

This Preliminary Official Statement and the information contained herein is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2024**

**NEW ISSUE – Book-Entry Only**

**Rating:** Oklahoma #1

*It is anticipated that prior to delivery of the Bonds, Bond Counsel will render an opinion which states interest on the Bonds is included in gross income for federal income tax purposes, and interest on the Bonds is exempt from State of Oklahoma income tax under existing law. See "TAX MATTERS" herein.*

**INDEPENDENT SCHOOL DISTRICT NUMBER 1  
MURRAY COUNTY, OKLAHOMA  
(Sulphur School District)**

**\$1,280,000**

**General Obligation Building Bonds, Federally Taxable Series 2024**

**Dated:** June 1, 2024

**Due:** June 1, As Shown Below

Interest on the \$1,280,000 Independent School District Number 1, Murray County, Oklahoma, General Obligation Building Bonds, Federally Taxable Series 2024 (the "Bonds" or the "2024 Bonds") will accrue from June 1, 2024, (the "Dated Date") and will be payable June 1 and December 1 of each year commencing June 1, 2025, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System" herein. The initial Paying Agent/Registrar is BancFirst, Oklahoma City, Oklahoma, (the "Paying Agent/Registrar").

The 2024 Bonds constitute direct and general obligations of Independent School District No. 1 of Murray County, Oklahoma, payable from ad valorem taxes levied against all taxable property located therein, excepting homestead exemptions, without limitation as to rate or amount. The 2024 Bonds are being issued in accordance with the provisions contained in the Oklahoma Constitution, and laws of the State of Oklahoma supplementary and amendatory thereto.

**MATURITY SCHEDULE**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 627040</u>
6-1-2026	\$320,000			
6-1-2027	\$320,000			
6-1-2028	\$320,000			
6-1-2029	\$320,000			

The 2024 Bonds are offered subject to the approval of legality by the Attorney General of the State of Oklahoma and the Kiser Law Firm, PLLC, Edmond, Oklahoma, Bond Counsel. It is anticipated that the 2024 Bonds in definitive form will be available for delivery on or about June 5, 2024.

**Financial Advisor**

**BOK Financial Securities, Inc.**

**Official Statement Dated:** April \_\_, 2024

## REGARDING USE OF THE OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy within any jurisdiction to any person to whom it is unlawful to make such offer or solicitation within such jurisdiction. In connection with the offering of the 2024 Bonds, no dealer, salesman or any other person has been authorized to give any information or to make any representation other than contained herein. If given or made, such information or representation must not be relied upon.

The information contained in this Official Statement, including the cover page and exhibits hereto, has been obtained from public officials, official records and from other sources which are deemed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Financial Advisor. The delivery of this Official Statement does not at any time imply that information contained herein is correct as of any time subsequent to its date.

Any statements, contained in this Official Statement involving matters of opinion, estimations or projections, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement shall not be construed as a contract or agreement between the Board of Education of Independent School District No. 1 of Murray County, Oklahoma, and the purchasers or holders of any of the 2024 Bonds.

**THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) FOR PURPOSES OF COMPLYING WITH RULE 12c2-12 OF THE SECURITIES AND EXCHANGE COMMISSIONS.**

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## **OFFICIAL STATEMENT**

### **INDEPENDENT SCHOOL DISTRICT NO. 1 MURRAY COUNTY, OKLAHOMA (Sulphur School District)**

**\$1,280,000**

### **General Obligation Building Bonds, Federally Taxable Series 2024**

## **INTRODUCTION**

Independent School District No. 1 of Murray County, Oklahoma, also known as the Sulphur School District (the "School District") is issuing its \$1,280,000 General Obligation Building Bonds, Federally Taxable Series 2024 (the "Bonds" or the "2024 Bonds") to provide funds for the purpose of acquiring capital improvements and purchasing equipment within and for the benefit of the School District. The 2024 Bonds are being issued in accordance with the provisions of the Oklahoma Constitution and laws of the State of Oklahoma supplementary and amendatory thereto. The 2024 Bonds constitute direct and general obligations of the School District payable from ad valorem taxes levied against all taxable property, excepting homestead exemptions, located therein without limitation as to rate or amount.

The School District is located in the southern part of the state approximately 80 miles south of Oklahoma City. The U.S. Census Bureau's 2022 population estimate for the School District is 7,979 and the estimated school enrollment is approximately 1,484 students.

The School District has included herein as Exhibit A, a copy of its Financial Statements as of June 30, 2023 together with Auditor's Report. Exhibit A should be read in its entirety.

## **THE BONDS**

### **Description**

The 2024 Bonds shall bear interest at the rates and mature on the dates as shown on the cover of this Official Statement. Interest on the Bonds will accrue from June 1, 2024, and will be payable June 1 and December 1 of each year commencing June 1, 2025, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System" herein.

### **Redemption Prior to Maturity**

The 2024 Bonds are not subject to redemption prior to maturity.

### **Registration**

The 2024 Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2024 Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2024 Bonds purchased. See "Book-Entry Only System" below.

The 2024 Bonds are transferable by their registered owner(s) in person or by their attorney(ies) duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Bond(s). Upon such transfer a new Bond or Bonds of the same maturity or maturities, interest rate or rates and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The School District and the Registrar may deem and treat the registered owner(s) as the absolute owner(s) (whether or not the 2024 Bond(s) shall be overdue) for the purpose of receiving payment thereof and for all other purposes and neither School District nor Registrar shall be affected by any notice to the contrary.

### **Book-Entry Only System**

*The information in this section concerning The Depository Trust Company ("DTC") and DTC's book-entry-only system has been obtained from DTC, and the School District and the Underwriters take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the 2024 Bonds. The 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2024 Bond certificate will be issued for each maturity of the 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their

ownership interests in the 2024 Bonds, except in the event that use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 2024 Bonds deposited by Direct Participants with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of 2024 Bonds with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all the 2024 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2024 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the 2024 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2024 Bonds at any time by giving reasonable notice to the School District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates will be printed and delivered.

*The School District, Financial Advisor, Bond Counsel, the Paying Agent and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the 2024 Bonds: (i) payments of principal of or interest on the 2024 Bonds; (ii) certificates representing an ownership*

interest or other confirmation of Beneficial Ownership interests in the 2024 Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the 2024 Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and act in the manner described in this official statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the School District, Financial Advisor, Bond Counsel, the Paying Agent or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the 2024 Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the 2024 Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2024 Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the 2024 Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the 2024 Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the School District or the Paying Agent will be given only to DTC.

### Security for the Bonds

The 2024 Bonds are payable from ad valorem taxes levied annually on all taxable property, **without limitation as to rate or amount**, within the School District including real, personal and public service property, and any other monies available for such purpose. Pursuant to Oklahoma statutes, the Assessor is required to reassess the property within the County at least once each five years. The School District is required to pay a portion of the cost of such reassessment. The current assessment ratios for Murray County are shown below:

	<b><u>Murray County</u></b>
Real Estate	11.00%
Personal	12.00%
Public Service	22.85%

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

### Authority for Issuance and Purpose of Bonds

The Bonds are issued pursuant to the provisions of and in full compliance with the Constitution and Laws of the State of Oklahoma, particularly Article X, Section 26 of the Constitution of the State of Oklahoma and Title 70, Article XV of the Oklahoma Statutes 2011, and laws supplementary and amendatory thereto, and a resolution of the Board of Education to be adopted on April 22, 2024.

Under state law, school districts cannot become indebted beyond one year for an amount in excess of the income and revenue provided in such year without the approval of three-fifths (60 percent) of the voters within the district at an election held for such purpose. The Bonds were authorized by a vote of the residents of the School District at a special election on April 5, 2022. The special election authorized the

issuance of a total of \$35,360,000 in bonds. The School District has previously issued \$2,600,000 of the authorized bonds. The 2024 Bonds represent the third series of bonds under this authorization. The School District anticipates issuing the remaining bonds under this authorization in varying amounts and in separate series annually through 2042.

### **Tax Levy and Collection Procedures**

Oklahoma statutes require that the School District each year make an ad valorem tax levy for a Sinking Fund which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year.

After review and approval by the Board of Education of the School District, copies of the Sinking Fund Estimates are submitted to the County Excise Board to determine the ad valorem tax levy appropriations. This submission is required to be made by September 1 of each year. The estimates are for the purposes of determining ad valorem taxes required to fund the Sinking Fund. The amounts contained in the estimate of needs are verified by the County Excise Board and, upon verification, the levies contained therein are ordered to be certified to the County Assessor in order that the County Assessor may extend said levies upon the tax rolls for the year for which the estimate of needs is being submitted. The County Excise Board further certifies that the appropriations contained in the estimate of needs and the mill rate levies are within the limitations provided by law.

The County Assessor is required to file a tax roll report on or before October 1st each year with the County Treasurer indicating the net assessed valuation for each municipality within the County. This report includes the assessed valuation for all real, personal and public service property (public service property assessed valuations are determined by the Oklahoma Tax Commission). The County Treasurer must begin collecting taxes by November 1. The first half of taxes are due and payable on or before January 1. The second half becomes due and payable on or before April 1. If the first half is not paid by January 1, it all becomes due and payable on January 2.

Ad valorem taxes not paid on or before April 1 are considered delinquent. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The purchaser is issued a tax lien; however, the original owner of the property has two (2) years in which to redeem the property by paying the taxes and penalties owed. If at the end of two years he has not done so, the purchaser may then apply for a deed to the property. If there is no purchaser, then the County acquires the same lien and the property is auctioned after approximately two and one-half (2 1/2) years.

### **Record Date**

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15<sup>th</sup> day of the preceding month.

*(Remainder of this page intentionally left blank)*

## THE SULPHUR SCHOOL DISTRICT

The City of Sulphur is the county seat of Murray County, Oklahoma. Murray County is located in the southern portion of Oklahoma, approximately 80 miles south of Oklahoma City. The U.S. Census Bureau's 2022 population estimate for the School District is 7,979.

The organizational structure of the Sulphur Public Schools is PK-2, 3-5, 6-8 and 9-12. Learning opportunities include technology education, extended day and year enrichment activities, concurrent enrollment, distance learning, fine arts, vocational classes, honors curriculum, tutoring, alternative education, community education classes, Southern Oklahoma Technology Center classes, and special need classes. Accelerated Reader, Character Education, ACT prep, internships are district initiatives that are making a significant impact on student achievement and personal growth.

Along with comprehensive curriculum, students are provided extensive student activity programs. They include academic teams, athletic teams, vocal music, band, FFA, FBLA, FCA, Builders Club, Key Club, 4-H, Speech, Art Club, and E-sports.

The local community takes pride in the school district and gives support to the students. This partnership includes local civics clubs, Main Street, Chamber of Commerce, AARP, Ministerial Alliance, Oklahoma School for the Deaf, Oklahoma Veterans Center, Chickasaw Nation, Chickasaw National Recreation Area, county government, and city government.

Residents of the School District are employed at businesses located throughout the City of Sulphur and in the surrounding rural areas. No separate employment figures are available for the School District; however, the unemployment rate as of February 2024 for the counties included in the school district are as follows:

	<u>Unemployment Rate</u>
Murray County	4.3%
State of Oklahoma	3.6%
United States	3.9%

### Board of Education and School Administration

The School District is governed by an elected five-member Board of Education. Members of the Board of Education are as follows.

#### Board of Education

Benji Sartors	President and Member
Cliff Agee	Clerk and Member
Jenny Trett	Member
Clayton Runyan	Member
-Vacant-	Member

#### School Administration

Matt Holder	Superintendent of Schools
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### Payment Record

The School District has never defaulted.



## FINANCIAL INFORMATION

### Computation of Legal Debt Margin

2023-24 Net Assessed Valuation (NAV)	\$75,406,190
Millage Adjustment Factor (MAF)	103.20%
Legal Debt Limitation (NAV * MAF * 10%)	\$7,781,918
General Obligation Bonds Outstanding*	\$5,575,000
Less: Sinking Fund Balance (April 11, 2024)	\$1,523,970
Net General Obligation Bonds Outstanding	\$4,051,030
Remaining Legal Debt Margin	\$3,730,888
Ratio of Net G.O. Indebtedness to Legal Debt Limit	52.06%

\* This figure is as of April 11, 2024, and includes the 2024 Bonds

SOURCE: School District

### Direct Indebtedness

Upon the issuance of the 2024 Bonds, the School District will have gross outstanding general obligation bonded indebtedness of \$5,575,000.

Bond Series	Dated Date	Scheduled Maturity	Original Principal Amount	Outstanding Balance
2016	February 1, 2016	2/1/2026	\$2,100,000	\$470,000
2019	June 1, 2019	6/1/2029	\$1,825,000	\$1,225,000
2022	June 1, 2022	6/1/2027	\$1,600,000	\$1,600,000
2023	June 1, 2023	6/1/2028	\$1,000,000	\$1,000,000
2024	June 1, 2024	6/1/2029	\$1,280,000	\$1,280,000
				\$5,575,000

### Direct and Overlapping Indebtedness

	Total Net Assessed Valuation (by Municipal Entity)	Total Net Assessed Valuation Located in District	Percent of Municipality Net Assessed Valuation in Sulphur District	Percent of Total School District Net Assessed Valuation	Total Municipality Net Indebtedness (Bonded Debt less Est. Sinking Fund)	Total Municipality Net Indebtedness Underlying or Overlapping Edmond District
<b>Direct Debt</b>						
Sulphur Public Schools	\$75,406,190	\$75,406,190	100.00%	100.00%	\$4,051,030	\$4,051,030
<b>Overlapping Debt</b>						
Murray County	\$178,204,248	\$75,406,190	42.31%	100.00%	0	0
Southern Oklahoma Tech Center	\$978,281,452	\$75,406,190	7.71%	100.00%	0	0
<b>Underlying Debt</b>						
<u>Cities &amp; Towns</u>						
Town of Sulphur	\$27,275,541	\$27,275,541	100.00%	36.17%	0	0
Unincorporated/Other	48,130,649	48,130,649	100.00%	63.83%	0	0
		\$75,406,190		100.00%	\$4,051,030	\$4,051,030

Note: Figures for all entities other than the school district are as of June 30, 2023. School district figures are as of April 11, 2024, and include the 2024 Bonds.

## 2023-24 Net Assessed Valuation

### (A) The Composition

<u>Classification</u>	<u>Amount</u>	<u>Percent</u>
Real (Net)	\$41,955,111	55.64%
Personal	23,991,115	31.82%
Public Service	9,459,964	12.55%
	<u>\$75,406,190</u>	<u>100.00%</u>

SOURCE: Murray County Assessor

### (B) The Growth

<u>Fiscal Year</u>	<u>Net Assessed Valuation (NAV)</u>	<u>Percent Change</u>
2023	\$75,406,190	4.00%
2022	72,508,083	38.37%
2021	52,402,735	-4.36%
2020	54,793,213	20.55%
2019	45,451,180	8.10%
2018	42,043,681	4.47%
2017	40,245,883	6.43%
2016	37,814,927	6.05%
2015	35,657,767	0.81%
2014	35,369,785	

SOURCE: Murray County Assessor

## Sinking Fund Tax Collections

<u>Fiscal Year</u>	<u>Net Levy</u>	<u>Total Collections</u>	<u>Collections Percentage*</u>
2022-23	\$1,057,309		
2021-22	817,195	\$843,085	103.17%
2020-21	446,321	465,509	104.43
2019-20	456,516	486,415	106.54
2018-19	467,791	495,883	106.01
2017-18	475,087	497,019	104.61
2016-17	481,152	514,939	107.02
2015-16	536,092	548,488	102.31
2014-15	279,057	291,596	104.49
2013-14	275,467	289,468	105.08
2012-13	300,721	307,575	102.28
2011-12	309,585	324,937	104.96

\*An additional amount is added to compensate for delinquencies.

SOURCE: School District Administration and Budgets.

**Trend of Tax (Millage) Rates on Major Taxing Units  
(For those residing in the School District and in the City of Sulphur)**

<b>Tax Year Beginning July 1,</b>	<b>School District</b>	<b>City of Sulphur</b>	<b>Murray County</b>	<b>Career Tech</b>	<b>Emer. Med. Service</b>	<b>Total</b>
2023	56.00	0.00	19.17	14.69	3.11	92.97
2022	53.11	0.00	19.17	14.69	3.11	90.08
2021	50.22	0.00	19.17	14.69	3.11	87.19
2020	50.03	0.00	19.17	14.69	3.11	87.00
2019	52.09	0.00	19.17	14.69	3.11	89.06
2018	53.14	0.00	19.17	14.69	3.11	90.11
2017	53.83	0.00	19.17	14.69	3.11	90.80
2016	56.17	0.00	19.17	14.69	3.11	93.14
2015	49.46	0.00	19.17	14.69	3.11	86.43
2014	49.46	0.00	19.17	14.76	3.11	86.50

Tax Rates are reflected on a dollars per \$1,000 of Net Assessed Valuation

*SOURCE: School District Administration and Budgets.*

**Largest Property Taxpayers**

<b><u>Taxpayer</u></b>	<b><u>Type of Business</u></b>	<b><u>Assessed Value</u></b>	<b><u>% of Net Assessed Value</u></b>
Glass Sands Wind Energy	Wind Energy	\$16,535,099	21.93%
Kerr Machine Co.	Industrial Pump Manufacturer	4,588,706	6.09%
Chickasaw Holding Company	Telecommunications	4,273,903	5.67%
OG&E	Gas & Electric Company	2,035,877	2.70%
Indian Nation Fiber Optics	Fiber Optic Network Provider	1,161,258	1.54%
Cal-Maine Foods Inc.	Egg Producer and Distributor	848,283	1.12%
Wal-Mart Real Estate Bus Trust	Retail/Grocery	778,492	1.03%
BNSF Railway Co	Railroad	729,491	0.97%
Targa NGL Pipeline Co (F528)	Natural Gas Pipeline	726,500	0.96%
Wal-Mart Stores East LP	Retail/Grocery	602,602	0.80%

**Population**

	<b><u>Year</u></b>	<b><u>Town of Sulphur</u></b>	<b><u>Murray County</u></b>
Estimated	2022	4,951	13,672

*SOURCE: U.S. Census Bureau*

**ABSENCE OF MATERIAL LITIGATION**

No litigation is pending (a) seeking to restrain or enjoin the issuance or delivery of the 2024 Bonds, (b) contesting or affecting any authority for or the validity of the 2024 Bonds, (c) contesting the power of the School District to issue the 2024 Bonds or the power of the School District to offer and sell them, (d) affecting the power of the School District to levy and collect taxes to pay the 2024 Bonds, or (e) contesting the corporate existence or boundaries of the School District.

## **LEGAL MATTERS**

All legal matters incidental to the authorization and issuance of the 2024 Bonds are subject to the approving opinion of the Kiser Law Firm, PLLC, Edmond, Oklahoma, Bond Counsel, and the Attorney General of the State of Oklahoma.

## **CONTINUING DISCLOSURE**

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

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

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

Rule 15c2-12 requires that an issuer or other obligated person disclose in an official statement any instances in the previous five years in which such issuer or other obligated person failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12. In connection with certain bonds previously issued by or for the benefit of the School District, the School District agreed to provide certain annual financial information and notice of certain events pursuant to continuing disclosure undertakings similar to the Disclosure Agreement (the "Prior Undertakings"). During the last five years, the School District has failed to comply with certain provisions of the Prior Undertakings. Specifically, the District failed to timely file its annual financial information and operating data for the fiscal year ended June 30, 2022.

*(Remainder of this page intentionally left blank)*

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of bond counsel, interest on the 2024 Bonds is included in gross income for federal income tax purposes.

In the opinion of bond counsel, under existing statutes interest on the 2024 Bonds shall be exempt from Oklahoma income taxation pursuant to Section 2358.5 of Title 68, Oklahoma Statutes, 2011.

Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the 2024 Bonds under the laws of the State or any other state or jurisdiction.

### **General Matters**

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the 2024 Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the 2024 Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the 2024 Bonds.

In general, interest paid on the 2024 Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the 2024 Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

### **Bond Premium**

An investor which acquires a 2024 Bond for a cost greater than its remaining stated redemption price at maturity and holds such 2024 Bond as a capital asset will be considered to have purchased such 2024 Bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable 2024 Bond premium that reduces interest payments under Section 171 of the Code. 2024 Bond premium is generally amortized over the 2024 Bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any 2024 Bond purchased with a 2024 Bond premium should consult their own tax advisors as to the effect of such 2024 Bond premium with respect to their own tax situation and as to the treatment of 2024 Bond premium for state tax purposes.

### **Market Discount**

An investor that acquires a 2024 Bond for a price less than the adjusted issue price of such 2024 Bond (or an investor who purchases a 2024 Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a 2024 Bond originally issued at a discount, the amount by which the issue price of such 2024 Bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a 2024 Bond not originally issued at a discount, the amount by which the stated redemption price of such 2024 Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a 2024 Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the

2024 Bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a 2024 Bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a 2024 Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a 2024 Bond that acquired such 2024 Bond at a market discount also may be required to defer, until the maturity date of such 2024 Bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such 2024 Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such 2024 Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2024 Bond for the days during the taxable year on which the owner held such 2024 Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2024 Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

### **Sales or Other Dispositions**

If an owner of a 2024 Bond sells the 2024 Bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such 2024 Bond. Ordinarily, such gain or loss will be treated as a capital gain or loss. At the present time, the maximum capital gains rate for certain assets held for more than 12 months is 15%. However, if a 2024 Bond was, at its initial issuance, sold at a discount, a portion of such gain will be recharacterized as interest and therefore ordinary income. Neither the School District nor Bond Counsel can predict whether the President or Congress will propose legislation effecting the long-term capital gains rate.

If the terms of a 2024 Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a 2024 Bond should consult its own tax advisor concerning the circumstances in which such 2024 Bond would be deemed reissued and the likely effects, if any, of such reissuance.

### **Defeasance**

The legal defeasance of the 2024 Bonds may result in a deemed sale or exchange of such 2024 Bond under certain circumstances. Owners of such 2024 Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

## **Backup Withholding**

An owner of a 2024 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2024 Bonds, if such owner, upon issuance of the 2024 Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

## **Foreign Investors**

An owner of a 2024 Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a 2024 Bond will generally not be subject to United States income or withholding tax in respect of a payment on a 2024 Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on 2024 Bonds owned by foreign investors. In those instances in which payments of interest on the 2024 Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of 2024 Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a 2024 Bond.

## **Tax-Exempt Investors**

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a 2024 Bond incurs acquisition indebtedness with respect to such 2024 Bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a 2024 Bond is urged to consult its own tax advisor regarding the application of these provisions.

## **ERISA Considerations**

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2024 Bonds must be determined by the

responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the 2024 Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the School District or any dealer of the 2024 Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2024 Bonds are acquired by such plans or arrangements with respect to which the School District or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2024 Bonds. The sale of the 2024 Bonds to a plan is in no respect a representation by the School District that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the 2024 Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

### **Health Care and Education Reconciliation Act of 2010**

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the 2024 Bonds should consult with their tax advisor concerning this additional tax as it may apply to interest earned on the 2024 Bonds as well as gain on the sale of a 2024 Bond.

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

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2024 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to indebtedness issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2024 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2024 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2024 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2024 Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.



**Prospective purchasers of the 2024 Bonds should consult their own tax advisors as to the consequences of their acquisition, holding, or disposition of the 2024 Bonds.**

#### **GLOBAL RISKS**

Certain external events, such as pandemics, natural disasters, severe weather, riots, acts of war or terrorism, technological emergencies, or other circumstances, could potentially disrupt the operations and effectiveness of municipal governments, such as the School District.

#### **RATINGS**

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

#### **UNDERWRITING**

The General Obligation Building Bonds, Federally Taxable Series 2024 are being purchased at competitive sale by \_\_\_\_\_, (the "Underwriter"). The Underwriter has agreed to purchase the 2024 Bonds at a price equal to \$\_\_\_\_\_ plus accrued interest from June 1, 2024.

#### **FINANCIAL ADVISOR**

BOK Financial Securities, Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the bonds. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the District for the investment of debt proceeds or other funds of the District, upon the request of the District.

BOK Financial Securities, Inc., in its capacity of Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the District has provided the following sentence for inclusion in the Official Statement. The Financial Advisor has reviewed the information in the Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy of such information.

*(Remainder of this page intentionally left blank)*

## **MISCELLANEOUS**

All quotations from and summaries and explanations of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

The Official Statement is not to be construed as a contract or agreement between the School District and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District, or its agencies and authorities, since the date hereof.

INDEPENDENT SCHOOL DISTRICT NO. 1  
OF MURRAY COUNTY, OKLAHOMA

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

**EXHIBIT A**

**FINANCIAL STATEMENTS WITH ACCOUNTANT'S REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

**SULPHUR INDEPENDENT SCHOOL DISTRICT NO. I-1,  
MURRAY COUNTY, OKLAHOMA**

**JUNE 30, 2023**

Audited by

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

**BROKEN ARROW, OK**

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2023

**BOARD OF EDUCATION**

**President**

Benji Sartors

**Vice-President**

Tammy Key Scrugham

**Clerk**

Cliff Agee

**Members**

Clayton Runyam

Jenny Trett

**SUPERINTENDENT OF SCHOOLS**

Matt Holder

**ENCUMBRANCE CLERK**

Brooke Wood

**SCHOOL DISTRICT TREASURER**

David Harp

[www.sulphurk12.org](http://www.sulphurk12.org)

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
JUNE 30, 2023

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SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
JUNE 30, 2023

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

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

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Education  
Sulphur Independent School District No. 1  
Sulphur, Murray County, Oklahoma

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

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Sulphur Independent School District No. 1, Sulphur, Murray County, Oklahoma (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" section of our report, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2023, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

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

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

***Basis for Opinions***

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

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

As discussed in Note 1, the financial statements referred to above do not include the General Fixed Asset Account Group, which is a departure from the regulatory basis of accounting prescribed or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group is not known.



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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements-regulatory basis that collectively comprise the District's basic financial statements. The accompanying combining financial statements-regulatory basis and other supplementary information and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements-regulatory basis. The information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, the combining financial statements-regulatory basis and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the combined financial statements-regulatory basis as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

November 10, 2023



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

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

The Honorable Board of Education  
Sulphur Independent School District No. 1  
Sulphur, Murray County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the fund type and account group financial statements – regulatory basis of the Sulphur Independent School District No. 1, Sulphur, Murray County, Oklahoma (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2023, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts as provided by the Oklahoma State Department of Education. However, our report was qualified because the omission of the general fixed asset account group results in an incomplete presentation with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

November 10, 2023



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

To the Honorable Board of Education  
Sulphur Independent School District No. 1  
Sulphur, Murray County, Oklahoma

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

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

We have audited the Sulphur Independent School District No. 1, Sulphur, Murray County, Oklahoma's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

November 10, 2023

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND  
MATERIAL INSTANCES OF NONCOMPLIANCE  
JUNE 30, 2023

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



SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023

**Section 1** – Summary of Auditor’s Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with the regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified report was issued on the compliance for major programs in conformity with the regulatory basis of accounting.
6. The audit disclosed no audit findings which are required to be reported under the Uniform Guidance, 2 CFR 200.516(a).
7. Programs determined to be major were the COVID-19 Education Stabilization Fund-ESSER Programs (84.425U), which were not clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The district was determined not to be a low-risk auditee.

**Section 2** – Findings Relating to the Financial Statements Required to be Reported in Accordance with GAGAS:

NONE

**Section 3** – Findings and Questioned Costs for Federal Awards:

NONE

**COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS  
JUNE 30, 2023

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST & AGENCY FUNDS	GENERAL LONG-TERM DEBT	
<u>ASSETS</u>							
Cash and investments	\$ 3,766,018	1,813,948	726,414	2,097,589	311,746		8,715,715
Amounts available in debt service						726,414	726,414
Amount to be provided for retirement of long-term debt						4,194,286	4,194,286
Total Assets	<u>\$ 3,766,018</u>	<u>1,813,948</u>	<u>726,414</u>	<u>2,097,589</u>	<u>311,746</u>	<u>4,920,700</u>	<u>13,636,415</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Warrants/checks payable	\$ 332,318	7,186		750			340,254
Encumbrances	54,377	23,267		29,374			107,018
Funds held for school organizations					267,090		267,090
Long-term debt:							
Bonds payable						4,530,000	4,530,000
Capital leases						390,700	390,700
Total liabilities	<u>386,695</u>	<u>30,453</u>	<u>0</u>	<u>30,124</u>	<u>267,090</u>	<u>4,920,700</u>	<u>5,635,062</u>
Fund Balance:							
Restricted		1,783,495	726,414	2,067,465	44,656		4,622,030
Unassigned	3,379,323						3,379,323
Total fund balance	<u>3,379,323</u>	<u>1,783,495</u>	<u>726,414</u>	<u>2,067,465</u>	<u>44,656</u>	<u>0</u>	<u>8,001,353</u>
Total Liabilities and Fund Balance	<u>\$ 3,766,018</u>	<u>1,813,948</u>	<u>726,414</u>	<u>2,097,589</u>	<u>311,746</u>	<u>4,920,700</u>	<u>13,636,415</u>

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES  
 - ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES EXPENDABLE TRUST FUNDS	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		
Revenues Collected:						
Local sources	\$ 2,950,042	370,315	843,085		6,601	4,170,043
Intermediate sources	450,791					450,791
State sources	7,941,198	197,067				8,138,265
Federal sources	2,674,400	463,812				3,138,212
Interest earnings	65,886					65,886
Nonrevenue receipts	35,796	79,875	200			115,871
Total revenues collected	<u>14,118,113</u>	<u>1,111,069</u>	<u>843,285</u>	<u>0</u>	<u>6,601</u>	<u>16,079,068</u>
Expenditures:						
Instruction	7,958,085					7,958,085
Support services	4,654,316	67,128		551,386	8,000	5,280,830
Operation of noninstructional services	10,273	512,388				522,661
Facilities acquisition and construction services	600			409		1,009
Other outlays:						
Clearing account	37,721					37,721
Debt service requirements			535,610			535,610
Total expenditures	<u>12,660,995</u>	<u>579,516</u>	<u>535,610</u>	<u>551,795</u>	<u>8,000</u>	<u>14,335,916</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	1,457,118	531,553	307,675	(551,795)	(1,399)	1,743,152
Other financing sources (uses):						
Bond proceeds				1,000,000		1,000,000
Adjustments to prior year encumbrances	203,349	7,972				211,321
Total other financing sources (uses)	<u>203,349</u>	<u>7,972</u>	<u>0</u>	<u>1,000,000</u>	<u>0</u>	<u>1,211,321</u>
Excess of revenue collected over (under) expenditures	1,660,467	539,525	307,675	448,205	(1,399)	2,954,473
Cash fund balances, beginning of year	<u>1,718,856</u>	<u>1,243,970</u>	<u>418,739</u>	<u>1,619,260</u>	<u>46,055</u>	<u>5,046,880</u>
Cash fund balances, end of year	<u>\$ 3,379,323</u>	<u>1,783,495</u>	<u>726,414</u>	<u>2,067,465</u>	<u>44,656</u>	<u>8,001,353</u>

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL FUND		
	Original / Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 2,380,902	2,950,042	2,228,596
Intermediate sources	369,128	450,791	402,324
State sources	7,797,576	7,941,198	8,368,188
Federal sources	1,739,056	2,674,400	1,675,196
Interest earnings		65,886	10,198
Nonrevenue receipts		35,796	23,699
Total revenues collected	<u>12,286,662</u>	<u>14,118,113</u>	<u>12,708,201</u>
Expenditures			
Instruction		7,958,085	8,710,668
Support services		4,654,316	4,812,928
Operation of noninstructional services		10,273	12,013
Facilities acquisition and construction services		600	
Other outlays:			
Clearing account		37,721	29,150
Other uses	<u>14,005,518</u>		
Total expenditures	<u>14,005,518</u>	<u>12,660,995</u>	<u>13,564,759</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,718,856)	1,457,118	(856,558)
Adjustments to prior year encumbrances	<u>0</u>	<u>203,349</u>	<u>25,176</u>
Excess of revenue collected over (under) expenditures	(1,718,856)	1,660,467	(831,382)
Cash fund balance, beginning of year	<u>1,718,856</u>	<u>1,718,856</u>	<u>2,550,238</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>3,379,323</u>	<u>1,718,856</u>

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS		
	Original / Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 340,129	370,315	268,257
State sources	8,458	197,067	142,185
Federal sources	626,385	463,812	770,508
Nonrevenue receipts		79,875	6,526
Total revenues collected	974,972	1,111,069	1,187,476
Expenditures:			
Support services		67,128	55,180
Operation of noninstructional services		512,388	629,031
Facilities acquisition and construction services			11,940
Other outlays:			
Reimbursement	1,041,535		
Correcting entry			578
Other uses	1,177,407		
Total expenditures	2,218,942	579,516	696,729
Excess of revenue collected over (under) expenditures before adjustments to prior year encumbrances	(1,243,970)	531,553	490,747
Adjustments to prior year encumbrances	0	7,972	62,467
Excess of revenue collected over (under) expenditures	(1,243,970)	539,525	553,214
Cash fund balances, beginning of year	1,243,970	1,243,970	690,756
Cash fund balances, end of year	\$ 0	1,783,495	1,243,970

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023

	DEBT SERVICE FUND		
	Original / Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 817,196	843,085	465,510
Interest earnings			3,910
Nonrevenue receipts		200	
Total revenues collected	<u>817,196</u>	<u>843,285</u>	<u>469,420</u>
Requirements:			
Bonds	737,500	435,000	435,000
Coupons	103,131	100,610	60,135
Total requirements	<u>840,631</u>	<u>535,610</u>	<u>495,135</u>
Excess of revenue collected over (under) expenditures	(23,435)	307,675	(25,715)
Cash fund balance, beginning of year	<u>418,739</u>	<u>418,739</u>	<u>444,454</u>
Cash fund balance, end of year	<u>\$ 395,304</u>	<u>726,414</u>	<u>418,739</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**



SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Sulphur Public Schools Independent District, No. I-1 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

**A. Reporting Entity**

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

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

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

**A. Reporting Entity – cont'd**

whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

**B. Measurement Focus**

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

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

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

**Governmental Fund Types**

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

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

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

**B. Measurement Focus - cont’d**

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

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

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

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

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

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

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

**B. Measurement Focus – cont’d**

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “nonexpendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The District maintained a gifts and endowments fund during the 2022-23 fiscal year.

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

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

**Account Groups**

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

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

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

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

**B. Measurement Focus – cont'd**

**Memorandum Only - Total Column**

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

**C. Basis of Accounting and Presentation**

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

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

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

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**C. Basis of Accounting and Presentation – cont’d**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

**D. Budgets and Budgetary Accounting**

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

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

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

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year. While the debt service fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the Board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

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

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

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

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

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

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

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

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

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



SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

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

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

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

**F. Revenue and Expenditures**

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

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**F. Revenue and Expenditures – cont’d**

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

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

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

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

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

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

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

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

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

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

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

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

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

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

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

**F. Revenue and Expenditures – cont'd**

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made during the 2022-23 fiscal year.

**2. CASH AND INVESTMENTS**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District's cash deposits and investments at June 30, 2023 were \$8,725,049 at financial institutions and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District's name.

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

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

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**2. CASH AND INVESTMENTS – cont'd**

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

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

**3. INTERFUND RECEIVABLES AND PAYABLES**

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

**4. GENERAL LONG-TERM DEBT**

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

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

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

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2022	\$ 3,965,000	0	3,965,000
Additions	1,000,000	390,700	1,390,700
Retirements	(435,000)	0	(435,000)
Balance, June 30, 2023	<u>\$ 4,530,000</u>	<u>390,700</u>	<u>4,920,700</u>

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

**4. GENERAL LONG-TERM DEBT – cont'd**

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

	<u>Amount Outstanding</u>
<u>Bonds Payable:</u>	
Building Bonds, dated 2-1-16, totaling \$2,100,000 1.00% to 2.35% interest, due in annual installments of \$235,000, final payment due 2-1-26	\$ 705,000
Building Bonds, dated 6-1-19, totaling \$1,825,000 2.10% to 2.50% interest, due in annual installments of \$200,000 and a final payment of \$225,000 due 6-1-29	1,225,000
General Obligation Bonds, dated 6-1-22, totaling \$1,600,000, 3.00% to 3.25% interest, due in annual Installments of \$400,000, final payment due 6-1-27	1,600,000
General Obligation Bonds, dated 6-1-23, totaling \$1,000,000, 5.00% to 5.50% interest, due in annual Installments of \$250,000, final payment due 6-1-28	1,000,000
<u>Capital Leases:</u>	
Lease purchase for track project, dated 4-20-23, totaling \$390,700, 5.50% interest, due in three installments of varying principal and interest amounts totaling \$144,815, final payment due 4-20-26	<u>390,700</u>
Total long-term debt	<u>\$ 4,920,700</u>

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NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**4. GENERAL LONG-TERM DEBT – cont'd**

Future Debt Requirements

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 958,326	165,833	1,124,159
2025	1,215,109	137,875	1,352,984
2026	1,222,265	95,310	1,317,575
2027	850,000	52,812	902,812
2028-32	675,000	22,287	697,287
Total	<u>\$ 4,920,700</u>	<u>474,117</u>	<u>5,394,817</u>

Interest paid on general long-term debt during the 2022-23 fiscal year totaled \$100,610.

**5. EMPLOYEE RETIREMENT SYSTEM**

Description of Plan

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

Basis of Accounting

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

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**5. EMPLOYEE RETIREMENT SYSTEM – cont'd**

performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2022-23 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 8.00%.

Annual Pension Cost

The District's total contributions for 2023, 2022 and 2021 were \$1,246,620, \$1,266,873 and \$1,161,174, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2023. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit [www.ok.gov/TRS](http://www.ok.gov/TRS) for all plan information.

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

**6. RISK MANAGEMENT**

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

The District participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB



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**6. RISK MANAGEMENT – cont'd**

No. 10, the District reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the loss fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use its loss fund in three years, it is returned to the District with no interest.

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

**7. CONTINGENCIES**

Federal Grants

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

Schedule of Expenditure of Federal Awards

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

Litigation

District officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District.

## **SUPPLEMENTARY INFORMATION**

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 JUNE 30, 2023

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,355,062	458,886	1,813,948
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants/checks payable	\$	7,186	7,186
Encumbrances	23,267		23,267
Total liabilities	23,267	7,186	30,453
Fund balance:			
Restricted	1,331,795	451,700	1,783,495
Total Liabilities and Fund Balance	\$ 1,355,062	458,886	1,813,948

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:			
Local sources	\$ 370,315		370,315
State sources	186,879	10,188	197,067
Federal sources		463,812	463,812
Nonrevenue receipts		79,875	79,875
Total revenues collected	<u>557,194</u>	<u>553,875</u>	<u>1,111,069</u>
Expenditures:			
Support services	67,128		67,128
Operation of noninstructional services		512,388	512,388
Total expenditures	<u>67,128</u>	<u>512,388</u>	<u>579,516</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	490,066	41,487	531,553
Adjustments to prior year encumbrances	<u>4,451</u>	<u>3,521</u>	<u>7,972</u>
Excess of revenues collected over (under) expenditures	494,517	45,008	539,525
Cash fund balances, beginning of year	<u>837,278</u>	<u>406,692</u>	<u>1,243,970</u>
Cash fund balances, end of year	<u>\$ 1,331,795</u>	<u>451,700</u>	<u>1,783,495</u>

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON  
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

	BUILDING FUND		CHILD NUTRITION FUND	
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET
Revenues Collected:				
Local sources	\$ 340,129	340,129		
State sources		370,315	\$ 8,458	8,458
Federal sources		186,879	626,385	626,385
Nonrevenue receipts				
Total revenues collected	340,129	557,194	634,843	553,875
Expenditures:				
Support services		67,128		
Operation of noninstructional services				512,388
Other outlays:				
Reimbursement			1,041,535	1,041,535
Other uses	1,177,407	1,177,407		
Total expenditures	1,177,407	67,128	1,041,535	512,388
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(837,278)	490,066	(406,692)	41,487
Adjustments to prior year encumbrances	0	4,451	0	3,521
Excess of revenues collected over (under) expenditures	(837,278)	494,517	(406,692)	45,008
Cash fund balances, beginning of year	837,278	837,278	406,692	406,692
Cash fund balances, end of year	\$ 0	1,331,795	\$ 0	451,700

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS  
 JUNE 30, 2023

	EXPENDABLE TRUST FUNDS GIFTS & ENDOWMENTS FUND	AGENCY FUNDS SCHOOL ACTIVITY FUNDS	TOTAL
<u>ASSETS</u>			
Cash	\$ 44,656	267,090	311,746
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Funds held for school organizations	\$ 0	267,090	267,090
Fund Balance:			
Restricted	44,656	0	44,656
Total Liabilities and Fund Balance	\$ 44,656	267,090	311,746

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
ALL AGENCY FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS / ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-23
<b><u>ASSETS</u></b>					
Cash	\$ 276,627	757,374	0	766,911	267,090
<b><u>LIABILITIES</u></b>					
Funds held for school organizations:					
HS Yearbook	\$ 4,054	18,160	930	20,743	2,401
HS Art	751	920		411	1,260
Athletics	39,360	116,614		120,718	35,256
Girls Basketball	21,849	23,345		43,075	2,119
Baseball	14,604	29,833		32,674	11,763
Band	3,626	16,145		17,549	2,222
HS Cheerleading	1,212	24,172		16,417	8,967
8/9th Grade Cheerleading	2,087	13,149		5,804	9,432
Cafeteria	105	80,036		80,141	0
Elem/Inter Yearbook	345	3,337	820	4,459	43
5th Grade Goddard Fund	3,464	21,773		18,923	6,314
MS Student Council	1,236	2,198		2,676	758
S.A.F CD Interest	8,870	131		0	9,001
Special Olympics	967	504		915	556
SMS PTO	30	0	13	0	43
Elementary	6,761	25,794	(410)	23,215	8,930
Football	5,924	41,863		42,692	5,095
MS Academic Team	395	451		120	726
FFA-AG	5,072	34,033		36,225	2,880
FHA HS FCCLA	1,661	9,132	(3,104)	6,188	1,501
General Activities	4,540	504		4,384	660
Drivers Education	0	12,320		280	12,040
The Inquiring Minds	555	0		0	555
High School	7,275	8,897	1,694	8,821	9,045
Jr/Sr Prom Committee	1,085	14,121	457	13,974	1,689
MS Builders Club	1,038	1,260		0	2,298
HS Key Club	748	1,012		283	1,477
Class of 2020	1,694	600	2,997	3,716	1,575
HS Library	10,589	530		7,775	3,344
MS Library	6,327	1,361		5,779	1,909
Middle School Office	8,987	2,528		2,204	9,311
MS Yearbook	3,353	8,029	1,535	9,239	3,678
MS FCCLA	851	737		702	886
Foreign Lang - Spanish	892	1,509	609	2,372	638
Lunch Buddies Account	44	0		0	44
HS Student Council	9,144	18,245	(90)	17,079	10,220
Trap Shoot	699	1,212		1,461	450

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 ALL AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS / ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-23
<u>LIABILITIES</u>					
Funds held for school organizations - cont'd					
Elem/Inter Vocal Music	\$ 11	0		0	11
Wrestling	926	1,000		1,419	507
S.E.C. (Sulphur Employee)	3,881	5,051	(500)	3,238	5,194
Vocal Music	5,795	24,389		21,018	9,166
Intermediate Library	4,286	8,117		11,691	712
Intermediate School	2,454	47,948	(410)	48,038	1,954
Nissa Daniels Scholarship	143	0		0	143
Fishing Club	789	0		0	789
Bus Barn	99	0		62	37
Elementary Library	6,123	6,051		4,997	7,177
AWARE	0	700		260	440
MS Art	13	4,273		3,929	357
Business Education	1,062	2,562	120	2,765	979
Boys Golf	8,261	6,515	55	4,706	10,125
Girls Golf	4,353	4,955	(55)	5,305	3,948
HS Academic Team	200	0		0	200
Class of 2023	1,444	0	(1,444)	0	0
Class of 2026	0	6,603	1,410	351	7,662
Class of 2027	0	3,361		1,764	1,597
Recycling	1,396	0		0	1,396
FCA	0	2,365		1,814	551
Boys Basketball	23,742	34,774	(60)	44,838	13,618
Softball	2,218	27,490		25,141	4,567
Class of 2025	0	0	1,444	0	1,444
Class of 2024	1,410	14,265	(910)	11,034	3,731
Class of 2021	2,042	0	(2,042)	0	0
Class of 2022	2,997	0	(2,997)	0	0
Summer Pride	1,040	3,455		1,681	2,814
Track/Cross Country	21,748	19,045	(62)	21,846	18,885
Total Liabilities	<u>\$ 276,627</u>	<u>757,374</u>	<u>0</u>	<u>766,911</u>	<u>267,090</u>



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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass Through Grantor / Program Title	Fed. Asst. Listing Number	OCAS Project No.	Total Expenditures
<b><u>U.S. Department of Education:</u></b>			
<b><u>Direct Programs:</u></b>			
Indian Education	84.060A	561	\$ 81,817
<b><u>Passed Through State Department of Education:</u></b>			
Title I, Part A	84.010	511	423,966
Title II, Part A	84.367	541	54,137
Title IV, Part A	84.424	552	24,845
Title VI, Part B	84.358	587	40,106
IDEA-B Special Education Cluster:			
ARP - IDEA-B Flow Through	84.027X	628	7,181
IDEA-B Flow Through	84.027	621	316,880
IDEA-B Preschool	84.027	641	10,665
Total IDEA-B Special Education Cluster			<u>334,726</u>
Oklahoma AWARE Grant	93.243	782	158,853
*COVID-19 - Education Stabilization Fund (ESF): ESSER III	84.425U	795	1,047,014
<b><u>U.S. Department of Agriculture:</u></b>			
<b><u>Passed Through State Department of Education:</u></b>			
Child Nutrition Programs Cluster:			
National School Lunch Program	10.555	763	63,773
Non-Cash Assistance - Commodities	10.555	N/A	55,166
Total Child Nutrition Program Cluster			<u>118,939</u>
<b><u>Other Federal Assistance:</u></b>			
Johnson O' Malley	15.130	563	17,760
<b>Total Federal Assistance</b>			<b><u>\$ 2,302,163</u></b>

\* - Major programs = 45.47%

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

**Note 2 - Summary of Significant Accounting Policies** - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**Note 3 - Non-Monetary Assistance** - Commodities received by the District were of a non-monetary nature and therefore the total revenue does not agree with the financial statements.

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
PREPARED FOR THE OKLAHOMA STATE DEPARTMENT OF EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	OCAS Project Number	Program or Award Amount	Balance at 7/1/22	Revenue Collected	Total Expenditures	Balance at 6/30/23
<b>U.S. Department of Education:</b>							
<b>Direct Programs</b>							
Indian Education	84.060A	561	\$ 81,817		51,087	81,817	30,730
Indian Education, 2021-22	84.060A	799		46,453	46,453		
Sub Total			81,817	46,453	97,540	81,817	30,730
<b>Passed Through State Department of Education:</b>							
Title I, Part A	84.010	511	542,224		298,301	423,966	125,665
Title I, Part A, 2021-22	84.010	799		216,626	216,626		
Title II, Part A	84.367	541	54,137		54,137	54,137	
Title IV, Part A	84.424	552	24,845		24,845	24,845	
Title VI, Part B	84.358	587	40,106		26,921	40,106	13,185
Title VI, Part B, 2021-22	84.358	799		30,704	30,704		
ARP - IDEA-B, Flow Through	84.027X	628	8,951			7,181	7,181
ARP - IDEA-B Flow Through, 2021-22	84.027X	799		67,761	67,761		
ARP - IDEA-B Preschool	84.027X	643	1,106				
IDEA-B Flow Through	84.027	621	317,364		240,493	316,880	76,387
IDEA-B Flow Through, 2021-22	84.027	799		73,462	73,462		
IDEA-B Professional Development	84.027	615	2,504				
IDEA-B Preschool	84.173	641	10,665		10,665	10,665	
IDEA-B Preschool, 2021-22	84.173	799		3,246	3,246		
Oklahoma AWARE	93.243	782	362,669		158,853	158,853	
Oklahoma AWARE, 2021-22	93.243	799		81,174	81,174		
COVID-19 - Education Stabilization Fund (ESF)							
ESSER II, 2021-22	84.425D	799		1,105	1,105		
ESSER III	84.425U	795	2,269,830		938,833	1,047,014	108,181
ESSER III, 2021-22	84.425U	799		321,324	321,324		
ESSER III Homeless	84.425U	797	7,574				
Total COVID-19 ESF			2,277,404	322,429	1,261,262	1,047,014	108,181
Sub Total			3,641,975	795,402	2,548,450	2,083,647	330,599
<b>U.S. Department of Agriculture:</b>							
<b>Passed Through State Department of Education:</b>							
<b>Child Nutrition Programs Cluster:</b>							
School Breakfast Program	10.553	764			79,003		
National School Lunch Program	10.555	763			337,527	63,773	
Supply Chain Assistance	10.555	759			46,653		
Non-Cash Assistance - Commodities	10.555	N/A			55,166	55,166	
Total Child Nutrition Program Cluster					518,349	118,939	
<b>Other Child Nutrition Programs:</b>							
P-EBT	10.649	760			628	0	
<b>Other Federal Assistance:</b>							
Johnson O'Malley	15.130	563	17,760		10,930	17,760	6,830
Johnson O'Malley, 2021-22	15.130	799		16,497	16,497		
Job Training - OJT	84.126	456	984		984		
Sub Total			18,744	16,497	28,411	17,760	6,830
<b>Total Federal Assistance</b>			<b>\$ 3,742,536</b>	<b>858,352</b>	<b>3,193,378</b>	<b>2,302,163</b>	<b>368,159</b>

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

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

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

SULPHUR INDEPENDENT SCHOOL DISTRICT NO. 1, MURRAY COUNTY  
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS  
FOR THE YEAR ENDED JUNE 30, 2023

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
The Crews Agency -				
Old Republic Surety	Superintendent	W150350093	\$ 100,000	7/1/22 - 7/1/23
Western Surety	Treasurer	69001772	150,000	7/1/22 - 7/1/23
Western Surety	Deputy Treasurer	69001772	150,000	7/1/22 - 7/1/23
Western Surety	Position Bond:	69001772	5,000	7/1/22 - 7/1/23
	Encumbrance Clerk			
	Minutes Clerk			
	Deputy Minutes Clerk			
	Activity Fund Custodian			
	Child Nutrition Custodian			

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

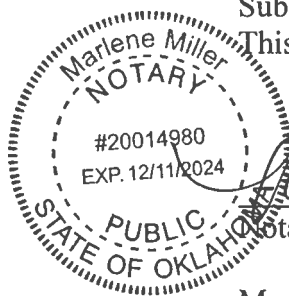
State of Oklahoma            )  
  ) ss  
County of Tulsa             )

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Sulphur Public Schools for the audit year 2022-23.

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

By   
Authorized Agent

Subscribed and sworn to before me  
This 10<sup>th</sup> day of November, 2023



  
Notary Public (or Clerk or Judge)

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



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

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

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

November 10, 2023

Mr. Matt Holder, Supt.  
Sulphur Public Schools  
1021 West 9<sup>th</sup> Street  
Sulphur, Oklahoma 73086

Dear Mr. Holder:

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

**The following section contains observations relayed to management that are minor deficiencies which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included or referred to in your audit report.**

Payroll

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

Employee Contracts

During our review of payroll, we observed a few instances where employees had received additional compensation for which there was not an approved/signed extra duty contract observed. We recommend that written employment contracts be prepared, signed by the employee and approved by the Board for every employee, including extra duty contracts for any additional compensation paid. Additionally, a copy of the extra duty contract filed along with the employee's regular contract should be retained on file for review.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Bledsoe', with a long horizontal flourish extending to the right.

Eric M. Bledsoe

For

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

**EXHIBIT B**

**CONTINUING DISCLOSURE AGREEMENT**



## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of June 1, 2024 (this “Disclosure Agreement”), is executed and delivered by Independent School District No. 1, Murray County, Oklahoma (the “Issuer”) in connection with the issuance of the General Obligation Building Bonds, Federally Taxable Series 2024 (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated as of April 22, 2024 (the “**Resolution**”). The School District is the “obligated person” with respect to the Bonds for the purposes of the Rule, hereinafter defined, hereby covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist each Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Commission”). The Issuer represents that it will be the only “obligated person” (as defined in the Rule) with respect to the Bonds at the time the Bonds are delivered to each Participating Underwriter and that no other person presently is expected to become an obligated person with respect to the Bonds at any time after the issuance of the Bonds.

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

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

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the Superintendent of the School District or his or her designee, or such other officer or employee as the School District shall designate from time to time.

“*Dissemination Agent*” shall mean any entity designated by the Issuer to act as the Dissemination Agent hereunder.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access System. Reference is made to Commission Release No. 34-59062, December 8, 2008 (the “*Release*”) relating to the EMMA system for municipal securities disclosure effective on July 1, 2009.

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

“*Material Event*” shall mean any of the events listed in Exhibit B to this Disclosure Agreement.

“*Material Event Notice*” means notice of a Material Event in Prescribed Form.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“*Official Statement*” means the “final official statement,” as defined in the paragraph (f)(3) of the Rule, relating to the Bonds.

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

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

“*Rule*” means Rule 15c2-12 promulgated by the Commission under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Disclosure Agreement, including any official interpretations thereof.

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

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

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 10 business days after such information becomes available, and not later than nine months after the end of the Issuer’s fiscal year (presently July 1 through June 30), commencing with the report for the 2024 Fiscal Year, provide to the MSRB in Prescribed Form the Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date but within 10 business days after they become available. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under Section 5.

(b) If the Issuer fails to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send a notice of such failure to the MSRB by a date not in excess of 10 business days after the occurrence of such failure.

**Section 4. Content of Annual Reports.** The Issuer’s Annual Report shall contain or include by reference the following:

(a) Annual audited financial statements of the Issuer and an annual update of all material financial and operating data of the Issuer, to the same extent as provided in those portions identified in Exhibit A hereto of the Official Statement and as required by applicable state law. The descriptions in the Official Statement of financial and operating data of the Issuer are of general categories of financial and operating data deemed to be material as of the date of the Official Statement. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any annual financial and operating data containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) The audited financial statements of the Issuer for the prior fiscal year, prepared on a regulatory basis as prescribed by the Oklahoma Department of Education provided, however, that the Issuer may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, and shall include a reference to the specific federal or State law or regulation describing such accounting basis. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report within 10 business days of when they become available.

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

**Section 5. Disclosure of Material Events.** The Issuer hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, a Material Event Notice to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Disclosure Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Resolution. The Issuer is required to deliver such Material Event Notice in the same manner as provided by Section 3(a) of this Disclosure Agreement.

**Section 6. Duty To Update EMMA/MSRB.** The Issuer shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Material Event Notice under Section 5.

**Section 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Material Event Notice under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 10. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or Material Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or Material Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Material Event Notice.

**Section 11. Default.** In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.** The Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Resolution. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees, to the extent permitted under Oklahoma law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent.

**Section 13. Notices.** Any notices or communications to School District under this Disclosure Agreement may be given as follows: Independent School District No.1, Murray County, Oklahoma, Attention: Superintendent, Telephone: 580-622-2061.

**Section 14. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, each Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 15. Recordkeeping.** The Issuer shall maintain records of all filings of Annual Reports and Material Event Notices, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 16. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**INDEPENDENT SCHOOL DISTRICT NO. 1,  
MURRAY COUNTY, OKLAHOMA**

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

[Signature Page to Continuing Disclosure Agreement]

**EXHIBIT A**  
**DESCRIPTION OF PORTIONS OF**  
**OFFICIAL STATEMENT REQUIRING ANNUAL UPDATE**

The information under the Heading “Financial Information”

Exhibit A – Audited Financial Statements.

## **EXHIBIT B**

### **EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENT NOTICES ARE REQUIRED**

1. Principal and interest payment delinquencies.
2. Nonpayment-related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls, if material.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Tender offers.
13. Bankruptcy, insolvency, receivership or similar event of the Issuer<sup>†</sup>.
14. The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
16. The incurrence of a financial obligation of the obligated person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
17. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an obligated person, any of which reflect financial difficulties.

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<sup>†</sup>This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.