education should prescribe adequate business procedures and control which govern the purchase of confirmation of purchase and delivery of goods and services. Encumbrances and/or purchase order should be issued prior to the purchase of the requested item.

*Status:* Condition still exists see 2022-010YB

2021-XI      *Condition:* General Fund purchase order number 398 to Employees Group Insurance in the amount of \$10,817.67 was to pay for employee insurance obligations incurred during the previous fiscal year that should have been paid in fiscal year 2019-20, however, due to numerous payroll errors, the premiums were not paid until fiscal year 2020-21. We could not determine if proper adjustments were made on these employee's payroll records.

*Recommendation:* The auditor recommended that the School Board and administration implement procedures to ensure that all employees withholdings are remitted to third party vendors promptly.

*Status:* Condition has been resolved.

2021-XII      *Condition:* General Fund purchase orders #332 through #350 were expenditures to various school employees representing refunds for Met Life Insurance premiums which had been deducted from the employee's gross wages in the fiscal year 2019-20 but never paid from the school to the insurance company. These

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purchase orders were for nineteen employees and total \$10,730.94. The refunds resulted from lack of internal controls:

*Recommendation:* The auditor recommended that the School Board and administration implement procedures to ensure that all employees withholdings are remitted to third party vendors promptly.

*Status:* Condition has been resolved.

2021-XIII *Condition:* Lack of internal controls surrounding federal program revenue and expenditure coding and reporting allowed for errors to occur within the coding and reporting process.

*Recommendation:* The auditor recommended the District implement internal control procedures to ensure processes are being followed to verify revenue and expenditure coding for all federal programs is accurate and claims are for federal claims are correct prior to the closing of the school year.

*Status:* Condition still exists. See Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance issued on May 23, 2023 finding 2022-001.

2021-XIV *Condition:* During the review of items purchase from Federal awards, Auditor found the District had purchased 4 generators using CARES Act 2020 project 788 funds. The generators were in various locations throughout the grounds. These generators did not show an inventory tag any indication where these funds came from that was used for the purchase of the generators. Audit did not see any inventory list during audit visit.

*Recommendation:* The auditor recommended the District improve internal controls to adhere to the requirements of the Uniform Guidance when Federal Funds are expended on the campus. Procedures for managing equipment, whether acquired in whole or in part under a federal award, until disposition takes place.

*Status:* Condition still exists. See Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance issued on May 23, 2023 finding 2022-005.

2021-XV *Condition:* The School Board and district administration officials did not have a process to track the resolution of significant findings and recommendations from previous audits. This resulted in uncorrected and repeated findings from previous years.

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*Recommendation:* The auditor recommended the District's Board of Education and administration take prompt action to resolve all audit findings and have a process to track the status of each in order to assure effective resolution.

*Status:* Condition has been resolved.

2021-XVI *Condition:* The District could not demonstrate that it performed a reconciliation of cash, investments, warrants outstanding, revenues and expenditures to the bank records each month.

*Recommendation:* The auditor recommended the District:

- Provide additional training and oversight to staff responsible for accounting and financial reporting.
- Establish and follow written policies and procedures on the responsibilities and expectation related to the authorization, documentation, timeliness and review of financial records, journal entries and annual financial statements.
- Establish a reconciliation process to ensure all School District activity is recorded accurately in district records and reports.
- Management need to emphasize the importance of controls and establish discipline in the organization that calls the importance of good control habits and practices to the attention of all employees on a continuing basis.

*Status:* Condition has been resolved.

2021-XVII *Condition:* The Auditor identified deficiency in internal controls over the financial reporting. The District did not have an adequate review process over its financial reporting to ensure the financial information appeared accurate, complete and in compliance with reporting guidance.

*Recommendation:* The auditor recommended the District:

- Provide additional training and oversight to staff responsible for accounting and financial reporting.
- Establish and follow written policies and procedures on the responsibilities and expectation related to the authorization, documentation, timeliness and review of financial records, journal entries and annual financial statements.
- Establish a reconciliation process to ensure all School District activity is recorded accurately in district records and reports.
- Management need to emphasize the importance of controls and establish discipline in the organization that calls the importance of

Western Heights School District I-41  
**Oklahoma County, Oklahoma**  
**Summary of Prior Year Findings**  
**For the Year Ended June 30, 2022**

good control habits and practices to the attention of all employees on a continuing basis.

*Status:* Condition still exists 2022-001YB

2021-XVIII *Condition:* Information reported to the State Department of Education OCAS reporting site did not agree with the District's records and source documents. It appeared that OCAS information reported had been manipulated to agree to Financial information reported on the District's Estimate of Needs.

*Recommendation:* The auditor recommended the District:

- Provide additional training and oversight to staff responsible for accounting and financial reporting.
- Establish and follow written policies and procedures on the responsibilities and expectation related to the authorization, documentation, timeliness and review of financial records, journal entries and annual financial statements.
- Establish a reconciliation process to ensure all School District activity is recorded accurately in district records and reports.
- Management need to emphasize the importance of controls and establish discipline in the organization that calls the importance of good control habits and practices to the attention of all employees on a continuing basis.

*Status:* Condition has been resolved.

2021-XIX *Condition:* Journal Entries were made to the District's account software during the 2020-21 fiscal year which were not supported with source documents, supporting calculations, and/or items necessary to substantiate the accuracy and appropriateness of a journal entry. Additional, the District has no requirement that journal entries be review and approved by someone other than the individuals making the journal entry.

*Recommendation:* The auditor recommended the District should implement policy and procedures to ensure that all journal entries to the financial accounting system are clearly documented; supported by applicable source documents; reviewed and approved by an appropriate member of management at a level above the individual making the journal entry.

*Status:* Condition has been resolved.

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Statement of Statutory Fidelity, and Honesty Bonds (unaudited)**  
**For the Year Ended June 30, 2022**

The superintendent is bonded by RLI Surety, bond number LSM1698204, for the penal sum of \$100,000 for the term February 1, 2022 to February 1, 2023.

The treasurer is bonded by RLI Surety, bond number LSM1702042, for the penal sum of \$100,000 for the term May 2, 2022 to July 1, 2022.

The minutes clerk is bonded by RLI Surety, bond number LSM1439173, for the penal sum of \$100,000 for the term July 1, 2021 to July 1, 2022.

The encumbrance clerk is bonded by RLI Surety, bond number LSM1517504, for the penal sum of \$100,000 for the term May 10, 2021 to July 1, 2022.

The activity fund custodian is bonded by RLI Surety, bond number LSM1345469, for the penal sum of \$100,000 for the term July 1, 2021 to July 1, 2022.

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)**  
**For the Year Ended June 30, 2022**

State of Oklahoma )

County of Cleveland )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Western Heights School District I-41 for the audit year 2021-2022.

MARY E. JOHNSON & ASSOCIATES, PLLC

BY: Mary E. Johnson  
Authorized Agent

Subscribed and sworn to before me on this 5<sup>th</sup> day of, September, 2023

[Signature]  
Notary Public

Commission Number: 20004372

My commission expires on: 23<sup>rd</sup> day of April, 2024

