

**ANNUAL FINANCIAL REPORT**  
**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**JULY 1, 2019 TO JUNE 30, 2020**

**AUDITED BY**  
**KERRY JOHN PATTEN, C.P.A.**

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2020**

Board of Education

President	Robert Everman
Vice-President	Robert Sharp
Clerk	Vickie Parker (non-member)
Member	Rosalind Cravens
Member	Ms. Linda Farley
Member	Darrell Rapper

Superintendent of Schools

Mannix Barnes

School District Treasurer

Gayle Mize

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
OKLAHOMA COUNTY, OKLAHOMA  
JUNE 30, 2020**

**TABLE OF CONTENTS**

	Page
Report of Independent Auditor .....	1
Combined Financial Statements	
Combined Statement of Assets, Liabilities and Fund Balances – All Fund Types and Account Groups – Regulatory Basis .....	3
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – All Governmental Fund Types Regulatory Basis .....	4
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Budget and Actual – Regulatory Basis General Fund and Special Revenue Fund .....	5
Notes to the Financial Statements .....	6
Combining Financial Statements	
Combining Statement of Assets, Liabilities and Fund Balances – All Special Revenue Funds – Regulatory Basis .....	19
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – All Special Revenue Funds Regulatory Basis .....	20
Combining Statement of Assets, Liabilities and Fund Balances – Capital Project Funds – Regulatory Basis .....	21
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Capital Project Funds – Regulatory Basis.....	22
Combining Statement of Assets, Liabilities and Fund Balances – Fiduciary Fund – Regulatory Basis .....	23
Supplemental Information	
Budgetary Comparison Schedule – Regulatory Basis Building Fund.....	24
Budgetary Comparison Schedule – Regulatory Basis Child Nutrition Fund.....	25
Schedule of Expenditures of Federal Awards .....	26
Notes to the Schedule of Expenditures of Federal Awards.....	28
School Activity Fund – Receipts, Transfers, Disbursements and Sub-account Balances .....	29

(continued)

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
OKLAHOMA COUNTY, OKLAHOMA  
JUNE 30, 2020**

**TABLE OF CONTENTS**

Reports Required by *Government Auditing Standards*

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 <i>Government Auditing Standards</i> .....	34
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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures Of Federal Awards Required by the Uniform Guidance .....	36
--	----

Schedule of Findings and Questioned Costs .....	38
---	----

Summary of Prior Audit Findings .....	40
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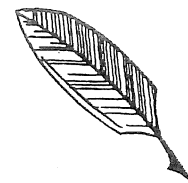
Schedule of Comments .....	41
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Schedule of Accountant's Professional Liability Insurance Affidavit .....	43
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Response from the Superintendent

# KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.  
Broken Arrow, OK 74012  
Phone Number (918) 250-8838  
FAX Number (918) 250-9853



## Independent Auditor's Report

The Honorable Board of Education  
Western Heights School District No. I-41  
Oklahoma County, Oklahoma

### Report on Financial Statements

I have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Western Heights School District No. I-41, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the district's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

As discussed in Note 1 (C) to the financial statements, the financial statements are prepared by the Western Heights School District No. I-41, Oklahoma County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which a basis of accounting other than accounting principles generally accepted in the United States of America to comply with requirements of the Oklahoma State Department of Education.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 (C) and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Western Heights School District No. I-41, Oklahoma County, Oklahoma as of June 30, 2020, or the revenues, expenses, and changes in financial position for the year then ended.

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

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

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

In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of Western Heights School District No. I-41, Oklahoma County, Oklahoma, as of June 30, 2020, and the revenues collected and expenditures paid and encumbered for the year then ended, on the regulatory basis of accounting described in the Note 1 (C).

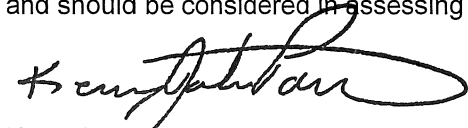
### **Other Matters Other Information**

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements-regulatory basis, and other schedules as listed in the table of contents, under supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statements of the District. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements-regulatory basis, and other schedules as listed in the table of contents, under supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements, and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information including the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1 (C).

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 4, 2021, on my consideration of Western Heights School District No. I-41, Oklahoma County, Oklahoma's, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.  
Broken Arrow, Oklahoma  
March 4, 2021

## **COMBINED FINANCIAL STATEMENTS**

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS**  
**JUNE 30, 2020**

	Governmental Fund Types				Fiduciary Fund Types	Account Groups	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-term Debt	June 30, 2020
<b>ASSETS</b>							
Cash	\$ 5,628,400.70	\$ 1,210,749.81	\$ 8,293,898.86	\$ 18,076,721.56	\$ 432,726.00	\$ -	\$ 33,642,496.93
Investments	-	-	-	-	-	-	-
Amounts available in debt service fund	-	-	-	-	-	8,293,898.86	8,293,898.86
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	73,677,363.70	73,677,363.70
<b>Total assets</b>	<b>\$ 5,628,400.70</b>	<b>\$ 1,210,749.81</b>	<b>\$ 8,293,898.86</b>	<b>\$ 18,076,721.56</b>	<b>\$ 432,726.00</b>	<b>\$ 81,971,262.56</b>	<b>\$ 115,613,759.49</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Outstanding warrants	\$ 2,255,595.10	\$ 63,629.32	\$ -	\$ 6,412.10	\$ 24,993.25	\$ -	\$ 2,350,629.77
Encumbrances	138,539.99	477,087.22	-	-	-	-	615,627.21
Long-term debt:							
Capitalized lease obligations payable	-	-	-	-	-	49,326,262.56	49,326,262.56
Bonds payable	-	-	-	-	-	32,645,000.00	32,645,000.00
Interest payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 2,394,135.09</b>	<b>\$ 540,716.54</b>	<b>\$ -</b>	<b>\$ 6,412.10</b>	<b>\$ 24,993.25</b>	<b>\$ 81,971,262.56</b>	<b>\$ 84,937,519.54</b>
<b>Fund Balances</b>							
Designated for capital projects	\$ -	\$ -	\$ -	\$ 18,070,309.46	\$ -	\$ -	\$ 18,070,309.46
Designated for debt service	-	-	8,293,898.86	-	-	-	8,293,898.86
Cash fund balances	3,234,265.61	670,033.27	-	-	407,732.75	-	4,312,031.63
<b>Total fund balances</b>	<b>\$ 3,234,265.61</b>	<b>\$ 670,033.27</b>	<b>\$ 8,293,898.86</b>	<b>\$ 18,070,309.46</b>	<b>\$ 407,732.75</b>	<b>\$ -</b>	<b>\$ 30,676,239.95</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,628,400.70</b>	<b>\$ 1,210,749.81</b>	<b>\$ 8,293,898.86</b>	<b>\$ 18,076,721.56</b>	<b>\$ 432,726.00</b>	<b>\$ 81,971,262.56</b>	<b>\$ 115,613,759.49</b>

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



**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41**  
**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2020
<b>Revenues collected:</b>					
Local sources	\$ 15,196,981.60	\$ 2,222,915.25	\$ 9,897,247.12	\$ -	\$ 27,317,143.97
Intermediate sources	934,613.38	-	-	-	934,613.38
State sources	9,975,398.68	623.64	2,957.32	-	9,978,979.64
Federal sources	4,567,546.43	-	-	-	4,567,546.43
Non-revenue sources	360.00	10.54	28,789.80	-	29,160.34
<b>Total revenues collected</b>	<b>\$ 30,674,900.09</b>	<b>\$ 2,223,549.43</b>	<b>\$ 9,928,994.24</b>	<b>\$ -</b>	<b>\$ 42,827,443.76</b>
<b>Expenditures paid:</b>					
Instruction	\$ 17,008,876.24	\$ 2,200.01	\$ -	\$ 58,000.00	\$ 17,069,076.25
Support services	12,113,611.80	1,958,030.19	-	262,793.83	14,334,435.82
Non-instructional services	2,385,527.46	8,826.30	-	-	2,394,353.76
Capital outlay	-	500.00	-	-	500.00
Other outlays	364.10	-	-	-	364.10
Other uses	-	-	-	-	-
Repayments	-	-	-	-	-
Debt service:					
Principal retirement	-	100,655.14	7,625,000.00	7,709,550.00	15,435,205.14
Interest	-	7,779.03	836,053.75	-	843,832.78
<b>Total expenditures paid</b>	<b>\$ 31,508,379.60</b>	<b>\$ 2,077,990.67</b>	<b>\$ 8,461,053.75</b>	<b>\$ 8,030,343.83</b>	<b>\$ 50,077,767.85</b>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ (833,479.51)</u>	<u>\$ 145,558.76</u>	<u>\$ 1,467,940.49</u>	<u>\$ (8,030,343.83)</u>	<u>\$ (7,250,324.09)</u>
<b>Adjustments to prior year encumbrances</b>	<b>\$ 175,667.95</b>	<b>\$ 34,289.73</b>	<b>\$ -</b>	<b>\$ 17,469.09</b>	<b>\$ 227,426.77</b>
Other financing sources (uses):					
Bond sale proceeds	\$ -	\$ -	\$ -	\$ 10,935,000.00	\$ 10,935,000.00
Premium on Bonds Sold	-	-	-	-	-
Operating transfers in/(out)	5,779.44	-	-	-	5,779.44
<b>Total other financing sources (uses)</b>	<b>\$ 5,779.44</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,935,000.00</b>	<b>\$ 10,940,779.44</b>
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)	<u>\$ (652,032.12)</u>	<u>\$ 179,848.49</u>	<u>\$ 1,467,940.49</u>	<u>\$ 2,922,125.26</u>	<u>\$ 3,917,882.12</u>
<b>Fund balances, beginning of year</b>	<b>\$ 3,886,297.73</b>	<b>\$ 490,184.78</b>	<b>\$ 6,825,958.37</b>	<b>\$ 15,148,184.20</b>	<b>\$ 26,350,625.08</b>
<b>Fund balances, end of year</b>	<b>\$ 3,234,265.61</b>	<b>\$ 670,033.27</b>	<b>\$ 8,293,898.86</b>	<b>\$ 18,070,309.46</b>	<b>\$ 30,268,507.20</b>

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

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41**  
**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund			Special Revenue Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenues collected:</b>						
Local sources	\$ 13,493,470.53	\$ 13,493,470.53	\$ 15,196,981.60	\$ 1,915,355.42	\$ 1,915,355.42	\$ 2,222,915.25
Intermediate sources	793,460.79	793,460.79	934,613.38	-	-	-
State sources	10,763,632.57	10,763,632.57	9,975,398.68	-	-	623.64
Federal sources	5,372,164.88	5,372,164.88	4,567,546.43	-	-	-
Non-revenue sources	-	-	360.00	-	-	10.54
<b>Total revenues collected</b>	<b>\$ 30,422,728.77</b>	<b>\$ 30,422,728.77</b>	<b>\$ 30,674,900.09</b>	<b>\$ 1,915,355.42</b>	<b>\$ 1,915,355.42</b>	<b>\$ 2,223,549.43</b>
<b>Expenditures paid:</b>						
Instruction	\$ 18,569,707.97	\$ 18,569,707.97	\$ 17,008,876.24	\$ 2,200.01	\$ 2,200.01	\$ 2,200.01
Support services	13,088,318.53	13,088,318.53	12,113,611.80	2,284,406.02	2,284,406.02	1,958,030.19
Non-instructional services	2,650,000.00	2,650,000.00	2,385,527.46	10,000.00	10,000.00	8,826.30
Capital outlay	-	-	-	108,934.17	108,934.17	500.00
Other outlays	1,000.00	1,000.00	364.10	-	-	-
Other Uses	-	-	-	-	-	-
Repayment	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	100,655.14
Interest	-	-	-	-	-	7,779.03
<b>Total expenditures paid</b>	<b>\$ 34,309,026.50</b>	<b>\$ 34,309,026.50</b>	<b>\$ 31,508,379.60</b>	<b>\$ 2,405,540.20</b>	<b>\$ 2,405,540.20</b>	<b>\$ 2,077,990.67</b>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ (3,886,297.73)	\$ (3,886,297.73)	\$ (833,479.51)	\$ (490,184.78)	\$ (490,184.78)	\$ 145,558.76
<b>Adjustments to prior year encumbrances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 175,667.95</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,289.73</b>
<b>Other financing sources (uses):</b>						
Operating transfers in/out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Charges	-	-	5,779.44	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,779.44</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)	\$ (3,886,297.73)	\$ (3,886,297.73)	\$ (652,032.12)	\$ -	\$ -	\$ 179,848.49
<b>Fund balance, beginning of year</b>	<b>\$ 3,886,297.73</b>	<b>\$ 3,886,297.73</b>	<b>\$ 3,886,297.73</b>	<b>\$ 490,184.78</b>	<b>\$ 490,184.78</b>	<b>\$ 490,184.78</b>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,234,265.61</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 670,033.27</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Western Heights School District No. 1-41 (the "District") conform to the regulatory basis of accounting, which is another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The District's accounting policies are described in the following notes that are an integral part of the District's financial statements.

**A. Reporting Entity**

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

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

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

**B. Measurement Focus**

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 an independent accounting entity with a self-balancing set of accounts. The account groups are financial reporting devices designed to provide accountability for certain assets and liabilities that are not recorded directly in the funds.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District has the following fund types and account groups:

**Governmental Funds**

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 project funds), and the servicing of general long-term debt (debt service funds). Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. All revenues from all sources, including property taxes, entitlements, grants, and shared revenues are recognized when they are received, rather than earned. Expenditures are generally recognized when encumbered or reserved, rather than at the time the related liability is incurred.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Summary of Significant Accounting Policies (continued)**

Unmatured interest for debt service is recognized when due and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable, available financial resources. Fiduciary type funds are accounted for using the regulatory basis of accounting. These practices differ from accounting principles generally accepted in the United States of America.

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 local property taxes and federal and state funding. 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 funds are used for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Child Nutrition Fund – The child nutrition fund consists of revenues from local collections, state, and federal sources used to benefit the food service program. These funds were consolidated into the General Fund June 27, 2019.

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 and interest. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

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

**Fiduciary Funds**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments or on behalf of other funds within the District. When these assets are held under the terms of a trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Agency Funds – The agency fund is the school activities fund, which is used to account for monies, collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, for 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.

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. .

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Summary of Significant Accounting Policies (continued)**

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

**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 and inventories are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure when the obligation is paid.
- Fixed Assets are recorded in the General Fixed Asset Account Group. Fixed assets are not depreciated.

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

**D. Budgets and Budgetary Accounting**

Prior to July 1 each year, the governing board of the school district prepares a verified application showing the needs of the school district and submits the application to the County Excise Board, who makes temporary appropriations for lawful current expenses of the school district. The temporary appropriations are merged with the annual appropriations when the annual budget for the school district is finally approved.

Prior to October 1 each year, the school Board of Education must make a financial statement, showing the true fiscal condition of the school as of the close of the previous fiscal year ended June 30, along with an itemized statement of estimated needs and probable income from all sources for the fiscal year.

A budget is legally adopted by the Board of Education for the general fund and special revenue fund(s) of the school district.

Encumbrances represent commitments to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Under Oklahoma Law, unencumbered appropriations lapse at the end of the year.

**E. Assets, Liabilities and Fund Equity**

**Memorandum Only – Total Column**

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

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Summary of Significant Accounting Policies (continued)**

Cash – Cash consists of currency and checks on hand, demand deposit accounts with banks and other financial institutions.

Investments – State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost.

Inventories – Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The costs of inventories are recorded as expenditures when encumbered and purchased, rather than when consumed.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable, available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources.

No liability is recorded for non-vesting accumulating rights to receive such pay benefits.

Fixed Assets – The District has not maintained a record of its general fixed assets, and, accordingly, a General Fixed Asset Account Group is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

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.

Cash Fund Balance – Cash fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

**F. Revenues, Expenses and Expenditures**

Local Revenues – Revenue from local sources is revenue produced within the school district, which includes ad valorem taxes. It is available for current educational expenses and for other purposes authorized by the school board.

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 the tax is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If taxes are delinquent and unpaid for a period of three (3) years or more the real estate may be sold for taxes.

Intermediate Revenues – Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit or political sub-division, such as a county or municipality, and redistributed to the school district.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Summary of Significant Accounting Policies (continued)**

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

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

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

Federal Revenues – Revenue from Federal sources is money originating from the Federal government and made available to the school district either as direct grants or under various programs passed-through the State Department of Education or other state agencies.

The Federal government also makes payments to school districts whose revenues are adversely affected by the presence of Federal activities. Although these payments are made in consideration of lost property tax revenue, the Oklahoma State Department of Education advocates classifying such amounts as revenue from Federal sources.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Examples of expenditures that might be included here are the activities of teacher assistant of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators, and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objective of instruction, community services and enterprise programs, rather than as entities within them.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff, and the community.

Facilities Acquisition and Construction Services Expenditures – Consist of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayments, non-qualified expenditures, and other refunds to be repaid from District funds.



**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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 and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

**Budgetary Information**

Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all general and special revenue funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board, becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown included in supporting schedules.

**2. Deposit Categories of Credit Risk**

Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The District's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the school district.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Deposit Categories of Credit Risk (continued)**

9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

The District's investment policy instructs the treasurer to minimize risks by diversifying the investment portfolio; structuring investments so that securities mature in time to meet cash requirements; and by investing the full amount of all accounts of the District.

**Custodial Credit Risk:**

Deposits and Investments - The District's demand deposits are required by law to be collateralized by the amount that is not federally insured.

Securities pledged as collateral are held by a third party or Federal Reserve Bank. Joint custody safekeeping receipts are held in the name of the depositing institution, but are pledged to the District. The security cannot be released, substituted, or sold without the School Treasurer's approval and release of the security.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2020, the District had no deposits exposed to custodial credit risk.

The District's investments consist of direct obligations of the U.S. government and agencies' securities.

**Interest Rate Risk:**

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the District has no formal written policy addressing interest rate risk.

**Credit Risk:**

The District has no formal written policy addressing credit risk.

At June 30, 2020, the District has no investments that are not guaranteed by the full faith and credit of the United States Government.

**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 for the District includes bonds payable and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. Debt service requirements for capital leases are paid from general obligation bond proceeds and/or appropriations from other District funds.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

	<u>Amount Outstanding</u>
School District No. I-41 Combined Purpose Bonds, Series 2016, original issue \$9,385,000.00, average interest rate of 2.00%, first installment of \$1,360,000.00 due on February 1, 2018, and annual installments of \$2,675,000.00 due thereafter, final payment due on February 1, 2021.	\$ 2,675,000.00
School District No. I-41 Combined Purpose Bonds, Series 2017, original issue \$7,670,000.00, average interest rate of 1.88%, first installment of \$1,745,000.00 due on February 1, 2019, and annual installments of \$1,975,000.00 due thereafter, final payment due on February 1, 2022.	3,950,000.00
School District No. I-41 Combined Purpose Bonds, Series 2018, original issue \$7,930,000.00, average interest rate of 2.19%, first installment of \$1,615,000.00 due on January 1, 2020, and annual installments of \$2,105,000.00 due thereafter, final payment due on January 1, 2023.	6,315,000.00
School District No. I-41 Combined Purpose Bonds, Series 2019, original issue \$8,770,000.00, average interest rate of 3.59%, first installment of \$1,000,000.00 due on January 1, 2021, and annual installments of \$2,590,000.00 due thereafter, final payment due on January 1, 2024.	8,770,000.00
School District No. I-41 Combined Purpose Bonds, Series 2020, original issue \$10,935,000.00, average interest rate of 2.00%, first installment of \$2,685,000.00 due on February 1, 2021, and annual installments of \$2,750,000.00 due thereafter, final payment due on February 1, 2025.	<u>10,935,000.00</u>
 Total Bonds Outstanding	 \$ <u>32,645,000.00</u>

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

Year ending June 30,	Principal	Interest	Total
2021	\$ 7,755,000.00	\$ 769,665.00	\$ 8,524,665.00
2022	9,355,000.00	584,565.00	9,939,565.00
2023	7,445,000.00	370,270.00	7,815,270.00
2024	5,340,000.00	192,880.00	5,532,880.00
2025	2,750,000.00	55,000.00	2,805,000.00
Total	\$ <u>32,645,000.00</u>	\$ <u>1,972,380.00</u>	\$ <u>34,617,380.00</u>

Interest expense incurred on general obligation bond debt during the current year totaled \$836,053.75.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

**Lease Purchase Agreements**

The school district's lease-purchase commitments include property financed through a technique referred to as "conduit financing." Conduit financing involves the use of a public trust, which issues conduit debt obligations (limited-obligations revenue bonds, certificates of participation, or similar debt instruments) for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The public trust has no obligation for such debt beyond the resources provided by a lease or loan with the third party, on whose behalf the debt is issued. The District has commitments of this type outstanding with Oklahoma County Finance Authority as follows:

**Oklahoma County Finance Authority Lease Purchase dated July 1, 2013**

The school district has entered into a Ground Lease Agreement with Oklahoma County Finance Authority on July 1, 2013, for certain real property owned by the District. The Ground Lease extends to June 30, 2022, and rent was prepaid in an amount equal to ten dollars (\$10.00) and other equitable consideration. The Ground Lease Agreement was made to facilitate the issuance of \$14,265,000.00 in revenue bonds by the Finance Authority to provide funds to equip, and repair football stadium, other athletic facilities, and school buildings.

The school district entered into a Sublease Agreement with Oklahoma County Finance Authority on July 1, 2013, wherein the real property subject to the Ground Lease mentioned in the previous paragraph is subleased to the school district to enable the District to utilize proceeds of the \$14,265,000.00 revenue bonds issued by Oklahoma County Finance Authority, for the construction and improvements on the real property and to provide a method for the District to obtain title to the property and improvements.

The Sublease Agreement is extended annually by affirmative action of the Board of Education. The schedule of acquisition payments follows:

Year ending June 30,	Payments
2021	\$ 3,855,750.00
2022	<u>5,914,950.00</u>
Total	<u>\$ 9,770,700.00</u>

The District's lease payment schedule is designed to coincide with the Authority's debt service payments on the \$14,265,000.00 bond debt. The school district taxpayers have previously approved a proposition to issue a series of general obligation bonds defining each series by purpose and amount of proceeds that each series will provide (the bonds are to be issued in series so that at no time the total bonds outstanding will exceed the amount allowed under the constitution of Oklahoma). The District is using the proceeds of these general obligation bonds to finance the installments of the lease-purchase obligation.

The above lease contains a clause that gives the District the ability to terminate the lease agreement at the end of each fiscal year. The District has recorded the liability for future lease payments in the general long-term debt account group.

**Oklahoma County Finance Authority Lease Purchase dated February 1, 2018**

The school district has entered into a Ground Lease Agreement with Oklahoma County Finance Authority on February 1, 2018, for certain real property owned by the District. The Ground Lease extends to June 30, 2025. The Ground Lease Agreement was made to facilitate the issuance of \$25,030,000.00 in tax-exempt revenue 2018A bonds and \$8,810,000 in federally taxable 2018B bonds by the Finance Authority to provide funds to improve, install, acquire or demolish property, buildings, and equipment and to pay the refunding and redeeming of certain outstanding bonds of the Issuer which financed the costs of acquiring, constructing, equipping, furnishing, repairing and remodeling other school buildings for use by the District.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

The school district entered into a Sublease Agreement with Oklahoma County Finance Authority on February 1, 2018, wherein the real property subject to the Ground Lease mentioned above is subleased to the school district to enable the District to utilize proceeds of the \$25,030,000.00 tax exempt revenue 2018A bonds issued by Oklahoma County Finance Authority, for the construction and improvements on the real property and to provide a method for the District to obtain title to the property and improvements.

The Sublease Agreement is extended annually by affirmative action of the Board of Education. The schedule of acquisition payments follows:

Year ending June 30,	Payments
2021	\$ 5,866,963.00
2022	1,932,347.00
2023	8,401,585.00
2024	11,183,735.00
2025	11,752,985.00
Total	<u>\$ 39,137,615.00</u>

The District's lease payment schedule is designed to coincide with the Authority's debt service payments on the \$33,840,000.00 bond debt. The school district taxpayers have previously approved a proposition to issue a series of general obligation bonds defining each series by purpose and amount of proceeds that each series will provide (the bonds are to be issued in series so that at no time the total bonds outstanding will exceed the amount allowed under the constitution of Oklahoma). The District is using the proceeds of these general obligation bonds to finance the installments of the lease-purchase obligation.

The above lease contains a clause that gives the District the ability to terminate the lease agreement at the end of each fiscal year. The District has recorded the liability for future lease payments in the general long-term debt account group.

**Qualified Zone Academy Bonds Lease Purchase dated February 28, 2014**

The District has entered into a lease purchase agreement in the amount of \$1,000,000.00 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 \$108,434.18. These payments will earn interest at a rate of 1.50% for a total of \$84,341.79 in interest, which will be applied towards the capital lease payments. By contract, the school has the option of discontinuing the lease-purchase and returning the equipment at the end of any fiscal year. At the end of the contract period, the school will have ownership of the assets.

The following schedule presents future years principal and interest payments for the QZAB lease-purchase agreement at June 30, 2020:

Year ending June 30,	Principal	Interest	Total
2021	\$ 102,164.97	\$ 6,269.21	\$ 108,434.18
2022	103,697.45	4,736.73	108,434.18
2023	105,252.91	3,181.27	108,434.18
2024	106,831.70	1,602.48	108,434.18
Total	<u>\$ 417,947.03</u>	<u>\$ 15,789.69</u>	<u>\$ 433,736.72</u>

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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

Changes in General Long-Term Debt

The following schedule presents the District's changes in General Long-Term Debt for fiscal year 2019-20:

	<u>Bonds Payable</u>	<u>Leases Payable</u>	<u>Total Payable</u>
Balance, July 1, 2019	\$ 29,335,000.00	\$ 57,136,467.70	\$ 86,471,467.70
Additions	10,935,000.00	-	10,935,000.00
Retirements	<u>7,625,000.00</u>	<u>7,810,205.14</u>	<u>15,435,205.14</u>
Balance, June 30, 2020	<u>\$ 32,645,000.00</u>	<u>\$ 49,326,262.56</u>	<u>\$ 81,971,262.56</u>

**4. Employee Retirement System**

Description of Plan

The District participates in the state-administrated Teacher's Retirement System of Oklahoma (the "system"), which is a cost-sharing multiple-employer public employee retirement system. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish benefit provisions and may be amended only through legislative action. The District has no responsibility or authority for the operation and administration of the system nor has it any liability, except for contribution requirements. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System has prepared its financial statements in accordance with accounting principles generally accepted in the United State of America and using the economic resources measurement focus. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchase and sales are recorded as of their trade dates. Member and employer contributions are established by Oklahoma Statutes as percentage of salaries and are recognized when due, pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Oklahoma Statutes. Administrative expenses are funded through investment earnings.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. The contribution rate for employers is 9.5%. Additionally, the State of Oklahoma contributes a percentage of its revenues from sales taxes, use taxes, corporate income taxes, individual income taxes, and lottery proceeds to the system. For the fiscal year ending June 30, 2020, the dedicated state revenue was equivalent to a contribution rate of approximately 7.0% of covered payroll. Finally, the Teacher's Retirement System receives "grant matching" contributions from employers for positions whose funding comes from federal and certain other grants. The matching contribution rate for FY 2020 is 7.7% of applicable payroll. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Employee Retirement System (continued)**

**Annual Pension Cost**

The District's total contributions for 2020, 2019, and 2018 were \$2,766,570.81, \$2,743,453.27, and \$2,364,698.68, respectively. The District's total payroll for fiscal year 2019-20 amounted to \$19,531,553.43.

**5. Litigation**

The District is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized, and would not materially affect the financial position of the District at June 30, 2020.

**6. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also participates in a risk pool for Workers' Compensation coverage in which there is transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma.

In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the Loss Fund, so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years, it is returned to them with no interest.

**7. Surety Bonds**

The treasurer/payroll clerk/activity fund clerk is bonded by RLI Insurance Company, bond number LSM 0276180, for the sum of \$100,000.00 effective July 1, 2019, to July 1, 2020.

The activity fund custodian is bonded by RLI Insurance Company, bond number LSM 0927194, for the sum of \$100,000.00 effective July 1, 2019 to July 1, 2020.

The site secretaries/activity fund assistants are bonded by RLI Insurance Company, bond number POB-1100374, for the sum of \$5,000.00 for the term of July 1, 2019, to July 1, 2020.

The accounts payable clerk is bonded by RLI Insurance Company; bond number LSM 0276182, for the sum of \$100,000.00 for term July 1, 2019, to July 1, 2020.

The encumbrance clerk/minutes clerk is bonded by RLI Insurance Company, bond number LSM 0276184, for the sum of \$100,000.00 for term July 1, 2019, to July 1, 2020.

The Superintendent is bonded by RLI Insurance Company, bond number LSM 0603095, for the penal sum of \$100,000.00 for the term of September 1, 2019 to September 1, 2020.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**8. License Agreement**

On April 24, 1996, the District entered into a contract with Oklahoma Gas & Electric Company to establish fiber optic lines utilizing OG&E's electric utility structures to permit technology connectivity between all Western Heights School sites and Oklahoma City Community College. As partial consideration for the grant of license to install and attach fiber optic cable to poles owned by OG&E, the District granted OG&E exclusive right and license to use up to twelve single mode strands of all fiber optic cable installed by the District. The agreement is one year, renewable in one-year increments for a period of thirty years from the date of the agreement.



## **COMBINING FINANCIAL STATEMENTS**

WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 JUNE 30, 2020

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total June 30, 2020</u>
<b><u>ASSETS:</u></b>			
Cash	\$ 1,210,749.81	\$ -	\$ 1,210,749.81
Investments	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 1,210,749.81</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,210,749.81</u></u>
 <b><u>LIABILITIES AND FUND BALANCES:</u></b>			
<b>Liabilities:</b>			
Outstanding warrants	\$ 63,629.32	\$ -	\$ 63,629.32
Encumbrances	<u>477,087.22</u>	<u>-</u>	<u>477,087.22</u>
<b>Total liabilities</b>	<u><u>\$ 540,716.54</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 540,716.54</u></u>
<b>Fund balances:</b>			
Cash fund balances	\$ 670,033.27	\$ -	\$ 670,033.27
<b>Total fund balances</b>	<u><u>\$ 670,033.27</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 670,033.27</u></u>
 <b>Total liabilities and fund balances</b>	 <u><u>\$ 1,210,749.81</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 1,210,749.81</u></u>

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41**  
**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total June 30, 2020</u>
<b>Revenues collected:</b>			
Local sources	\$ 2,222,915.25	\$ -	\$ 2,222,915.25
Intermediate sources	-	-	-
State sources	623.64	-	623.64
Federal sources	-	-	-
Non-revenue sources	-	10.54	10.54
<b>Total revenue collected</b>	<u>\$ 2,223,538.89</u>	<u>\$ 10.54</u>	<u>\$ 2,223,549.43</u>
<b>Expenditures paid:</b>			
Instruction	\$ 2,200.01	\$ -	\$ 2,200.01
Support services	1,958,030.19	-	1,958,030.19
Non-instructional services	8,815.76	10.54	8,826.30
Capital outlay	500.00	-	500.00
Other outlays	-	-	-
Other uses	-	-	-
Repayments	-	-	-
Debt service:			
Principal retirement	100,655.14	-	100,655.14
Interest	7,779.03	-	7,779.03
<b>Total expenditures paid</b>	<u>\$ 2,077,980.13</u>	<u>\$ 10.54</u>	<u>\$ 2,077,990.67</u>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<u>\$ 145,558.76</u>	<u>\$ -</u>	<u>\$ 145,558.76</u>
<b>Adjustments to prior year encumbrances</b>	<u>\$ 34,289.73</u>	<u>\$ -</u>	<u>\$ 34,289.73</u>
Other financing sources (uses):			
Operating transfers in/(out)	\$ -	\$ -	\$ -
Bank charges	-	-	-
<b>Total other financing sources (uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 179,848.49</u>	<u>\$ -</u>	<u>\$ 179,848.49</u>
<b>Fund balances, beginning of year</b>	<u>\$ 490,184.78</u>	<u>\$ -</u>	<u>\$ 490,184.78</u>
<b>Fund balances, end of year</b>	<u><u>\$ 670,033.27</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 670,033.27</u></u>

WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
CAPITAL PROJECT FUNDS - REGULATORY BASIS  
JUNE 30, 2020

	<u>Bond Fund 31</u>	<u>Bond Fund 32</u>	<u>Bond Fund 33</u>	<u>Bond Fund 34</u>	<u>Bond Fund 36</u>	<u>Total</u>
<b><u>ASSETS</u></b>						
<b>Assets:</b>						
Cash	\$ 3,877,000.00	\$ 6,485,000.00	\$ 550,000.00	\$ 7,164,721.56	\$ -	\$ 18,076,721.56
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 3,877,000.00</u>	<u>\$ 6,485,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 7,164,721.56</u>	<u>\$ -</u>	<u>\$ 18,076,721.56</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities:</b>						
Outstanding warrants	\$ -	\$ -	\$ -	\$ 6,412.10	\$ -	\$ 6,412.10
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,412.10</u>	<u>\$ -</u>	<u>\$ 6,412.10</u>
<b>Fund balances:</b>						
Designated for capital projects	\$ 3,877,000.00	\$ 6,485,000.00	\$ 550,000.00	\$ 7,158,309.46	\$ -	\$ 18,070,309.46
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>\$ 3,877,000.00</u>	<u>\$ 6,485,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 7,158,309.46</u>	<u>\$ -</u>	<u>\$ 18,070,309.46</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,877,000.00</u>	<u>\$ 6,485,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 7,164,721.56</u>	<u>\$ -</u>	<u>\$ 18,076,721.56</u>

WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

	Bond Fund 31	Bond Fund 32	Bond Fund 33	Bond Fund 34	Bond Fund 36	Total
<b>Revenues collected:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
<b>Total revenues collected</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures paid:</b>						
Instruction	\$ 23,000.00	\$ -	\$ -	\$ 35,000.00	\$ -	\$ 58,000.00
Support services	-	-	-	262,793.83	-	262,793.83
Non-instructional services	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Repayments	-	-	-	-	-	-
Debt Service						
Principal Retirement	-	-	-	-	7,709,550.00	7,709,550.00
Interest	-	-	-	-	-	-
<b>Total expenditures paid</b>	<u>\$ 23,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,793.83</u>	<u>\$ 7,709,550.00</u>	<u>\$ 8,030,343.83</u>
Excess of revenues collected over (under)						
expenditures	<u>\$ (23,000.00)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (297,793.83)</u>	<u>\$ (7,709,550.00)</u>	<u>\$ (8,030,343.83)</u>
<b>Adjustments to prior year encumbrances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,469.09</u>	<u>\$ -</u>	<u>\$ 17,469.09</u>
<b>Other financing sources (uses):</b>						
Bond sale proceeds	\$ 3,900,000.00	\$ 6,485,000.00	\$ 550,000.00	\$ -	\$ -	\$ 10,935,000.00
Operating transfers in/(out)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>\$ 3,900,000.00</u>	<u>\$ 6,485,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,935,000.00</u>
Excess revenues and other sources over (under)						
expenditures and other uses	<u>\$ 3,877,000.00</u>	<u>\$ 6,485,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ (280,324.74)</u>	<u>\$ (7,709,550.00)</u>	<u>\$ 2,922,125.26</u>
<b>Fund balances, beginning of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,438,634.20</u>	<u>\$ 7,709,550.00</u>	<u>\$ 15,148,184.20</u>
<b>Fund balances, end of year</b>	<u><u>\$ 3,877,000.00</u></u>	<u><u>\$ 6,485,000.00</u></u>	<u><u>\$ 550,000.00</u></u>	<u><u>\$ 7,158,309.46</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,070,309.46</u></u>

WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 FIDUCIARY FUND - REGULATORY BASIS  
 JUNE 30, 2020

	<u>Agency Fund</u>
	<u>Activity Fund</u>
<b><u>ASSETS:</u></b>	
Cash	\$ 432,726.00
Investments	<u>-</u>
<b>Total assets</b>	<b>\$ 432,726.00</b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>	
<b>Liabilities:</b>	
Outstanding warrants	\$ 24,993.25
Due to other funds	<u>-</u>
<b>Total liabilities</b>	<b>\$ 24,993.25</b>
<b>Fund balances:</b>	
Cash fund balances	\$ 407,732.75
<b>Total fund balances</b>	<b>\$ 407,732.75</b>
 <b>Total liabilities and fund balances</b>	 <b>\$ 432,726.00</b>

## **SUPPLEMENTAL INFORMATION**

WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS  
BUILDING FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues collected:</b>				
Local sources	\$ 1,915,355.42	\$ 1,915,355.42	\$ 2,222,915.25	\$ 307,559.83
Intermediate sources	-	-	-	-
State sources	-	-	623.64	623.64
Federal sources	-	-	-	-
<b>Total revenues collected</b>	<b>\$ 1,915,355.42</b>	<b>\$ 1,915,355.42</b>	<b>\$ 2,223,538.89</b>	<b>\$ 308,183.47</b>
<b>Expenditures paid:</b>				
Instruction	\$ 2,200.01	\$ 2,200.01	\$ 2,200.01	\$ -
Support services	2,284,406.02	2,284,406.02	1,958,030.19	326,375.83
Non-instructional services	10,000.00	10,000.00	8,815.76	1,184.24
Capital outlay	108,934.17	108,934.17	500.00	108,434.17
Other Outlays	-	-	-	-
Other Uses	-	-	-	-
Debt service:				
Principal retirement	-	-	100,655.14	(100,655.14)
Interest	-	-	7,779.03	(7,779.03)
<b>Total expenditures</b>	<b>\$ 2,405,540.20</b>	<b>\$ 2,405,540.20</b>	<b>\$ 2,077,980.13</b>	<b>\$ 327,560.07</b>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	<b>\$ (490,184.78)</b>	<b>\$ (490,184.78)</b>	<b>\$ 145,558.76</b>	<b>\$ 635,743.54</b>
<b>Adjustments to prior year encumbrances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,289.73</b>	<b>\$ 34,289.73</b>
<b>Other financing sources (uses):</b>				
Operating transfers in/out	\$ -	\$ -	\$ -	\$ -
Bank charges	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)	<b>\$ (490,184.78)</b>	<b>\$ (490,184.78)</b>	<b>\$ 179,848.49</b>	<b>\$ 670,033.27</b>
<b>Fund balances, beginning of year</b>	<b>\$ 490,184.78</b>	<b>\$ 490,184.78</b>	<b>\$ 490,184.78</b>	<b>\$ -</b>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 670,033.27</b>	<b>\$ 670,033.27</b>



WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS  
CHILD NUTRITION FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues collected:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Non-revenue sources	-	-	10.54	10.54
<b>Total revenues collected</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10.54</b>	<b>\$ 10.54</b>
<b>Expenditures paid:</b>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services	-	-	-	-
Non-instructional services	-	-	10.54	(10.54)
Capital outlay	-	-	-	-
Other Outlays	-	-	-	-
Other Uses	-	-	-	-
Repayment	-	-	-	-
<b>Total expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10.54</b>	<b>\$ (10.54)</b>
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	\$ -	\$ -	\$ -	\$ -
<b>Adjustments to prior year encumbrances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other financing sources (uses):</b>				
Operating transfers in/out	\$ -	\$ -	\$ -	\$ -
Bank charges	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
<b>Fund balances, beginning of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41**  
**SCHEDULE OF FEDERAL AWARDS EXPENDED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>	<u>Balance at July 1, 2019</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance at June 30, 2020</u>
<b><u>U.S. Department of Education</u></b>						
<b><u>2019-2020 Programs</u></b>						
Title VI, Indian Education	84.060A	S060A190294	\$ -	\$ -	\$ 39,650.00	\$ (39,650.00)
<b>Sub-Total U.S. Department of Education</b>			\$ -	\$ -	\$ 39,650.00	\$ (39,650.00)
<b>Passed-Through State Department of Education:</b>						
<b><u>2018-2019 Programs</u></b>						
Title I, Basic	84.010	N/A	\$ (1,016.88)	\$ 1,016.88	\$ -	\$ -
Title I, School Improvement	84.010	N/A	(5,410.05)	5,410.05	-	-
Title I, Supplement School Improvement Grant	84.377A	N/A	(76,828.88)	76,828.88	-	-
IDEA-B Flow Through	84.027	N/A	(2,137.50)	2,137.50	-	-
IDEA-B Monitoring Assistance	84.027	N/A	(6,768.05)	6,768.05	-	-
<b>Sub-Total</b>			\$ (92,161.36)	\$ 92,161.36	\$ -	\$ -
<b><u>2019-2020 Programs</u></b>						
* Title I, Basic - Note 6	84.010	S010A190036	\$ -	\$ 1,498,652.04	\$ 1,501,060.29	\$ (2,408.25)
* Title I, School Improvement	84.010	S010A190051	-	40,443.37	80,590.94	(40,147.57)
<b>Sub-Total Title I</b>			\$ -	\$ 1,539,095.41	\$ 1,581,651.23	\$ (42,555.82)
* Title I, Supplement School Improvement Grant	84.377A	N/A	\$ -	\$ 593,957.94	\$ 852,872.31	\$ (258,914.37)
<b>Sub-Total Title I Supplement School Improvement</b>			\$ -	\$ 593,957.94	\$ 852,872.31	\$ (258,914.37)
IDEA-B Flow Through	84.027	N/A	\$ -	\$ 475,006.71	\$ 597,494.37	\$ (122,487.66)
Special Education, Professional Development	84.343A	N/A	-	1,420.00	1,420.00	-
IDEA-B Monitoring Assistance	84.027	N/A	-	-	6,334.79	(6,334.79)
IDEA-B, Preschool	84.173	N/A	-	13,440.96	13,440.96	-
<b>Sub-Total Special Education Cluster</b>			\$ -	\$ 489,867.67	\$ 618,690.12	\$ (128,822.45)
Title II, Part A Training & Recruiting Fund - Note 6	84.367	N/A	\$ -	\$ 28,469.85	\$ -	\$ 28,469.85
Emergency Relief Fund ESSER/CARES	84.425D	N/A	-	-	2,770.65	(2,770.65)
Title II, Part B Math & Science	84.366	N/A	-	-	-	-
Title IV, 21st Century Community Note 6	84.287	N/A	-	-	-	-
Title III, English Language - Note 6	84.365	N/A	-	-	-	-
Title III, Immigrant Education - Note 6	84.365	N/A	-	-	-	-
<b>Sub-Total Passed-Through State Department of Education</b>			\$ (92,161.36)	\$ 2,743,552.23	\$ 3,055,984.31	\$ (404,593.44)

(continued)

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>	<u>Balance at July 1, 2019</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance at June 30, 2020</u>
<b>Passed-Through State Department of Career and Technology Education:</b>						
<u>2018-2019 Programs</u>						
Carl Perkins	84.048	N/A	\$ (25,814.42)	\$ 25,814.42	\$ -	\$ -
<b>Sub-Total</b>			\$ (25,814.42)	\$ 25,814.42	\$ -	\$ -
<u>2019-2020 Programs</u>						
Carl Perkins	84.048	N/A	\$ -	\$ -	\$ 15,869.00	\$ (15,869.00)
<b>Sub-Total</b>			\$ -	\$ -	\$ 15,869.00	\$ (15,869.00)
<b>Sub-Total Passed-Through State Department of Career and Technology Education:</b>			\$ (25,814.42)	\$ 25,814.42	\$ 15,869.00	\$ (15,869.00)
<b><u>U. S. Department of Agriculture</u></b>						
<b>Passed-Through State Department of Education:</b>						
Child Nutrition Cluster:						
Non-Cash Assistance (Commodities):						
National School Lunch Program- Note 4	10.555	N/A	\$ -	\$ 127,213.52	\$ 127,213.52	\$ -
Non-Cash Assistance Sub-Total			\$ -	\$ 127,213.52	\$ 127,213.52	\$ -
Cash Assistance:						
National School Lunch Program	10.555	N/A	\$ -	\$ 1,278,674.22	\$ 1,437,073.89	\$ (158,399.67)
School Breakfast Program	10.553	N/A	-	456,112.80	413,260.18	42,852.62
Summer Food Service Program for Children	10.559	N/A	16,326.31	15,408.38	-	31,734.69
Cash Assistance Sub- Total			\$ 16,326.31	\$ 1,750,195.40	\$ 1,850,334.07	\$ (83,812.36)
<b>Sub-Total Child Nutrition Cluster</b>			\$ 16,326.31	\$ 1,877,408.92	\$ 1,977,547.59	\$ (83,812.36)
Child & Adult Care	10.558	N/A	\$ -	\$ 25,529.38	\$ 12,432.96	\$ 13,096.42
<b>Sub-Total for U.S. Department of Agriculture</b>			\$ 16,326.31	\$ 1,902,938.30	\$ 1,989,980.55	\$ (70,715.94)
<b><u>Other Federal Assistance</u></b>						
<b>Passed-Through Bureau of Indian Education</b>						
<u>2018-2019 Programs</u>						
Johnson O'Malley	15.130	N/A	\$ (3,651.54)	\$ -	\$ -	\$ (3,651.54)
<u>2019-2020 Programs</u>						
Johnson O'Malley	15.130	N/A	\$ -	\$ 22,455.00	\$ 10,026.59	\$ 12,428.41
<b>Sub-Total Passed-Through Bureau of Indian Education</b>			\$ -	\$ 22,455.00	\$ 10,026.59	\$ 12,428.41
<b>TOTAL FEDERAL ASSISTANCE</b>			\$ (105,301.01)	\$ 4,694,759.95	\$ 5,111,510.45	\$ (522,051.51)

\* Major program

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

1. For all federal programs, the District uses the fund types prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. General and Child Nutrition Funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General and Child Nutrition Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its' measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the General and Child Nutrition Funds. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The Regulatory Basis of Accounting is used for the Governmental Fund types and Agency funds. This basis of accounting recognizes revenue from all sources when they are received. Federal grant funds are considered to be recognized when encumbered or reserved to the extent of expenditures made under the provisions of the grant.

3. Positive amounts listed in the either "Balance at July 1, 2019" or "Balance at June 30, 2020" column represent funds received by the school and not yet expended or coded to the program. Negative amounts represent expenditures which have been claimed, but the revenue not yet collected.
4. The District received donated foods through the Federal Food Distribution Program (10.555). At June 30, 2020, the school maintained an immaterial amount of food commodities inventory. Per the Regulatory Basis of Accounting, the commodities received and used of \$127,213.52 are not recognized as revenue or expenditures in the school's Financial Statements.
5. The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
6. The District transferred funds from Title I, Title IIA, Title III Immigrant Language, Title III English Language, and Title IV 21<sup>st</sup> Century, into 785 School Wide Consolidation of Federal Funds. Expenditures and revenue received was coded in the original program it was transferred from.
7. Reconciliation of the Revenue shown on the *Schedule of Expenditures of Federal Awards* to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

	Revenue
Schedule of Expenditures of Federal Awards	\$ 4,694,759.95
Less: Commodities (non-cash assistance)	<u>(127,213.52)</u>
Total per Schedule of Expenditures of Federal Awards	
Reconciled Balance	\$ <u><u>4,567,546.43</u></u>
 Federal Program Revenues:	
General Fund	\$ 4,567,546.43
Child Nutrition Fund	<u>-</u>
Total per Federal Statement of Revenue, Expenditures, And Changes in Fund Balance	\$ <u><u>4,567,546.43</u></u>

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41**  
**SCHOOL ACTIVITY FUND**  
**RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Activities	Balance 7-1-19	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-20
Multi-Cultural	\$ 562.62	\$ -	\$ -	\$ -	\$ 562.62
High School Yearbook	2,067.25	4,889.48	-	5,549.00	1,407.73
Middle School Girls Golf	100.34	-	-	-	100.34
Middle School Yearbook	1,700.90	974.02	-	1,401.15	1,273.77
Athletics	51,541.63	86,225.35	16,884.15	122,717.74	31,933.39
Bidder Plan Dep. Account	10.00	-	-	-	10.00
High School Wrestling	-	539.11	-	78.89	460.22
High School Football	1,748.27	2,150.72	-	1,599.64	2,299.35
High School Boys Basketball	90.35	-	-	-	90.35
H.S. Girls Basketball	3,154.16	-	-	3,009.37	144.79
H.S. Baseball	1,663.77	-	-	1,600.00	63.77
Cross Country Track	24.60	2,456.00	(331.00)	1,862.00	287.60
HS Tech Now Club	217.89	-	-	-	217.89
H.S. Key Club	1,684.08	337.50	71.88	323.76	1,769.70
High School Book Club	140.85	53.75	-	11.18	183.42
Sr. High Band	103.00	-	-	-	103.00
Band	14,742.50	55,782.30	(1,681.92)	42,456.72	26,386.16
Academy	1,779.27	-	-	26.46	1,752.81
MS Student Store	508.22	-	-	-	508.22
High School Library	2,974.10	307.89	(139.43)	13.00	3,129.56
Middle School Library	1,236.77	1,950.80	(225.67)	2,867.63	94.27
H.S. Chorus Choir	5,336.70	778.00	-	2,522.61	3,592.09
Middle School Choir	1,565.82	1,862.10	-	35.00	3,392.92
Junior Class	7,049.56	1,745.50	-	4,572.97	4,222.09
Senior Class	2,215.95	3,974.00	39.98	5,311.88	918.05
BS Gifted and Talented	1,936.34	249.00	-	382.45	1,802.89
M.S. Choir Booster Club	91.89	-	-	-	91.89
WHHS Flower Fund	168.55	-	-	-	168.55
Lost Textbooks	1,820.39	646.70	(323.35)	2,143.74	-
High School Musical	8,429.63	-	-	-	8,429.63

(continued)

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41**  
**SCHOOL ACTIVITY FUND**  
**RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Activities	Balance 7-1-19	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-20
Middle School PE	172.69	-	-	-	172.69
Middle School General Account	1,392.74	1,198.10	-	-	2,590.84
HS Student Council	7,520.75	2,524.65	769.76	6,912.95	3,902.21
Middle School Student Council	2,781.12	619.50	-	958.63	2,441.99
Middle School Social Studies	177.27	-	-	-	177.27
Coca Cola Scholarship	1,184.94	-	-	-	1,184.94
M.S. Drama	2,020.58	-	-	-	2,020.58
Council Grove Elementary	11,451.62	8,451.25	5,246.54	13,946.00	11,203.41
Jet Stream	445.04	-	-	-	445.04
MS Boys Baseball	291.75	183.55	-	-	475.30
Middle School FHA	60.49	183.00	-	140.00	103.49
R.O.T.C.	18,596.89	28,008.77	1,035.00	16,139.70	31,500.96
Bridgestone Yearbook	2,433.88	961.45	-	3,395.33	-
Vending Activity	3,856.50	6,387.00	(4,279.76)	2,232.73	3,731.01
H.S. JETS	187.70	-	-	-	187.70
High School FCA Club	39.64	-	-	-	39.64
High School Art Club	677.47	33.60	-	-	711.07
Middle School Art Club	87.63	-	-	-	87.63
H.S. FCCLA	1,338.85	252.86	194.98	600.25	1,186.44
Coca Cola Security Fund	2,867.45	-	-	-	2,867.45
H.S. BPA	56.08	186.50	-	76.00	166.58
High School Testing Account	445.00	-	-	-	445.00
Winds West Elementary	10,817.52	5,425.46	(228.96)	2,716.74	13,297.28
Greenvale Coke Commissions	104.15	-	-	-	104.15
YMCA Youth Sports	45.00	-	-	-	45.00
HS Cheerleaders	103.29	5,078.24	-	2,249.41	2,932.12
M.S. Football	55.53	-	-	-	55.53
H.S. National Honor Society	54.81	50.75	-	-	105.56
MS National Honor Society	1,031.80	-	-	385.00	646.80

(continued)

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41**  
**SCHOOL ACTIVITY FUND**  
**RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Activities	Balance 7-1-19	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-20
High School Science	528.70	-	-	-	528.70
H.S. Foreign Language	244.75	-	-	-	244.75
H.S. Math Club	106.62	-	-	-	106.62
Greenvale Elementary	11,018.32	1,637.35	(50.00)	1,075.15	11,530.52
Cheerleader Boosters	30.26	-	-	-	30.26
John Glenn Elementary	27,952.11	29,714.87	-	26,548.68	31,118.30
John Glenn Special Olympics	548.45	-	-	-	548.45
WHIRE	3,358.76	-	-	-	3,358.76
M.S. Cheerleaders	785.96	345.44	-	299.00	832.40
H.S. Golf	483.06	-	-	-	483.06
Summer Health Insurance	6.14	-	-	-	6.14
Bridgestone Teacher Fund	160.48	-	-	-	160.48
Bus Barn	196.86	-	-	-	196.86
H.S. Comp Tech	372.80	-	-	-	372.80
H.S. Peer Tutoring Club	2,333.01	2,629.92	-	1,993.92	2,969.01
Miscellaneous-Admin	394.07	-	-	-	394.07
Bridgestone Library	1,736.74	2,989.57	-	4,171.72	554.59
Bridgestone School	6,218.52	3,131.36	227.64	3,558.05	6,019.47
Bridgestone Choir	5,439.52	4,162.00	-	4,250.18	5,351.34
Athletic Concessions	20,130.21	32,445.12	1,394.37	28,220.06	25,749.64
Bridgestone PE	971.54	5,800.00	(505.00)	3,751.08	2,515.46
H.S. Renaissance Account	87.07	-	-	-	87.07
HS Chess Club	21.81	-	-	-	21.81
Council Grove Teacher Fund	628.32	-	-	251.90	376.42
M.S. TSA	434.72	83.30	-	-	518.02
Sophomore Class	881.64	500.00	-	-	1,381.64
H.S. Academic Bowl	334.96	-	-	-	334.96
Title I	146.80	-	-	-	146.80

(continued)

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41**  
**SCHOOL ACTIVITY FUND**  
**RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Activities	Balance 7-1-19	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-20
Western Heights Chorus Assoc.	10,058.36	235.00	-	-	10,293.36
Western Heights Homerun Club	1,283.35	-	-	-	1,283.35
Western Heights Lady Jets Softball	1,299.97	32.75	-	-	1,332.72
Grid Iron Club	201.58	-	-	-	201.58
H.S. Soccer Club	1,660.99	-	1,425.00	1,901.35	1,184.64
Indian Club	1,990.26	356.00	-	-	2,346.26
John Glenn Teachers Fund	1,395.08	-	-	391.85	1,003.23
Winds West Teachers Fund	1,154.38	-	-	-	1,154.38
Greenvale Teachers Fund	408.88	370.00	-	-	778.88
Council Grove Vending Account	179.62	-	-	-	179.62
M.S. Teachers Fund	14.87	-	-	-	14.87
Adm. Building Coffee Fund	1,117.89	37.45	-	-	1,155.34
Sr. High Office Coffee Fund	283.35	2,168.00	-	-	2,451.35
H.S. Spanish Club	33.00	-	-	-	33.00
John Glenn Vending	195.67	-	-	-	195.67
Freshman Class	512.04	64.50	-	-	576.54
Louise Jay Memorial	84.24	-	-	-	84.24
Habitat Trail	1,366.24	-	-	-	1,366.24
M.S. Academic Bowl	149.25	-	-	-	149.25
MS Kaleidoscope	145.58	-	-	-	145.58
9th Grade Center Fund	1,433.50	1,000.00	-	-	2,433.50
MS Girls Basketball	558.75	143.25	400.00	395.75	706.25
M.S. Boys Basketball	580.83	-	-	-	580.83
MS Wrestling	69.55	670.34	-	384.10	355.79
MS Archery	94.55	-	-	-	94.55
HS/MS Softball	40.00	721.97	(400.00)	-	361.97
MS Boys Golf	74.88	-	-	-	74.88
Youth & Government	59.00	-	-	-	59.00
MS Special Olympics	420.23	-	-	-	420.23
Deaf Education	20.00	-	-	-	20.00

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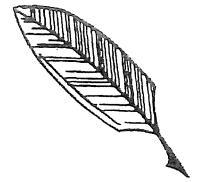
**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41**  
**SCHOOL ACTIVITY FUND**  
**RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Activities	Balance 7-1-19	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-20
HS Drama	3,546.39	878.00	-	-	4,424.39
Exchange Club	1,690.31	620.50	-	55.50	2,255.31
Western Heights Alumni	2,032.26	-	-	-	2,032.26
HS Tennis	283.97	9,032.00	-	4,446.47	4,869.50
Summer Softball	39.02	-	-	-	39.02
Council Grove Library	3,717.34	10,615.71	-	11,361.33	2,971.72
CG Gifted and Talented	625.52	-	-	94.19	531.33
WW Gifted and Talented	1,167.07	-	-	119.40	1,047.67
WW Library	4,500.77	3,139.98	-	3,404.53	4,236.22
GV Gifted and Talented	562.75	-	-	27.56	535.19
GV Library	10,465.15	1,670.01	(2.00)	1,367.32	10,765.84
JG Library	20,837.64	5,248.97	-	-	26,086.61
JG Gifted and Talented	1,434.13	-	-	94.04	1,340.09
BSI Special ED	1,821.42	2,189.48	28.40	2,021.69	2,017.61
BSI National Honor Society	193.63	-	-	132.00	61.63
Elementary Sports	721.45	4,501.72	-	2,231.61	2,991.56
Greenvale PE	161.50	-	-	-	161.50
MS/HS Dance Program	91.00	111.75	-	-	202.75
HS Piano	70.94	64.00	-	55.00	79.94
Pennock-James Nursery	-	50,563.94	(20,050.00)	33.00	30,480.94
Attendance Rewards	-	542.27	20,809.17	18,996.52	2,354.92
HS Girls Soccer	-	5,258.68	(1,425.00)	1,249.75	2,583.93
MS Girls Soccer	-	299.00	-	-	299.00
MS Boys Soccer	-	190.00	-	101.50	88.50
District Wide Coffee Fund	-	75.07	-	-	75.07
Total Activities	\$ 351,363.93	\$ 408,706.17	\$ 18,884.78	\$ 371,222.13	\$ 407,732.75

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# KERRY JOHN PATTEN, C.P.A.

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

The Honorable Board of Education  
Western Heights School District No. I-41  
Oklahoma County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis, within the combined financial statements of Western Heights School District No. I-41, Oklahoma County, Oklahoma (District), as listed in the Table of Contents, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated March 4, 2021, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, my report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

### **Internal Control over Financial Reporting**

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

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

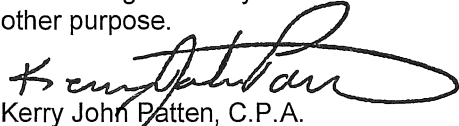
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost under 'Financial Statement Audit' as item 2020-1 that I consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. I noted certain immaterial instances of non-compliance or other matters that I have reported to management in the "Schedule of Comments" included on pages 40-41 of this audit report.

### **Purpose of this Report**

This report is solely to describe the scope of my 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.



Kerry John Patten, C.P.A.  
Broken Arrow, Oklahoma  
March 4, 2021

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Board of Education  
Western Heights School District No. I-41  
Oklahoma County, Oklahoma

### Report on Compliance for Each Major Federal Program

I have audited the compliance of Western Heights School District No. I-41, Oklahoma County, Oklahoma (District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

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

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

### Opinion on Each Major Federal Program

In my opinion, Western Heights School District No. I-41, Oklahoma County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

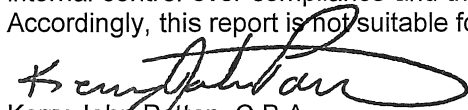
## Report on Internal Control Over Compliance

Management of Western Heights School District No.1-41, Oklahoma County, Oklahoma (District), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Kerry John Patten, C.P.A.  
Broken Arrow, Oklahoma  
March 4, 2021

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Western Heights School District were disclosed in the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Western Heights School District expresses an unmodified opinion.
6. There were no audit findings relative to major federal award programs for Western Heights School District that were required to be reported by Uniform Guidance.
7. The programs tested as major programs included: Title I (84.010), Title I Supplemental School Improvement Grant (84.377A).
8. A threshold for distinguishing Types A and B programs was \$750,000.00.
9. Western Heights School District did not qualify as a low risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

2020-1

Condition: At June 30, 2020 the District's accounting records were not properly reconciled with subsidiary records or school district bank accounts. The District treasurer had made numerous adjusting entries to the District's books in order to attempt to balance with bank records. These entries were made in lieu of clearing individual warrants/checks the way the software system is designed to work. Many checks cleared by adjusting entry were done in batches and in several instances checks were cleared twice. The following were proposed journal entries necessary to balance bank with bank records:

1. There was \$169,006.80 in investment interest which was not recorded as revenue.
2. At June 30, 2020 the school district had \$514,760.19 in outstanding warrants/checks which had previously been cleared through adjusting entry wire transfers. These checks had to be manually removed from the outstanding warrant list.
3. There was a District wire transfer to the school 'IRS Account' on 6/29/20 in the amount of \$614,408.95 that was made in error and had to be reversed.
4. There was a District wire transfer of \$240,000.00 to the schools Teacher Retirement Clearing Account on 1/8/20 which was never coded to general fund expenditures.
5. There was a direct wire transfer of \$46,000 that went to the schools Teacher Retirement Clearing Account in June 2020 which was never coded to general fund expenditures.
6. There was \$18,276.78 in bank analysis charges which were not appropriately coded to general fund expenditures.

(continued)

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

7. There was \$32,087.44 in Teacher Retirement System late penalties that were not coded to general fund expenditures.
8. Bank statements reflected \$822,450.00 of double posted transactions relative to direct deposit payroll transactions. This problem was largely due to bank error.
9. Bank statements reflected \$144,837.97 of returned items which had to be reconciled.

Criteria: Internal controls should be in place that provide reasonable assurance that bank reconciliations are being completed accurately, timely and they reflect the true financial position of the school district.

Cause: Procedures in place to provide proper oversight over the employee preparing the bank statements are lacking. The District also contracted with an outside payroll processing company during fiscal year 2018-19 that began processing the Districts payroll in fiscal year 2019-20. Payroll Technology problems and incompatibility of the outside payroll processing company software to School District software contributed to several of the items enumerated in the above condition.

Effect: Due to the failure to require proper oversight and approval of bank statement reconciliations, recording errors and other problems may occur and not be detected.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

1. No matters were reported.



**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
OKLAHOMA COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
JULY 1, 2019 TO JUNE 30, 2020**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The school district had no prior year audit findings relative to federal award programs.

**WESTERN HEIGHTS SCHOOL DISTRICT NO. I-41  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF COMMENTS  
JULY 1, 2019 TO JUNE 30, 2020**

The following conditions, while not representing material weaknesses in the system of internal accounting control, represent areas noted during my review of the school's accounting system in which I feel improvements in the internal control and/or operational efficiency may be attained. I have also noted, as required, any noncompliance with State Department of Education Regulations.

- \*I. Condition:** The school's Activity Fund was not balanced timely with bank transactions resulting in late reconciliations, adjustments, and sometimes, multiple voided receipts. In June 2020, voided receipts totaled \$6,785.01 of which \$4,496.17 were in the form of cash. The June 30, 2020, reconciliation includes \$1,204.00 of deposits in transit that are identical to previous amounts. An explanation was not available for these outstanding items. There were also \$2,843.12 of deposits in transit for the current year that remained unreconciled at June 30, 2020.

A District bonded employee collects money and associated deposit tickets from school sites. The monies are then placed in a safe at the main office until being deposited at the bank. 42% of deposits tested were not made timely. It was also noted that there is often a time delay between the deposit date and the date of receipting within the accounting system. Delayed deposits, receipting, accounting entries and bank reconciliations leave the District open to lost monies and/or inaccurate records.

**Recommendation:** All activity monies collected should be deposited into the activity fund bank account intact and should be recorded into the proper activity fund subaccount timely. The activity fund records should be posted for every receipt written and every check issued. Rarely does any other instance or transaction warrant posting to the records. Exceptions would be bank charges and transfers between two sub-accounts. Voided receipts should list a reason (i.e. duplicate, incorrect amount, incorrect account, etc.) and reference associated duplicate or new receipt numbers to provide assurance that the voided receipts do not indicate missing funds. The voided receipts should go through an approval process. The activity fund monthly report balances should be reconcilable to the bank balance at all times.

- \*II. Condition:** In reviewing the District's purchase order documentation for activity fund disbursements we noted 15% of the activity fund purchase orders tested did not have adequate documentation for the purchase. Additionally, documentation for purchase orders relating to meals and trips did not include lists of attendees or recipients.

**Recommendation:** Oklahoma State Statutes require that each Board of Education prescribe and administer adequate business procedures and controls governing the ordering and delivery of merchandise. Such procedures should include a method of approving purchases, confirming receipt of each purchase and authorizing payment. The person receiving delivery of goods or services should acknowledge satisfactory receipt by signing the delivery ticket, invoice, or school receiving report. A copy of the signed document should subsequently become an attachment to the related purchase order.

- III. Condition:** Although the Board is approving subaccount names and fundraisers, the purposes of the subaccounts and their associated revenues are not always included in these approvals. All Activity Fund receipts, including interest, vending and donations should be receipted as prescribed by purposes approved by the Board and expended as designated by the Board.

**Recommendation:** The School Board should, at the beginning of each fiscal year and throughout the year, approve all sub-accounts, fund raising activities, and activity fund sub-account expenditure purposes in accordance with Oklahoma Statutes 1991, Section 5-129(A).

**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF COMMENTS  
JULY 1, 2019 TO JUNE 30, 2020**

**Previous Year's Audit Comments**

The conditions in the 2018-19 audit report which have been repeated in this report are indicated with an asterisk.

I would like to express my appreciation for the courtesies and cooperation extended to us by school district administrators and employees during the course of this audit.


**WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-41  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2019 TO JUNE 30, 2020**

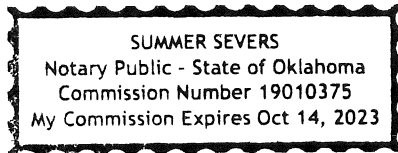
State of Oklahoma    }  
County of Tulsa        }

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 for the audit year 2019-20.

\_\_\_\_\_  
Kerry John Patten, C.P.A.  
AUDITING FIRM

BY

  
\_\_\_\_\_  
AUTHORIZED AGENT



Subscribed and sworn to before me on this

24<sup>th</sup> day of MARCH, 2021

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires on:

14<sup>th</sup> day of October, 2023

## **RESPONSES FROM SUPERINTENDENT**

# WESTERN HEIGHTS SCHOOL DISTRICT NO. I-041

8401 S.W. 44<sup>th</sup>  
Phone (405) 350-3410

Oklahoma City, OK 73179  
Fax (405) 745-6322

Office of the Superintendent

## Management Response FY20 Western Heights Audit

### AUDIT FINDING CORRECTIVE ACTION PLAN

#### Findings – Financial Statements Audit

##### Reference Number: #1

Condition/Finding: There was \$169,006.80 in investment which was not recorded as revenue.

##### Corrective Steps Implemented and plan of monitoring adherence to plan:

In FY20, Treasurer was given a directive three (3) times to deposit above investment monies into the Building Fund as directed by the Board. Continued failures to follow directives will result in further disciplinary action and/or termination. Weekly internal audits of files, records and bank statements will be conducted by Vicki Parker (Supervisor) and Jack Herron (Chief of Staff) and findings will be submitted to the Superintendent for review for recommendations or actions.

Completion dates: Continuous

##### Reference Number: #2

Condition/Finding: At June 30, 2020 the school district had \$514,760.19 in outstanding warrants/checks which had previously been cleared through adjusting entry wire transfers. These checks had to be manually removed from the outstanding warrant list.

##### Corrective Steps Implemented and plan of monitoring adherence to plan:

In FY20 and prior to my (Superintendent Mannix Barnes) tenure (August 1, 2019 – Present) at Western Heights Public School, the District approved a contract with a payroll vendor for one (1) year to provide payroll services to the district through their software program. During this time, the payroll vendor missed nearly every deadline and was never able to develop a payroll system that produced files that correlated with the State of Oklahoma's OCAS system. The payroll vendor was unable to produce sequential check numbers, purchase orders and OCAS coding in order for Western Heights Treasurer to utilize the seven (7) lines of coding required for each employee's payroll. The absence of the seven (7) lines of coding by the payroll vendor (teacher retirement, social security, Medicare, state and federal taxes, etc.) resulted in our Treasurer having to make numerous double entries because OCAS required sequential numbers and the wired payroll vendor file did not.

In April of 2020, I made the decision to go back to our previous payroll system (ADPC) in order for Western Heights to complete their federal reimbursements with the State prior to June 30, 2020. The Treasurer and staff had to go back recreate entire payrolls and other entries through ADPC from September 2019 – March 2020.

No corrective action needed at this time since we switched back to previous payroll vendor and everything is back to normal for FY21.

**Completion dates:** None

**Reference Number:** #3

**Condition/Finding:** There was a District wire transfer to the school 'IRS Account' on 6/29/20 in the amount of \$614,408.95 that was made in error and had to be reversed.

**Corrective Steps Implemented and plan of monitoring adherence to plan:**

Please see above issues and problems in Finding #2. Treasurer was simply trying to keep her head above water trying to cover expenses and possible late fees due to the lack of OCAS coding by payroll vendor. I spoke with the Treasurer about the finding and reiterated that funds shall not be transferred into any account to cover overages anticipated due to double entries of expenses or fees caused by payroll vendor. Weekly internal audits of files, records and bank statements will be conducted by Vicki Parker (Supervisor) and Jack Herron (Chief of Staff) and findings will be submitted to the Superintendent for review for recommendations or actions.

**Completion dates:** Continuous

**Reference Number:** #4

**Condition/Finding:** There was a District wire transfer of \$240,000.00 to the schools Teacher Retirement Clearing Account on 1/8/20 which was never coded to general fund expenditures.

**Corrective Steps Implemented and plan of monitoring adherence to plan:**

Please see above issues and problems in Finding #2. Treasurer was simply trying to keep her head above water trying to cover expenses and possible late fees due to the lack of OCAS coding by payroll vendor. I spoke with the Treasurer about the finding and reiterated that funds shall not be transferred into any account to cover overages anticipated due to double entries of expenses or fees caused by payroll vendor. Weekly internal audits of files, records and bank statements will be conducted by Vicki Parker (Supervisor) and Jack Herron (Chief of Staff) and findings will be submitted to the Superintendent for review for recommendations or actions.

**Completion dates:** Continuous

**Reference Number:** #5

**Condition/Finding:** There was a direct wire transfer of \$46,000 that went to the schools Teacher Retirement Clearing Account in June 2020 which was never coded to general fund expenditures.

**Corrective Steps Implemented and plan of monitoring adherence to plan:**

Please see above issues and problems in Finding #2. Treasurer was simply trying to keep her head above water trying to cover expenses and possible late fees due to the lack of OCAS coding by payroll vendor. I spoke with the Treasurer about the finding and reiterated that funds shall not be transferred into any account to cover overages anticipated due to double entries of expenses or fees caused by payroll vendor. Weekly internal audits of files, records and bank statements will be conducted by Vicki Parker (Supervisor) and Jack Herron (Chief of Staff) and findings will be submitted to the Superintendent for review for recommendations or actions.

**Completion dates:** Continuous

**Reference Number: #6**

**Condition/Finding:** There was \$18,276.78 in bank analysis charges which were not appropriately coded to general fund expenditures.

**Corrective Steps Implemented and plan of monitoring adherence to plan:**

We are currently checking into this matter with Bank of Oklahoma to determine and outline the cause of the bank charges listed. We will make a full report to the WH Board of Education and Auditor Kerry Patten once that has been determined. Again, coding issues were the result of Treasurer's confusion due to payroll vendor (See finding #2). Jack Herron will review all bank charges and make a report to the Superintendent for recommendations or actions.

**Completion dates:** Continuous

**Reference Number: #7**

**Condition/Finding:** There was \$32,087.44 in Teacher Retirement System late penalties that were not coded to general fund expenditures.

**Corrective Steps Implemented and plan of monitoring adherence to plan:**

Please see above issues and problems in Finding #2. Treasurer was unable to deposit Teacher Retirement monies into payroll vendor files from September 2019 – November 2019 because they were absent and unavailable by payroll vendor. TRS and OSDE was advised of the payroll issues Western Heights were having with payroll vendor. We also asked TRS for a waiver of the late fees. Currently, we have our General Counsel working on recovering those fees either through TRS or the payroll vendor. No action needed at this time due to the circumstances and the absence of OCAS files by payroll vendor.

**Completion dates:** None

**Reference Number: #8**

**Condition/Finding:** Bank statements reflected \$822,450.00 of double posted transactions relative to direct deposit payroll transactions. This problem was largely due to bank error.

**Corrective Steps Implemented and plan of monitoring adherence to plan:**

Please see above issues and problems in Finding #2 that resulted in double entries and the lack of OCAS files by payroll vendor. No corrected action at this time since we switched payroll vendors and everything is back to normal in FY21.

**Completion dates:** None

**Reference Number: #9**

**Condition/Finding:** Bank statements reflected \$144,837.97 of returned items which had to be reconciled.

**Corrective Steps Implemented and plan of monitoring adherence to plan:**

This was due to the Treasurer not taking the time to review and post in positive pay correctly resulting in checks being returned and having to issue new checks. Totally unacceptable and will not be tolerated going forward. Treasurer understands the necessity to complete these tasks prior to the 3:00 p.m. deadline each day. Daily



internal audits of bank transactions through positive pay will be conducted by Vicki Parker (Supervisor) and Jack Herron (Chief of Staff) and findings will be submitted to the Superintendent for review for recommendations or actions.

**Completion dates:** Continuous



Mannix Barnes  
Superintendent



Date

# **WESTERN HEIGHTS SCHOOL DISTRICT NO. 1-041**

8401 S.W. 44<sup>th</sup>  
Phone (405) 350-3410

Oklahoma City, OK 73179  
Fax (405) 745-6322

Office of the Superintendent

## **Management Response FY20 Western Heights Audit**

### **CORRECTIVE ACTION RESPONSE**

#### **Condition Findings**

##### **Reference Number: #1**

**Condition/Finding:** The school's Activity Fund was not balanced timely with bank transactions resulting in late reconciliations, adjustments, and sometimes, multiple voided receipts. In June 2020, voided receipts totaled \$6,785.01 of which \$4,496.17 were in the form of cash. The June 30, 2020, reconciliation includes \$1,204.00 of deposits in transit that are identical to previous amounts. An explanation was not available for these outstanding items. There were also \$2,843.12 of deposits in transit for the current year that remained unreconciled at June 30, 2020.

A District bonded employee collects money and associated deposit tickets from school sites. The monies are then placed in a safe at the main office until being deposited at the bank. 42% of deposits tested were not made timely. It was also noted that there is often a time delay between the deposit date and the date of receipting within the accounting system. Delayed deposits, receipting, accounting entries and bank reconciliations leave the District open to lost monies and/or inaccurate records.

##### **Corrective Steps Implemented and/or the steps that will be implemented:**

In FY20, we had a new activity fund clerk take over effective September of 2019. As I reviewed the findings with her, I found that she lacked proper training in certain areas, however, many areas were simply neglected and not properly filed with necessary paperwork. I also found where she was not assertive on requiring site secretaries and others such as the Athletic Director to turn in proper paperwork and deposits on time, resulting in late entries and untimely reconciliations. Voided transactions were also being done without proper approvals and signatures from the treasurer and superintendent.

Corrective action steps have been taken and I created an activity fund checklist that requires the Activity Fund Clerk to follow and sign prior to filing the paperwork. I have also instructed her on how to handle start up monies (gate money) and the chain of custody required with each transaction. We also went over the authorization process and who is not authorized to cash checks or sign checks. I have also assumed the role of either initialing or signing all checks and requests to purchase (Requisition) in writing, not computer generated. I feel this will make it full proof on catching orders prior to being placed compared to what has been ordered. I am in the process of putting together up to date Activity Internal Controls Standards that will be beneficial to the department to avoid

future findings. Weekly internal audits of files, records and bank statements will be conducted by Vicki Parker (Supervisor) and Jack Herron (Chief of Staff) and findings will be submitted to the Superintendent for review for recommendations or actions.

**Completion dates:** Continuous

**Reference Number:** #2

**Condition/Finding:** In reviewing the District's purchase order documentation for activity fund disbursements we noted 15% of the activity fund purchase orders tested did not have adequate documentation for the purchase. Additionally, documentation for purchase orders relating to meals and trips did not include lists of attendees or recipients.

**Corrective Steps Implemented and plan of monitoring adherence to plan:**

(Same as #1) In FY20, we had a new activity fund clerk take over effective September of 2019. As I reviewed the findings with her, I found that she lacked proper training in certain areas, however, many areas were simply neglected and not properly filed with necessary paperwork. I also found where she was not assertive on requiring site secretaries and others such as the Athletic Director to turn in proper paperwork and deposits on time, resulting in late entries and untimely reconciliations. Voided transactions were also being done without proper approvals and signatures from the treasurer and superintendent.

Corrective action steps have been taken and I created an activity fund checklist that requires the Activity Fund Clerk to follow and sign prior to filing the paperwork. I have also instructed her on how to handle start up monies (gate money) and the chain of custody required with each transaction. We also went over the authorization process and who is not authorized to cash checks or sign checks. I have also assumed the role of either initialing or signing all checks and request to purchase orders (Requisition) in writing, not computer generated. I feel this will make it full proof on catching orders prior to being placed compared to what has been ordered. I am in the process of putting together up to date Activity Internal Controls Standards that will be beneficial to the department to avoid future findings. Weekly internal audits of files, records and bank statements will be conducted by Vicki Parker (Supervisor) and Jack Herron (Chief of Staff) and findings will be submitted to the Superintendent for review for recommendations or actions.

**Completion dates:** Continuous

**Reference Number:** #3

**Condition/Finding:** Although the Board is approving subaccount names and fundraisers, the purposes of the subaccounts and their associated revenues are not always included in these approvals. All Activity Fund receipts, including interest, vending and donations should be receipted as prescribed by purposes approved by the Board and expended as designated by the Board.

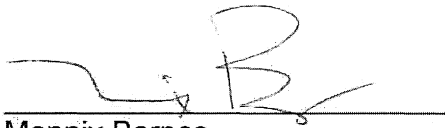
**Corrective Steps Implemented and plan of monitoring adherence to plan:**

Even though our monthly activity fund requests are submitted before each Board meeting for approval and consists of the purpose, items being sold, date and time, etc. It's my understanding through this condition finding that participation of working a concession stand or such monies received from the Navy for an ROTC activity account, requires board approval prior to depositing or expending monies into any activity account.

I spoke with our Activity Fund Clerk and made her aware of those items and how to process such requests. I also advised her to have a complete list of activity accounts and any sub accounts with stated purposes prior to the July 2021 Board meeting and each July meeting thereafter. The Board is required to approve all accounts for the new year and amend any items during the year.

Weekly internal audits of files, records and bank statements will be conducted by Vicki Parker (Supervisor) and Jack Herron (Chief of Staff) and findings will be submitted to the Superintendent for review for recommendations or actions.

**Completion dates:** Continuous



Mannix Barnes  
Superintendent

3/24/2021  
Date