

NEW ISSUE – BOOK-ENTRY ONLY

Independent School District No. 8
of Rogers County, Oklahoma

(Verdigris Board of Education)

PRELIMINARY OFFICIAL STATEMENT

DATED: April 23, 2024

\$10,500,000 Combined Purpose Bonds of 2024

SEALED BIDS WILL BE RECEIVED UNTIL:
12:30 o'clock p.m., on the 7th day of May, 2024

The bids will be opened and read and shall be awarded at the first Board of Education meeting held after the bids are due. This is expected to occur at 1:00 o'clock p.m. on the 7th day of May, 2024

FINANCIAL ADVISOR
STEPHEN H. MCDONALD & ASSOCIATES, INC.

OFFICIAL BID FORM – Exhibit B

7th day of May, 2024

Board of Education
Independent School District No. 8
Rogers County, Oklahoma

For your issue of General Obligation Combined Purpose Bonds of 2024, dated June 1, 2024 (the “Bonds”), of the par value of \$10,500,000 with principal and semi-annual interest payable through The Depository Trust Company (“DTC”) by UMB Bank, n.a., Oklahoma City, Oklahoma, as Paying Agent and Registrar, we hereby agree to pay you therefor a price of par and accrued interest plus a total premium of \$ _____ for bonds maturing and bearing interest as follows:

\$2,600,000 due 6-1-2026 @ _____ %	\$2,600,000 due 6-1-2028 @ _____ %
\$2,600,000 due 6-1-2027 @ _____ %	\$2,700,000 due 6-1-2029 @ _____ %
Net Interest Cost: \$ _____	Average Interest Rate: _____ %

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

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

We attach hereto certified or cashier's check in the sum of \$210,000.00 to be held by you uncashed and to be forfeited to you as full liquidated damages in the event we fail or refuse to comply with the terms of this agreement; said check to be returned to us (1) immediately if this proposal is rejected or (2) 70 days from this date if demanded by us, in the event you are unable to comply with the provisions hereof.

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

This proposal is made for immediate acceptance or rejection.

Respectfully submitted,

By: _____

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

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

President, Board of Education

ATTEST:

Clerk, Board of Education

(SEAL)

NOTICE OF SALE OF BONDS

Conditions of Sale

Independent School District No. 8 Rogers County, Oklahoma

\$10,500,000 Combined Purpose Bonds of 2024

Place and Time of Sale

The Board of Education of Independent School District No. 8 of Rogers County, Oklahoma (the "School District"), will receive sealed bids at the Board Room, Administration Building, Verdigris Public Schools, 26501 S. 4110 Road, Claremore, Oklahoma, **until 12:30 o'clock p.m., Tuesday, the 7th day of May, 2024**, for the sale of its \$10,500,000 Combined Purpose Bonds of 2024 (the "Bonds"), more completely described in the "Preliminary Official Statement". The bids will be opened and read and shall be awarded at the first Board of Education meeting held after the bids are due. This is expected to occur at 1:00 o'clock p.m. on the 7th day of May, 2024.

Address of Bids

Sealed bids, plainly marked "Bid for Bonds", may be mailed either to "Mr. Mike Payne, Superintendent of Schools, Verdigris Public Schools, 26501 S. 4110 Road, Claremore, Oklahoma 74019" or to the School District's Financial Advisor, Stephen H. McDonald & Associates, Inc., ATTN: Ron Fisher, 2200 McKown Drive, Norman, Oklahoma 73072. Sealed bids must be submitted in duplicate on the Official Bid Form furnished herein.

Types of Bids and Interest Rates

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

Basis for Award

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

Good Faith Deposit

Each bid must be accompanied by a Good Faith Deposit ("Deposit") in the form of a Wire Transfer or Certified or Cashier's Check made payable to "**Treasurer, Independent School District No. 8 of Rogers County, Oklahoma**" in the amount of two percent (2%) of the par value of the Bonds, or **\$210,000.00**. The Deposit of the successful bidder will be retained by the School District to assure performance of the contract on the part of said bidder.

The School District will waive the Good Faith requirement prior to the bids being due. The successful bidder will be required to wire the Good Faith deposit the afternoon of May 7, 2024, after the bids are due at 12:30 o'clock p.m. (Central Time).

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

Electronic Bids

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

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

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

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

Book-Entry Only Bonds

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

Legal Opinion

Bids may be submitted subject to the opinion of the Attorney General of the State of Oklahoma, and the approving opinion of Hilborne & Weidman, Bond Counsel, Tulsa, Oklahoma, each of which will be provided by the School District without cost to the purchaser.

Ratings

Application has been made to Standard & Poor's Ratings Group ("S&P") for a rating of the Bonds. Such rating will reflect only the view of S&P and an explanation of the significance of such rating may be obtained only from S&P. There is no assurance that such rating will remain in effect for any given period of time or that it may not be lowered or withdrawn entirely by S&P if in its judgment circumstances so warrant. The Financial Advisor has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such revision or withdrawal. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Bonds.

The Internal Revenue Code of 1986

The School District anticipates that the aggregate amount of "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986 (the "Code"), which will be issued by the School District and all subordinate entities during calendar year 2024 will exceed \$10,000,000. Therefore, the \$10,500,000 Combined Purpose Bonds of 2024 will not be designated as "qualified tax-exempt obligations" (as defined in Section 265(b)(3)(B) of the Code).

Non-Litigation Certificate

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

Compliance with SEC Rule 15c2-12

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

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

CUSIP Numbers

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

Delivery

Delivery of the Bonds shall be made at the expense of the Purchaser through The Depository Trust Company (“DTC”) against payment of the agreed upon purchase price. Delivery of the Bonds to the purchaser is anticipated on or about the 20th day of June, 2024.

Additional Information

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

Establishment of Issue Price

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

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

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

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

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

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

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

any maturities of the Bonds subject to the 10% test have been sold to the public, if and for so long as directed in the applicable pricing wires.

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

For purposes of this Notice of Sale:

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

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

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the \$10,500,000 Combined Purpose Bonds of 2024 (the "Bonds") of Independent School District No. 8 of Rogers County, Oklahoma (the "School District"):

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

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

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

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

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

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

Defined Terms.

- (a) *Issuer* means Independent School District No. 8 of Rogers County, Oklahoma.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Regulatory Underwriter or a related party to a Regulatory Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) *Regulatory Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).
- (e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is the 7th day of May, 2024.

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

EXECUTED and DELIVERED as of the ____ day of _____, 20__.

_____, as Underwriter

By: _____
Name: _____

NEW ISSUE – BOOK-ENTRY ONLY

**S&P Rating: Applied For
Rating: Oklahoma #1**

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

**\$10,500,000
Independent School District No. 8
Rogers County, Oklahoma
(Verdigris Public Schools)
Combined Purpose Bonds of 2024**

Dated: June 1, 2024

Due: June 1, as shown below

The Bonds are being issued by Independent School District No. 8 of Rogers County, Oklahoma (the “School District”). The Bonds are dated as of June 1, 2024. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year (each an “Interest Payment Date”), commencing June 1, 2025. The Bonds will be initially issued, in fully registered form, in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. Purchases of the Bonds will be made in book-entry form only, through brokers and dealers who are, or who act through DTC participants. Purchases of the Bonds may be made in the denomination of \$5,000 or any integral multiple thereof. **Beneficial owners of the Bonds will not receive physical delivery of Bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds.** So long as DTC or its nominee is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be payable by UMB Bank, n.a., Oklahoma City, Oklahoma, as initial Paying Agent and Registrar (the “Paying Agent and Registrar”), to DTC or its nominee and disbursement of such payments to DTC Participants will be the responsibility of DTC and disbursement of such payments to beneficial owners of the Bonds will be the responsibility of DTC Participants and Indirect Participants. No physical delivery of the Bonds will be made to the owners thereof. (see “The Bonds – Book-Entry System” herein).

The Bonds are not callable prior to their stated maturities.

The School District anticipates that the aggregate amount of “qualified tax-exempt obligations” as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986 (the “Code”), which will be issued by the School District and all subordinate entities during calendar year 2024 will exceed \$10,000,000. Therefore, **the \$10,500,000 Combined Purpose Bonds of 2024 will not be designated as “qualified tax-exempt obligations” (as defined in Section 265(b)(3)(B) of the Code).**

The proceeds from the Bonds will be used to construct, furnish, equip, and/or acquire a new activity center; construct, furnish, equip, and/or acquire turf at the football and baseball fields; acquire and/or install improvements and upgrades throughout the district; and acquire land, as well as to pay all legal, financial and other costs relating to the issuance of the Bonds, as described herein.

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

Maturity Schedule

Due June 1	Principal Amount	Interest Rate	Yield	Due June 1	Principal Amount	Interest Rate	Yield
2026	\$2,600,000			2028	\$2,600,000		
2027	\$2,600,000			2029	\$2,700,000		

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

The Bonds are offered when, as and if issued by the School District, and subject to the approving opinion of Hilborne & Weidman, Bond Counsel, Tulsa, Oklahoma. It is expected that the Bonds will be available for delivery on or about the 20th day of June, 2024.

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

**Board of Education
Independent School District No. 8
Rogers County, Oklahoma**

Kandy Collins, *President*
Todd York, *Vice President*
Kelly King, *Clerk and Member*
Rex Gibson, *Member*
Wayne H. Stinnett, *Member*

SCHOOL ADMINISTRATION

Mike Payne, *Superintendent of Schools*
Kevin Dudley, *School District Treasurer*

FINANCIAL ADVISOR

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

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

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

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

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

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Appendix A - Continuing Disclosure Certificate

Appendix B - Financial Information and Operating Data

Exhibit A - Audited Financial Statements for the Fiscal Year Ended June 30, 2023

INTRODUCTORY STATEMENT

This Official Statement, including the Exhibits attached hereto (if any), has been prepared on behalf of Independent School District No. 8 of Rogers County, Oklahoma (the “School District”), in connection with the original issuance and sale by the School District of its Combined Purpose Bonds of 2024 (the “Bonds”).

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

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

THE BONDS

Authorization and Purpose

The Bonds are being issued and offered pursuant to the authority set forth in Article 10, Section 26 of the Oklahoma Constitution, as amended, Oklahoma Statutes 2011, Title 62§353 and 354, Title 70§15-101ff and/or 106, and a Bond Resolution of the Board of Education of the School District to be adopted on the 7th day of May, 2024. The Bonds were authorized to be issued at special elections held in the School District on the 9th day of January, 2018, and the 2nd day of April, 2024.

Proceeds from the Bonds will be used to construct, furnish, equip, and/or acquire a new activity center; construct, furnish, equip, and/or acquire turf at the football and baseball fields; acquire and/or install improvements and upgrades throughout the district; and acquire land, as well as to pay all legal, financial and other costs relating to the issuance of the Bonds.

General Description

The Bonds are dated June 1, 2024, are fully registered bonds, and are in denominations of \$5,000 or any integral multiple thereof. The Bonds bear interest from June 1, 2024, and interest will be paid semiannually on June 1 and December 1 of each year (each an “Interest Payment Date”), commencing June 1, 2025. It is anticipated that the Bonds will be available for delivery on or about the 20th day of June, 2024.

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

Redemption Prior to Maturity

The Bonds are not callable prior to their stated maturity.

The Internal Revenue Code of 1986

The School District anticipates that the aggregate amount of “qualified tax-exempt obligations” as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986 (the “Code”), which will be issued by the School District and all subordinate entities during calendar year 2024 will exceed \$10,000,000. Therefore, **the \$10,500,000 Combined Purpose Bonds of 2024 will not be designated as “qualified tax-exempt obligations” (as defined in Section 265(b)(3)(B) of the Code).**

Registration and Transfer

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

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

Book-Entry System

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

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among

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

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

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

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

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

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

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

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

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

Security and Source of Payment

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

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

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

Ad valorem tax rates for Sinking Fund purposes are determined by ascertaining the actual dollars of revenues required for payment of principal and interest on indebtedness, fees to fiscal and paying agents and judicial judgments. Such total amount may be reduced by any surplus from

the prior fiscal year and any contributions made into the Sinking Fund. To the resulting net requirements a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20% of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all real, personal and public service property in order to determine the appropriate tax rate for each property owner.

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

FINANCIAL MATTERS

Ad Valorem Taxes

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

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

After review and approval by the Board of Education, copies of the Sinking Fund Estimate are submitted to the County Excise Board to determine the ad valorem tax levy and appropriations. This submission is required to be made by August 27th of each year. The estimates are for the purposes of determining ad valorem taxes required to fund the General, Building, and Sinking Funds. The amounts contained in the Estimate of Needs are verified by the County Excise Board and, upon verification, the levy contained therein is ordered to be certified to the County Assessor in order that the County Assessor may extend said levy upon the tax rolls for the year for which

the Estimate of Needs is submitted. While the County Excise Board may make recommendations with respect to the levy request, it only has the authority to change the reserve for delinquent taxes.

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

Compliance with Constitutional Debt Limitation

The current, summary debt statement of the School District revised from that filed with the State of Oklahoma as of June 30, 2023, is shown below:

2023-24 Estimated Full Market Value	\$1,261,767,409
2023-24 Assessed Valuation, including Homestead Exemptions	\$140,342,080
2023-24 Assessed Valuation, excluding Homestead Exemption	\$137,570,737

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

County	Net Assessed Valuation	District Unadjusted Legal Debt Limit (1)	Millage Adjustment Factor (If App.)	District Adjusted Legal Debt Limit (2)
Rogers County	\$137,570,737	\$13,757,073.70	1.01871200000	<u>\$14,014,496.06</u>
TOTAL ADJUSTED LEGAL DEBT LIMIT (BONDING CAPACITY)				<u>\$14,014,496.06</u>

(1) Net Assessed Valuation times 10%.

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

Total Bonded Indebtedness (including the Bonds)	\$14,720,000
<u>Less: Current Sinking Fund Balance</u>	<u>1,653,605</u>
Net General Obligation Bonded Indebtedness	\$13,066,395
Remaining Bonding Capacity	\$948,101
Ratio of Net General Obligation Bonded Indebtedness to Net Assessed Valuation	9.50%
Ratio of Net General Obligation Bonded Indebtedness to Estimated Full Market Value	1.04%

Composition and Growth of the Net Assessed Valuation

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

Property	Rogers County	Percentage
Real	\$59,809,291	43.47%
Personal	\$74,777,130	54.36%
Public Service	\$2,984,316	2.17%
TOTAL	\$137,570,737	100.00%

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

Fiscal Year	Amount	Fiscal Year	Amount
2023-2024	\$137,570,737	2018-2019	\$121,521,891
2022-2023	\$131,144,167	2017-2018	\$121,220,396
2021-2022	\$124,030,537	2016-2017	\$120,254,531
2020-2021	\$128,945,833	2015-2016	\$110,710,585
2019-2020	\$123,163,376	2014-2015	\$114,106,719

During this period, the Net Assessed Valuation of the School District increased \$23,464,018 or 20.56%.

General Obligation Bonded Debt Outstanding

Date of Issuance	Original Principal Amount	Remaining Maturities	Maturity Dates	Total Outstanding
6-1-22	\$4,220,000	\$2,080,000 \$2,140,000	6-1-24 6-1-25	\$4,220,000
6-1-24	\$10,500,000	\$2,600,000 \$2,700,000	6-1-26/28 6-1-29	\$10,500,000
TOTAL				\$14,720,000

Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding

Fiscal Year	Existing Bonds		Combined Purpose Bonds*		Total New Debt Service Requirement
	Principal	Interest	Principal	Interest	
2023-2024	\$2,080,000.00	\$65,365.00			\$2,145,365.00
2024-2025	\$2,140,000.00	\$63,130.00		\$420,000.00	\$2,623,130.00
2025-2026			\$2,600,000.00	\$420,000.00	\$3,020,000.00
2026-2027			\$2,600,000.00	\$316,000.00	\$2,916,000.00
2027-2028			\$2,600,000.00	\$212,000.00	\$2,812,000.00
2028-2029			\$2,700,000.00	\$108,000.00	\$2,808,000.00
TOTAL	\$4,220,000.00	\$128,495.00	\$10,500,000.00	\$1,476,000.00	\$16,324,495.00

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

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

Municipality	Net Indebtedness	Amount Applying to the School Dist.	Ratio to Assessed Value of the School Dist.	Per Capita Debt
Verdigris School District	\$13,066,395	\$13,066,395	9.50%	\$1,866.63
Town of Verdigris	\$0	\$0	0.00%	\$0.00
Rogers County	\$0	\$0	0.00%	\$0.00
TOTAL	\$13,066,395	\$13,066,395	9.50%	\$1,866.63

Sinking Fund Tax Collections

Fiscal Year	Net Levy	Gross Levy	Current Collections	Total Collections
2023-2024	\$2,124,057	\$2,230,260	In process of collection	
2022-2023	\$2,238,349	\$2,350,267	\$2,271,430	\$2,319,386
2021-2022	\$1,818,912	\$1,909,857	\$1,859,508	\$1,866,725
2020-2021	\$1,914,422	\$2,010,143	\$1,999,726	\$2,171,579
2019-2020	\$2,000,767	\$2,100,805	\$1,913,025	\$2,195,491
2018-2019	\$1,980,473	\$2,079,497	\$1,794,262	\$2,103,700

Percentage of Taxes Collected

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

Fiscal Year	Ratio of Current Tax Collections to Net Levy	Ratio of Total Tax Receipts to Net Levy
2022-2023	101.48%	103.62%
2021-2022	102.23%	102.63%
2020-2021	104.46%	113.43%
2019-2020	95.61%	109.73%
2018-2019	90.60%	106.22%

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

Fiscal Year	Ratio of Current Tax Collections to Gross Levy	Ratio of Total Tax Receipts to Gross Levy
2022-2023	96.65%	98.69%
2021-2022	97.36%	97.74%
2020-2021	99.48%	108.03%
2019-2020	91.06%	104.51%
2018-2019	86.28%	101.16%

Trend of Tax Rates of Major Taxing Units*

Fiscal Year	Verdigris School District	Town of Verdigris	Rogers County	Verdigris Fire District	Technology Center	Total Levy
2014-2015	53.93	0.00	15.88	10.30	11.27	91.38
2015-2016	59.12	0.00	15.88	10.30	11.27	96.57
2016-2017	58.38	0.00	15.88	10.30	11.27	95.83
2017-2018	58.09	0.00	15.88	10.30	11.27	95.54
2018-2019	57.85	0.00	15.88	10.30	11.27	95.30
2019-2020	57.80	0.00	15.88	10.30	11.27	95.25
2020-2021	56.33	0.00	15.88	10.30	11.27	93.78
2021-2022	56.14	0.00	15.88	10.30	11.27	93.59
2022-2023	58.66	0.00	15.88	10.30	11.27	96.11
2023-2024	56.95	0.00	15.88	10.30	11.27	94.40

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

INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY, OKLAHOMA

General Information

The School District is located in northeastern Oklahoma, in Rogers County, approximately 25 miles northeast of the City of Tulsa, Oklahoma. The School District, encompassing approximately 25 square miles, serves the Town of Verdigris (population: 5,256), and the surrounding rural area in Rogers County. School District administrators estimate the population of the School District to be approximately 7,000 people. The School District employs 113 certified teachers, has an enrollment of 1,401, and operates 9 regular bus routes transporting approximately 70% of the student body to and from school daily. The School District is fully accredited by the Oklahoma State Department of Education.

Residents of the School District are employed at businesses in the Town of Verdigris and surrounding communities, with those not so employed primarily engaged in farming and ranching. No separate employment figures are available for the School District; however, preliminary figures provided by the United States Department of Labor’s Bureau of Labor Statistics indicate the current (January 2024) unemployment rate for Rogers County is 3.5% compared to 3.7% in the State of Oklahoma as a whole, and 4.1% for the United States.

School District General Fund Revenues and Expenditures

Fiscal Year Ending 6-30	Beginning General Fund Balance	Total Revenue	Total Expenditures	Total Other Financing Sources (Uses)	Ending General Fund Balance
2019	\$2,033,143	\$9,206,098	\$9,359,214	\$295,789	\$2,175,816
2020	\$2,175,816	\$9,564,251	\$9,268,745	\$156,537	\$2,627,859
2021	\$2,627,859	\$9,992,472	\$9,939,129	\$1,806	\$2,683,008
2022	\$2,683,008	\$11,105,726	\$10,151,944	\$146,897	\$3,783,687
2023	\$3,783,687	\$11,113,656	\$10,816,717	\$2,517	\$4,083,143

Detail of School District General Fund Revenues

Fiscal Year Ending 6-30	Local Sources	County Sources	State Sources	Federal Sources	Total Revenues
2019	\$4,652,436	\$365,651	\$3,553,089	\$634,922	\$9,206,098
2020	\$4,784,573	\$417,769	\$3,658,520	\$703,389	\$9,564,251
2021	\$5,139,865	\$479,985	\$3,472,532	\$900,090	\$9,992,472
2022	\$4,466,438	\$480,145	\$4,208,946	\$1,950,197	\$11,105,726
2023	\$4,949,378	\$470,709	\$4,268,942	\$1,424,627	\$11,113,656

Student Enrollment Trend

School Year	Total Enrollment	Percentage Change
2014-2015	1,266	
2015-2016	1,282	1.26%
2016-2017	1,302	1.56%
2017-2018	1,335	2.53%
2018-2019	1,417	6.14%
2019-2020	1,366	-3.60%
2020-2021	1,356	-0.73%
2021-2022	1,414	4.28%
2022-2023	1,395	-1.34%
2023-2024	1,401	0.43%

Student Enrollment Projection

School Year	Total Enrollment	Percentage Change
2024-2025	1,415	1.00%
2025-2026	1,430	1.06%
2026-2027	1,500	4.90%
2027-2028	1,600	6.67%
2028-2029	1,600	0.00%

ECONOMIC INDICES

Unemployment Rate (Twelve Month Moving Average)

	January 2024	December 2023	January 2023
United States	4.1%	3.5%	3.9%
State of Oklahoma	3.7%	3.2%	3.3%
Rogers County	3.5%	3.0%	3.0%

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

Largest Taxpayers

Name of Taxpayer	Type of Business	Net Assessed Valuation
Terra Nitrogen, L.P.	Nitrogen Manufacturing	\$53,607,655
Terra Nitrogen Limited Partnership	Nitrogen Manufacturing	\$4,259,730
Terra Nitrogen Limited Partnership	Nitrogen Manufacturing	\$3,256,375
Oklahoma Tax Commission	State Tax Commission	\$1,809,202
Zebco	Fishing Tackle	\$1,740,322
Oklahoma Tax Commission	State Tax Commission	\$1,509,191
Public Service Co. of Oklahoma	Electric Utility	\$1,382,468
Valmont Industries Inc.	Hot Dip Galvanizing	\$1,195,394
Linde, Inc.	Industrial Gases and Engineering	\$1,025,484
BNSF Railway Company	Railroad	\$1,001,902
Total Net Assessed Valuation of Top Ten Taxpayers:		\$70,787,723
Percentage of School District's Net Assessed Valuation:		51.46%

Source: Rogers County Assessor's Office.

LITIGATION

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

LEGAL MATTERS

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

CONTINUING DISCLOSURE

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

The financial information and event notices will be filed by the School District or its dissemination agent with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the School District or the Bonds is incorporated by reference in this Official Statement.

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

Rule 15c2-12 requires that an issuer or other obligated party disclose in its official statement any instances in the previous five years in which such issuer or obligated party failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5) or (d)(2) of the Rule. In connection with one or more of the School District's previous bond issues or bond issues of an authority issued on behalf of the School District, the School District entered into individual continuing disclosure undertakings ("Undertakings") in written agreements specified in paragraph (b)(5)(i) or (d)(2) of the Rule. The

School District does not believe it has failed to comply, in all material respects, with any of the Undertakings within the previous five years.

POTENTIAL IMPACT OF COVID-19

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the operations and effectiveness of municipal governments, such as the School District. One such external event is the global outbreak of COVID-19 (“COVID-19”), a respiratory disease declared in 2020 to be a pandemic (the “Pandemic”) by the World Health Organization and an emergency by federal and state governments. Since the start of the Pandemic, Presidential administrations, Congress, the State, and various federal and State agencies and regulatory bodies have enacted legislation and/or issued orders or directives (collectively, “Governmental Actions”) to alleviate the effects of the Pandemic. Such legislation and/or orders have been extended and/or modified, and others have expired or been rescinded and/or enjoined. While new legislation may be enacted, new orders may be issued, and existing and new orders may be extended, modified, litigated, or allowed to expire, no guarantee can be made with regards to the duration and/or effectiveness of any such legislation or orders.

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

TAX MATTERS

Federal Tax Matters

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

In order to maintain the exclusion from federal gross income of interest on the Bonds and for no other purpose, the School District covenants in the No-Arbitrage Certificate or Arbitrage and Use of Proceeds Certificate, and the Resolution Designating Bonds as Qualified Tax-Exempt Obligations, if applicable, to comply with the provisions of the Code. Until and unless, and except to the extent in the opinion of Bond Counsel, the following are not necessary to maintain the

exclusion from federal gross income of interest on the Bonds, the School District makes certain covenants, representations and warranties with respect to the Bonds. The School District covenants to submit in a timely manner all reports, accountings and information to the Internal Revenue Service, take whatever action is necessary within its power to assure the continued tax exemption on the Bonds, and take whatever action is necessary within its power to comply with the applicable laws and regulations in order to maintain the exclusion from federal gross income of interest on the Bonds. The School District covenants to not use Bond proceeds in any manner that would result in the loss of the tax-exempt status of the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States and certain corporations subject to the federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

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

The Internal Revenue Code of 1986. The School District anticipates that the aggregate amount of "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986 (the "Code"), which will be issued by the School District and all subordinate entities during calendar year 2024 will exceed \$10,000,000. Therefore, **the \$11,755,000 Building Bonds of 2024 will not be designated as "qualified tax-exempt obligations" (as defined in Section 265(b)(3)(B) of the Code).**

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

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

State Tax Matters

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

Changes in Federal and State Tax Law

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

RATINGS

Application has been made to Standard & Poor's Ratings Group ("Standard & Poor's") for a rating of the Bonds. Such rating will reflect only the view of Standard & Poor's, and an explanation of the significance of such rating may be obtained only from Standard & Poor's. There is no assurance that such rating will remain in effect for any given period of time or that it may not be lowered or withdrawn entirely by Standard & Poor's if in its judgment circumstances so warrant. The Financial Advisor has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such revision or withdrawal. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Bonds.

FINANCIAL STATEMENTS

The financial statements of the School District for the fiscal year ended June 30, 2023, which were examined by Bledsoe, Hewett & Gullekson, Certified Public Accountants, PLLLP, Broken Arrow, Oklahoma, appear in this Official Statement as Exhibit A.

UNDERWRITING

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

While the Underwriters expect, insofar as possible, to maintain a secondary market for the Bonds, no assurance can be given concerning the future maintenance of such a market by the

Underwriters or others, and prospective purchasers of the Bonds should therefore be prepared to hold their Bonds to their maturity.

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

CONCLUDING STATEMENT

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

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

Independent School District No. 8,
Rogers County, Oklahoma

/s/ Kandy Collins
President, Board of Education

ATTEST:

/s/ Kelly King
Clerk, Board of Education

Appendix A – Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Independent School District No. 8 of Rogers County, Oklahoma (the “Issuer”) in connection with the issuance of \$10,500,000 General Obligation Combined Purpose Bonds of 2024 (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated the 7th day of May, 2024. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 3. Provision of Annual Reports.

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

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

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

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

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

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

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

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

SECTION 5. Reporting of Listed Events.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 16. Issuer Contact. The Issuer designates as the person from whom its Annual Report and Listed Events disclosure can be obtained: Superintendent of Schools, Verdigris Public Schools, 26501 S. 4110 Road, Claremore, Oklahoma 74019 (918) 266-7227.

Dated this 20th day of June, 2024.

**Independent School District No. 8 of Rogers
County, Oklahoma**

By: _____
President, Board of Education

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Independent School District No. 8 of Rogers County, Oklahoma

Name of Bond Issue: \$10,500,000 General Obligation Combined Purpose Bonds of 2024

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated the 7th day of May, 2024. The Issuer anticipates that the Annual Report will be filed by .

Dated: _____

**Independent School District No. 8 of Rogers
County, Oklahoma**

By: _____
President, Board of Education

APPENDIX B

FINANCIAL INFORMATION AND OPERATING DATA

Composition and Growth of the Net Assessed Valuation

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

<u>Property</u>	<u>Rogers County</u>	<u>Percentage</u>
Real	\$59,809,291	43.47%
Personal	\$74,777,130	54.36%
Public Service	\$2,984,316	2.17%
TOTAL	\$137,570,737	100.00%

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

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2023-2024	\$137,570,737	2018-2019	\$121,521,891
2022-2023	\$131,144,167	2017-2018	\$121,220,396
2021-2022	\$124,030,537	2016-2017	\$120,254,531
2020-2021	\$128,945,833	2015-2016	\$110,710,585
2019-2020	\$123,163,376	2014-2015	\$114,106,719

During this period, the Net Assessed Valuation of the School District increased \$23,464,018 or 20.56%.

General Obligation Bonded Debt Outstanding

<u>Date of Issuance</u>	<u>Original Principal Amount</u>	<u>Remaining Maturities</u>	<u>Maturity Dates</u>	<u>Total Outstanding</u>
6-1-22	\$4,220,000	\$2,080,000 \$2,140,000	6-1-24 6-1-25	\$4,220,000
6-1-24	\$10,500,000	\$2,600,000 \$2,700,000	6-1-26/28 6-1-29	\$10,500,000
TOTAL				<u>\$14,720,000</u>

Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding

Fiscal Year	Existing Bonds		Combined Purpose Bonds*		Total New Debt Service Requirement
	Principal	Interest	Principal	Interest	
2023-2024	\$2,080,000.00	\$65,365.00			\$2,145,365.00
2024-2025	\$2,140,000.00	\$63,130.00		\$420,000.00	\$2,623,130.00
2025-2026			\$2,600,000.00	\$420,000.00	\$3,020,000.00
2026-2027			\$2,600,000.00	\$316,000.00	\$2,916,000.00
2027-2028			\$2,600,000.00	\$212,000.00	\$2,812,000.00
2028-2029			\$2,700,000.00	\$108,000.00	\$2,808,000.00
TOTAL	\$4,220,000.00	\$128,495.00	\$10,500,000.00	\$1,476,000.00	\$16,324,495.00

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

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

Municipality	Net Indebtedness	Amount Applying to the School Dist.	Ratio to Assessed Value of the School Dist.	Per Capita Debt
Verdigris School District	\$13,066,395	\$13,066,395	9.50%	\$1,866.63
Town of Verdigris	\$0	\$0	0.00%	\$0.00
Rogers County	\$0	\$0	0.00%	\$0.00
TOTAL	\$13,066,395	\$13,066,395	9.50%	\$1,866.63

Sinking Fund Tax Collections

Fiscal Year	Net Levy	Gross Levy	Current Collections	Total Collections
2023-2024	\$2,124,057	\$2,230,260	In process of collection	
2022-2023	\$2,238,349	\$2,350,267	\$2,271,430	\$2,319,386
2021-2022	\$1,818,912	\$1,909,857	\$1,859,508	\$1,866,725
2020-2021	\$1,914,422	\$2,010,143	\$1,999,726	\$2,171,579
2019-2020	\$2,000,767	\$2,100,805	\$1,913,025	\$2,195,491
2018-2019	\$1,980,473	\$2,079,497	\$1,794,262	\$2,103,700

Percentage of Taxes Collected

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

Fiscal Year	Ratio of Current Tax Collections to Net Levy	Ratio of Total Tax Receipts to Net Levy
2022-2023	101.48%	103.62%
2021-2022	102.23%	102.63%
2020-2021	104.46%	113.43%
2019-2020	95.61%	109.73%
2018-2019	90.60%	106.22%

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

Fiscal Year	Ratio of Current Tax Collections to Gross Levy	Ratio of Total Tax Receipts to Gross Levy
2022-2023	96.65%	98.69%
2021-2022	97.36%	97.74%
2020-2021	99.48%	108.03%
2019-2020	91.06%	104.51%
2018-2019	86.28%	101.16%

Trend of Tax Rates of Major Taxing Units*

Fiscal Year	Verdigris School District	Town of Verdigris	Rogers County	Verdigris Fire District	Technology Center	Total Levy
2014-2015	53.93	0.00	15.88	10.30	11.27	91.38
2015-2016	59.12	0.00	15.88	10.30	11.27	96.57
2016-2017	58.38	0.00	15.88	10.30	11.27	95.83
2017-2018	58.09	0.00	15.88	10.30	11.27	95.54
2018-2019	57.85	0.00	15.88	10.30	11.27	95.30
2019-2020	57.80	0.00	15.88	10.30	11.27	95.25
2020-2021	56.33	0.00	15.88	10.30	11.27	93.78
2021-2022	56.14	0.00	15.88	10.30	11.27	93.59
2022-2023	58.66	0.00	15.88	10.30	11.27	96.11
2023-2024	56.95	0.00	15.88	10.30	11.27	94.40

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

School District General Fund Revenues and Expenditures

Fiscal Year Ending 6-30	Beginning General Fund Balance	Total Revenue	Total Expenditures	Total Other Financing Sources (Uses)	Ending General Fund Balance
2019	\$2,033,143	\$9,206,098	\$9,359,214	\$295,789	\$2,175,816
2020	\$2,175,816	\$9,564,251	\$9,268,745	\$156,537	\$2,627,859
2021	\$2,627,859	\$9,992,472	\$9,939,129	\$1,806	\$2,683,008
2022	\$2,683,008	\$11,105,726	\$10,151,944	\$146,897	\$3,783,687
2023	\$3,783,687	\$11,113,656	\$10,816,717	\$2,517	\$4,083,143

Detail of School District General Fund Revenues

Fiscal Year Ending 6-30	Local Sources	County Sources	State Sources	Federal Sources	Total Revenues
2019	\$4,652,436	\$365,651	\$3,553,089	\$634,922	\$9,206,098
2020	\$4,784,573	\$417,769	\$3,658,520	\$703,389	\$9,564,251
2021	\$5,139,865	\$479,985	\$3,472,532	\$900,090	\$9,992,472
2022	\$4,466,438	\$480,145	\$4,208,946	\$1,950,197	\$11,105,726
2023	\$4,949,378	\$470,709	\$4,268,942	\$1,424,627	\$11,113,656

Student Enrollment Trend

School Year	Total Enrollment	Percentage Change
2014-2015	1,266	
2015-2016	1,282	1.26%
2016-2017	1,302	1.56%
2017-2018	1,335	2.53%
2018-2019	1,417	6.14%
2019-2020	1,366	-3.60%
2020-2021	1,356	-0.73%
2021-2022	1,414	4.28%
2022-2023	1,395	-1.34%
2023-2024	1,401	0.43%

Student Enrollment Projection

School Year	Total Enrollment	Percentage Change
2024-2025	1,415	1.00%
2025-2026	1,430	1.06%
2026-2027	1,500	4.90%
2027-2028	1,600	6.67%
2028-2029	1,600	0.00%

ECONOMIC INDICES

Unemployment Rate (Twelve Month Moving Average)

	January 2024	December 2023	January 2023
United States	4.1%	3.5%	3.9%
State of Oklahoma	3.7%	3.2%	3.3%
Rogers County	3.5%	3.0%	3.0%

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

Largest Taxpayers

Name of Taxpayer	Type of Business	Net Assessed Valuation
Terra Nitrogen, L.P.	Nitrogen Manufacturing	\$53,607,655
Terra Nitrogen Limited Partnership	Nitrogen Manufacturing	\$4,259,730
Terra Nitrogen Limited Partnership	Nitrogen Manufacturing	\$3,256,375
Oklahoma Tax Commission	State Tax Commission	\$1,809,202
Zebco	Fishing Tackle	\$1,740,322
Oklahoma Tax Commission	State Tax Commission	\$1,509,191
Public Service Co. of Oklahoma	Electric Utility	\$1,382,468
Valmont Industries Inc.	Hot Dip Galvanizing	\$1,195,394
Linde, Inc.	Industrial Gases and Engineering	\$1,025,484
BNSF Railway Company	Railroad	\$1,001,902
Total Net Assessed Valuation of Top Ten Taxpayers:		\$70,787,723
Percentage of School District's Net Assessed Valuation:		51.46%

Source: Rogers County Assessor's Office.

Exhibit A

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 1-8,
ROGERS COUNTY, OKLAHOMA**

JUNE 30, 2023

Audited by

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

BROKEN ARROW, OK

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2023

BOARD OF EDUCATION

President

Kandy Collins

Vice-President

Todd York

Clerk

Russell Teal

Deputy Clerk

Wayne Stinnett

Member

Rex Gibson

SUPERINTENDENT OF SCHOOLS

Michael Payne

ENCUMBRANCE CLERK

Yvonne Pace

SCHOOL DISTRICT TREASURER

Kevin Dudley, CPA

www.vps.k12.ok.us

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 JUNE 30, 2023

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VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Verdigris Independent School District No. 8
Verdigris, Rogers County, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Verdigris Independent School District No. 8, Verdigris, Rogers County, Oklahoma (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" section of our report, the combined financial statements referred to above 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 the District, as of June 30, 2023, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2023, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements referred to above do not include the General Fixed Asset Account Group, which is a departure from the regulatory basis of accounting prescribed 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.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements-regulatory basis that collectively comprise the District's basic financial statements. The accompanying combining financial statements-regulatory basis and other supplementary information and schedule of expenditures of federal awards, 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*, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements-regulatory basis. The 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-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, the combining financial statements-regulatory basis and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the combined financial statements-regulatory basis as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

December 15, 2023



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

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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
Verdigris Independent School District No. 8
Verdigris, Rogers County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the fund type and account group financial statements – regulatory basis of the Verdigris Independent School District No. 8, Verdigris, Rogers County, Oklahoma (the “District”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 15, 2023, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts as provided by the Oklahoma State Department of Education. However, our report was qualified because the omission of the general fixed asset account group results in an incomplete presentation with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District’s internal control. Accordingly, we do not express an opinion on the effectiveness of District’s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

December 15, 2023



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

To the Honorable Board of Education
Verdigris Independent School District No. 8
Verdigris, Rogers County, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Verdigris Independent School District No. 8, Verdigris, Rogers County, Oklahoma's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. 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.

In our opinion, the District 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

December 15, 2023

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NONCOMPLIANCE
JUNE 30, 2023

There were no prior year significant deficiencies or material instances of noncompliance.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section 1 - Summary of Auditor's Results:

1. 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 State Department of Education.
2. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified report was issued on the compliance for major programs in conformity with the regulatory basis of accounting.
6. The audit disclosed no audit findings which are required to be reported under the Uniform Guidance, 2 CFR 200.51(a).
7. Programs determined to be major were the COVID-19 Education Stabilization Fund-ESSER/CARES Act Programs (84.425D, 84.425U), which were not clustered in determination, and Child Nutrition Programs (10.553, 10.555) which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

Section 3 – Findings and questioned costs for federal awards:

NONE

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2023

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE			
<u>ASSETS</u>						
Cash	\$ 4,415,596	1,458,760	91,934	377,060	91,934	7,300,442
Amounts available in debt service						91,934
Amount to be provided for retirement of long-term debt					12,513,266	12,513,266
Total Assets	\$ 4,415,596	1,458,760	91,934	377,060	12,605,200	19,905,642
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Warrants/checks payable	\$ 188,866	12,165		79,677		280,708
Encumbrances	143,587	500		21,622		165,709
Funds held for school organizations				377,060		377,060
Long-term debt:						
Bonds payable					6,350,000	6,350,000
Capital leases					6,255,200	6,255,200
Total liabilities	332,453	12,665	0	377,060	12,605,200	13,428,677
Fund Balance:						
Restricted		1,446,095	91,934	855,793		2,393,822
Unassigned	4,083,143					4,083,143
Fund balances	4,083,143	1,446,095	91,934	855,793	0	6,476,965
Total Liabilities and Fund Balance	\$ 4,415,596	1,458,760	91,934	377,060	12,605,200	19,905,642

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

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	
Revenues Collected:					
Local sources	\$ 4,672,406	751,932	2,319,385		7,743,723
Intermediate sources	470,709				470,709
State sources	4,268,942	1	4		4,268,947
Federal sources	1,424,627				1,424,627
Interest earnings	3,277	154,881			158,158
Nonrevenue receipts	273,695				273,695
Total revenues collected	<u>11,113,656</u>	<u>906,814</u>	<u>2,319,389</u>	<u>0</u>	<u>14,339,859</u>
Expenditures:					
Instruction	7,253,151	1,309		113,478	7,367,938
Support services	3,042,672	871,861		465,303	4,379,836
Operation of noninstructional services	351,947				351,947
Facilities acquisition and construction services				3,275,550	3,275,550
Other outlays:					
Clearing account	25,360				25,360
Debt service requirements			2,280,965		2,280,965
Other use/unbudgeted	143,587	500			144,087
Total expenditures	<u>10,816,717</u>	<u>873,670</u>	<u>2,280,965</u>	<u>3,854,331</u>	<u>17,825,683</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	296,939	33,144	38,424	(3,854,331)	(3,485,824)
Other financing sources (uses):					
Adjustments to prior year encumbrances	2,517	1,433	0	658	4,608
Excess of revenues collected over (under) expenditures	299,456	34,577	38,424	(3,853,673)	(3,481,216)
Cash fund balances, beginning of year	<u>3,783,687</u>	<u>1,411,518</u>	<u>53,510</u>	<u>4,709,466</u>	<u>9,958,181</u>
Cash fund balances, end of year	<u>\$ 4,083,143</u>	<u>1,446,095</u>	<u>91,934</u>	<u>855,793</u>	<u>6,476,965</u>

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

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 4,250,263	4,672,406	4,434,262
Intermediate sources	443,543	470,709	480,145
State sources	4,313,233	4,268,942	4,208,946
Federal sources	1,592,345	1,424,627	1,950,197
Interest earnings		3,277	243
Nonrevenue receipts		273,695	31,933
Total revenues collected	<u>10,599,384</u>	<u>11,113,656</u>	<u>11,105,726</u>
Expenditures:			
Instruction	7,995,505	7,253,151	6,768,314
Support services	3,385,823	3,042,672	2,840,456
Operation of noninstructional services	588,496	351,947	516,401
Facilities acquisition & construction services	4,000		
Other outlays:			
Clearing account	25,812	25,360	26,773
Other uses/unbudgeted	2,383,435	143,587	
Total expenditures	<u>14,383,071</u>	<u>10,816,717</u>	<u>10,151,944</u>
Excess of revenues collected over (under) expenditures before Other financing sources (uses)	(3,783,687)	296,939	953,782
Other financing sources (uses):			
Adjustments to prior year encumbrances	<u>0</u>	<u>2,517</u>	<u>146,897</u>
Excess of revenue collected over (under) expenditures	(3,783,687)	299,456	1,100,679
Cash fund balance, beginning of year	<u>3,783,687</u>	<u>3,783,687</u>	<u>2,683,008</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>4,083,143</u>	<u>3,783,687</u>

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

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS (BUILDING FUND)		
	Original / Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 606,840	751,932	823,004
State sources		1	1
Interest earnings		154,881	6,444
Total revenues collected	606,840	906,814	829,449
Expenditures:			
Instruction	5,227	1,309	4,336
Support services	1,523,635	871,861	1,115,412
Operation of noninstructional services	13,908		297
Facilities acquisition & construction services	50,457		
Other use/unbudgeted	425,131	500	
Total expenditures	2,018,358	873,670	1,120,045
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(1,411,518)	33,144	(290,596)
Other financing sources (uses):			
Adjustments to prior year encumbrances	0	1,433	0
Excess of revenue collected over (under) expenditures	(1,411,518)	34,577	(290,596)
Cash fund balances, beginning of year	1,411,518	1,411,518	1,702,114
Cash fund balances, end of year	\$ 0	1,446,095	1,411,518

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

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	DEBT SERVICE FUND		
	Original / Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 2,238,349	2,319,385	1,866,725
State sources			3
Interest earnings		4	5,448
Nonrevenue receipts			246
Total revenues collected	2,238,349	2,319,389	1,872,422
Requirements:			
Bonds	2,130,000	2,130,000	4,025,000
Coupons	161,859	150,965	123,020
Total expenditures	2,291,859	2,280,965	4,148,020
Excess of revenue collected over (under) expenditures	(53,510)	38,424	(2,275,598)
Cash fund balance, beginning of year	53,510	53,510	2,329,108
Cash fund balance, end of year	\$ 0	91,934	53,510

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Verdigris Public Schools Independent District No. I-8 (the “District”) have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the 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 State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District. The Board, constituting an on-going entity, is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the local Independent school district. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

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

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

A. Reporting Entity – cont'd

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.

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

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

Governmental Fund Types

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

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus - cont’d

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building, co-op and child nutrition funds. The District did not maintain a co-op fund or a child nutrition fund during the 2022-23 fiscal year.

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 district 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.

Co-op Fund – The co-op fund is established when the Boards of Education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. The District operates their child nutrition program within the general fund.

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 (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

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.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont’d

B. Measurement Focus – cont’d

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. 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 operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The District did not maintain an expendable trust fund during the 2022-23 fiscal year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of 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

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases) which are to be paid from funds provided in future years.

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

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

Memorandum Only - Total Column

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

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* with certain modifications. This format differs significantly from that required by GASB 34.

The financial statements are essentially prepared on the basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Warrants/checks payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. 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.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

C. Basis of Accounting and Presentation – cont’d

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. 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 basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The Board of Education requests an initial temporary appropriations budget from their County Excise Board before June 30. The District uses the temporary appropriation amounts as their legal expenditure limit until the annual Estimate of Needs is completed.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. No later than October 1, each Board of Education shall prepare a financial statement and Estimate of Needs to be filed with the applicable County Clerk and the State Department of Education.

The 2022-23 Estimate of Needs was not amended by any supplemental appropriations. Any amendments must be approved by the County Clerk’s Office.

Encumbrances represent commitments related 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. Unencumbered appropriations lapse at the end of each fiscal year. While the debt service fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the Board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

E. Assets, Liabilities and Fund Balance

Cash and Cash Equivalents – The District considers all cash on hand, demand deposit accounts, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Balance – cont'd

Investments – The District considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2023 is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The District has not maintained a record of general fixed assets, and, accordingly, a General Fixed Assets Account Group required by the regulatory basis of accounting prescribed by the Oklahoma State Department of Education is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Warrants/Checks Payable – Warrants/checks are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants/checks that have yet to be cashed by the District's bank.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant/check has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the debt service fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate such days to a maximum number of days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources had not been reported as an expenditure of the governmental fund that will pay it since the financial statements have been prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Balance – cont’d

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the Board of Education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

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

Fund Balance – In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *non-spendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the spendable fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government’s highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts) but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont'd

E. Assets, Liabilities and Fund Balance – cont'd

Assigned fund balance represents amounts that are intended to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purposes in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax rolls for submission to the County Treasurer prior to October 1. The County Treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state and distributed to Districts in amounts that differ in proportion to those which are collected within such systems.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

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

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

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District also deposits the federal revenues received for the child nutrition programs into the general fund.

Non-Monetary Transactions – The District receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been included in the financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Nonrevenue Receipts – Nonrevenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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 cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants 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 objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Noninstructional Services Expenditures – Activities concerned with providing noninstructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consists 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 improvements 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 warrants/checks issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

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 non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made during the 2022-23 fiscal year.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District’s cash deposits and investments at June 30, 2023 were \$7,338,942 at financial institutions and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District’s name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Investment Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

2. CASH AND INVESTMENTS – cont'd

- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2023.

4. 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 of the date of issue.

General long-term debt of the District normally consists of general obligation bonds and capital leases. Debt service requirements for bonds are paid solely from the fund balance and the future revenues of the debt service fund, and capital leases are paid from other funds.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2023:

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2022	\$ 8,350,000	9,533,750	17,883,750
Retirements	(2,000,000)	(3,278,550)	(5,278,550)
Balance, June 30, 2023	\$ 6,350,000	\$ 6,255,200	12,605,200

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2023 is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Combined Purpose Bonds, Series 2020, original issue \$4,130,000, interest rate of 0.95%, due in an initial installment of \$2,000,000 and a final installment of \$2,130,000 due 7/1/23	\$ 2,130,000
Building Bonds, Series 2022, original issue \$4,220,000, interest rate of 2.95% - 3.25%, due in an initial installment of \$2,080,000 and a final installment of \$2,140,000 due 6/1/25	4,220,000
<u>Capital Leases:</u>	
Lease purchase for 2018 Verdigris Public Schools Project, dated 1/9/18, for \$11,030,000, 3.00-4.00% interest, due in annual payments of varying amounts, final payment due 8/25/24 (see below)	<u>6,255,200</u>
Total	<u>\$ 12,605,2000</u>

Verdigris Public Schools Project

On January 9, 2018, the Rogers County Educational Facilities Authority issued \$11,030,000 of Educational Facilities Lease Revenue Bonds (Verdigris Public Schools Project) Series 2018, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Verdigris School District. Also on January 9, 2018, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Rogers County Educational Facilities Authority. In addition, the District entered into a sublease, as lessee, with the Rogers County Educational Facilities Authority. The sublease calls for three (3) acquisition payments starting August 25, 2020, in addition to semiannual rental payments of \$1,500. These payments will be made out of bond funds, pursuant to the issuance of series bonds in varying amounts, passed by vote on January 9, 2018. Verdigris Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

4. GENERAL LONG-TERM DEBT – cont’d

Future Debt Requirements

The annual debt service requirements for retirement of bonds and capital leases, including the payment of principal and interest are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 4,213,000	181,094	4,394,094
2025	8,392,200	68,391	8,460,591
Total	\$ 12,605,200	249,485	12,854,685

Interest paid on general long-term debt during the 2022-23 fiscal year totaled \$150,965.

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers’ Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers’ Retirement System (the “System”). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers’ Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers’ Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

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

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

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. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2022-23 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 8.0%.

Annual Pension Cost

The District's total contributions for 2023, 2022 and 2021 were \$1,123,848, \$1,100,460 and \$1,016,892, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2023. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension amount is not required to be presented on the audited financial statements.

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 risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the District 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

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

6. RISK MANAGEMENT – cont'd

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 it 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 its loss fund in three years, it is returned to the District with no interest.

The District is also a member of the Oklahoma State School Boards Association (OSSBA) Employment Services program, which helps to cover the cost of unemployment claims. Depending on which level of membership the District elects, the District makes a deposit into an account administered by OSSBA or will make payments periodically as needed. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

7. CONTINGENCIES

Federal Grants

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

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2022-23 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

Litigation

The District is aware of one pending litigation case. The District's insurance provider is providing the defense for this case. The outcome of this pending litigation is not projected to have a material effect on the District.

SUPPLEMENTARY INFORMATION

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL CAPITAL PROJECT FUNDS - REGULATORY BASIS
 JUNE 30, 2023

	<u>#31</u> <u>BOND FUND</u>	<u>#32</u> <u>BOND FUND</u>	<u>#35</u> <u>BOND FUND</u>	<u>#38</u> <u>BOND FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>					
Cash	\$ 47,681	894,965	5,154	9,292	957,092
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Warrants/checks payable	\$ 4,394	75,283			79,677
Encumbrances		21,622			21,622
Total liabilities	<u>4,394</u>	<u>96,905</u>	<u>0</u>	<u>0</u>	<u>101,299</u>
Fund balance:					
Restricted	<u>43,287</u>	<u>798,060</u>	<u>5,154</u>	<u>9,292</u>	<u>855,793</u>
Total Liabilities and Fund Balance	<u>\$ 47,681</u>	<u>894,965</u>	<u>5,154</u>	<u>9,292</u>	<u>957,092</u>

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL CAPITAL PROJECT FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	#31 BOND FUND	#32 BOND FUND	#35 BOND FUND	#36 BOND FUND	#38 BOND FUND	TOTAL
Revenues Collected:						
Local sources	\$ 0	0	0	0	0	0
Expenditures:						
Instruction	51,131	62,347				113,478
Support services	311,799	82,777	2,652	76	67,999	465,303
Facilities acquisition & construction services		3,275,550				3,275,550
Total expenditures	<u>362,930</u>	<u>3,420,674</u>	<u>2,652</u>	<u>76</u>	<u>67,999</u>	<u>3,854,331</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(362,930)	(3,420,674)	(2,652)	(76)	(67,999)	(3,854,331)
Other financing sources (uses):						
Adjustment to prior year encumbrances	658	0	0	0	0	658
Excess of revenues collected over (under) expenditures	(362,272)	(3,420,674)	(2,652)	(76)	(67,999)	(3,853,673)
Cash fund balances, beginning of year	405,559	4,218,734	7,806	76	77,291	4,709,466
Cash fund balances, end of year	<u>\$ 43,287</u>	<u>798,060</u>	<u>5,154</u>	<u>0</u>	<u>9,292</u>	<u>855,793</u>

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 ALL AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS / ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-23
<u>ASSETS</u>					
Cash	\$ 346,683	760,655	3,431	733,709	377,060
<u>LIABILITIES</u>					
Funds held for school organizations:					
Miscellaneous	\$ 33,204	35,594	2,662	36,125	35,335
High School	15,780	17,380	(1,097)	13,089	18,974
8th Grade	1,057	0		190	867
7th Grade	851	0		0	851
6th Grade	1,918	330		1,084	1,164
5th Grade	3,766	731		682	3,815
4th Grade	2,137	3,248		3,712	1,673
3rd Grade	1,203	4,829	28	2,398	3,662
2nd Grade	2,536	1,864	101	1,060	3,441
1st Grade	5,948	1,000	334	1,821	5,461
Kindergarten	6,719	6,103		5,162	7,660
Vocal Music	6,004	1,150		1,452	5,702
Art	3,186	1,903		937	4,152
Band	20,697	37,139	1,305	41,473	17,668
Library	8,039	24,443	(1,314)	23,969	7,199
Cheer - High school	5,194	13,143		9,729	8,608
Girls Basketball	373	13,531		2,749	11,155
Upper Elementary Science	217	0		0	217
Theatre	41	0		0	41
High School Science	482	0		184	298
Special Ed	279	0		0	279
Communications Lab	418	0		0	418
Elementary Counselor	160	0		0	160
Child Nutrition	0	256,203	(180)	256,023	0
LD	3,250	0		0	3,250
Computer Lab	3,540	0		0	3,540
Speech	956	30	80	690	376
Principal Elementary	24,141	4,122	171	8,697	19,737
Principal Junior High	8,393	6,840		5,063	10,170
Cheer - Jr High	7,405	5,257		8,072	4,590
Pep Club	92	0		0	92
Principal High School	12,814	3,591		5,726	10,679
T-1 Account	377	0		0	377
Athletic Gate	37,038	188,462	1,196	176,110	50,586
Boys Basketball	4,971	11,271		9,001	7,241
Football	11,748	20,660		30,796	1,612

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 ALL AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS / ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-23
Baseball	\$ 14,073	11,899		12,479	13,493
Softball	6,588	4,628		5,530	5,686
Soccer	4,539	5,418	75	6,229	3,803
Pre-K	4,128	4,661		3,279	5,510
FCA	48	0		0	48
Newspaper/Yearbook	2,800	5,483		4,428	3,855
Math Dept	964	0		0	964
Golf	5,029	0		272	4,757
Track	2,278	600		906	1,972
Jack Collins Memorial	0	1,000		1,000	0
Student Council	2,467	8,448		7,026	3,889
National Honor Society	4,438	2,904		3,957	3,385
Spanish	156	0		0	156
District Wide Tech	44,309	36,322	70	20,978	59,723
Volleyball	2,320	8,534		6,183	4,671
Textbook	0	383		383	0
Physical Education	779	203		0	982
Robotics	13,294	5,506		8,833	9,967
Upper Elementary Science	145	0		0	145
Academic Bowl	69	0		0	69
Battle of The Books	95	0		0	95
ECDC Teacher	1,216	1,652		1,621	1,247
Steam Teacher	2,014	3,937		4,611	1,340
JH Steam Account	0	253		0	253
Total Liabilities	\$ 346,683	760,655	3,431	733,709	377,060

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	Control Project Number	Total Expenditures
<u>U.S. Department of Education</u>			
<u>Direct Programs:</u>			
Indian Education	84.060A	561	\$ 81,887
<u>Passed Through State Department of Education:</u>			
Title I, Part A	84.010	511	153,331
Title II, Part A	84.367	541	11,595
Title IV, Part A	84.424	552	11,122
ARP - IDEA-B Flow Through	84.027X	628	35,815
ARP - IDEA-B Preschool	84.027X	643	3,524
IDEA-B Flow Through	84.027	621	284,479
IDEA-B Preschool	84.173	641	3,007
Total Special Education Cluster			<u>287,486</u>
*COVID-19 - Education Stabilization Fund (ESF):			
CRRSA - ESSER II	84.425D	793	1,135
ESSER II, Set Aside	84.425D	794	187,817
ARP - ESSER III	84.425U	795	356,952
ARP - OK Paid Student Teacher	84.425U	725	1,749
ARP - ESSER Counselor Corps Grant	84.425U	722	31,955
Total COVID-19 ESF			<u>579,608</u>
<u>U.S. Department of Agriculture</u>			
<u>Passed Through State Department of Education</u>			
*Child Nutrition Programs:			
School Breakfast Program	10.553	764	7,162
National School Lunch Program	10.555	763	242,536
Non-cash assistance - Commodities	10.555	N/A	42,163
Supply Chain Assistance	10.555	759	35,112
Total Child Nutrition Cluster			<u>326,973</u>
Other Child Nutrition Programs:			
P-EBT	10.649	760	628
<u>Other Federal Assistance:</u>			
Johnson O'Malley	15.130	563	13,575
OJT - Job Training	84.126	456	4,892
Flood Control	12.112	771	1,165
Total Federal Assistance			<u>\$ 1,511,601</u>

* - Major Programs = 59.97%

Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2023. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. None of the federal programs include any loan programs, loan guarantee programs, and has no sub-recipients.

Note 3 - Non-Monetary Assistance - Commodities received by the District were of a non-monetary nature.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
PREPARED FOR THE OKLAHOMA STATE DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	OCAS Project Number	Program or Award Amount	Balance at 7/1/22	Revenue Collected	Total Expenditures	Balance at 6/30/23
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Indian Education	84.060A	561	\$ 81,945	0	81,887	81,887	0
<u>Passed Through State Department of Education:</u>							
Title I, Part A	84.010	511	207,935		128,668	153,331	24,663
Title II, Part A	84.367	541	42,316		8,508	11,595	3,087
Title II, Part A, 2021-22	84.367	799		3,968	3,968		
Title IV, Part A	84.424	552	11,205		11,122	11,122	
ARP - IDEA-B Flow Through	84.027X	628	49,358		9,896	35,815	25,919
ARP - IDEA-B Flow Through, 2021-22	84.027X	799		1,919	1,919		
ARP - IDEA-B Preschool	84.027X	643	3,524		3,524	3,524	
IDEA-B Flow Through	84.027	621	288,039		284,479	284,479	
IDEA-B Flow Through, 2021-22	84.027	799		7,055	7,055		
IDEA-B Cert. Exam	84.027	616	118				
IDEA-B Preschool	84.173	641	3,007		3,007	3,007	
<u>COVID-19 - Education Stabilization Fund (ESF):</u>							
CRRSA - ESSER II	84.425D	793	1,331		1,135	1,135	
ESSER II, Set Aside	84.425D	794	188,381		187,032	187,817	784
ESSER II, Set Aside 2021-22	84.425D	799		5,786	5,786		
ARP - ESSER III	84.425U	795	571,867		313,475	356,952	43,477
ARP - ESSER III, 2021-22	84.425U	799		21,661	21,661		
ARP - OK Paid Student Teacher	84.425U	725	1,749		1,749	1,749	
ARP - Science of Reading	84.425U	726	646		646		
GEER - CARES State Level	84.425C	721	728				
ARP - ESSER Counselor Corps Grant	84.425U	722	32,000		31,955	31,955	
Total COVID-19 ESF			796,702	27,447	563,439	579,608	44,261
Sub Total			1,402,204	40,389	1,025,585	1,082,481	97,930
<u>Passed Through State Department of Education</u>							
<u>Child Nutrition Programs:</u>							
School Breakfast Program	10.553	764			7,810	7,162	
National School Lunch Program	10.555	763			242,536	242,536	
Non-cash assistance - Commodities	10.555	N/A			42,163	42,163	
Total Child Nutrition Cluster					292,509	291,861	
<u>Other Child Nutrition Programs:</u>							
Supply Chain Assistance	10.555	759			46,294	35,112	
P-EBT	10.649	760			628	628	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130	563	16,040		9,972	13,575	3,603
Johnson O'Malley, 2021-22	15.130	799		3,857	3,857		
OJT - Job Training	84.126	456	4,892		4,892	4,892	
Flood Control	12.112	771	1,165		1,165	1,165	
Sub Total			22,097	3,857	19,886	19,632	3,603
Total Federal Assistance			\$ 1,506,246	44,246	1,466,789	1,511,601	101,533

Note 1 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements, except for the non-cash assistance noted in Note 2.

Note 2 - Food Distribution - Non cash assistance is reported in this schedule at the fair market value of the commodities received and disbursed.

Note 3 - None of the federal programs include any loan programs, loan guarantee programs, has no sub-recipients and does not use the 10% de minimis indirect cost rate.

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2023

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
CNA Surety -				
Old Republic Surety	Superintendent	W15-0026083	\$ 100,000	7/1/22 - 7/1/23
Westen Surety Company	Treasurer	66204421	100,000	7/1/22 - 7/1/23
	Lunch Fund Custodian	18179458	3,000	2/22/22 - 2/22/24
	Lunch Fund Custodian	18179458	3,000	2/22/22 - 2/22/24
	Minutes Clerk	18179458	3,000	2/22/22 - 2/22/24
	Activity Fund	18179458	3,000	2/22/22 - 2/22/24
	Encumbrance Clerk	18179458	3,000	2/22/22 - 2/22/24

VERDIGRIS INDEPENDENT SCHOOL DISTRICT NO. 8, ROGERS COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2022 TO JUNE 30, 2023


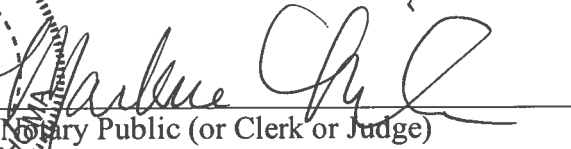
State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, 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 Verdigris Public Schools for the audit year 2022-23.

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP
Auditing Firm

By  _____
Authorized Agent

Subscribed and sworn to before me
This 15th day of December, 2023

  _____
Notary Public (or Clerk or Judge)

My Commission Expires: 12/11/2024
Commission No. 20014980



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

December 15, 2023

Mr. Michael Payne, Supt.
Verdigris Public Schools
8104 East 540 Road
Claremore, Oklahoma 74019

Dear Mr. Payne:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. These items are referred to in your audit report. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report, as they are not considered material or immaterial in nature.

Payroll

For school districts where only one person performs the entire payroll function, we recommend that an earnings report be printed at the end of each fiscal year, and the total amount of compensation paid to every employee be reconciled to their employment contract for that year. The report should then be shared with the superintendent and kept on file for future inquiries.

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

Sincerely,

Eric M. Bledsoe