

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 JUNE 4, 2026

NEW ISSUE – Book-Entry Only

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
POTTAWATOMIE COUNTY, OKLAHOMA
(McLoud School District)**

\$1,850,000

General Obligation Building Bonds, Federally Taxable Series 2026

Dated: July 1, 2026

Due: July 1, As Shown Below

Interest on the \$1,850,000 Independent School District Number 1, Pottawatomie County, Oklahoma, General Obligation Building Bonds, Federally Taxable Series 2026 (the "Bonds" or the "2026 Bonds") will accrue from July 1, 2026, (the "Dated Date") and will be payable January 1 and July 1 of each year commencing July 1, 2028, 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 Only System" herein. The initial Paying Agent/Registrar is UMB Bank, n.a. (the "Paying Agent/Registrar").

The 2026 Bonds constitute direct and general obligations of Independent School District No. 1 of Pottawatomie 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 2026 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</u> 737838
7-1-2028	\$825,000			
7-1-2029	\$1,025,000			

The 2026 Bonds are offered subject to the approval of legality by the Attorney General of the State of Oklahoma and _____, Bond Counsel. It is anticipated that the 2026 Bonds in definitive form will be available for delivery on or about August 4, 2026.

Financial Advisor

BOK Financial Securities, Inc.

Official Statement Dated: June __, 2026

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 2026 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 Pottawatomie County, Oklahoma, and the purchasers or holders of any of the 2026 Bonds.

FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12(B)(1) OF THE SECURITIES AND EXCHANGE COMMISSION, THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED FINAL (EXCEPT FOR PERMITTED OMISSIONS) AS OF THE DATE HEREOF; HOWEVER, IT IS SUBJECT TO REVISION, AMENDMENT AND COMPLETION AS A FINAL OFFICIAL STATEMENT.

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Financial Statements with Auditor’s Report for the
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OFFICIAL STATEMENT

INDEPENDENT SCHOOL DISTRICT NO. 1 POTTAWATOMIE COUNTY, OKLAHOMA (McLoud School District)

\$1,850,000

General Obligation Building Bonds, Federally Taxable Series 2026

INTRODUCTION

Independent School District No. 1 of Pottawatomie County, Oklahoma, also known as the McLoud School District (the "School District") is issuing its \$1,850,000 General Obligation Building Bonds, Federally Taxable Series 2026 (the "Bonds" or the "2026 Bonds") to provide funds for the purpose of acquiring capital improvements and equipment within and for the benefit of the School District. The 2026 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 2026 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.

McLoud Public Schools serves the City of McLoud and the surrounding rural communities. The School District encompasses approximately seventy-three (73) square miles and is located approximately 30 miles east of Oklahoma City, Oklahoma. It contains single and multi-family housing and is predominately agricultural in nature and economy. The U.S. Census Bureau's 2024 population estimate for the School District is 12,097.

The School District currently employs 98 certified teachers and has an estimated enrollment of 1,445 resulting in a teacher-student ratio of 1:15. The School District operates 10 regular school bus routes and 2 special education bus routes, transporting approximately 45% of the enrollment daily. The School District is fully accredited by the Oklahoma State Department of Education. The School District has included herein, as Exhibit A, a copy of its Financial Statements as of June 30, 2025, together with Auditor's Report. Exhibit A should be read in its entirety.

THE BONDS

Description

The 2026 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 July 1, 2026, and will be payable January 1 and July 1 of each year commencing July 1, 2028, 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 Only System" herein.

Redemption Prior to Maturity

The 2026 Bonds are not subject to redemption prior to maturity.

Registration

The 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 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 Bonds purchased. See “Book-Entry Only System” below.

The 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 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series Bond certificate will be issued for each maturity of the 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of

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

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

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

Redemption notices shall be sent to DTC. If less than all the 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 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or 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 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 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 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 Bond certificates will be printed and delivered to DTC.

The School District, 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 Bonds: (i) payments of principal of or interest on the Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the 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, 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 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 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 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 Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book-Entry Only 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 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 the applicable Counties are shown below:

	Pottawatomie County	Oklahoma County	Cleveland County	Lincoln County
Real Estate	12.00%	11.00%	12.00%	11.00%
Personal	14.00%	13.75%	12.00%	12.00%
Public Service	22.85%	22.85%	22.85%	22.85%

* Exceptions: the assessment ratio for Airlines and Railroads is 11.84%, and the assessment ratio for Video Services Providers is 12.00%.

The Sinking Fund 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 June 11, 2026.

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.

2017 Authorization

The School District had a successful bond election on April 4, 2017. The special election authorized the issuance of a total of \$10,600,000 in bonds. The School District has previously issued \$9,350,000 in bonds authorized at the 2017 election. The 2026 Bonds include the remaining \$1,250,000 in bonds from this authorization.

2026 Authorization

The School District had a successful bond election on April 7, 2026. The special election authorized the issuance of a total of \$20,900,000 in bonds. The 2026 Bonds include \$600,000 in bonds from this authorization.

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 1st 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 July 1. The first half of taxes is 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 15th day preceding any interest payment date.

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THE MCLLOUD SCHOOL DISTRICT

McLoud Public Schools serves the City of McLoud and the surrounding rural communities. The School District encompasses approximately seventy-three (73) square miles and is located approximately 30 miles east of Oklahoma City, Oklahoma. It contains single and multi-family housing and is predominately agricultural in nature and economy. The U.S. Census Bureau's 2024 population estimate for the School District is 12,097.

The School District currently employs 98 certified teachers and has an estimated enrollment of 1,445 resulting in a teacher-student ratio of 1:15. The School District operates 10 regular school bus routes and 2 special education bus routes, transporting approximately 45% of the enrollment daily. The School District is fully accredited by the Oklahoma State Department of Education.

Residents of the School District are employed at businesses in the City of McLoud and surrounding communities. No separate employment figures are available for the School District; however, as of April 2026 the unemployment rates for the counties included in the school district are as follows:

	Unemployment Rate*
Pottawatomie County	4.2%
Oklahoma County	3.7%
Cleveland County	3.4%
Lincoln County	3.7%
State of Oklahoma	4.0%
United States	4.3%

County data not seasonally adjusted. State and federal data seasonally adjusted.

* Preliminary.

Source: U.S. Bureau of Labor Statistics and Oklahoma Employment Security Commission

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

Dustin Conley	President and Member
Dustin Greenbert	Vice President and Member
Bobby Howard	Clerk & Member
Shelton Mapira	Member
Leigh Tushka	Member

School Administration

Dr. Bill Caruthers	Superintendent of Schools
Ashley Soward	District Treasurer

FINANCIAL INFORMATION

Compliance with Constitutional Debt Limitation

2025-26 Estimated Full Market Value	\$670,281,111
2025-26 Assessed Valuation, including Homestead Exemption	\$85,302,254
2025-26 Assessed Valuation, excluding Homestead Exemption	\$78,431,802
Total General Obligation (GO) Bond Indebtedness ¹	\$3,610,000
Less: Current Estimated Sinking Fund Balance*	\$1,010,698
Net General Obligation Bond Indebtedness	\$2,599,302
Ratio of Net GO Bond Indebtedness to Net Assessed Valuation	3.31%
Ratio of Net GO Bond Indebtedness to Estimated Full Market Value	0.39%
Approximate Area of the School District	73 square miles
Approximate Population of the School District ²	12,097
Est. Per Capita Net Indebtedness	\$214.87

¹ As of June 4, 2026, and includes the 2026 Bonds.

² Based on U.S. Census estimate for 2024.

*Estimated amount attributable to the Sinking Fund as of June 4, 2026. Funds attributable to the Sinking Fund include funds currently held in the Sinking Fund and funds that have already been applied to an upcoming bond payment (the bonds of which are included in the table above).

Schedule of Outstanding Indebtedness (As of June 4, 2026, and includes the 2026 Bonds)

Date of Issue	Original Principal Amount	Remaining Maturities	Maturity Date	Total Outstanding
7/1/2024	\$870,000	\$870,000	7/1/2026	\$870,000
7/1/2025	\$890,000	\$890,000	7/1/2027	\$890,000
7/1/2026	\$1,850,000	\$825,000 \$1,025,000	7/1/2028 7/1/2029	\$1,850,000
Total Outstanding Indebtedness				\$3,610,000

Estimated Scheduled Principal and Interest Payments (As of June 4, 2026, and includes the 2026 Bonds)

FY Ending 6-30	Principal	Interest	Total
2027	\$870,000.00	\$95,700.00	\$965,700.00
2028	890,000.00	86,330.00	976,330.00
2029	825,000.00	210,625.00	1,035,625.00
2030	1,025,000.00	25,625.00	1,050,625.00
Total	\$3,610,000.00	\$418,280.00	\$4,028,280.00

Note: The interest rate on the 2026 Bonds is estimated at 5.00%.

**Estimated Scheduled Sinking Fund Levies to Retire Bonds
(As of June 4, 2026, and includes the 2026 Bonds)**

Fiscal Year Ending 6/30	Principal Levy	Interest Levy	Total Levy
2027	\$890,000.00	\$86,330.00	\$976,330.00
2028	\$825,000.00	\$185,000.00	\$1,010,000.00
2029	\$1,025,000.00	\$51,250.00	\$1,076,250.00
	<u>\$2,740,000.00</u>	<u>\$322,580.00</u>	<u>\$3,062,580.00</u>
Add: Est. Funds Attributable to Sinking Fund (6/4/2026)			\$1,010,698.00
Add: Est. Remaining 2025-26 Collections			<u>\$0.00</u>
Total			<u>\$4,073,278.00</u>

* Does not include levies for judgments or reserve for uncollected taxes.

Note: The interest rate on the 2026 Bonds is estimated at 5.00%. Estimated funds attributable to the Sinking Fund include funds currently held in the Sinking Fund and funds that have already been applied to an upcoming bond payment.

**Overlapping and Underlying Indebtedness
(As of June 30, 2025)**

Municipality	Net Debt	Amount Applying to District	Ratio to Assessed Value of District	Per Capita Debt
Pottawatomie County	\$0	\$0	n/a	\$0
City of McLoud	\$0	\$0	n/a	\$0

Composition and Growth of Net Assessed Valuation

Property	Pottawatomie County	Oklahoma County	Cleveland County	Lincoln County	Total Value	% of NAV
Gross Real	\$27,348,221	\$12,694,986	\$23,690,096	\$5,263,185	\$68,996,488	
Exemptions	\$2,643,053	\$1,096,143	\$2,652,124	\$479,132	\$6,870,452	
Net Real Estate	\$24,705,168	\$11,598,843	\$21,037,972	\$4,784,053	\$62,126,036	79.21%
Personal	\$1,926,637	\$226,269	\$419,462	\$682,468	\$3,254,836	4.15%
Public Service	\$3,928,832	\$4,976,125	\$1,530,332	\$2,615,641	\$13,050,930	16.64%
Gross Valuation	\$33,203,690	\$17,897,380	\$25,639,890	\$8,561,294	\$85,302,254	
Net Valuation	\$30,560,637	\$16,801,237	\$22,987,766	\$8,082,162	\$78,431,802	100.00%

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

Fiscal Year	Valuation	Fiscal Year	Valuation
2025-2026	\$78,431,802	2020-2021	\$58,510,382
2024-2025	\$72,954,511	2019-2020	\$56,398,127
2023-2024	\$67,256,525	2018-2019	\$52,338,778
2022-2023	\$63,584,989	2017-2018	\$50,328,196
2021-2022	\$58,564,876	2016-2017	\$47,020,687

Over this period, the Net Assessed Valuation increased \$31,411,115 or 66.80%.

Sinking Fund Tax Collections

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Collections</u>	<u>Percentage Collected</u>	<u>Total Collections</u>	<u>Total Percentage Collected</u>
2025-2026	\$962,367	in progress	n/a	in progress	n/a
2024-2025	945,720	\$898,720	95.03%	\$944,332	99.85%
2023-2024	817,587	779,918	95.39%	823,104	100.67%
2022-2023	853,674	810,861	94.98%	891,098	104.38%
2021-2022	2,408,114	2,298,795	95.46%	2,345,597	97.40%
2020-2021	789,619	750,773	95.08%	842,459	106.69%
2019-2020	924,941	839,509	90.76%	901,505	97.47%
2018-2019	1,165,089	1,090,153	93.57%	1,130,241	97.01%
2017-2018	1,191,613	1,134,525	95.21%	1,166,960	97.93%
2016-2017	610,610	581,363	95.21%	609,586	99.83%
2015-2016	626,762	595,427	95.00%	626,898	100.02%

Source: School District Administration and Budgets.

Trend of Tax Rates: Major Taxing Units*

<u>Fiscal Year</u>	<u>McCloud Schools</u>	<u>City of McCloud</u>	<u>Pottawatomie County</u>	<u>Career Tech</u>	<u>Total Levy</u>
2025-2026	53.02	0.00	22.81	15.18	91.01
2024-2025	53.71	0.00	22.81	15.18	91.70
2023-2024	52.91	0.00	22.81	15.18	90.90
2022-2023	54.18	0.00	22.81	15.18	92.17
2021-2022	81.87	0.00	22.81	15.18	119.86
2020-2021	54.25	0.00	22.81	15.18	92.24
2019-2020	57.15	0.00	22.81	15.18	95.14
2018-2019	63.01	0.00	22.81	15.18	101.00
2017-2018	64.43	0.00	22.81	15.18	102.42
2016-2017	53.74	0.00	22.81	15.18	91.73

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

Source: Pottawatomie County Assessor.

Largest Taxpayers

<u>Entity Name</u>	<u>Type of Business</u>	<u>Net Assessed Value</u>
Dobson Technologies	Communications	\$4,272,619
Oklahoma Gas & Electric	Utility	\$2,099,973
OneOK Sterling III, LLC	Oil & Gas	\$1,830,286
Red River Pipeline	Oil & Gas	\$1,461,068
Plains Pipeline	Oil & Gas	\$870,932
Valero Partners	Oil & Gas	\$869,649
KOSF III - Harrah LLC	Unknown	\$483,773
McLoud Property Holdings	Real Estate	\$341,435
DCP Southern Hills Pipeline	Oil & Gas	\$295,149
OneOK NGL Pipeline	Oil & Gas	\$276,157

Source: Pottawatomie, Oklahoma, Cleveland, and Lincoln County Assessors.

Retail Sales

<u>Year</u>	<u>City of McLoud</u>
2024-25	\$24,576,134
2023-24	\$24,292,486
2022-23	\$23,310,146
2021-22	\$21,793,384
2020-21	\$19,537,881
2019-20	\$17,938,127
2018-19	\$18,604,408
2017-18	\$17,682,781
2016-17	\$17,786,138

Source: Oklahoma Tax Commission.

Population

	<u>Year</u>	<u>City of McLoud</u>
Actual	2010	4,044
	2020	4,351
Estimate	2025	4,564

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 2026 Bonds, (b) contesting or affecting any authority for or the validity of the 2026 Bonds, (c) contesting the power of the School District to issue the 2026 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 2026 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 2026 Bonds are subject to the approving opinion of _____, 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 ten months following the end of the fiscal year in which the bonds are issued (as of the date of this document, June 30 is the end of the fiscal year), or later as such information becomes publicly available, and each fiscal year thereafter, and to provide notice of the occurrence of certain events. The specific nature of the financial information and operating data to be provided and the events for which notice must be provided is described in the Continuing Disclosure 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. 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 past five years, the School District does not believe it has failed to comply, in all material respects, with any previous undertakings it has entered into with respect to Rule 15c2-12.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of bond counsel, interest on the 2026 Bonds is included in gross income for federal income tax purposes.

In the opinion of bond counsel, under existing statutes interest on the 2026 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 2026 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 2026 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 2026 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 2026 Bonds.

In general, interest paid on the 2026 Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the 2026 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 2026 Bond for a cost greater than its remaining stated redemption price at maturity and holds such 2026 Bond as a capital asset will be considered to have purchased such 2026 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 2026 Bond premium that reduces interest payments under Section 171 of the Code. 2026 Bond premium is generally amortized over the 2026 Bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any 2026 Bond purchased with a 2026 Bond premium should consult their own tax advisors as to the effect of such 2026 Bond premium with respect to their own tax situation and as to the treatment of 2026 Bond premium for state tax purposes.

Market Discount

An investor that acquires a 2026 Bond for a price less than the adjusted issue price of such 2026 Bond (or an investor who purchases a 2026 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 2026 Bond originally issued at a discount, the amount by which the issue price of such 2026 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 2026 Bond not originally issued at a discount, the amount by which the stated redemption price of such 2026 Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a 2026 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 2026 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 2026 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 2026 Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a 2026 Bond that acquired such 2026 Bond at a market discount also may be required to defer, until the maturity date of such 2026 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 2026 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 2026 Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2026 Bond for the days during the taxable year on which the owner held such 2026 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 2026 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 2026 Bond sells the 2026 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 2026 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 2026 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 2026 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 2026 Bond should consult its own tax advisor concerning the circumstances in which such 2026 Bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance

The legal defeasance of the 2026 Bonds may result in a deemed sale or exchange of such 2026 Bond under certain circumstances. Owners of such 2026 Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

An owner of a 2026 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2026 Bonds, if such owner, upon issuance of the 2026 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 2026 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 2026 Bond will generally not be subject to United States income or withholding tax in respect of a payment on a 2026 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 2026 Bonds owned by foreign investors. In those instances in which payments of interest on the 2026 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 2026 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 2026 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 2026 Bond incurs acquisition indebtedness with respect to such 2026 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 2026 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 2026 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 2026 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 2026

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 2026 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 2026 Bonds. The sale of the 2026 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 2026 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 2026 Bonds should consult with their tax advisor concerning this additional tax as it may apply to interest earned on the 2026 Bonds as well as gain on the sale of a 2026 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 2026 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 2026 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 2026 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2026 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 2026 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 2026 Bonds should consult their own tax advisors as to the consequences of their acquisition, holding, or disposition of the 2026 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 2026 are being purchased at competitive sale by _____, (the "Underwriter"). The Underwriter has agreed to purchase the 2026 Bonds at a price equal to \$ _____ plus accrued interest from July 1, 2026.

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.

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 POTTAWATOMIE COUNTY, OKLAHOMA

BY: _____
President, Board of Education

EXHIBIT A

**FINANCIAL STATEMENTS WITH AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

**AUDITED FINANCIAL STATEMENTS - REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**MLOUD SCHOOL DISTRICT NO. I-1,
POTTAWATOMIE COUNTY, OKLAHOMA**

JUNE 30, 2025



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**INDEPENDENT SCHOOL DISTRICT NO. I-1
POTTAWATOMIE COUNTY, OKLAHOMA
JUNE 30, 2025**

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**INDEPENDENT SCHOOL DISTRICT NO. I-1
POTTAWATOMIE COUNTY, OKLAHOMA
JUNE 30, 2025**

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**INDEPENDENT SCHOOL DISTRICT NO. I-1
POTTAWATOMIE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2025**

BOARD OF EDUCATION

President	Shelton Mapira
Vice-President	Dustin Conley
Clerk	Dustin Greenberg
Deputy Clerk	Bobby Howard
Member	Leigh Tushka

SUPERINTENDENT OF SCHOOLS

Rhonda Hockenbury

ENCUMBRANCE/MINUTES CLERK

Toni Walker

SCHOOL DISTRICT TREASURER

Ashley Soward



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
McLoud School District No. I-001
McLoud, Oklahoma 74851

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of McLoud School District No. I-001, McLoud, Oklahoma (the "School District") as of and for the year ended June 30, 2025, 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 described in the following paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2025, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the previous paragraph, the basic 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 McLoud School District No. I-001, Pottawatomie County, Oklahoma as of June 30, 2025, or the revenues, expenses, and changes in net position and, where applicable, its cash flows 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 McLoud School District No. I-001, McLoud, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed assets account group, which is a departure from the regulatory basis of accounting prescribed 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 discussed in Note 1, the financial statements are prepared by the McLoud School District No. I-001, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 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 financial reporting provisions of 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 School 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 School 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 School District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining fund statements, regulatory basis, listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements-regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements-regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 9, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of 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.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 9, 2026

COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

**INDEPENDENT SCHOOL DISTRICT NO. 1-1, POTTAWATOMIE COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2025**

<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS (MEMO. ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST AND AGENCY FUND</u>	<u>GENERAL LONG-TERM DEBT</u>	
Cash	\$ 8,137,315	1,809,375	49,160	1,740,707	615,261		12,351,818
Amounts available in debt service						49,160	49,160
Amounts to be provided for retirement of general long-term debt						4,973,183	4,973,183
Total Assets	<u>8,137,315</u>	<u>1,809,375</u>	<u>49,160</u>	<u>1,740,707</u>	<u>615,261</u>	<u>5,022,343</u>	<u>17,374,161</u>
 <u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Warrants payable	702,751	6,147					708,898
Encumbrances	179,870	14,545					194,415
Funds held for school organizations					236,851		236,851
Long-term debt:							
Bonds payable						870,000	870,000
Capital leases						4,152,343	4,152,343
Total liabilities	<u>882,621</u>	<u>20,692</u>	<u>-</u>	<u>-</u>	<u>236,851</u>	<u>5,022,343</u>	<u>6,162,507</u>
Fund balances							
Restricted for:							
Insurance recovery					378,410		
Capital projects				1,740,707			1,740,707
Debt service			49,160				49,160
Building		1,788,683					1,788,683
Unassigned	7,254,694						7,254,694
Total fund balances	<u>7,254,694</u>	<u>1,788,683</u>	<u>49,160</u>	<u>1,740,707</u>	<u>378,410</u>	<u>-</u>	<u>11,211,654</u>
Total liabilities and fund balances	<u>\$ 8,137,315</u>	<u>1,809,375</u>	<u>49,160</u>	<u>1,740,707</u>	<u>615,261</u>	<u>5,022,343</u>	<u>17,374,161</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH
FUND BALANCES REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2025

	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY FUND TYPES</u>	<u>TOTALS (MEMO. ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST</u>	
Revenues						
Local sources	\$ 2,810,971	894,859	947,522	530		4,653,882
Intermediate sources	345,921					345,921
State sources	11,585,403	975	2,324			11,588,702
Federal sources	2,641,112					2,641,112
Non-revenue receipts	42,852					42,852
Total revenues	<u>17,426,259</u>	<u>895,834</u>	<u>949,846</u>	<u>530</u>		<u>19,272,469</u>
Expenditures						
Instruction	9,150,904					9,150,904
Support services	6,942,199	176,752				7,118,951
Operation of non-instructional services	905,203					905,203
Facilities, acquisition and const. services		115,977		830,122	21,546	967,645
Other outlays	6,073					6,073
Debt service			949,450			949,450
Total expenditures	<u>17,004,379</u>	<u>292,729</u>	<u>949,450</u>	<u>830,122</u>	<u>21,546</u>	<u>19,098,226</u>
Revenues over (under) expenditures	421,880	603,105	396	(829,592)	(21,546)	174,243
Other financing sources (uses)						
Lapsed appropriations	2,987					2,987
Estopped warrants	594					594
Bond proceeds				870,000		870,000
Total other financing sources (uses)	<u>3,581</u>			<u>870,000</u>		<u>873,581</u>
Revenue and other sources over (under) expenditures and other uses	425,461	603,105	396	40,408	(21,546)	1,047,824
Cash fund balance, beginning of year	<u>6,829,233</u>	<u>1,185,578</u>	<u>48,764</u>	<u>1,700,299</u>	<u>399,956</u>	<u>10,163,830</u>
Cash fund balance, end of year	<u>\$ 7,254,694</u>	<u>1,788,683</u>	<u>49,160</u>	<u>1,740,707</u>	<u>378,410</u>	<u>11,211,654</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - BUDGETED GENERAL FUND
JUNE 30, 2025

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 2,539,440	2,539,440	2,810,971
Intermediate sources	289,517	289,517	345,921
State sources	11,429,517	11,429,517	11,585,403
Federal sources	2,143,706	2,143,706	2,641,112
Non-revenue receipts			42,852
Total revenues	<u>16,402,180</u>	<u>16,402,180</u>	<u>17,426,259</u>
Expenditures			
Instruction	9,217,913	9,217,913	9,150,904
Support services	6,993,612	6,993,612	6,942,199
Operation of non-instructional services	916,233	916,233	905,203
Other outlays	1,094	1,094	6,073
Repayments	1,000	1,000	
Non-categorical	6,101,561	6,101,561	
Total expenditures	<u>23,231,413</u>	<u>23,231,413</u>	<u>17,004,379</u>
Revenues over (under) expenditures	(6,829,233)	(6,829,233)	421,880
Other financing sources (uses)			
Lapsed appropriations			2,987
Estopped warrants			594
Total other financing sources (uses)			<u>3,581</u>
Revenue and other sources over (under) expenditures and other uses	(6,829,233)	(6,829,233)	425,461
Cash fund balance, beginning of year	<u>6,829,233</u>	<u>6,829,233</u>	<u>6,829,233</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>7,254,694</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
 JUNE 30, 2025**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 339,751	339,751	894,859
State sources			975
Total revenues	<u>339,751</u>	<u>339,751</u>	<u>895,834</u>
Expenditures			
Support services	243,823	243,823	176,752
Operation of non-instructional services	2,000	2,000	
Facilities, acquisition and const. services	115,978	115,978	115,977
Non-categorical	<u>1,163,528</u>	<u>1,163,528</u>	
Total expenditures	<u>1,525,329</u>	<u>1,525,329</u>	<u>292,729</u>
Revenues over (under) expenditures	(1,185,578)	(1,185,578)	603,105
Cash fund balance, beginning of year	<u>1,185,578</u>	<u>1,185,578</u>	<u>1,185,578</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>1,788,683</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - DEBT SERVICE FUNDS
JUNE 30, 2025

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 900,686	900,686	947,522
State sources			2,324
Total revenues	<u>900,686</u>	<u>900,686</u>	<u>949,846</u>
Expenditures			
Other outlays			
Debt service	<u>949,450</u>	<u>949,450</u>	<u>949,450</u>
Revenues over (under) expenditures	(48,764)	(48,764)	396
Cash fund balance, beginning of year	<u>48,764</u>	<u>48,764</u>	<u>48,764</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>49,160</u>

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Significant Accounting Policies

The basic financial statements of the McLoud Public Schools Independent District No. I-1 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. 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 elected members. The appointed superintendent is the executive officer of the District.

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

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

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

B. Fund Accounting

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

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

Special Revenue Fund - The special revenue funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived 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 the 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

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

B. Fund Accounting - contd.

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. The District did not maintain this fund during the 2024-25 fiscal year.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. The District closed this fund to the General Fund during the 2024-25 fiscal year.

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 Funds - 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.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District has no proprietary fund types.

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. When these assets are held under a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

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

B. Fund Accounting - contd.

funds are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Expendable Trust Funds - Expendable trust funds include the gifts fund, medical insurance fund, workers compensation fund and the insurance recovery fund.

Gifts Fund - The gifts 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.

Medical Insurance Fund - The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund - The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund - The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

Account Group

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Significant Accounting Policies- contd.

B. Fund Accounting - contd.

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.

C. Basis of Accounting and Presentation

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

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

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

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires 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 and liabilities are incurred for proprietary fund types and trust funds.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

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

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

E. Assets, Liabilities and Fund Balances

Cash - Cash consists of cash on hand, demand deposit accounts, and interest-bearing checking accounts.

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the district. All investments are recorded at cost, which approximates market value.

Inventories - The value of consumable inventories at June 30, 2025 is not material to the combined financial statements-regulatory basis.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented.

Warrants Payable - Warrants 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 that have yet to be redeemed by the District's treasurer.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Significant Accounting Policies- contd.

E. Assets, Liabilities and Fund Balances – contd.

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 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.

Unmatured Obligations - The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations - Funds held for school organizations represent the funds received or collected from students or other co-curricular 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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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

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 special purposes versus availability of appropriations. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (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) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

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

E. Assets, Liabilities and Fund Balances – contd.

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, 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 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. The School Board is the highest level of decision-making authority of the School District.
- **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 includes 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 purpose 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.

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 roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Significant Accounting Policies- contd.

F. Revenue and Expenditures

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If 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 interest earnings, 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 were collected within such systems.

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 or additions of revenue of the year when the adjustment is made.

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

The aforementioned state revenues are apportioned to the District's general fund.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Significant Accounting Policies- contd.

F. Revenue and Expenditures- contd.

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 pass-through from another government, such as the state.

An 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.

Non-Revenue Receipts - Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence.

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 Non-Instructional Services Expenditures - Activities concerned with providing non-instructional services to students, staff or the community.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Significant Accounting Policies- contd.

F. Revenue and Expenditures - contd.

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 improvement to sites.

Other Outlays/Uses 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) when applicable. Other uses include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure 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, non-qualified expenditures and other refunds to be repaid from District funds.

Inter-fund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditure/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 inter-fund 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 inter-fund transfers are reported as operating transfers. There were no operating transfers between funds during the 2024-25 fiscal year.

2. Deposits and Investments

Custodial Credit Risk

At June 30, 2025, the District held deposits of approximately \$12,351,818 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

2. Deposits and Investments- contd.

Investment Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities 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.
- b. 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 deposits or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime banker's acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality or school district.
- e. 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.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The District did not hold any investments as of June 30, 2025.

3. General Long-term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues can be 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

3. General Long-term Debt – contd.

General long-term debt of the District consists of bonds payable and two (2) capital leases. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

In October 2018, the school district entered into a Ground Lease Agreement with the Pottawatomie County Educational Facilities Authority (the “Authority”) under which the district is leasing certain land upon which the Authority will construct improvements from the proceeds of \$7,804,000 in revenue bonds sold for that purpose. Improvements are to be constructed for so long as there are obligations outstanding, which are secured by the Ground Lease Agreement. The improvements to be constructed by the Authority consist of a new intermediate school building and improvements. These facilities will be leased by the Authority to the school district pursuant to a sublease agreement entered into as of October 18, 2018. The sublease agreement between the Authority and the McLoud School District enables the district to lease back the property leased in the ground lease and utilize the proceeds of the revenue bonds (issued by the Authority) for the construction and improvements on the property. The sublease agreement also provides a mechanism for the District to obtain title to the improvements free and clear of security interest. The District intends to finance the sublease agreements lease payments through a periodic issuance of Building Bonds which were authorized and approved by school district voters at an election. These bonds are scheduled to be issued on dates, and in amounts, which coincide with sublease rental payments.

The trustee bank holds the cash and makes payments after authorization from the District. Under the agreements, the District transferred ownership for land and facilities covered by the ground lease to the Authority. Ownership will revert to the District upon payment of the lease purchase acquisition payments. Lease payments are primarily payable from the capital projects fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2025:

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2024	\$ 850,000	4,943,669	5,793,669
Additions	870,000		870,000
Retirements	850,000	791,326	1,641,326
Balance, June 30, 2025	<u>\$ 870,000</u>	<u>4,152,343</u>	<u>5,022,343</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

3. **General Long-term Debt** – contd.

A brief description of the outstanding long-term debt at June 30, 2025 is set forth below:

	<u>Amount outstanding</u>
<u>General Obligation Bonds</u>	
Building Bonds, Series 2024, original issue \$870,000, interest rate of 5.50%, due in one installment of \$870,000 on 7-1-26;	\$ 870,000
<u>Capital Leases</u>	
Lease purchase for construction, dated 3-13-20, totaling \$1,000,000, interest rate of 2.79%, due in annual principal and interest payments beginning 3-13-21, final payment due 3-13-30;	534,343
Lease revenue bonds of 2018A, dated 10-15-18, totaling \$5,900,000, interest rate of 3.4%, due in annual principal and interest payments beginning 1-15-22, final payment due 1-15-27;	<u>3,618,000</u>
Totals	<u>\$ 5,022,343</u>

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

Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30			
2026	\$ -	-	-
2027	870,000	95,700	965,700
Totals	<u>\$ 870,000</u>	<u>95,700</u>	<u>965,700</u>

There was \$99,450 in interest paid on long-term debt incurred during the current year.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

3. General Long-term Debt – contd.

The annual debt service requirements for capital lease principal, and interest are as follows:

Year ending June 30	Principal	Interest	Total
2026	\$ 837,069	137,920	974,989
2027	2,985,889	110,076	3,095,965
2028	106,788	9,190	115,978
2029	109,768	6,210	115,978
2030	112,829	3,148	115,977
Totals	<u>\$ 4,152,343</u>	<u>266,544</u>	<u>4,418,887</u>

4. Employee Retirement System

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, 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 Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Basis of Accounting

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

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

4. Employee Retirement System – contd.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employees 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 liability amount is not required to be presented on the financial statements.

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. Beginning, July 1, 2010, the District and State were required to contribute 14.5% of applicable compensation. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% during the year. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's portion of the total contributions for 2025, 2024 and 2023 were \$924,855, \$930,277, and \$872,667 respectively.

5. Contingencies

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

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025**

6. County Sales Tax Fund

On November 10, 2015, the voters of Pottawatomie County approved a .495 cent sales tax effective July 1, 2016 with a duration of ten years. The sales tax was established for the purpose of providing funding for each of the public school districts in Pottawatomie County and providing funding for a Pottawatomie County One Safe Place Family Justice Center in the following proportion:

- .49 cents for the Pottawatomie County Public School Districts
- .005 cents for the Pottawatomie County One Safe Place Family Justice Center

The sales tax for the Pottawatomie County public school districts is apportioned based on the average daily attendance of each school. These funds are accounted for in the Pottawatomie County School District Sales Tax Fund and are expended on behalf of each school district. The funds are available to be used for operational expenses and each school district must submit vendor invoices to the County for direct payment.

7. 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; and natural disasters. The District continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public official's liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

8. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**OTHER SUPPLEMENTARY INFORMATION – REGULATORY
BASIS - COMBINING FINANCIAL STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND BALANCES - ALL FIDUCIARY FUND TYPES
 JUNE 30, 2025**

	EXPENDABLE TRUST	AGENCY FUNDS	
<u>ASSETS</u>	INSURANCE RECOVERY FUND	ACTIVITY FUNDS	TOTALS (MEMO. ONLY)
Cash	\$ 378,410	236,851	615,261
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Funds held for school organizations		236,851	236,851
Fund Balances			
Cash fund balances	378,410	-	378,410
Total Liabilities and Fund Balances	\$ 378,410	236,851	615,261

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Balance <u>July 1, 2024</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2025</u>
Assets					
Cash	\$ 210,222	555,692	-	529,063	236,851
Liabilities					
Funds held for student organizations					
Athletics	21,137	100,667		95,219	26,585
Football	3,665	-		3,464	201
Boys Basketball	6,877	5,325		5,276	6,926
Girls Basketball	635	13,440		14,075	-
Baseball	1,068	23,610		23,182	1,496
Softball	2,733	13,736		15,735	734
Wrestling	1,607	7,175		2,774	6,008
HS Cheerleaders	3,645	17,528		15,016	6,157
JH Cheerleaders	6,074	12,290		11,014	7,350
5th/6th Basketball	1,933	-		150	1,783
Soccer	66	-		-	66
Elementary	5,052	32,180		32,170	5,062
Elementary Library	1,453	3,675		3,346	1,782
Intermediate	3,335	5,810		7,595	1,550
JR High	603	19,767		16,144	4,226
JH Library	1,283	1,062		1,009	1,336
JH Student Council	1,356	1,621		288	2,689
JH Nat'l Honor Society	320	4,183		2,962	1,541
JH Ecology	423	-		372	51
High School West	1,043	1,511		1,483	1,071
HS Gifted & Talented	4	-		-	4
Band	6,566	25,940		23,142	9,364
Botany	141	-		-	141
Drama	2,534	4,775		2,027	5,282
BPA	81	450		468	63
FFA	11,908	40,544		44,212	8,240
High School East	740	139		-	879
FCCLA	747	7,124		6,337	1,534
HS Art	79	-		-	79
Academic Letter Jacket	2,566	3,735		3,951	2,350
Computer Dept	101	-		-	101
Juniors	4,916	6,600		5,979	5,537
HS Nat'l Honor Society	1,271	678		1,567	382
Seniors	2,129	-		190	1,939
HS Special Education	11,767	1,747		3,426	10,088
HS Student Council	1,780	4,630		4,023	2,387
4-6 Student Council	300	-		-	300
Miscellaneous	11,879	29,735		26,779	14,835
Refund	-	14,986		14,986	-
Child Nutrition	-	24,079		24,079	-
Int Honor Choir	57	429		244	242
Elementary Yearbook	5,415	4,330		4,945	4,800
Key Club	\$ 1,405	365		481	1,289

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Balance <u>July 1, 2024</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2025</u>
History Club	\$ 40	-		-	40
JH Builders Club	387	224		115	496
PRIDE	2	-		-	2
Dance Team	1,327	3,930		2,583	2,674
K-Kids	429	1,768		1,821	376
Special Olympics	6,154	3,269		3,703	5,720
K-6 GT	474	-		138	336
Class of 2026	182	-		-	182
Class of 2025	135	-		-	135
Class of 2024	322	-		322	-
Cross County	3,052	6,658		4,054	5,656
ECC	7,711	28,275		27,556	8,430
Golf	336	-		-	336
Class of 2028	331	-		-	331
Elementary Campus Ice	224	8,879		7,763	1,340
Mcloud Guidance	5,267	850		313	5,804
HS Intertribal Club	2,024	-		-	2,024
Class of 2029	-	256		-	256
HS Yearbook	1,103	3,532		144	4,491
JR High Intertribal Club	311	363		250	424
8th Grade Intertribal Club	40	-		-	40
M.A.C.T. Luncheon	9	-		-	9
Class of 2030	510	-		310	200
Archery	8,359	16,243		16,207	8,395
Class of 2031	2,184	1,788		3,805	167
Elementary Special Ed	160	-		-	160
Class of 2032	1,848	3,564		4,699	713
Secondary Campus Ice cream	1,295	267		287	1,275
Class of 2033- Pre Kindergarten	3,465	1,938		3,445	1,958
Esport Club	549	-		-	549
Class of 2034	4,820	-		1,102	3,718
Intermediate Library	790	4,616		4,784	622
Education First	332	769		858	243
Class of 2035	4,007	-		1,270	2,737
Track	1,962	4,616		683	5,895
Class of 2036 - Kindergarten	1,829	5,870		4,355	3,344
Technology Fees	9,212	4,980		7,653	6,539
JH Art	535	200		80	655
Class of 2037-Pre L	2,579	3,106		2,669	3,016
Int Sped Coffee Cart	488	992		214	1,266
McLoud Foundation Donation	4,744	5,192		4,940	4,996
Class of 2038	-	3,131		1,649	1,482
McLoud Alumni Donation	-	6,550		3,181	3,369
Total Liabilities	\$ 210,222	555,692	-	529,063	236,851

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal Award Listing Number</u>	<u>Pass-through Grantor's Project Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/1/2024</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2025</u>
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII Impact Aid	84.041	591	\$ 153,826		153,826	153,826	
Title VI-Part A, Indian Education	84.060	561	94,493		94,493	94,493	
Subtotal - Direct Programs			<u>248,319</u>	<u>-</u>	<u>248,319</u>	<u>248,319</u>	<u>-</u>
<u>Passed Through State Department of Education:</u>							
* <u>Title I Cluster:</u>							
Title I-Part A, Improving Basic Programs	84.010	511	501,751		440,889	441,889	(1,000)
Title I-Part A, Improving Basic Programs 2023-24	84.010	799		(1,000)	1,000		
Title II-Part A, Teacher & Principal Training	84.367	541	75,450		75,450	75,450	
Subtotal - Title I Cluster			<u>577,201</u>	<u>(1,000)</u>	<u>517,339</u>	<u>517,339</u>	<u>(1,000)</u>
Title IV-SSAE Grant	84.424A	552	38,090		23,871	23,871	
Title IV-SSAE Grant 2023-24	84.424A	599		(161)	161		
* <u>Education Stabilization Funds (Covid19)</u>							
ARP ESSER - Science of Reading	84.425U	726	16,150	15,504	646	16,150	
ARP/ESSER III (Covid19)	84.425U	795	249,256		249,256	249,256	
ARP/ESSER III (Covid19) 2023-24	84.425U	799		(144,011)	144,011		
Subtotal - Education Stabilization Funds (Covid19)			<u>265,406</u>	<u>(128,507)</u>	<u>393,913</u>	<u>265,406</u>	<u>-</u>
* <u>Special Education Cluster:</u>							
IDEA-B Flowthrough	84.027	621	381,363		376,461	376,461	
IDEA-B Preschool	84.173	641	10,827		9,356	9,356	
Subtotal - Special Education Program (Cluster)			<u>392,190</u>	<u>-</u>	<u>385,817</u>	<u>385,817</u>	
Subtotal - Passed Through State Dept of Education			<u>1,272,887</u>	<u>(129,668)</u>	<u>1,321,101</u>	<u>1,192,433</u>	<u>(1,000)</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048	421	21,841		21,834	21,834	
Carl Perkins - High Schools-That-Work Grants	84.048	426	19,980		19,980	19,980	
Subtotal - Passed Through State Dept of Career & Tech Ed			<u>\$ 41,821</u>	<u>-</u>	<u>41,814</u>	<u>41,814</u>	<u>-</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass Through Grantor/Program Title	Federal Award Listing Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/1/2024	Revenue Collected	Total Expenditures	Ending Balance 6/30/2025
<u>Cash Assistance:</u>							
National School Lunch Program	10.555	763		192,292	616,394	578,517	230,169
School Breakfast Program	10.553	764		74,563	209,007	209,007	74,563
Summer Food Program	10.559	766			10,795	10,795	
Cash Assistance Subtotal				<u>266,855</u>	<u>836,196</u>	<u>798,319</u>	<u>304,732</u>
<u>Passed Through State Department of Human Services:</u>							
Non-cash Assistance (Commodities)	10.555	N/A			87,897	87,897	
Subtotal - Child Nutrition Program (Cluster)				<u>266,855</u>	<u>924,093</u>	<u>886,216</u>	<u>304,732</u>
<u>Other Federal Assistance:</u>							
OJT-Rehabilitation Services	84.126	456	\$ 5,205	381	5,205	5,205	381
Project Respect - Mental Health	84.184H	780	231,025		188,477	199,993	(11,516)
Subtotal - Other Federal Assistance			<u>236,230</u>	<u>381</u>	<u>193,682</u>	<u>205,198</u>	<u>(11,135)</u>
Total Federal Assistance			<u>\$ 1,799,257</u>	<u>137,568</u>	<u>2,729,009</u>	<u>2,573,980</u>	<u>292,597</u>

* Major federal programs

Note 1 - Commodities received by the District in the amount of \$87,897 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount. These commodities are reported at fair market value.

Note 2 - There were no amounts passed to subrecipients.

Note 3 - Grantor provides adequate insurance coverage against loss on assets purchased with Federal Awards.

Note 4 - The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements. These expenditures are recognized following the cost principles contained in the Uniform Guidance. The District has also elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 - Expenditures under the Title I Program cluster includes \$75,450 in Title II funds that were transferred to the Title I-Part A program.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
 SCHEDULE OF SURETY BONDS
 FOR THE YEAR ENDED JUNE 30, 2025**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Western Surety Company	Superintendent	LSM1687923	\$100,000	8/30/2024-8/30/2025
	Treasurer	LSM1273938	\$100,000	5/9/2025-5/9/2026
	Deputy Treasurer	LSM1856347	\$100,000	7/1/2024-7/1/2025
	Activity Fund Custodian	LSM1273938	\$10,000	5/9/2025-5/9/2026
	Encumbrance Clerk	POB1100370	\$50,000	7/1/2024-7/1/2025
	Minutes Clerk	POB1100370	\$10,000	7/1/2024-7/1/2025



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

**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
McLoud School District No. I-001
McLoud, Oklahoma 74851

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis as listed in the Table of Contents, of McLoud, School District No. I-001, McLoud, Oklahoma, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 9, 2026. This report 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 and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 over 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School 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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 9, 2026



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

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

The Honorable Board of Education
McLoud School District No. I-001
McLoud, Oklahoma 74851

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the McLoud School District No. I-001, McLoud, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025. 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, McLoud School District No. I-001, McLoud, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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* (The 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 McLoud School District No. I-001, McLoud, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 noncompliance resulting from fraud is higher than 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.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 9, 2026

INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2024 TO JUNE 30, 2025

Summary of Auditor's Results

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the District were reported during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance"
5. An unqualified opinion report was issued on the compliance of major federal award programs.
6. The audit disclosed no audit findings and questioned costs, which are required to be reported under the Uniform Guidance.
7. Identification of Major Programs: Education Stabilization Fund (84.425U), Special Education (84.027,84.173), and Title I (84.010,84.367) programs, which were each clustered in the determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The District did not qualify to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2024 TO JUNE 30, 2025**

There were no reportable conditions in the 2023-24 fiscal year.

**INDEPENDENT SCHOOL DISTRICT NO. I-1, POTTAWATOMIE COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2024 TO JUNE 30, 2025**

State of Oklahoma)
County of Tulsa)

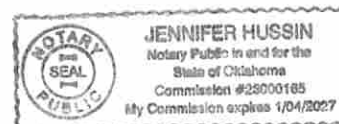
The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with McLoud School District for the audit year 2024-25.

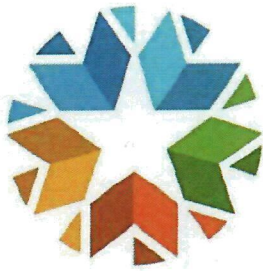
Jenkins & Kemper, CPAs, P.C.
AUDITING FIRM

BY 
AUTHORIZED AGENT

Subscribed and sworn to before me on this
9th day of, January, 2026


NOTARY PUBLIC





OKLAHOMA Education

Audit

Acknowledgement

Audit Year: 2024-2025

District Name McLoud Public School

District Number I-1

County Name Pottawatomie

County Code 63

The annual independent audit was presented to the Board of Education in a meeting conducted in accordance with the Open Meeting Act 25 O.S. Section 301-314 on 1/12/2026.

The audit was presented by Jenkins & Kemper, CPAs, P.C. [Signature]
(Independent Auditor) (Independent Auditor's Signature)

The School Board acknowledges that as the governing body of the district, responsible for the district's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the State Board of Education and the State Auditor and Inspector within 30 days from its presentation, as stated in 70 O.S. § 22-108:

"The district board of education shall forward a copy of the auditor's opinions and related financial statements to the State Board of Education and the State Auditor and Inspector within thirty (30) days after receipt of the audit."

Signature of the Board of Education:

[Signature]
Superintendent

[Signature]
Board of Education Vice President

[Signature]
Board of Education President

[Signature]
Board of Education Member

[Signature]
Board of Education Member

[Signature]
Board of Education Member

Board of Education Member

Subscribed and sworn before me on 1/12/26
[Signature]
(Notary Public)



My Commission expires 10.12.28

EXHIBIT B

CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of July 1, 2026 (this “Disclosure Agreement”), is executed and delivered by Independent School District No. 1, Pottawatomie County, Oklahoma (the “Issuer”) in connection with the issuance of the General Obligation Building Bonds, Federally Taxable Series 2026 (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated as of June 11, 2026 (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.

“*Audited Financial Statements*” shall mean the Issuer’s annual financial statements, prepared on a prescribed basis of accounting that demonstrates compliance with the laws of the State of Oklahoma, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

“*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 Chief Financial Officer 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 (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 ten months after the end of the Issuer’s fiscal year (presently July 1 through June 30), commencing with the report for the 2026 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 attorney's 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, Pottawatomie County, Oklahoma, Attention: Superintendent, Telephone: 405-964-3314.

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,
POTTAWATOMIE COUNTY, OKLAHOMA**

By: _____
President, Board of Education

[Signature Page to Continuing Disclosure Agreement]

EXHIBIT A

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

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[†].
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.

[†]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.

EXHIBIT C

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Independent School District No. 1 of Pottawatomie County, Oklahoma
Name of Bond Issue: \$1,850,000 General Obligation Building Bonds, Federally Taxable Series 2026
Date of Issuance: _____
Base CUSIP: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated the ____ day of _____, 2026. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

**Independent School District No. 1 of
Pottawatomie County, Oklahoma**

By: _____