

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
Financial Statements  
Year-End June 30, 2023



**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**School District Officials**  
**As of June 30, 2023**

**Board of Education**

President	Briana Flatley
Vice-President	Darrin Dunkin
Member	Brayden Hunt
Member	Teresa Lewis
Member	Jerome Johnson

**Board of Education Clerk**

LaToya Johnson

**School District Treasurer**

Elizabeth Williams

**Superintendent of Schools**

Brayden Savage

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
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**June 30, 2023**

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**Oklahoma County, Oklahoma**  
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## Independent Auditor's Report

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

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

#### **Opinions**

We have audited the accompanying financial statements of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma which comprise the combined statement of assets, liabilities and fund balances – all fund types and account groups as of June 30, 2023, and the related combined statement of revenues collected and expenditures paid and changes in cash fund balances – regulatory basis for the year then ended, and the related notes to the financial statements.

#### *Qualified Opinion on Account Groups*

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

#### *Unmodified Opinion on Fund Types*

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions for each fund type of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma as of June 30, 2023, and the revenues it collected and expenditures it paid and budgetary results for the year then ended, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma as of June 30, 2023, or changes in net position, or cash flows thereof for the year then ended.

## **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Oklahoma State Department of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Western Heights Independent School District No. 41's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Western Heights Independent School District No. 41's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Western Heights Independent School District No. 41's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

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

## **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024, on our consideration of Western Heights Independent School District No. 41 Oklahoma County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Western Heights Independent School District No. 41 Oklahoma County, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Western Heights Independent School District No. 41 Oklahoma County, Oklahoma's internal control over financial reporting and compliance.



Norman, Oklahoma  
April 22, 2024



**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Combined Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis – All Fund Types and Account Groups**  
**June 30, 2023**

	Governmental Fund Types				Fiduciary	Account	Total
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long Term Debt	(memorandum only - Note 1) June 30, 2023
<b>ASSETS</b>							
Cash	\$ 7,002,971	\$ 1,827,506	\$ 10,991,359	\$ 14,330,865	\$ 448,508	\$ -	\$ 34,601,209
Amount available in							
Debt service fund	-	-	-	-	-	10,991,359	10,991,359
Trustee fund for debt service	-	-	-	-	-	418,530	418,530
Amount to be provided for							
Financed purchases	-	-	-	-	-	21,473,302	21,473,302
Retirement of general long term debt	-	-	-	-	-	24,323,641	24,323,641
<b>Total Assets</b>	<u>\$ 7,002,971</u>	<u>\$ 1,827,506</u>	<u>\$ 10,991,359</u>	<u>\$ 14,330,865</u>	<u>\$ 448,508</u>	<u>\$ 57,206,832</u>	<u>\$ 91,808,041</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Warrants payable	\$ 1,527,883	\$ 30,060	\$ -	\$ -	\$ -	\$ -	\$ 1,557,943
Due to others	-	-	-	-	448,508	-	448,508
Encumbrances	15,697	-	-	-	-	-	15,697
Financed purchases payable	-	-	-	-	-	21,891,832	21,891,832
General obligation bonds payable	-	-	-	-	-	35,315,000	35,315,000
<b>Total Liabilities</b>	<u>1,543,580</u>	<u>30,060</u>	<u>-</u>	<u>-</u>	<u>448,508</u>	<u>57,206,832</u>	<u>59,228,980</u>
Fund Balances:							
Restricted For:							
Debt Service	-	-	10,991,359	-	-	-	10,991,359
Building Services	-	1,797,446	-	-	-	-	1,797,446
Child Nutrition Programs	680,644	-	-	-	-	-	680,644
Capital Projects	-	-	-	14,330,865	-	-	14,330,865
Unassigned	<u>4,778,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,778,747</u>
<b>Total Cash Fund Balances</b>	<u>5,459,391</u>	<u>1,797,446</u>	<u>10,991,359</u>	<u>14,330,865</u>	<u>-</u>	<u>-</u>	<u>32,579,061</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,002,971</u>	<u>\$ 1,827,506</u>	<u>\$ 10,991,359</u>	<u>\$ 14,330,865</u>	<u>\$ 448,508</u>	<u>\$ 57,206,832</u>	<u>\$ 91,808,041</u>

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances**  
**Regulatory Basis – All Governmental Fund Types**  
**For the Year Ended June 30, 2023**

	Governmental Fund Types				Total (memorandum only - Note 1) June 30, 2023
	General	Special Revenue	Debt Service	Capital Projects	
Revenues collected:					
Local sources	\$ 16,590,240	2,310,385	10,833,105	\$ -	\$ 29,733,730
Intermediate sources	922,801	-	-	-	922,801
State sources	6,272,669	82	445	-	6,273,196
Federal sources	10,404,204	1,358,639	-	-	11,762,843
Other	-	-	21,772	-	21,772
Total Revenues Collected	<u>34,189,914</u>	<u>3,669,106</u>	<u>10,855,322</u>	<u>-</u>	<u>48,714,342</u>
Expenditures paid:					
Instruction	17,735,476	-	-	-	17,735,476
Support services	15,326,366	3,119,894	-	-	18,446,260
Non-Instructional services	2,180,373	-	-	-	2,180,373
Capital outlay	111,934	-	-	8,401,584	8,513,518
Debt service:					
Principal payments	-	-	10,645,000	-	10,645,000
Interest and fiscal agent fees	-	-	424,035	-	424,035
Total expenditures paid	<u>35,354,149</u>	<u>3,119,894</u>	<u>11,069,035</u>	<u>8,401,584</u>	<u>57,944,662</u>
Excess of revenues collected over (under) expenditures paid	(1,164,235)	549,212	(213,713)	(8,401,584)	(9,230,320)
Other financing sources:					
Estopped warrants	34,539	521	-	6,186	41,246
Bond sale proceeds	-	-	-	11,325,000	11,325,000
Adjustments to prior year encumbrances	<u>56,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,277</u>
Excess of revenues collected and other sources over (under) expenditures paid and other uses	(1,073,419)	549,733	(213,713)	2,929,602	2,192,203
Cash fund balances, beginning of year	<u>6,532,810</u>	<u>1,247,713</u>	<u>11,205,072</u>	<u>11,401,263</u>	<u>30,386,858</u>
Cash fund balances, end of year	<u>\$ 5,459,391</u>	<u>\$ 1,797,446</u>	<u>\$ 10,991,359</u>	<u>\$ 14,330,865</u>	<u>\$ 32,579,061</u>

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

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

**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual  
Regulatory Basis – Budgeted Governmental Fund Types  
For the Year Ended June 30, 2023**

	General Fund				Special Revenue-Building Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Beginning cash fund balances - Budgetary basis	\$ 5,537,746	\$ 5,537,746	\$ 6,532,810	\$ 995,064	\$ 1,137,500	\$ 1,137,500	\$ 1,247,713	\$ 110,213
Revenues collected:								
Local sources	16,236,102	16,236,102	16,590,240	354,138	2,120,573	2,120,573	2,310,385	189,812
Intermediate sources	923,321	923,321	922,801	(520)	-	-	-	-
State sources	8,804,889	8,804,889	6,272,669	(2,532,220)	-	-	82	82
Federal sources	7,900,828	7,900,828	10,404,204	2,503,376	-	-	1,358,639	1,358,639
Total Revenues Collected	<u>33,865,140</u>	<u>33,865,140</u>	<u>34,189,914</u>	<u>324,774</u>	<u>2,120,573</u>	<u>2,120,573</u>	<u>3,669,106</u>	<u>1,548,533</u>
Expenditures paid:								
Instruction	20,000,000	20,000,000	17,735,476	2,264,524	-	-	-	-
Support services	17,000,000	17,000,000	15,326,366	1,673,634	3,258,073	3,258,073	3,119,893	138,180
Non-Instructional services	2,200,500	2,200,500	2,180,373	20,127	-	-	-	-
Capital outlay	202,386	202,386	111,934	90,452	-	-	-	-
Other outlays	-	-	-	-	-	-	-	-
Total Expenditures paid	<u>39,402,886</u>	<u>39,402,886</u>	<u>35,354,149</u>	<u>4,048,737</u>	<u>3,258,073</u>	<u>3,258,073</u>	<u>3,119,893</u>	<u>138,180</u>
Excess of revenues collected over (under) expenditures paid	<u>(5,537,746)</u>	<u>(5,537,746)</u>	<u>(1,164,235)</u>	<u>4,373,511</u>	<u>(1,137,500)</u>	<u>(1,137,500)</u>	<u>549,213</u>	<u>1,686,713</u>
Other financing sources:								
Estopped warrants	-	-	34,539	(34,539)	-	-	521	(521)
Adjustment to prior year encumbrances	-	-	56,277	(56,277)	-	-	-	-
Ending cash fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,459,391</u>	<u>\$ (2,819,715)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797,447</u>	<u>\$ 1,520,045</u>

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

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

**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual  
Regulatory Basis – Budgeted Governmental Fund Types  
For the Year Ended June 30, 2023**

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning cash fund balances - Budgetary basis	\$ 322,975	\$ 322,975	\$ 11,205,072	\$ 10,882,097
Revenues collected:				
Local sources	10,374,389	10,374,389	10,833,105	458,716
Intermediate sources	-	-	-	-
State sources	-	-	445	445
Other sources	-	-	21,772	21,772
Total Revenues Collected	10,374,389	10,374,389	10,855,322	480,933
Expenditures paid:				
Debt service:				
Principal payments	10,115,000	10,115,000	10,645,000	(530,000)
Interest and fiscal agent fees	582,364	582,364	424,035	158,329
Total expenditures paid	10,697,364	10,697,364	11,069,035	(371,671)
Excess of revenues collected over (under) expenditures paid	(322,975)	(322,975)	(213,713)	109,262
Ending cash balances	\$ -	\$ -	\$ 10,991,359	\$ 10,991,359

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

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

**A. *The Reporting Entity***

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

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

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

***B. Fund Accounting***

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

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

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

*Governmental Fund Types*

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

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

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

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

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

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

*Fiduciary Fund Types*

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

*Account Groups*

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

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal.

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district. The District does not maintain the fixed asset records necessary to account for this account group.

*Memorandum Only - Total Column*

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

**C. Basis of Accounting and Presentation**

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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

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

*Noncash Transactions* - The District received federal food commodities in the amount of \$141,281.



**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

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

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

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

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

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

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

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

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

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

*Fund Balance* - Fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

***E. Revenue, Expenses and Expenditures***

*State Revenues* - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 18% of the District's general fund revenue comes from state sources.

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

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

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

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

**2. Cash**

*Custodial Credit Risk* - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District’s policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2023, cash deposits were fully insured or collateralized by a pledging bank’s agent in the District’s name.

**3. General Long Term Debt**

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District consists of bonds payable and financed lease purchases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2023:

	<i>Bonds Payable</i>	<i>Financed Lease</i>
	<i>(Direct Placement)</i>	<i>Purchases (Direct Borrowing)</i>
Balance July 1, 2022	\$ 34,635,000	\$ 29,137,085
Additions	11,325,000	-
Retirements	<u>(10,645,000)</u>	<u>(7,245,253)</u>
Balance June 30, 2023	<u>\$ 35,315,000</u>	<u>\$ 21,891,832</u>

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

***General Obligation Bonds***

A brief description of the outstanding general obligations bond issues at June 30, 2023, is set forth below:

	<i>Amount Outstanding</i>
Western Heights Independent School District, I-41 School General Obligation Building Bonds, Series A, of 2023, original issue \$5,660,000 interest rates 5.25% due in installments of \$1,660,000 starting April 1, 2025 with two additional annual payments of \$2,000,000 due on April 1 with final payment on April 1, 2027.	\$ 5,660,000
Western Heights Independent School District, I-41 School General Obligation Building Bonds, Series B, of 2023, original issue \$5,665,000 interest rates from 5.00-5.75% due in installments of \$1,665,000 starting June 1, 2025 with two additional annual payments of \$2,000,000 due on June 1 with final payment on June 1, 2027.	5,665,000
Western Heights Independent School District, I-41 School General Obligation Combined Purpose Bonds of 2019, original issue \$8,770,000 interest rates from 3.050-5.000% due in installments of \$1,000,000 starting January 1, 2021 with three additional annual payments of \$2,590,000 due on January 1 with final payment on January 1, 2024.	2,590,000
Western Heights Independent School District, I-41 School General Obligation Combined Purpose Bonds of 2020, original issue \$10,935,000 interest rates of 2.000% due in installments of \$2,685,000 starting February 1, 2022 with three additional annual payments of \$2,750,000 due on February 1 with final payment on February 1, 2025.	5,500,000
Western Heights Independent School District, I-41 School General Obligation Combined Purpose Bonds of 2021, original issue \$13,100,000 interest rates of 1.000% due in installments of \$3,200,000 starting January 1, 2023 with three additional annual payments of \$3,300,000 due on January 1 with final payment on January 1, 2026.	9,900,000
Western Heights Independent School District, I-41 School General Obligation Combined Purpose Bonds of 2022, original issue \$6,000,000 interest rates from 2.000-2.625% due in four annual installments of \$1,500,000 starting March 1, 2024 with final payment on March 1, 2027.	6,000,000
	<u>\$ 35,315,000</u>

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,140,000	\$ 1,088,578	\$ 11,228,578
2025	10,875,000	788,888	11,663,888
2026	8,800,000	488,000	9,288,000
2027	5,500,000	236,500	5,736,500
Total	<u>\$ 35,315,000</u>	<u>\$ 2,601,966</u>	<u>\$ 37,916,966</u>

***Pledged Revenues***

Property Tax Revenues collected by the District are pledged to repay the District’s General Obligation Bonds. As of June 30, 2023, \$35,315,000 general obligations were outstanding. Principal and interest paid for current year and revenues collected were \$11,749,035 and \$10,833,105 respectively.

***Financed Lease Purchases***

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

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

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

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

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

<u>Year Ended June 30,</u>	<u>Amount Due</u>
2024	\$ 11,292,169
2025	11,752,985
	<u>23,045,154</u>
Less: Interest	<u>(1,153,322)</u>
Total	<u>\$ 21,891,832</u>

Interest expense on general long-term debt incurred during the current year totaled \$1,688,801.

**4. Employee Retirement System**

Teachers' Retirement System of Oklahoma

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

*Benefits Provided* – The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

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

*Contributions* – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2023, qualifying employee contributions were reduced by a retirement credit of \$134,576 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2023, the District had a statutory contribution rate of 9.5% plus 8.00% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2023, the District contributions to the System for were \$2,154,153.

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

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

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

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

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

health coverage under that Plan, or (ii) to the member's former employer, if the member retains health coverage under a plan maintained by the former employer.

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

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

**6. *Commitments and Contingencies***

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

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

The District entered into several commitments related to repair and maintenance contracts during the fiscal year. As of June 30, 2023, the District had outstanding commitments totaling \$183,640 that will be funded from building funds.

Subsequent to June 30, 2023, the District entered into \$546,790 of commitment related projects to be financed from Building Fund.

**7. *Risk Management***

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



**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

**8. *Ground Lease and Sublease Agreements***

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

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

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

As of report date, there is \$11,390,000 authorized but unissued general obligation bonds from the bond election held in October 2017 of which all of bond proceeds are pledged for the Ground and Sublease agreement with Oklahoma County Finance Authority 2018 as discussed in prior paragraphs.

**9. *Tax Abatement***

The State of Oklahoma has authorized by Oklahoma State Statutes Title 31 to offer Homestead and Veterans exemptions to Ad Valorem property taxes. These exemptions reduce the ad valorem taxes remitted to the District. For the year ended June 30, 2023, the District had the \$134,576 in abated ad valorem tax revenues.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to Combined Financial Statements**  
**June 30, 2023**

***10. Subsequent Events***

February 1, 2024, the District authorized the issuance of \$6,520,000 of General Obligation Building Bonds Series A of 2024. Bonds are due \$1,600,000 on the 1<sup>st</sup> day of February 2026 and two payments of \$1,640,000 due on the 1<sup>st</sup> day of April 2027, 2028, and 2029, bearing interest of 4.750-5.125%, from their date until paid. Property taxes revenues are pledged to repay this obligation.

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

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Supplementary Schedule**  
**Combining Statement of Assets, Liabilities and Fund Balances – Regulatory Basis**  
**All Special Revenue Funds**  
**June 30, 2023**

	<u>Building Fund</u>	<u>Special Revenue Total</u>
<u>ASSETS</u>		
Cash	\$ 1,827,506	\$ 1,827,506
Total Assets	<u>\$ 1,827,506</u>	<u>\$ 1,827,506</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Warrants payable	\$ 30,060	\$ 30,060
Total Liabilities	<u>30,060</u>	<u>30,060</u>
 Fund Balances:		
Restricted:		
Building Services	\$ 1,797,446	\$ 1,797,446
Total Cash Fund Balances	<u>1,797,446</u>	<u>1,797,446</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,827,506</u>	 <u>\$ 1,827,506</u>

**Western Heights School District I-41  
Oklahoma County, Oklahoma  
Supplementary Schedule  
Combining Statement of Revenues Collected, Expenditures Paid and  
Changes in Cash Fund Balances – Regulatory Basis  
All Special Revenue Funds  
For the Year Ended June 30, 2023**

	<u>Building Fund</u>	<u>Special Revenue Total</u>
Revenues collected:		
Local sources	\$ 2,310,385	\$ 2,310,385
State Sources	82	82
Federal Sources	<u>1,358,639</u>	<u>1,358,639</u>
Total revenues collected	3,669,106	3,669,106
Expenditures paid:		
Support Services	<u>3,119,894</u>	<u>3,119,894</u>
Total expenditures paid	<u>3,119,894</u>	<u>3,119,894</u>
Excess of revenues collected over (under) expenditures paid	<u>549,212</u>	<u>549,212</u>
Other financing sources:		
Estopped warrants	<u>521</u>	<u>521</u>
Excess of revenues collected and other sources over (under) expenditures paid and other uses	549,733	549,733
Cash fund balances, beginning of year	<u>1,247,713</u>	<u>1,247,713</u>
Cash fund balances, end of year	<u><u>\$ 1,797,446</u></u>	<u><u>\$ 1,797,446</u></u>

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Supplementary Schedule**  
**Combining Statement of Assets, Liabilities and Fund Balances – Regulatory Basis**  
**All Capital Project Funds**  
**For the Year Ended June 30, 2023**

	Bond Fund 31	Bond Fund 33	Bond Fund 34	Bond Fund 35	Total Capital Project Funds
<b>ASSETS</b>					
Cash	\$ 21,250	\$ 82,333	\$ 14,227,282	\$ -	\$ 14,330,865
Total Assets	\$ 21,250	\$ 82,333	\$ 14,227,282	\$ -	\$ 14,330,865
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Warrants payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	\$ -
 <b>Fund Balances:</b>					
<b>Restricted:</b>					
Restricted for capital projects	21,250	82,333	14,227,282	-	\$ 14,330,865
Total Cash Fund Balances	21,250	82,333	14,227,282	-	\$ 14,330,865
Total Liabilities and Fund Balances	\$ 21,250	\$ 82,333	\$ 14,227,282	\$ -	\$ 14,330,865

**Western Heights School District I-41  
Oklahoma County, Oklahoma  
Supplementary Schedule  
Combining Statement of Revenues Collected, Expenditures Paid and  
Changes in Cash Fund Balances – Regulatory Basis  
All Capital Project Funds  
For the Year Ended June 30, 2023**

	<u>Bond Fund 31</u>	<u>Bond Fund 33</u>	<u>Bond Fund 34</u>	<u>Bond Fund 35</u>	<u>Total Capital Project Funds</u>
Revenues collected:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues Collected	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures paid:					
Capital outlay	<u>-</u>	<u>-</u>	<u>8,401,584</u>	<u>-</u>	<u>8,401,584</u>
Total expenditures paid	<u>-</u>	<u>-</u>	<u>8,401,584</u>	<u>-</u>	<u>8,401,584</u>
Excess of expenditures paid over revenues collected	-	-	(8,401,584)	-	(8,401,584)
Other financing sources:					
Transfers	-	-	6,000,000	(6,000,000)	-
Estopped Warrants	-	-	6,186	-	6,186
Bond sales proceeds	<u>-</u>	<u>-</u>	<u>11,325,000</u>	<u>-</u>	<u>11,325,000</u>
Excess of revenues collected and other sources over (under) expenditures paid and other uses	-	-	8,929,602	(6,000,000)	2,929,602
Cash fund balances, beginning of year	<u>21,250</u>	<u>82,333</u>	<u>5,297,680</u>	<u>6,000,000</u>	<u>11,401,263</u>
Cash fund balances, end of year	<u>\$ 21,250</u>	<u>\$ 82,333</u>	<u>\$ 14,227,282</u>	<u>\$ -</u>	<u>\$ 14,330,865</u>

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Supplementary Schedule**  
**Combining Statement of Changes in Cash Balances – Regulatory Basis**  
**Activity Funds**  
**For the Year Ended June 30, 2023**

	BEGINNING				ENDING
	BALANCE	RECEIPTS	CHECKS	ADJUSTMENTS	BALANCE
102 HS Multi-Cultural	\$ 563	\$ -	\$ -	\$ -	\$ 563
103 High School Yearbook	1,240	6,193	4,914	(12)	2,508
104 Middle School Girls Golf	100	-	-	-	100
105 Middle School Yearbook	803	1,804	2,209	(12)	386
106 Athletics	58,590	105,286	120,885	1,048	44,039
107 Bidder Plan Dep. Account	10	-	-	-	10
108 Suburban Conference	-	-	-	-	-
109 High School Wrestling	465	1,077	-	-	1,542
110 High School Football	225	343	-	(12)	556
111 High School Boys Basketball	317	3,373	935	(12)	2,743
112 H.S. Girls Basketball	513	1,000	500	(12)	1,002
113 H.S. Baseball	725	2,686	275	-	3,136
114 Cross Country Track	349	-	-	(12)	337
115 HS Tech Now Club	218	-	-	-	218
116 H.S. Key Club	2,299	2,433	576	(12)	4,143
117 High School Book Club	225	24	12	-	237
119 HS Band	5,576	147	962	(12)	4,749
120 Band	25,737	44,043	37,323	(2,490)	29,968
121 Academy	1,580	-	-	(1,580)	-
122 MS Student Store	836	-	-	(15)	820
123 High School Library	3,219	140	45	(12)	3,302
124 Middle School Library	130	786	762	(12)	142
125 H.S. Chorus Choir	12,710	10,124	6,159	818	17,494
127 WHSNA	-	-	-	-	-
128 Middle School Choir	-	-	-	-	-
129 Junior Class	5,510	818	4,746	644	2,226
130 Senior Class	1,472	-	805	(667)	-
131 BS Gifted and Talented	1,228	-	156	-	1,072
132 M.S. Choir Booster Club	92	-	-	(12)	80
134 WHHS Flower Fund	206	650	688	(12)	155
135 Lost Textbooks	-	360	-	(180)	180
136 High School Musical	6,533	-	6,392	(20)	121
137 Middle School PE	173	-	-	(4)	169
138 Middle School General Account	4,043	954	1,788	(12)	3,197
139 HS Student Council	4,732	1,136	713	-	5,155
141 Middle School Student Council	2,656	-	413	(12)	2,231
142 Middle School Social Studies	-	-	-	-	-
143 Coca Cola Scholarship	1,185	-	-	-	1,185
144 M.S. Drama	-	-	-	-	-
145 Council Grove Elementary	11,154	5,347	3,480	(12)	13,009
146 Take Down Club	-	-	-	-	-
147 Jet Stream	1,962	-	-	(1,962)	-
148 MS Boys Baseball	475	-	-	-	475
149 Middle School FHA	103	-	-	(12)	92

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Supplementary Schedule**  
**Combining Statement of Changes in Cash Balances – Regulatory Basis**  
**Activity Funds**  
**For the Year Ended June 30, 2023**

	BEGINNING				ENDING	
	BALANCE	RECEIPTS	CHECKS	ADJUSTMENTS	BALANCE	
150	R.O.T.C.	54,102	81,389	65,411	(2,306)	67,775
151	Bridgestone Yearbook	717	1,860	1,760	(12)	805
152	Vending Activity	368	4,053	1,833	(575)	2,012
153	H.S. JETS	188	-	-	-	188
154	High School FCA Club	40	-	-	-	40
155	High School Art Club	711	-	-	-	711
156	Middle School Art Club	88	-	-	-	88
157	H.S. FCCLA	961	40	608	(12)	381
158	Coca Cola Security Fund	2,527	-	-	(2,842)	(315)
159	H.S. BPA	646	245	-	(12)	879
161	High School Testing Account	445	-	-	-	445
162	Winds West Elementary	21,215	4,085	10,578	(96)	14,626
163	Greenvale Coke Commissions	-	-	-	-	-
164	YMCA Youth Sports	45	-	-	-	45
165	HS Cheerleaders	144	5,395	2,758	(12)	2,769
166	M.S. Football	56	-	-	-	56
167	H.S. National Honor Society	79	8	-	-	87
168	MS National Honor Society	262	-	-	-	262
169	High School Science	529	-	-	-	529
170	H.S. Foreign Language	245	-	-	-	245
171	H.S. Math Club	107	60	60	-	107
173	Greenvale Elementary	14,486	1,766	648	(12)	15,593
174	Cheerleader Boosters	30	-	-	-	30
175	John Glenn Elem General Act	28,158	3,148	2,523	1,950	30,733
176	John Glenn Special Olympics	548	-	-	-	548
177	WHIRE	3,848	-	-	-	3,848
179	M.S. Cheerleaders	832	-	-	-	832
180	H.S. Golf	483	-	-	-	483
183	Bridgestone Teacher Fund	113	-	-	-	113
184	Bus Barn	11	-	-	(11)	0
185	H.S. Comp Tech	373	-	-	-	373
186	HS Special Olympics	2,969	-	-	(12)	2,957
187	Miscellaneous-Admin	45	4,445	600	2,842	6,733
188	Bridgestone Library	279	3,063	3,005	-	338
189	Bridgestone School	4,853	1,532	3,324	29	3,091
190	Bridgestone Choir	5,369	3,345	4,130	738	5,322
191	Athletic Concessions	20,836	57,786	55,877	1,876	24,622
192	Bridgestone PE	2,165	11,415	6,973	(1,045)	5,561
193	H.S. Renaissance Account	87	-	-	-	87
194	HS Chess Club	22	-	-	-	22
195	Council Grove Teacher Fund	609	-	-	-	609
196	M.S. TSA	473	75	89	(12)	447
197	Sophomore Class	1,382	9,620	7,328	-	3,673
198	H.S. Academic Bowl	335	90	-	-	425



**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Supplementary Schedule**  
**Combining Statement of Changes in Cash Balances – Regulatory Basis**  
**Activity Funds**  
**For the Year Ended June 30, 2023**

	BEGINNING				ENDING	
	BALANCE	RECEIPTS	CHECKS	ADJUSTMENTS	BALANCE	
199	Title I	147	-	-	-	147
200	Western Heights Chorus Assoc.	-	-	-	-	-
201	Western Heights Band Assoc.	-	-	-	-	-
202	Western Heights Homerun Club	109	-	-	-	109
203	Western Heights Lady Jets Softball	-	-	-	-	-
204	Grid Iron Club	202	-	-	-	202
206	H.S. Soccer Club	1,477	816	155	-	2,137
207	Indian Club	2,672	200	-	-	2,872
208	John Glenn Teachers Fund	98	-	-	(15)	83
209	Winds West Teachers Fund	1,154	24	-	(12)	1,166
210	Greenvale Teachers Fund	781	1,142	175	(12)	1,736
211	Council Grove Vending Account	180	-	-	(12)	168
212	M.S. Teachers Fund	858	310	1,131	(12)	25
213	Adm. Building Coffee Fund	158	-	156	-	2
214	H.S. General Act	1,736	-	272	-	1,463
215	H.S. Spanish Club	33	-	-	-	33
218	John Glenn Vending	196	-	-	-	196
219	Freshman Class	938	-	-	(12)	926
220	Louise Jay Memorial	84	-	-	-	84
222	Habitat Trail	1,366	-	-	-	1,366
223	M.S. Academic Bowl	149	-	-	-	149
225	Charitable Donation Fund	146	-	-	-	146
229	9th Grade Center Fund	3,434	-	3,426	-	8
231	MS Girls Basketball	500	-	32	(12)	456
232	M.S. Boys Basketball	-	-	-	-	-
233	MS Wrestling	11	-	-	-	11
234	MS Archery	95	-	-	(12)	83
235	HS/MS Softball	192	10	-	(12)	190
236	MS Boys Golf	75	-	-	(12)	63
237	HS PE	-	-	-	-	-
238	Youth & Government	59	-	-	-	59
239	MS Special Olympics	420	-	-	(12)	408
240	Bridgestone Sports	-	-	-	-	-
241	Deaf Education	20	-	-	-	20
242	HS Drama	4,487	450	4,041	-	896
243	Exchange Club	2,255	-	-	-	2,255
244	Western Heights Alumni	2,717	-	-	-	2,717
245	HS Tennis	5,391	4,221	5,867	(12)	3,733
246	Summer Softball	-	-	-	-	-
247	Council Grove Library	2,582	3,067	1,556	-	4,093
248	CG Gifted and Talented	401	-	202	-	199
249	WW Gifted and Talented	899	-	114	-	785
250	WW Library	4,060	3,512	3,654	(12)	3,906
251	GV Gifted and Talented	405	-	47	-	358
252	GV Library	6,197	1,536	2,570	(15)	5,148

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Supplementary Schedule**  
**Combining Statement of Changes in Cash Balances – Regulatory Basis**  
**Activity Funds**  
**For the Year Ended June 30, 2023**

		BEGINNING			ENDING	
		BALANCE	RECEIPTS	CHECKS	ADJUSTMENTS	BALANCE
253	JG Library	23,655	129	827	(20,912)	2,045
254	JG Gifted and Talented	1,067	-	64	-	1,004
255	BSI Special ED	1,822	-	257	-	1,565
256	BSI National Honor Society	62	-	-	-	62
257	BSI Academic.Team	-	-	-	-	-
258	Football/Thammavongsa	21	-	-	-	21
259	Elementary Sports	2,495	4,463	3,752	490	3,697
260	Greenvale PE	162	-	-	(12)	150
261	MS/HS Dance Program	228	276	318	-	186
262	HS Piano	1,461	2,240	2,427	(12)	1,262
263	Pennock-James Nursery	32,648	-	-	(29,000)	3,648
264	Attendance Rewards	2,355	-	-	-	2,355
265	HS Girls Soccer	1,639	-	190	(12)	1,437
266	MS Girls Soccer	89	-	-	(12)	77
267	MS Boys Soccer	144	-	105	(12)	27
268	District Wide Coffee Fund	6	11,000	56,970	46,470	506
269	Device Insurance	32,534	2,345	8,374	(117)	26,388
270	Steam Center	1,294	-	-	-	1,294
271	HS Softball	787	1,441	102	(12)	2,114
272	OFASA HS Steam Robotics Club	3,096	6,026	5,000	(12)	4,110
273	OFASA HS Stem Aeronautics Club	4,546	45	2,780	960	2,771
274	Love's Donations	12,093	20,000	25,909	-	6,184
281	Bridgestone Science	-	994	-	-	994
282	HS Counseling Office	-	1,200	-	-	1,200
283	District Enrollment	-	350	-	-	350
284	Class of 2026	-	652	214	-	438
285	Bridgestone Cheer	-	1,190	504	-	686
286	JG Specials Fund	-	20	-	-	20
287	HS Pilot Leadership	-	-	-	-	-
		<u>\$ 498,624</u>	<u>\$ 449,804</u>	<u>\$ 493,432</u>	<u>\$ (6,488)</u>	<u>\$ 448,508</u>

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements of Western Heights Independent School District No. 41, Oklahoma County Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Western Heights Independent School District No. 41, Oklahoma County Oklahoma's basic regulatory financial statements and have issued our report thereon dated April 22, 2024. Our report included an adverse opinion on U.S. Generally Accepted Accounting Principles and a qualified opinion due to the omission of the general fixed asset account group.

**Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001YB, 2023-002YB, 2023-003YB, 2023-004YB, 2023-005YB, 2023-006YB, 2023-007YB, and 2023-008YB that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-009YB and 2023-010YB to be significant deficiencies.

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

As part of obtaining reasonable assurance about whether Western Heights Independent School District No. 41, Oklahoma County Oklahoma’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-002YB, 2023-06YB, 2023-07YB, 2023-08YB, and 2023-010YB.

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

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

### **Purpose of this Report**

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



Norman, Oklahoma  
April 22, 2024

**Western Heights Independent School District No. 41  
Oklahoma County, Oklahoma  
Schedule of Findings and Responses  
For the Year Ended June 30, 2023**

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

**Financial Statements:**

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

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

**Section II – Financial Statement Findings**

**2023-001YB            Financial Reporting**

*Condition:*                                The District had material audit adjustments to final fiscal year OCAS data to properly state the activity of the District. In addition, the District does not report a general fixed asset account group as required by the State Department of Education guidelines.

*Criteria:*                                    The responsibility for the financial statements remains with management even when the preparation of the financial statements is transferred to a service provider.

*Cause:*                                      The internal control structure of the District focuses primarily on daily operations. The District does have a system of financial reporting that determines the trial balances used in financial statement preparation are final but for fiscal year 2023 there were various audit adjustments to revenues between funds and sources. The District also does not have a system for accounting for general fixed assets.

*Effect:*                                      Potential that financial statements are misstated. Scope limitation on the audit for the general fixed asset account group.

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

*Views of Responsible Officials  
and Planned Corrective*

*Action:*                                      District has hired an outside consultant to assist District with accounting and financial statement preparation. In addition, the District has added position of Chief Financial Officer for additional oversight over financial matters. District is still working on system to track the general fixed assets of the District.

**2023-002YB            Coding of Revenues**

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

*Criteria:*                                    Oklahoma Administrative Code (OAC) 210:25-5-4a The financial structure of an Oklahoma public school district consists of various classifications as referenced in Oklahoma Administrative Code

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

(OAC) 210:25-7-1, (Oklahoma Cost Accounting System [OCAS]). School District accounting systems shall be organized and operated on a basis that assures legal compliance by the recording and summarizing of financial transactions within funds, each of which is completely independent of any other. Each fund shall account for and continually maintain the identity of its revenues and expenditures.

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

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

*Context:* \$344,669 federal sources were reported in General fund and moved to the Building Fund. General Fund: \$3,807 local source to federal source; \$70,912 state source to local source. Building Fund: \$9,801 state source to local source; Sinking Fund: \$53,417 state source to local source. Sinking fund \$32,934 local source and \$21,772 other financing source to Bond Fund 34 \$54,706 other financing source.

*Recommendation:* We recommend that revenues be properly coded in OCAS. We also recommend that procedures be implemented to monitor revenues have been recorded to the proper sources and funds before finalizing OCAS data for fiscal year.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* The District has implemented new procedures to ensure that revenues are recorded in the proper sources. Finance staff has completed OCAS training and District has added Chief Financial Officer position to assist in monitoring activity.

**2023-003YB      Segregation of Duties-Encumbrance Clerk**

*Condition:* Encumbrance clerk currently handles all aspects of paying invoices.

*Criteria:* Internal controls should properly separate duties related to recording, authorizing and issuing expenditure.

*Context:* The encumbrance clerk handles initiating, printing, electronically signing all three required signatures and mailing checks for payments.

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

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

*Effect:* Risk of misappropriation of assets

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

*Views of Responsible Officials  
and Planned Corrective*

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

**2023-004YB      Segregation of Duties-Treasurer**

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

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

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

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

*Effect:* Risk of misappropriation of assets

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

*Views of Responsible Officials  
and Planned Corrective*

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



**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

**2023-005YB          Employee Contracts**

*Condition:*                                Employee contracts did not agree with amounts paid.

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

*Cause:*                                        Data entry

*Context:*                                      One out of twenty five employees amounts paid did not agree with contract.

*Effect:*                                        Misappropriation of assets

*Recommendation:*                        We recommend that employee contracts be completed consistently using Board approved District pay scales. Completed contracts need to be reviewed.

*Views of Responsible Officials  
and Planned Corrective*

*Action:*                                        District has implemented new contract processing and review procedures. The Human Resource Director compares the contract with the established work day calendar, degree level to compare to the corresponding salary schedule. Additional Duty/Extra Duty is also reviewed based on assignment and established rate of pay. After review the contract is signed/initialed by the HR Director and delivered to payroll for processing.

**2023-006YB          Retirement**

*Condition:*                                    District overpaid retirement.

*Criteria:*                                        70 O.S. Section 17-108.1 requires district paid contribution to retirement at a prescribed rate of 9.5% for 2023. 70 O.S. Section 17-108 requires retirement match at a prescribed rate, 8.0% for 2023, on compensation paid with federal funds. 70 O.S. Section 17-116.2 the amount contributed by each member to retirement system shall be 7% of eligible compensation. District pays the 7% on behalf of certified employees who are eligible for retirement. 70 O.S. Section 17-101(25) defines eligible compensation.

*Context:*                                        One out of twenty five employees tested had compensation for which 9.5% statutory retirement was not paid, resulting in underpayment of retirement of \$395. Three out of twenty five employees tested the required federal match was not paid on compensation paid with federal funds, resulting in an underpayment of retirement of \$1,511. One out of twenty five employees tested had compensation for with the 7.00% on behalf

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

of employee was not paid and should have been paid, resulting in an underpayment of \$291.

*Cause:* Retirement was not paid on compensation that was eligible.

*Effect:* Noncompliance with state law and understatement of expenditures.

*Recommendation:* We recommend that the District pay required retirement obligations on all eligible salaries. We recommend monthly reconciliation process be implemented for retirement computations and remittance to ensure retirement has been properly paid as required by statutes.

*Views of Responsible Officials  
and Planned Corrective*

*Action:* The District is working on process to reconcile monthly accounting records to the TRS submittal. District is also working on additional monitoring of when there are changes in coding that a worksheet is complete to ensure federal matches are completed if applicable.

**2023-007YB      Purchase Procedures**

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

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

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

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

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

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

*Views of Responsible Officials  
and Planned Corrective*

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

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

procedures. District has revised the Board policy to remove conflicting amounts. Also will make sure to document with purchase order if purchases are sole source, emergency, state contracts or the proper bids/quotes when processing the purchase order.

**2023-008YB            Non-Kickback Affidavit**

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

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

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

*Context:*                                     4 out of 25 purchase orders did not have required non-kickback affidavits.

*Effect:*                                        Lack of compliance with state statute.

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

*Views of Responsible Officials  
and Planned Corrective*

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

**2023-009YB            Activity Fund Receipts**

*Condition:*                                    Activity Fund Receipts were not timely deposited.

*Criteria:*                                     Oklahoma Statute 70-5-129 requires receipts equal or exceeding \$100 to be deposited by the following business day or weekly if less than \$100.

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

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

*Context:* Four teacher/sponsors receipts, out of 25 tested, did not turn funds in timely which caused amounts to not be deposited within one day.

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

*Recommendation:* We recommend that all activity fund receipts be deposited within state law requirements. We recommend sponsors turn in receipts on a timely basis and not hold amounts collected.

*Views of Responsible Officials  
and Planned Corrective*

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

**2023-010YB      Activity Fund Purchases**

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

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

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

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

*Effect:* Lack of compliance with District policy.

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

*Views of Responsible Officials  
and Planned Corrective*

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

Western Heights School District I-41  
**Oklahoma County, Oklahoma**  
**Summary of Prior Year Findings**  
**For the Year Ended June 30, 2023**

**Financial Statement Findings**

**2022-001YB      Financial Reporting**

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

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

*Current Status:*              Condition still exists see current year finding 2023-001YB for general fixed asset group and financial reporting system. Condition has been resolved related to financial statement disclosures.

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

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

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

*Current Status:*              Condition has been resolved.

**2022-003YB      Coding of Revenues**

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

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

*Current Status:*              Condition still exists see 2023-002YB

Western Heights School District I-41  
**Oklahoma County, Oklahoma**  
**Summary of Prior Year Findings**  
**For the Year Ended June 30, 2023**

**2022-004YB Appropriations**

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

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

*Current Status:* Condition has been resolved.

**2022-005YB Warrants Payable**

*Condition:* Warrants payable (outstanding warrants) were overstated.

*Recommendation:* The Auditor recommended that warrants outstanding be properly stated. The also recommended that procedures be implemented to reconcile warrants payable.

*Current Status:* Condition has been resolved.

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

*Condition:* Encumbrance clerk currently handles all aspects of paying invoices.

*Criteria:* Internal controls should properly separate duties related to recording, authorizing and issuing expenditure.

*Context:* The encumbrance clerk handles initiating, printing, electronically signing all three required signatures and mailing checks for payments.

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

*Effect:* Risk of misappropriation of assets

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

*Current Status:* Condition still exists, see 2023-003YB.

Western Heights School District I-41  
**Oklahoma County, Oklahoma**  
**Summary of Prior Year Findings**  
**For the Year Ended June 30, 2023**

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

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

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

*Current Status:*            Condition still exists, see 2023-004YB

**2022-008YB      Employee Contracts**

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

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

*Current Status:*            Condition still exists, see 2023-005YB

**2022-009YB      Purchase Procedures**

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

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

*Current Status:*            Condition still exists, see 2023-007B

**2022-010YB      Appropriated Funds Expenditures**

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

Western Heights School District I-41  
**Oklahoma County, Oklahoma**  
**Summary of Prior Year Findings**  
**For the Year Ended June 30, 2023**

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

*Current Status:* Condition has been resolved.

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

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

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

*Current Status:* Condition still exists, see 2023-008YB

**2022-012YB Activity Fund Receipts**

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

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

*Current Status:* Condition still exists, see 2023-009YB

**2022-013YB Activity Fund Purchases**

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

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

*Current Status:* Condition still exists, see 2023-010YB.



**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Statement of Statutory Fidelity, and Honesty Bonds (unaudited)**  
**For the Year Ended June 30, 2023**

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

The treasurer is bonded by RLI Surety, bond number LSM1517504, for the penal sum of \$100,000 for the term July 1, 2022 to July 1, 2023.

The minutes clerk is bonded by RLI Surety, bond number LSM1439173, for the penal sum of \$100,000 for the term July 1, 2022 to July 1, 2023.

The encumbrance clerk is bonded by RLI Surety, bond number LSM1021699, for the penal sum of \$100,000 for the term July 1, 2022 to July 1, 2023.

The activity fund custodian is bonded by RLI Surety, bond number LSM1345469, for the penal sum of \$100,000 for the term July 1, 2022 to July 1, 2023.

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

**Schedule of Accountant's Professional Liability Insurance Affidavit  
(unaudited) For the Year Ended June 30, 2023**

State of Oklahoma    )  
  ) ss  
County of Cleveland    )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Western Heights School District No. 41 for the audit year 2022-2023.

MARY E. JOHNSON & ASSOCIATES, PLLC

BY: Mary E Johnson  
          Authorized Agent

Subscribed and sworn to before me on this 2<sup>nd</sup> day of February, 2024.

[Signature]  
\_\_\_\_\_  
Notary Public

Commission Number: 20004372

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

PATRICIA CLEMENT Notary Public, State of Oklahoma Commission # 20004372 My Commission Expires 04-23-2024
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**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
Schedule of Expenditures of Federal Awards  
Year-End June 30, 2023

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
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**June 30, 2023**

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## Independent Auditor's Report

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

### **Report on the Audit of the Schedule of Expenditures of Federal Awards**

#### **Opinion**

We have audited the schedule of expenditures of federal awards of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma for the year ended June 30, 2023, and the related notes (the schedule).

#### *Unmodified Opinion on Schedule of Expenditures of Federal Awards*

In our opinion, the accompanying schedule of expenditures of federal awards present fairly, in all material respects, the expenditures of federal awards of Western Heights Independent School District No. 41, Oklahoma County, Oklahoma for the year ended June 30, 2023, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note A.

#### *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 schedule referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the schedule of expenditures of federal awards of the Western Heights Independent School District No. 41, Oklahoma County, Oklahoma for the year ended June 30, 2023.

#### **Basis for Opinion**

We conducted our audit 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 the Schedule section of our report.

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

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

We are required to be independent of Western Heights Independent School District No. 41 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Schedule**

Management is responsible for the preparation and fair presentation of the schedule in accordance with the financial reporting provisions of Oklahoma State Department of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Schedule**

Our objectives are to obtain reasonable assurance about whether the schedule as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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* and Uniform Guidance 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 schedule.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, 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 schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Western Heights Independent School District No. 41's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

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.

*Mary E Johnson & Associates PLLC*

Norman, Oklahoma  
March 13, 2024

**Western Heights School District I-41  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

<u>Federal Grant / Pass-Through Grantor / Program Title</u>	<u>Federal Assistance/ CFDA Number</u>	<u>Pass - Through Grantor's Project Number</u>	<u>Balance 6/30/2022</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Balance 6/30/2023</u>
<b>U.S. Department of Interior</b>						
477 Cluster						
<i>Direct Program:</i>						
Johnson O'Malley	15.130	563	\$ (8,701)	\$ 29,580	\$ 30,980	\$ (10,101)
477 Cluster			<u>(8,701)</u>	<u>29,580</u>	<u>30,980</u>	<u>(10,101)</u>
<b>U.S. Department of Education</b>						
<i>Direct Program:</i>						
Title VII - Indian Education	84.060A	561	-	57,430	57,430	-
<i>Passed Through State Department of Education:</i>						
Title I, Grants to Local Education Agencies, Part A Basic Program	84.010	511/785	(583,434)	2,082,947	1,784,467	(284,954)
Title I, Grants to Local Education Agencies, School Support	84.010	515	(44,410)	344,404	350,779	(50,785)
Total Title I			<u>(627,844)</u>	<u>2,427,351</u>	<u>2,135,246</u>	<u>(335,739)</u>
Special Education - Flow-Through	84.027	621	(89,395)	700,577	614,048	(2,866)
COVID-19 ARP- IDEA Flow Through	84.027X	628	(29,848)	92,009	62,161	-
Special Education Professional Development OSDE Sponsored	84.027	613	-	358	358	-
Special Education Professional Development District	84.027	615	-	2,426	2,426	-
COVID-19 IDEA	84.027	617	-	-	-	-
COVID-19 ARP- IDEA B Preschool	84.027X	643	(10,346)	10,346	-	-
Special Education - Preschool	84.173	641	(4,991)	19,040	14,049	-
Special Education Cluster			<u>(134,580)</u>	<u>824,756</u>	<u>693,042</u>	<u>(2,866)</u>



**Western Heights School District I-41  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

Federal Grant / Pass-Through Grantor / Program Title	Federal Assistance/ CFDA Number	Pass - Through Grantor's Project Number	Balance 6/30/2022	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2023
<b>U.S. Department of Education - continued</b>						
Title IV, Part F Oklahoma School Climate Transformation Project	84.184	712	(2,392)	2,852	460	-
COVID-19 Education Stabilization Fund- Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	788	-	77	77	-
COVID-19 Education Stabilization Fund-Elementary and Secondary School Emergency Relief Fund (ESSER III)- OK Paid Student Teacher Stipend	84.425U	725	-	1,749	1,749	-
COVID-19 Education Stabilization Fund--American Rescue Plan Elementary and Secondary School Emergency Relief (ARP-ESSER III) -Homeless II	84.425U	797	-	3,598	3,598	-
COVID-19 Education Stabilization Fund- Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	793	(833,591)	2,359,889	1,570,436	(44,138)
COVID-19 Education Stabilization Fund--American Rescue Plan Elementary and Secondary School Emergency Relief (ARP-ESSERIII)	84.425U	795	(583,528)	3,813,362	3,974,955	(745,121)
Total Education Stabilization Fund (ESF)			(1,417,119)	6,178,675	5,550,815	(789,259)
<i>Passed Through Vocational Education:</i>						
Career and Technical Education - Basic Grant to States (Perkins IV)	84.048	421	(44,953)	95,314	51,358	(997)
Total U.S. Department of Education			\$ (2,226,888)	\$ 9,586,378	\$ 8,488,351	\$ (1,128,861)
<b>U.S. Department of Agriculture:</b>						
<i>Passed Through State Department of Education:</i>						
Cash Assistance:						
Commodity Credit Corporation (CCC) Supply Chain Assistance	10.555	759	58,825	80,535	-	139,360
Summer Food Service Program	10.559	766	31,735	-	-	31,735
National School Lunch Program	10.555	763	328,823	1,435,245	1,705,351	58,717
School Breakfast Program	10.553	764	61,508	480,526	113,114	428,920
Cash Assistance Subtotal:			480,891	1,996,306	1,818,465	658,732
<i>Passed Through State Department of Human Services:</i>						
Non-Cash Assistance (Commodities)						
National School Lunch Program	10.555		-	141,281	141,281	-
Non-Cash Assistance Subtotal:			-	141,281	141,281	-
Child Nutrition Cluster			480,891	2,137,587	1,959,746	658,732

**Western Heights School District I-41  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

<b>Federal Grant / Pass-Through Grantor / Program Title</b>	<b>Federal Assistance/ CFDA Number</b>	<b>Pass - Through Grantor's Project Number</b>	<b>Balance 6/30/2022</b>	<b>Federal Grant Receipts</b>	<b>Federal Grant Expenditures</b>	<b>Balance 6/30/2023</b>
<b>U.S. Department of Agriculture - continued</b>						
<i>Passed Through State Department of Education:</i>						
Child and Adult Care Food Program	10.558	769	43,043	142,054	123,413	61,684
COVID-19 Emergency Operational Costs Reimbursement-Child & Adult Care Food Program	10.558	761	151,173	-	-	151,173
P-EBT Program	10.649	760	<u>3,063</u>	<u>3,135</u>	<u>-</u>	<u>6,198</u>
Total U.S. Department of Agriculture			<u>\$ 678,170</u>	<u>\$ 2,282,776</u>	<u>\$ 2,083,159</u>	<u>\$ 877,787</u>
<b>U.S. Department of Homeland Security</b>						
<i>Passed Through Oklahoma Department of Emergency Management</i>						
FEMA-Disaster Grants-Public Assistance- DR 4575 Severe Winter Storm		97.036	<u>\$ (3,807)</u>	<u>\$ 3,807</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ (1,561,226)</u>	<u>\$ 11,902,541</u>	<u>\$ 10,602,490</u>	<u>\$ (261,175)</u>

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**Note A: Basis of Presentation**

The District prepares the schedule in a presentation format that is prescribed by the Oklahoma State Department of Education. 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.

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Western Heights Independent School District No. 41 Oklahoma County, Oklahoma under programs of the federal government for the year ended June 30, 2023. The information in this Schedule 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 Western Heights Independent School District No. 41 Oklahoma County, Oklahoma, it is not intended to and does not present the basic financial statements of Western Heights Independent School District No. 41 Oklahoma County, Oklahoma.

**Note B: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on using the cash basis of accounting. Encumbrances are included when paid rather than when incurred. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Nonmonetary assistance is reported in the schedule at the fair market value of commodities received.

**Note C: Indirect Cost Rate**

Western Heights Independent School District No. 41 Oklahoma County, Oklahoma has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note D: Subrecipients**

Western Heights Independent School District No. 41 Oklahoma County did not have any awards that have been passed through to subrecipients.

**Western Heights School District I-41**  
**Oklahoma County, Oklahoma**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**Note E: Transfers between Federal Programs**

Western Heights Independent School District No. 41, Oklahoma County, Oklahoma received \$100,415 for program assistance number 84.424 Title IV, \$177,130 for program assistance number 84.367 Title II, Part A and \$60,392 for program assistance number 84.365 Title III which are allowed to be transferred to be used for Title I Assistance number 84.010 and thus was reported above in the Title I revenues agree with corresponding expenditures.

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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Western Heights Independent School District No. 41, Oklahoma County, Oklahoma’s 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 Western Heights Independent School District No. 41, Oklahoma County, Oklahoma’s major federal programs for the year ended June 30, 2023. Western Heights Independent School District No. 41, Oklahoma County, Oklahoma’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, Western Heights Independent School District No. 41, Oklahoma County, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

***Basis for Opinion of 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 Western Heights Independent School District No. 41, Oklahoma County, Oklahoma 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 audit opinions on compliance for

each major federal program. Our audit does not provide a legal determination of Western Heights Independent School District No. 41, Oklahoma County, Oklahoma'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 Western Heights Independent School District No. 41, Oklahoma County, Oklahoma'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 Western Heights Independent School District No. 41, Oklahoma County, Oklahoma'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 noncompliance 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 Western Heights Independent School District No. 41, Oklahoma County, Oklahoma'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 Western Heights Independent School District No. 41, Oklahoma County, Oklahoma'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 Western Heights Independent School District No. 41, Oklahoma County, Oklahoma'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 Western Heights Independent School District No. 41, Oklahoma County, Oklahoma'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.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003 be material weaknesses.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Western Heights Independent School District No. 41, Oklahoma County, Oklahoma's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Western Heights Independent School District No. 41,

Oklahoma County, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Mary E Johnson & Associates PLLC*

Norman, Oklahoma  
March 13, 2024



**Western Heights Independent School District No. 41  
Oklahoma County, Oklahoma  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

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

**Federal Awards:**

Schedule of Expenditures of Federal Awards	Unmodified Opinion Regulatory Basis Adverse Opinion on U.S. General Accepted Accounting Principles
Internal control over major program:	
Material weakness(es) identified?	<u>  X  </u> Yes <u>      </u> No
Significant Deficiency(ies) identified that are not considered to be material weaknesses?	<u>      </u> Yes <u>  X  </u> None Reported
Type of auditors' report issued on compliance for major programs:	
10.553; 10.555 & 10.559 Child Nutrition Program Cluster	Unmodified Opinion
84.010 Title I Cluster	Unmodified Opinion
84.425D & 84.425U COVID-Education Stabilization Fund- Elementary and Secondary School Emergency Relief Assistance	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	<u>  X  </u> Yes <u>      </u> No
Identification of Major Programs:	
<u>Assistance/CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553; 10.555 & 10.559	Child Nutrition Program Cluster
84.010	Title I Cluster
84.425D; 84.425U	COVID-19 Education Stabilization Fund-Elementary and Secondary School Emergency Relief Fund (ESSER I & ESSER II); COVID-19 Education Stabilization Fund- American Rescue Plan-Elementary and Secondary School Emergency Relief Fund (ARP-ESSER III)
Dollar threshold used to distinguish between Type A and Type B	\$ 750,000
Auditee qualified as a low-risk auditee?	<u>      </u> Yes <u>  X  </u> No

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

*Federal Award Findings and Questioned Costs*

**Overall Federal Program Finding**

**2023-001 Preparation of Schedule of Expenditures of Federal Awards (SEFA)**

*Condition:* Expenditures and revenues were not properly coded to Federal Project codes under Oklahoma Cost Accounting System (OCAS).

*Criteria:* CFR 200.510b Schedule of expenditures of federal awards. The auditee must prepare a schedule of expenditures of Federal Awards for the period covered by the auditee's financial statements which must include the Total Federal Awards expended as determined in accordance with §200.502 basis for determining Federal Awards expended.

*Cause:* Controls were not in place to properly identified direct sources of Federal awards received and nor to properly reconcile amounts claimed to amounts awarded.

*Effect:* Misstatement of federal expenditures on Schedule of Expenditures of Federal Awards.

*Recommendation:* All Federal revenue and expenditures need to be properly coded according to Oklahoma Cost Accounting System (OCAS). Procedures need to be implemented to ensure that all Federal awards are properly captured, monitored, and reconciled to OCAS data.

*Repeat Finding from Prior Year:* Yes, Finding 2022-001

*Views of Responsible Officials and Planned Corrective Action:* January 2024, the District has added a Chief Financial Officer to monitor and review activity related to federal programs, to ensure data has been properly recorded.

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**2023-002 Data Collection Form on Federal Clearinghouse**

*Condition:* District did not meet deadline as required by Uniform Guidance.

*Criteria:* CFR 200.512(a)(1) The audit must be completed and the data collection form describe in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

*Cause:* Due to delays in FY22 audit, District was behind in getting information gathered and reconciled.

*Context:* June 30, 2022 Audit was dated May 23, 2023, presented to the Board of Education on May 25, 2023. To Submit to Oklahoma State Department of Education by May 31, 2023. District financial audit and Government Auditing Standards report was dated August 15, 2023 and presented to Board of Education on September 21, 2023. FY22 Data Collection form had Auditor certification date of September 26,2023 and Auditee (District) certification of September 28, 2023.

*Effect:* Noncompliance with Uniform Guidance and risk of pass-thru entities holding federal funds.

*Recommendation:* We recommend that the District file the Clearinghouse form within deadlines required by Uniform Guidance. Controls need to be put into place to ensure that financial information is completed within 9 months of year-end.

*Repeat Finding from Prior Year:* Yes

*Views of Responsible Officials and Planned Corrective Action:* District has continued to complete financial information on a more timely basis to ensure audits are able to be performed within expected timelines.

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**U.S. Department of Agriculture**

**2023-003**                    **Federal Agency:** U.S. Department of Agriculture  
**Pass Thru Entity:** Oklahoma State Department of Education  
**Program:** Child Nutrition Cluster  
**Assistance Listing:** 10.553 & 10.555 & 10.559  
**Grant Period:** Year ending June 30, 2023  
**Compliance Requirement:** I. Procurement  
**Type of Finding:** Non-Compliance & Material Weakness

*Condition:*                    Food Service Management Company contract was not properly executed and monitored during FY23.

*Criteria:*                      7 CFR Chapter 2 Section 210.16a Food Service Management Companies—Any school food authority (including a State agency in the capacity of a school food authority) may contract with a food service management company its food service operation in one or more of its schools.

*Cause:*                         Lack of monitoring

*Context:*                      No written contract was found for the fiscal year 2023 with the food service management company.

*Effect:*                        Noncompliance with Uniform Guidance and possible question costs.

*Recommendation:*        Written contracts need to be obtained on an annual basis for contract services provided by outside companies on a recurring basis. Controls need to be implemented to insure those amounts paid under these contracts agrees with detail supporting invoices.

*Repeat Finding from Prior Year:*                2022-008

*Views of Responsible Officials and Planned Corrective Action:*    May 2023 was when FY22 audit was completed and the food service provider had already been selected and utilized by the District. FY24 the District has received food service management company contract. The contract has been board approved.

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Summary of Prior Year Findings**  
**For the Year Ended June 30, 2023**

*Federal Award Findings and Questioned Costs*

**Overall Federal Program Finding**

**2022-001 Preparation of Schedule of Expenditures of Federal Awards (SEFA)**

*Condition:* Expenditures and revenues were not properly coded to Federal Project codes under Oklahoma Cost Accounting System (OCAS).

*Recommendation:* The auditor recommended that all federal revenue and expenditures need to be properly coded according to Oklahoma Cost Accounting System (OCAS). Procedures need to be implemented to ensure that all Federal awards are properly captured, monitored and reconciled to OCAS Data.

*Status:* Condition still exists, see finding 2023-001

**2022-002 Data Collection Form on Federal Clearinghouse**

*Condition:* District did not meet deadline as required by Uniform Guidance.

*Recommendation:* The auditor recommended the School District file the clearinghouse form within deadline required by Uniform Guidance. Controls need to be put into place to ensure that financial information is completed within 9 months of year-end.

*Status:* Condition still exists, see finding at 2023-002

**U.S. Department of Education**

**2022-003**

**Federal Agency:** U.S. Department of Education

**Pass Thru Entity:** Oklahoma State Department of Education

**Program:** COVID-19 Education Stabilization Fund

**Assistance Listing:** COVID-19- 84.425D & 84.425U

**Grant Period:** Year ending June 30, 2022

*Condition:* Payroll related expenditures were not supported by terms of the employment contract.

*Recommendation:* The auditor recommended payroll related expenditures need to be supported by the term of the employment contract. The auditor also recommended employment contracts need to include actual contracts days and the total amount of pay for those days.

*Status:* Condition has been resolved.

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Summary of Prior Year Findings**  
**For the Year Ended June 30, 2023**

**2022-004**

**Federal Agency:** U.S. Department of Education  
**Pass Thru Entity:** Oklahoma State Department of Education  
**Program:** COVID-19 Education Stabilization Fund  
**Assistance Listing:** COVID-19- 84.425D & 84.425U  
**Grant Period:** Year ending June 30, 2022

*Condition:* Payroll expenditures did not have time and effort documentation.

*Recommendation:* The auditor recommended the District needs to have time and effort documentation maintained. The auditor also recommended the District needs to develop procedures to maintain documentation supported work performed.

*Status:* Condition has been resolved.

**2022-005**

**Federal Agency:** U.S. Department of Education  
**Pass Thru Entity:** Oklahoma State Department of Education  
**Program:** COVID-19 Education Stabilization Fund  
**Assistance Listing:** COVID-19- 84.425D & 84.425U  
**Grant Period:** Year ending June 30, 2022

*Condition:* Property acquired with federal funds were not tracked in property records.

*Recommendation:* The auditor recommended that property be properly tracked. The auditor also recommended that procedures be put in place to properly identify property transaction and track property acquired with federal funds.

*Status:* Condition has been resolved.

**2022-006**

**Federal Agency:** U.S. Department of Education  
**Pass Thru Entity:** Oklahoma State Department of Education  
**Program:** School Improvement Grant (SIG)  
**Assistance Listing:** 84.377A  
**Grant Period:** Year ending June 30, 2022

*Condition:* Expenditures were paid without supporting invoices.

**Western Heights Independent School District No. 41**  
**Oklahoma County, Oklahoma**  
**Summary of Prior Year Findings**  
**For the Year Ended June 30, 2023**

*Recommendation:* The auditor recommended expenditures should not be paid without proper supporting invoices. The District needs to ensure procedures are updated to ensure claims to be submitted are supported by proper invoices.

*Status:* Condition has been resolved.

**U.S. Department of Agriculture**

**2022-007**                    **Federal Agency:** U.S. Department of Agriculture  
**Pass Thru Entity:** Oklahoma State Department of Education  
**Program:** Child Nutrition Cluster  
**Assistance Listing:** 10.553 & 10.555 & 10.559  
**Grant Period:** Year ending June 30, 2022

*Condition:* Meal count submitted was not in agreement with supporting records.

*Recommendation:* The auditor recommended meal counts submitted for reimbursement need to agree with supporting documentation. The auditor also recommended secondary review procedures should be implemented to verify agreement with claim submission and claims are certified.

*Status:* Condition has been resolved.

**2022-008**                    **Federal Agency:** U.S. Department of Agriculture  
**Pass Thru Entity:** Oklahoma State Department of Education  
**Program:** Child Nutrition Cluster  
**Assistance Listing:** 10.553 & 10.555  
**Grant Period:** Year ending June 30, 2022

*Condition:* Food Service Management Company contract was not properly executed and monitored during FY22.

*Recommendation:* The auditor recommended written contracts need to be obtained on a annual basis for contracts services provided by outside companies on a recurring basis. The auditor also recommended controls need to be implemented to insure those amounts paid under these contracts agrees with detail supporting invoices.

*Status:* Condition still exists 2023-003.